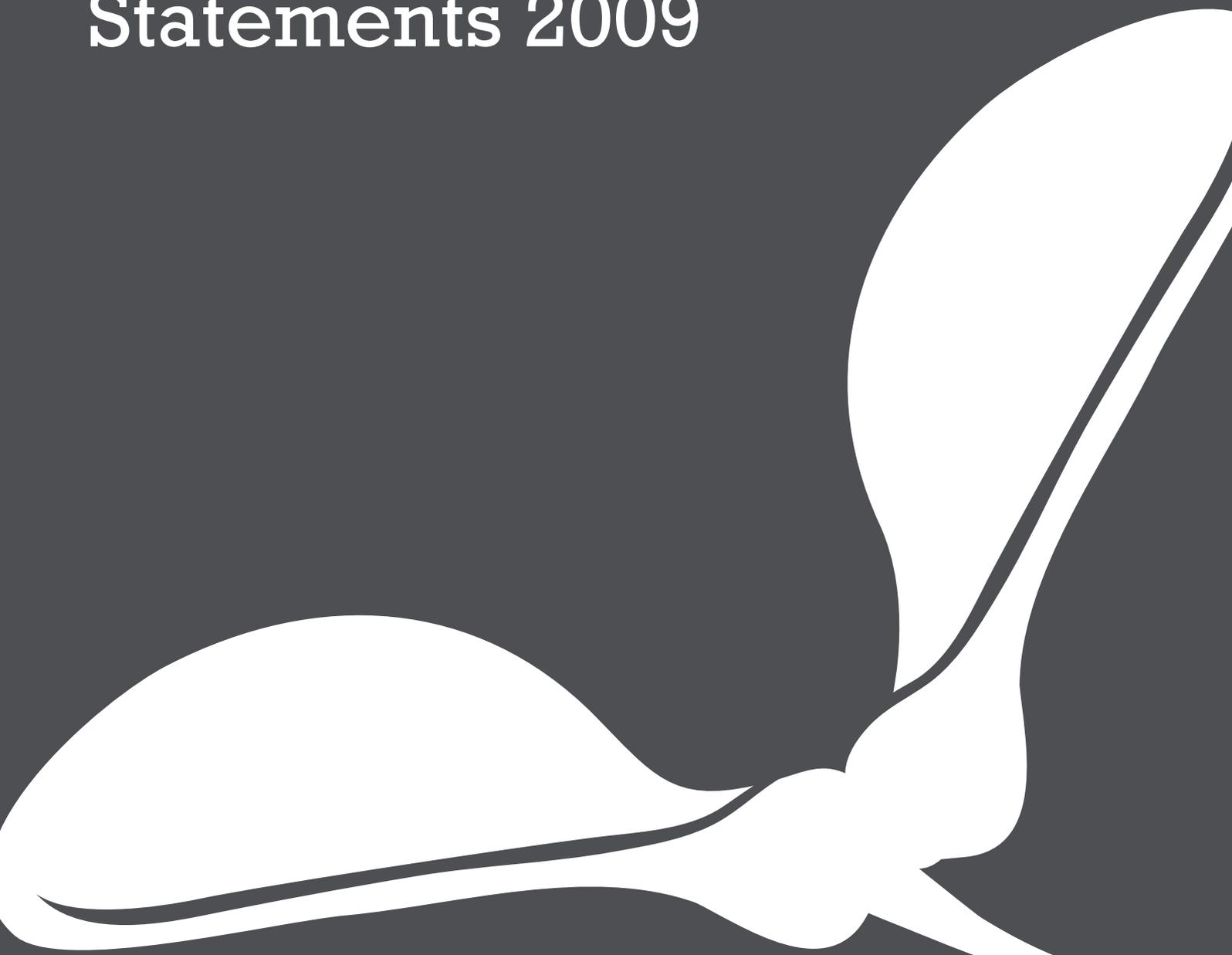


Report and Financial Statements 2009



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Trustees report

About the Foundation

The Nuffield Foundation is an unincorporated charity registered with the Charity Commission (206601) established by a trust deed.

The trust deed and organisation

The trust deed has been amended on a number of occasions, most recently in 2004. A Common Investment Fund was established by a Charity Commission scheme which took effect on 1st January 1980. It allowed the investments of different charities (but for which the Foundation Trustees were also responsible) to be invested as one unit. Subsequently these funds (the Oliver Bird Fund, Elizabeth Nuffield Educational Fund and the Commonwealth Relations Trust) have been classified as 'subsidiary charities' of the Foundation and are only identified separately in the notes to these accounts.

Formal objects include: the advancement of health; the advancement of social well being; the advancement of education; 'the care and comfort of the aged poor'; the relief of handicaps; the benefit of the Commonwealth and 'such other charitable purposes as shall be declared in writing by all the Trustees'.

Our aim is to improve social well-being in the widest sense, primarily by funding research and innovation in education and social policy, mainly in the UK but also in Europe and Africa. We believe policy and practice should be influenced by evidence that is independent and rigorous. We also aim to ensure these qualities are maintained in the future by funding programmes to build capacity in education and science and social science research.

Trustees and governance

The Foundation has seven Trustees; the Trust Deed allows for a minimum of five and a maximum of seven Trustees (unless Trustees decide that there are exceptional circumstances warranting the appointment of additional Trustees). Trustees are appointed by the other Trustees for an initial term of five years, with the option of renewal for a further four years, followed by a possible final term of three years. As well as employing professional staff the Trustees are advised by a number of individuals, committees and panels having requisite experience in the relevant fields. Trustees are given an induction appropriate to their needs but this is not reflected in a formal policy.

Professor Sir Tony Atkinson retired in March after 13 years of service both as a trustee and as a member of the Investment Committee. We are grateful to Tony for his significant contribution to the Foundation, particularly in relation to our work in social science.

Andrew Dilnot was appointed as a Trustee in September. Andrew is an economist and Principal of St Hugh's College Oxford. He was Director of the Institute for Fiscal Studies from 1991 to 2002 and the founding presenter of BBC Radio 4's series on mathematics and statistics, *More or Less*. He is also Chairman of the Statistics Users Forum.

The Trustees meet four times a year and are advised by an Investment Committee (which includes three Trustees and two independent investment professionals), an Audit Committee (which includes two Trustees and an independent accountant), and a Remuneration Committee (comprising two Trustees) to agree arrangements for the remuneration of staff. The Trustees appoint an external Chairman of a 'Panel for Trustee Remuneration' which meets periodically to review the remuneration of Trustees. Trustees set terms of reference for all committees and panels, and parameters for the delegation of authorities to senior staff.

Activities and achievements in 2009

Overview

The wide range of activities the Foundation supports fall into two main categories:

- support of research and innovation that will bring about beneficial social change
- development of research and professional capacity, especially in the sciences and the social sciences, targeted at people in the early stages of their careers.

The Foundation pursues these goals by making grants to external organisations (listed at the back of this report), by supporting and hosting seminars and other events to encourage reflection of findings of areas of funded work, and by funding individuals and organisations to consider and report on particular fields. The Trustees, having due regard to the guidance published by the Charity Commission, consider that these activities will deliver public benefit.

In all areas of work the Trustees look to make best use of the Foundation's defining characteristic, its independence, and to build on and develop its reputation as an organisation that supports objective studies and developments of high quality and relevance. They prefer not to support work that can be funded by government agencies (such as the Research Councils), although they will do so on occasion when a project is particularly close to the Foundation's interests.

Last year's Annual Report was written during one of the most severe financial crises of modern times. The Trustees spent considerable time discussing whether it was prudent to continue with present spending plans, or whether some cutting back would be needed. The Foundation is a long term investor and its endowment is positioned to deal with volatility. The decline in asset values tested this position severely, but the value of the endowment remained within its expected range. The Trustees agreed to hold to their expenditure plans, but to watch carefully over the coming months and to be prepared to take action if necessary. In the event this seems to have been the policy adopted by many of the larger endowed Foundations in the UK.

Twelve months on, the decision appears to have been correct. No one is taking lightly the likely depth and severity of the economic troubles ahead, but asset values have recovered somewhat and the sense of imminent crisis has abated. The Foundation's position was helped by the fact that two of our programmes had reached their planned end, so there was a natural reduction in spending. Some cost-saving measures were introduced, and there was some modest under-spending on grants. The outcome is that the Foundation has been able to set a normal budget for 2010, with planned expenditure of some £10.5m (excluding investment costs).

During the year some important strategic decisions were taken:

- Within Education, some long standing initiatives had reached a natural end. The programme has been reshaped to focus on four main themes: foundations for learning; transitions into, through and out of secondary school; science and mathematics education; and women's education.
- The Commonwealth Programme completed a review and has been re-launched with a somewhat tighter focus as the Africa Programme. In the coming year, we will be reviewing the Foundation's support for capacity building in the social sciences and looking ahead to a review of our programmes to support young scientists.

A fundamental issue for this and other Foundations is to understand the impact our work is having and how it can be assessed. The Trustees returned to this question during the year. The Foundation's mission, laid down in its Trust Deed, is: "the advancement of social well being, particularly by scientific research". To pursue this vision we support, financially or otherwise, independent, impartial analysis based on the best available scientific knowledge. We ensure as best we can that the evidence, analysis and recommendations that result are used to inform debate, public understanding, policy formation, and eventually practice in the real world. We also support the development of the capacity, particularly research capacity, needed to support these ambitions.

We operate in a number of different spheres, from law through to education, and support projects of many different kinds, from research through the training of individuals to practical innovations. The range of possible outcomes of our projects is therefore very large. Likewise the timescales of projects vary, from short term projects that are intended to have an immediate impact, to fundamental reviews where the outcomes may take many years to manifest themselves. As timescales get longer, so claims that there may be a causal connection between funded work and long term outcomes become more and more difficult to sustain.

Finally, changes over the long term are rarely due to single projects or initiatives. Progress more often comes from the cumulative effects of clusters of projects, funded from different sources, over periods of years, where groups of people have addressed a problem from different directions, learning from each others' experiences. The Foundation plays its role here, acting as convenor and catalyst, bringing together researchers, policy makers and others to discuss research results and help shape future research and policy agendas, but we have always to remember that we are one actor among many.

Given this complex picture the Trustees have long felt that an attempt to capture the impact of the Foundation's work with a set of metrics was unlikely to succeed and would not be a good use of resources. However the Foundation does reflect carefully on the lessons that can be learned from our initiatives, both successful and not. This is done systematically at the level of programmes, rather than individual grants. Our practice is to review all our programmes regularly, usually on a five year basis. A decision is then taken to continue, change or stop the programme in question. An example of this process in action is the recent review of the Commonwealth Programme, an account of which can be found on the Foundation's website.

Social Research and Innovation (£2.5m; 24%)

The Foundation's interest in social research and social welfare is concentrated in a number of distinct topic areas, discussed here. Social research projects also comprise the greater part of the 'Open Door' programme (see below).

In each of these areas, grants are made both for research projects and for practical innovations. In our specialist areas the Foundation is also increasingly active in promoting discussion and debate through programmes of seminars, lectures and other events, often held at the Foundation's premises.

Children and Families

The Children and Families programme supports work to help ensure that legal and institutional frameworks are appropriate to meet the needs of children and families. Topics of interest include UK systems of family justice (including the family court system, family law, local authority services for children and families); evidence about outcomes of interventions involving children at risk; and policies or practices related to the legal and financial issues of divorce or separation.

Following the disbanding of the Child Protection and Family Justice specialist committee in November 2008, the programme was re-named in 2009 and grants under this heading are now considered by Trustees. This has allowed Trustees not only to judge individual applications, but also to oversee the range of the work, gauge its import and interest, and generally to familiarise themselves with the topics and issues in this area.

Trustees have confirmed their interests in various issues related to family law, cohabitation, child contact and child support. They have also confirmed that they are interested in a range of work relevant to child welfare policy, including parental working patterns, childcare and early years provision, as well as work on the well-being of children growing up in adverse conditions.

Key Children and Families grants made in 2009

- Professor Gillian Douglas at Cardiff Law School, for a project to examine attitudes towards inheritance especially where there is no will, and how views might change in different family structures such as cohabitation or step-families.

- Professors Gordon Harold and Anita Thapar at the School of Psychology, Cardiff University for a project on the role of negative parenting and children's own attributions of blame in the context of inter-parental conflict and divorce. Special attention will be paid to the implications of the work for guidance given within the family justice system.
- Professor Ingrid School at the Institute of Education, for a study of the factors that promote the well-being of young children, particularly those growing up in poverty and family instability.
- Dr Alissa Goodman at the Institute for Fiscal Studies for a project to study the implications of the increase in births outside marriage on children's cognitive and social development. A key aim is to examine the extent to which any differences are caused by marriage itself, or result from pre-existing differences between the types of couples who get married and those who do not. This will inform the growing policy debate on the importance of marriage before having children.
- Dr Pasco Fearon at the University of Reading School of Psychology, for a study on whether young adults who were born to postnatally depressed mothers have greater difficulty with their social relationships than other young adults. This would allow the researchers to add to a body of evidence on the relationships between maternal depression and children's attachment.
- Professor June Statham at the Thomas Coram Research Unit to produce a briefing paper on '*European perspectives on social work: models of education and social role*', which contributed to the debate on how social work might be better organised to take account of what we know about child development and effective interventions.
- Caroline Bryson in collaboration with the Institute of Fiscal Studies and the National Centre of Social Research (NatCen) to carry out a critical review of childcare provided by friends and family compared to formal care, and to identify gaps in the evidence.

Children and Families Events

- Seminar to discuss the implications of a random-sample study of post-separation parenting undertaken by Gingerbread and funded by the Foundation.
- Launch of the NSPCC report on the treatment of child witnesses in criminal and other court.
- Seminar and launch to disseminate the preliminary findings of the pilot Family Drug and Alcohol Court (FDAC).
- Launch of *Family law advocacy: how barristers help the victims of family failure* by Mavis Maclean and John Eekelaar.
- Launch of *Sharing lives, dividing assets* by Rebecca Probert and Jo Miles.
- Launch of *Policy and Practice Implications from the English and Romanian Adoptees (ERA) Study: Forty Five Key Questions*, a publication based on the findings of the English Romanian Adoption Study.

Changing Adolescence programme

The aim of the Foundation's Changing Adolescence programme is to analyse the life experiences of adolescents in the UK today through a series of reviews and critical evaluation of research data. Six commissioned research reviews were submitted to the Foundation during 2009.

The Foundation published two briefing papers based on the research reviews and written by the Programme Head, Dr Ann Hagell. The first, *Time trends in parenting and outcomes for young people* presented the evidence relating to changes in parenting over time, specifically the finding that poor

parenting is not the reason for the increase in problem behaviour amongst teenagers in the 25 years to 1999.

The second briefing paper, *Time trends in adolescent well-being (Update 2009)* updated the existing research on the mental health of adolescents with new analysis of data from 1999-2004. The new data shows that the overall level of teenage mental health problems is no longer on the increase and may even be in decline.

The briefing papers stimulated debate in the media and amongst policy makers and practitioners, as well as identifying the need for further research. Work will continue during 2010, including production of a book combining the outputs of the research.

Law in Society

The Law in Society programme aims to promote developments to improve the working of civil and administrative law from the standpoint of ordinary people and citizens.

Key Law in Society grants made in 2009

- Varda Bondy at the Public Law Project, to produce a handbook for practitioners based on the mediation and judicial review work previously funded by the Foundation.
- Vanessa Munro at Nottingham School of Law, for a study on how Asylum and Immigration Tribunals (AIT) handle claims about rape made by women applying for asylum.
- Professor Jo Shaw at Edinburgh University School of Law to evaluate the relationship between the European Union free movement rules and UK immigration law, with a view to understanding how the relationship between these two systems is evolving.
- Professor Barry Mitchell of Coventry Law School to carry out a survey to test public support for the current sentencing law and the assumption that a mandatory life sentence for murder is necessary to maintain public confidence in the criminal justice system.
- Les Allamby of the NI Law Centre for a scoping study of the Tribunal Reform in Northern Ireland.
- Professor Takis Tridimas at Queen Mary's University to provide a detailed statistical analysis of judgments delivered by the European Court of Justice (ECJ) and Court of First Instance (CFI) in actions seeking the annulment of Community measures between 2000 and 2009.

Law in Society Events

- Round-table seminar on Asylum adjudication and country guidance by Dr Robert Thomas of Manchester School of Law to discuss the system by which the Asylum & Immigration Tribunal gives guidance on the country of origin of those seeking asylum.
- Seminar on variations in practice by the European Court of Human Rights on 'fact-finding' in human rights cases, led by Philip Leach of London Metropolitan University, amid concern about variations in the ways in which different courts or cases sought to ascertain background facts.
- Launch of *The Judicial House of Lords 1876-2009*, a history of the institutional home of the Law Lords before the founding of the new UK Supreme Court.
- Launch of a study on the role of consular officials and consular attendance at trials of Britons in other countries published by Fair Trials International.

Building capacity in the social sciences

In addition to its larger programme grants, The Foundation seeks to promote research capacity in the social sciences by means of two academic schemes which are not aimed at promoting policy-relevant research.

Small grants in the social sciences

These grants, normally up to £7,500 (though they may exceptionally go up to £12,000), are made for small self-contained or pilot projects in the social sciences. Priority is given to younger researchers, though any project that addresses the Foundation's wider interests is eligible. Grants of this size are surprisingly difficult to obtain: research councils rarely fund under £40,000, while universities' seed-funding is usually for much smaller amounts.

The scheme continues to attract good quality applications. 86 awards were made in 2009; examples of the successful projects are listed on our web-site. The scheme made a last call for applications in summer 2009 before going into review, with a view to re-launch in early 2010 to run for the rest of that year.

New Career Development fellowships

In 2009 the Foundation awarded three New Career Development fellowships to support social scientists in the early stages of their post doctoral careers. Three-year fellowships were offered with support for an experienced individual who acts as a partner and mentor for the junior fellow. Despite receiving a large number of applicants, the Foundation was able to make only 3 awards in 2009, rather than the 5 for which it had attracted funding:

- Dr Anwen Elias at Aberystwyth University, for a study *Regional electoral politics and the transformation of states*.
- Dr Sue Fletcher-Watson at Edinburgh University for a project entitled *Intervention for social attention in autism*.
- Dr Alice Street of Sussex University for a study *Regulating health systems in fragile states: a study of the relationships between governance and cultures of care in Papua New Guinean hospitals*.

The fellowships are under review as part of the Foundation's review of its capacity building in social sciences. None will be awarded in 2010.

Science (£1.5m; 14%)

The Foundation funds two programmes aimed at developing research and professional capacity in science; the Oliver Bird Rheumatism Programme and the Nuffield Foundation Science Bursaries. The Science Bursaries comprise two strands – one for undergraduates and one for school and college students.

Oliver Bird Rheumatism Programme

The Oliver Bird Rheumatism Programme supports doctoral training and aims to develop a cohort of outstanding young scientists who will enhance future capacity in UK rheumatic disease research. There are currently 22 students training in five university-based centres. There are 11 new studentships to be appointed in 2010, including 8 which will be funded by industry or the partner universities, representing an additional investment of £1.3m.

Each university-based centre offers a different approach to the first year of training, ranging from a taught MRes year to a series of rotation projects to tailor a PhD topic, techniques and supervisors to a student's interests. Several publications are already arising from Year 1 rotation projects and one student will be presenting at a Keystone Conference in 2010.

Professor Costantino Pitzalis, Oliver Bird Rheumatism Coordinator at Queen Mary University coordinated a student conference in June 2009, including presentations of their PhD projects from 21 current students. Amongst those chairing or facilitating sessions were 12 Oliver Bird alumni, who also took part in an innovative round table session with the current students.

Nuffield Foundation Science Bursaries

Undergraduate Research Bursaries

The Foundation awarded 401 bursaries to undergraduates in 2009. The bursaries are designed for those considering scientific research as a career and enable students to take part in a defined research project for 6-8 weeks in the summer vacation. Students receive a bursary of £180-£190 a week and gain a detailed insight before they make a final commitment to scientific research.

Science Bursaries for Schools and Colleges

The Foundation awarded 1,010 bursaries to school and college students in 2009. The bursaries provide students in their first year of an advanced or higher-level science course with £80 per week while they undertake a placement in their summer vacation. Placements are for four to six weeks and are in any area of science, technology, engineering and maths. Students work with specialist professionals and are given an invaluable opportunity to develop their skills.

The bursaries programme relies on the active cooperation of numerous science-based organisations, from both public and private sectors, which provide placements for the students. It is co-funded by a number of other organisations, notably the Wellcome Trust, Research Councils UK and the Royal Society.

In 2009 we piloted 13 Maths bursaries through our partnership with More Maths Grads, a higher education funded programme. Due to the success of this pilot the Clothworkers Foundation will be supporting 15 Maths bursaries per year over the next two years.

Education (£2m; 19%)

The Foundation's education work was reviewed in 2009, resulting in the consolidation of formerly stand-alone parts of the organisation into a more integrated programme, the adoption of a more thematic outlook, and the establishment of five priority strands of interest:

- Foundations for learning: improving understanding about language, learning and development in early childhood, from birth to around eight years of age.
- Science education: supporting science teachers and learners through innovative resources, professional development and research.
- Mathematics education: supporting research and development projects designed to improve policy and practice in the teaching and learning of mathematics.
- Secondary education transitions: addressing issues relating to transitions, progression and pathways into, through and out of secondary education.
- Student parents and women's education: examining how opportunities for parents, particularly women, to access, progress through and complete further and higher education might be improved.

Nuffield Review of 14-19 Education and Training

The publication of the final report of the Nuffield Review of 14-19 Education and Training was a significant event in 2009. The report, *Education for All: The Future of Education and Training for 14-19 year olds*, was published by Routledge and launched at an event at the Institute of Mechanical Engineers.

Many other events have contributed to the dissemination of the report's findings, including a series of regional conferences and a lecture and symposium at the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA). A wealth of research and discussion papers that were written as inputs to the Review have been made available on the Review's website.

Other Education projects

Work has commenced on the project Creativity in the community languages classroom: pedagogies and professional development. Dr James Anderson and his colleagues from Goldsmiths, University of London are investigating the potential for creative activities based on the use of stories, plays, poetry, art works and film to support the learning of community languages.

The new international journal *Longitudinal and life courses studies*, launched in 2008 with start-up funding from the Foundation, published its first issue. This quarterly peer-reviewed international and inter-disciplinary journal, available online (www.journal.longviewuk.com), uses the Open Journal System for publication of articles. It is free at the point of access and its first issue has articles covering health sciences, social sciences and statistical methodology.

Key Education grants made in 2009 under the priority strands

Student parents and women's education

- BrightsideUNAID to develop and evaluate a mentoring programme to support student parents making the transition from further to higher education.

Foundations for learning

- Professor Usha Goswami from the University of Cambridge to explore whether speech and language impediments (SLI) are underpinned by difficulties in the processing of auditory rhythmic information. A link between the two would open up the possibility of educational music-based assessments and interventions benefiting children with SLI.
- Dr Penny Roy at City University for a study aiming at assessing the language potential in socially disadvantaged preschoolers. The study seeks to differentiate language disadvantage from language disorder since early and accurate identification of problems is essential for developing effective intervention.
- Claire Crawford and colleagues from the Institute for Fiscal Studies for a study to identify the impact of month of birth on the development of both cognitive and non-cognitive skills amongst today's children and to explore the implications for school admissions policy.

Other key grants

- Dr John Vorhaus and colleagues at the Institute of Education to explore the impact of low literacy and numeracy on the lives of older adults. The research will inform policy on retaining older adults in employment, and contribute to the practice of adult educators.

The Nuffield Foundation Curriculum Programme (NFCP)

The Foundation's curriculum work continues to focus on science, design and technology, mathematics and STEM (Science, Technology, Engineering and Mathematics), with the aim of supporting teachers and disseminating teaching and learning resources. It works with partners such as the Science Learning Centres (SLCs), Specialist Schools and Academies Trust, professional bodies and the Design and Technology Association to introduce curriculum innovation.

The Nuffield cross-curricular STEM project aims to help schools exploit the opportunities presented by the new Key Stage 3 National Curriculum. During 2009, NFCP developed materials for *Sustainable Futures*, the second of our exemplar STEM topics. This topic draws on the findings from the evaluation of the Curriculum Programme's first topic *The Games*, which was piloted in summer 2009.

Sustainable Futures will be trialled in February and March 2010 in nine schools in London, Sheffield and Sussex. After revisions an extended pilot will take place in June and July. *Sustainable Futures* will

be launched nationally with a revised version of *The Games* in September 2010, supported by a national programme of teacher professional development.

The Foundation is currently developing a set of resources designed to assist with teaching mathematical processes and to help teachers with day-to-day assessment. The resources, called Applying Mathematical Processes (AMP), match the Key Stages 3 and 4 National Curriculum specifications for England. Activities include mathematical investigations, such as calculating how many texts are sent if everyone in a group sends one to all the others, and practical problems, for example designing a table or scheduling the work to be done in a fashion workshop. The resources will have been piloted in schools, and ready for publication on our website by autumn 2010.

The Twenty First Century Science specification and resources are being revised in line with changes to the statutory criteria for GCSE science. The new QCDA criteria became available in November 2009, allowing work to start on the revision of the specification. This work is being undertaken in partnership with the Science Education Group at York University.

Open Door (£1.8m; 16%)

The Foundation keeps an 'Open Door' to applications for grants that span its main areas of interest, or to exceptional projects that are outside our main themes but have the potential to achieve our objective of advancing social well-being. Many of these grants relate to themes such as poverty and income distribution, young people and criminal justice, financial issues related to ageing and the scrutiny of government and good governance.

Key Open Door grants made in 2009

- Dr Alex Bryson, at the National Institute of Economic and Social Research to study the effects of recession on British workers and workplaces in the medium-term.
- Mr Guy Dehn to help enable the creation of Witness Confident, a charity aimed at changing the walk-on-by culture contributing to rising crime. The charity was launched in September and promotes community engagement as an important way to solve and deter crime as well as providing advice and guidance for witnesses.
- Dr Lesley McAra at Edinburgh University for a new phase of the Edinburgh Study of Youth Transitions and Crime. This will track patterns of contact with the juvenile and adult criminal justice system from age 8 to 22 and will assess the impact of such contact on pathways out of criminal offending.
- Dr Joe Murray at Cambridge University for a study of the extent to which the experience of parental imprisonment might cause delinquency and mental health problems for children, or in some cases might be protective.
- Professor Colin Aitken of Edinburgh University for a project, backed by the Royal Statistical Society, to develop ways to ensure that statistical evidence is better framed and used in the criminal justice system.
- The Pensions Policy Institute to continue its work on public sector pensions, specifically to identify policy objectives and policy options for any further reforms of public sector pensions.
- Raphael Wittenberg and colleagues at the London School of Economics for a collaborative project to devise, test, refine and validate questions suitable for older people and their carers about the receipt and payment for formal and informal care and an assessment of how they might map onto administrative data. These questions will initially be used for the English Longitudinal Survey on Ageing.

Open Door events

- Seminar at Church House to launch the findings of the report by Sarah Spencer and colleagues at Oxford University's Centre for Migration, Policy and Society on the role of migrant worker in providing social care.
- Launch of the Straight Statistics campaign (www.straightstatistics.org), which aims to promote honesty and best practice in the use and dissemination of public statistics, and to expose statistical abuse by government, companies, advertisers and others.
- Two conferences in Belfast and London organised by Professor Anthony Heath and Professor Chris McCrudden from Oxford University to discuss affirmative action in the labour market. This is the result of an empirical study funded by the Foundation to examine the implementation of various affirmative action schemes in Northern Ireland, and gauge which if any have resulted in improvements in fair employment, both for Catholics and Protestants.

Other activities (£1.5m; 14%)

Nuffield Council on Bioethics

The Nuffield Council on Bioethics examines ethical issues raised by new developments in biology and medicine. Established by the Nuffield Foundation in 1991, the Council is funded jointly by the Foundation, the Medical Research Council and the Wellcome Trust.

Key areas of work in 2009

Dementia

The Council published its report *Dementia: ethical issues* in October. The report presents an ethical framework to help those who face dilemmas in the care of a person with dementia. A key recommendation was that all those involved in the care of people with dementia should have access to education and support to help them deal with ethical dilemmas.

Personalised healthcare

The Council held a public consultation from April to July 2009 on developments that promise increasingly personalised healthcare. These include commercial DNA testing and imaging services, online personal health records and drug purchases, and telemedicine. A report will be published in autumn 2010.

Biofuels

A Working Party was set up in October 2009 to consider new approaches to producing biofuels, for example, using algae and agricultural waste. A consultation was held from December 2009 to March 2010, and a report will be published in early 2011.

Bioinformation

The Council's 2007 report on the forensic use of bioinformation (fingerprints and DNA) was cited in a judgment in the European Court of Human Rights. Following the judgment, the Government announced a series of revised policy proposals in November 2009, including that the DNA profiles of all arrested adults will be retained for 6 years.

As part of its role in promoting wider public debate of bioethics, in 2009 the Council published a set of teaching resources for schools on the forensic use of bioinformation. These have been made widely available through the Council's website and through those of various partner organisations, and add to the teaching resources that the Council has previously produced on the use of animals in research.

The Council also set up a Working Party to explore the ethical issues raised by the provision of bodily material for medical treatment and research. This includes the donation of blood and gametes, volunteering in clinical trials and, after death, the provision of organs, skin, bone and other tissue. A report will be published in autumn 2011.

Public Health

The Council's 2007 report on public health concluded that the state has a duty to help everyone lead a healthy life and reduce inequalities in health. In 2009, the National Institute for Health & Clinical Excellence (NICE) adopted the report's stewardship model "as a reference point for guiding decisions about what types of intervention may be justified".

The Africa Programme

The Africa Programme builds on the experience gained from the Commonwealth Programme in increasing the African expertise needed to tackle problems in areas such as health, food security and energy and to develop and implement good policies for service delivery.

The review of projects supported under the Commonwealth Programme between 2000 and 2008 has shown that UK institutions can play an important role in supporting African organisations to develop this expertise, and the Africa programme will continue to fund projects implemented by UK/African partnerships.

The Programme will begin making grants in 2010 but several grants made under the Commonwealth Programme continued in 2009. The two featured here exemplify the kind of work that the Africa Programme will fund.

Key grants continuing in 2009

- Professor Rachel Jenkins has been working with the Ministry of Health In Kenya to develop and implement a mental health training programme for primary care workers. Funding for this work began in 2005 and continues into 2010. The project has trained 60 trainers from the Kenyan Medical Training College who in turn have trained over 1800 primary care workers and 200 higher level supervisors in Kenya. The course materials have also been integrated into the basic training of Kenyan clinical officers and nurses.

As a result of her work with Foundation, Professor Jenkins has received funding from other sources to work with health ministries in Iraq, Nigeria and Sri Lanka; adapting the Kenyan materials to fit those countries' needs and training group of trainers to deliver the course.

- The Foundation has been a partner in a collaborative venture with four other European foundations to strengthen African research capacity in neglected tropical diseases (NTDs) and related public health research. Responding to proposals by international researchers, the consortium of Foundations launched a scheme in 2008 supporting young African researchers in African research institutions. The aim is to build a cadre of African researchers, working within African research centres, who can design, carry out and disseminate effective research and attract the funding needed to carry on this work until these diseases are eliminated.

Financial review

The Foundation began 2009 with low expectations for market returns following the financial hiatus of 2008. Our misgivings were realised in the first quarter of 2009 with once more plunging markets. Assets fell a further 8% from the year end echoing a 29% fall in the FT All Share index between April 2008 and March 2009. However markets established a floor by the second quarter, albeit tentatively, and subsequently progressed returning 30% for the year, recovering over half of the losses of the previous year.

The Trustees invested considerable time in reviewing the economic environment and the disposition of the Foundation's assets. The Trustees noted that the portfolio had sufficient high quality liquidity to weather economic turbulence for some years, but that it was also positioned to benefit from any recovery in markets. In particular they noted that although the total fall in assets to March 2009 was very great, the reduced level of assets remained within the bounds of what the Trustees considered a 'normal' range of volatility for its portfolio. As a result, the Trustees considered that the Investment Committee had been successful in developing a liquid and diversified strategy in advance of these events. They confirmed their earlier decision to maintain current spending plans, although out of caution decided not to replace activities that were naturally coming to an end (amounting to a 5% reduction in the total budget for 2009).

The operating activities of the Foundation during the year were largely as planned. Income is derived from two sources, investment and non-investment income. Investment income in the year fell from £6.9m in 2008 to £4.2m – a consequence of dividend cuts and moving to a lower yielding global portfolio. The shortfall in income was made up by an increase in the total return distribution. Non-investment income was £0.9m (2008: £1.2m) due to a fall in legacies and specific restricted activities. Non-investment income remained higher than budget.

Charitable expenditure of £9.5m was £1.2m lower than 2008 (£10.7m) for two reasons. Firstly, 2008 included unusually large five year grants awarded by the Oliver Bird Rheumatism Programme (2009: £149k; 2008: £1.1m). Second, a number of programmes in the Education budget had been discontinued at the end of their natural life which led to lower expenditure (e.g. Curriculum Programme 2009: £874k; 2008: £1,276k). Charitable expenditure for the year was also lower than the budget for the year (particularly in the area of Social Research and Innovation) where Trustees found that there were insufficient applications with the appropriate focus or quality to merit funding.

The Foundation's restricted funds have negative balances totalling £1.9m due to the SORP requirement to charge the full cost of multi-year grants in the year of award. Future investment returns (or lower annual spending) will restore these deficits. Increasingly activities are delivered through different mechanisms; sometimes responsive grant-making is the most appropriate, but on other occasions a series of seminars may be more fruitful. These distinctions are analysed in Note 3 to the accounts which separates grants, other direct costs, and an allocation of overhead costs. Each component plays an appropriate and indispensable part in how the Foundation delivers its objectives.

Investment management and governance (£1.4m, 13%)

The investment performance for periods ending 31st December 2009 is summarised below.

| Total Returns | 1 Year | 3 Years | 5 Years |
|-------------------------------------|------------------------------|---------|---------|
| Nuffield Foundation (gross of fees) | 13.0 | -1.6 | 4.9 |
| Bespoke Benchmark (gross of fees) | 17.0 | 1.5 | 6.9 |
| WM Total Charities (gross of fees) | 19.1 | 0.3 | 6.5 |
| Key | | | |
| Nuffield Foundation | Actual performance | | |
| Bespoke Benchmark | WM2000 to 3/03; then bespoke | | |
| WM Total Charities | Median, including property | | |

Performance in the year was good although total annual performance does not reveal this underlying health. The Trustees expect Private Equity valuations to lag behind public markets and while this was of benefit in 2008, it was a disadvantage in 2009. This is a constant problem of trying to find an

adequate short term benchmark for a long term asset class. The total return excluding PE was 17.6% (benchmark exc. PE: 16.8%) which is a good performance given that the private equity portfolio is still young. Measured against similar funds the returns for PE are above median. The new global public equity structure returned 24% for the year (benchmark: 20.5%).

Investment management fees of £1.3m (2008: £1.2m) continued to reflect the costs of active management. The lower fee in 2008 was due to a VAT refund on fees arising over the previous three years. Managers are measured net of fees to ensure that these costs are recouped through improved performance. The Foundation changed one manager during the year.

Accounting for Total Returns and Reserves Policy

For 2009 and the following four years the Trustees' policy is to distribute 4.5% of the trailing twelve-quarter average market value of its investments (based on values at 30th June of the previous year). Trustees believe that this is a sustainable amount to distribute. The intention is to produce a consistent and sustainable amount for expenditure and to maintain (at least) the purchasing power of the endowment over the long term.

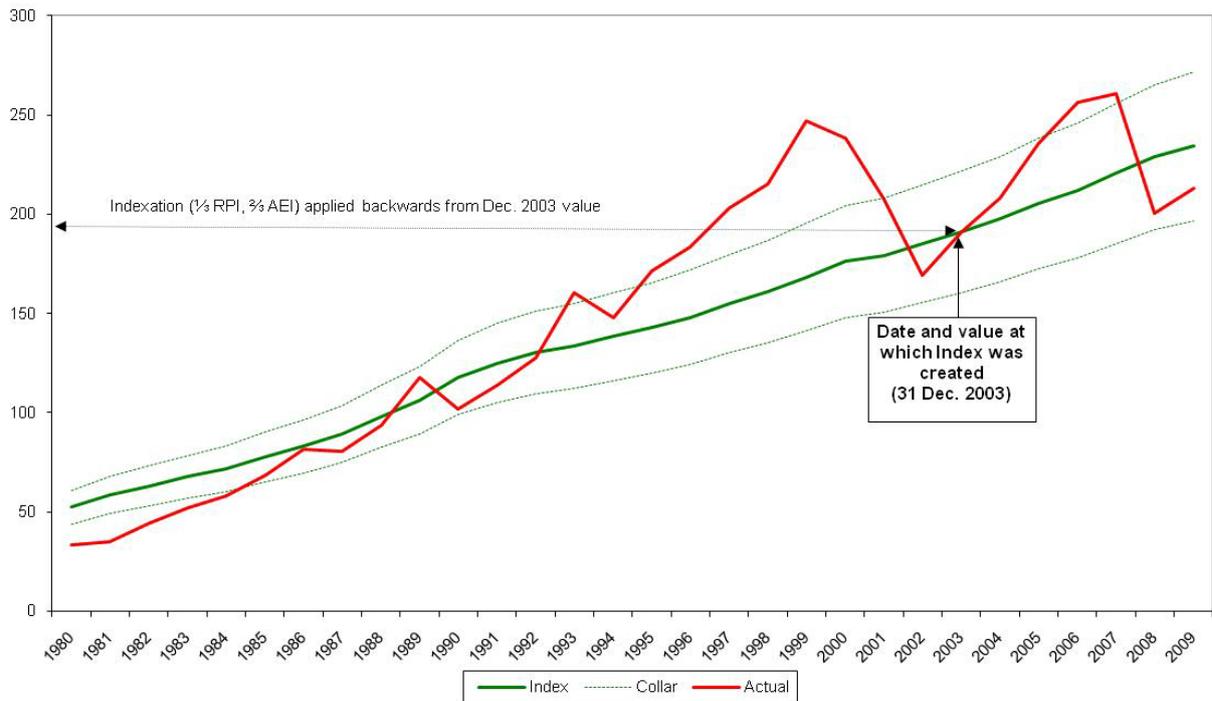
The Trustees' Reserves Policy is driven by two components: the first is to keep the unrestricted funds (which are part of the Expenditure Reserve) at a level of + / - £2m to accommodate cumulative under-spending or over-spending from year to year (there is no similar range for the restricted Expenditure Reserve). Stepping outside this range would trigger a review of spending. On 31st December this reserve was worth £1.1m (2008: -£18k).

The second part of this policy reflects how the Trustees seek to preserve the endowment's value. The 'Core Endowment' represents that part of the assets which the Trustees seek to maintain (at least) in real terms. It is based on the value of the endowments on 31st December 2003 together with an allowance for subsequent inflation. Because stock markets fluctuate an 'allowance for market volatility' is also included. This accounts for the difference between the Core Endowment and the current value of the endowment. However if this allowance became too large (or small) for a sustained period a review of the distribution rate would be triggered (without necessarily leading to a change). At 31st December 2009 the level of the endowment represented 91% of its target value (2008: 87%), within the 'normal' range of 84% to 116% (i.e. +/- 16%), which is also the volatility implicit in the investment portfolio.

| £000s | Lower Limit | 31/12/2009 Actual | Upper Limit |
|---|-------------|-------------------|-------------|
| Core endowment | | | |
| 'Preserved Value' at 31 Dec. 2003 | | 188,311 | |
| Allowance for inflation | | 38,787 | |
| Balance at 31 st December 2009 | | <u>227,098</u> | |
| Allowance for market volatility | | (20,432) | |
| Endowment total | 190,762 | <u>206,666</u> | 263,433 |
| Expenditure Reserve | | | |
| Restricted | - | (1,886) | - |
| Unrestricted | (2,000) | <u>1,126</u> | 2,000 |
| Total funds | | <u>205,903</u> | |

The long term value of the endowment is represented graphically below: the value of the endowment (red) should maintain its real value (smooth green line) over the long term and remain within a range of expected volatility (dotted green line).

Nuffield Foundation Index of Capital Maintenance (established in Dec. 2003 and applied backwards)



Staff, volunteers and applicants

The Foundation is indebted to grant applicants, to the many people who sit on committees and panels, review applications, contribute to seminars and contribute to the Foundation's work in myriad other ways. Finally thanks are due to the staff of the Foundation for their hard work and commitment during the year.

Future Plans

The work of the Foundation continues to evolve as demanded by the changing environment in which it works and the different activities that it supports. This is described in some detail above.

Grant making policy

The Foundation currently operates several different grant programmes. Each programme publishes a comprehensive guide on its aims, policies and process for application, together with expectations for evaluation. All applications are reviewed by independent referees. Details of all programmes, together with application forms which can be downloaded, can be found on the Foundation's web site. All principal grants are shown in the list of grants at the back of this document.

Risk statement

The Trustees are responsible for the management of the risks faced by the charity. Detailed considerations of risk are delegated to the Audit Committee, who are assisted by senior staff. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on an annual basis. The key controls used by the charity include:

- Established organisational and governance structure and lines of reporting
- Detailed terms of reference for all sub-committees
- Comprehensive financial planning, budgeting and management accounting
- Formal written policies and hierarchical authorisation and approval levels
- Regular review of current risks to the Foundation.

Through the risk management processes established for the charity, the Trustees are satisfied that the major risks identified are being adequately managed where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net outgoing resources for that period. In preparing these financial statements, the trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees on 6th May 2010 and signed on their behalf by



The Baroness O'Neill
Chairman

Independent Auditor's Report to the Trustees of the Nuffield Foundation

We have audited the financial statements of The Nuffield Foundation for the year ended 31 December 2009 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 11. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

The Trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities. We have been appointed as auditor under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report if, in our opinion, the information given in the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Trustees' Report, the information on grants awarded during the year and the summary of financial objectives and investment strategy. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Basis of opinion

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

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

Opinion

In our opinion, the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2009 and of its incoming resources and application of resources for the year then ended; and
- have been prepared in accordance with the Charities Act 1993.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors

Date: *1/6/* 2010

St Bride's House
10 Salisbury Square
London EC4Y 8EH

Financial Statements

STATEMENT OF FINANCIAL ACTIVITIES

| | Notes | Unrestricted Funds £000s | Restricted Funds £000s | Endowed Funds £000s | Total 2009 £000s | Total 2008 £000s |
|---|-------|--------------------------------|------------------------------|---------------------------|------------------------|------------------------|
| INCOMING RESOURCES | | | | | | |
| Incoming resources from generated funds | | | | | | |
| | 2 | | | | | |
| Voluntary income | | 3 | 680 | - | 683 | 1,087 |
| Activities for generating funds | | 125 | - | - | 125 | 97 |
| Investment income | | | | | | |
| | 6 | | | | | |
| Investment portfolio | | - | - | 4,149 | 4,149 | 6,964 |
| Other interest | | 2 | - | - | 2 | 21 |
| Other income | | 96 | - | - | 96 | 49 |
| Total incoming resources | | <u>226</u> | <u>680</u> | <u>4,149</u> | <u>5,055</u> | <u>8,218</u> |
| RESOURCES EXPENDED | | | | | | |
| Costs of generating funds | | | | | | |
| Investment management costs | | - | - | 1,329 | 1,329 | 1,221 |
| Charitable activities | | | | | | |
| Social research & innovation | | 2,458 | - | - | 2,563 | 2,791 |
| Science | | 1,247 | 279 | - | 1,526 | 2,347 |
| Education | | 1,861 | 186 | - | 2,047 | 2,305 |
| Open Door | | 1,775 | - | - | 1,775 | 1,501 |
| Other activities | | 751 | 866 | - | 1,512 | 1,699 |
| Charitable activities | | <u>8,092</u> | <u>1,331</u> | <u>-</u> | <u>9,423</u> | <u>10,643</u> |
| Governance | | 78 | - | - | 78 | 71 |
| Total resources expended | 3 | <u>8,170</u> | <u>1,331</u> | <u>1,329</u> | <u>10,830</u> | <u>11,935</u> |
| NET OUTGOING RESOURCES before transfers | | | | | | |
| | | <u>(7,944)</u> | <u>(651)</u> | <u>2,820</u> | <u>(5,775)</u> | <u>(3,717)</u> |
| Transfers | 11 | 9,088 | 2,073 | (11,161) | - | - |
| NET OUTGOING RESOURCES after transfers | | | | | | |
| | | <u>1,144</u> | <u>1,422</u> | <u>(8,341)</u> | <u>(5,775)</u> | <u>(3,717)</u> |
| Net (loss)/gain on investment assets | 6 | <u>-</u> | <u>-</u> | <u>19,867</u> | <u>19,867</u> | <u>(59,186)</u> |
| NET MOVEMENT IN FUNDS | | | | | | |
| | | <u>1,144</u> | <u>1,422</u> | <u>11,526</u> | <u>14,092</u> | <u>(62,903)</u> |
| Fund balances brought forward at 1 January | | <u>(18)</u> | <u>(3,308)</u> | <u>195,140</u> | <u>191,814</u> | <u>254,717</u> |
| Fund balances carried forward at 31 December | 11 | <u>1,126</u> | <u>(1,886)</u> | <u>206,666</u> | <u>205,906</u> | <u>191,814</u> |

Notes 1 – 11 form part of these Financial Statements

BALANCE SHEET

| | | 2009 | 2008 |
|---|-------------------------------|----------------|----------------|
| | | £000s | £000s |
| FIXED ASSETS | | | |
| | Tangible fixed assets | 5 | 3,159 |
| | Investments | 6 | 213,204 |
| | Programme related investments | 6 | 100 |
| | | <u>216,463</u> | <u>203,864</u> |
| CURRENT ASSETS | | | |
| | Debtors | 7 | 928 |
| | Bank and cash | | 897 |
| | | <u>1,825</u> | <u>625</u> |
| LIABILITIES: amounts falling due within one year | | | |
| | Provision for grants payable | 8 | (8,406) |
| | Creditors | 9 | (477) |
| | | <u>(8,883)</u> | <u>(8,760)</u> |
| NET CURRENT LIABILITIES | | | |
| | | <u>(7,058)</u> | <u>(8,135)</u> |
| LIABILITIES FALLING DUE AFTER ONE YEAR | | | |
| | Provision for grants payable | 8 | (3,499) |
| | | | (3,915) |
| NET ASSETS | | | |
| | | <u>205,906</u> | <u>191,814</u> |
| FUNDS | | | |
| | Unrestricted funds | 1,126 | (18) |
| | Restricted funds | (1,886) | (3,308) |
| | Endowed funds | 11 | 206,666 |
| | | <u>206,666</u> | <u>195,140</u> |
| TOTAL FUNDS | | | |
| | | <u>205,906</u> | <u>191,814</u> |

Notes 1 – 11 form part of these Financial Statements

These financial statements were approved by the trustees on 6 May 2010 and were signed on their behalf by:



The Baroness O'Neill
Chairman

CASH FLOW STATEMENT

| | 2009 | 2008 |
|---|--------------|--------------|
| | £000s | £000s |
| Operating Activities | | |
| Net cash outflow from operating activities | (10,587) | (9,204) |
| Returns on investment and servicing of finance | | |
| Investment income | 4,149 | 6,964 |
| Interest received | 2 | 21 |
| | <u>4,151</u> | <u>6,985</u> |
| Capital expenditure and financial investment | | |
| Payments to acquire tangible fixed assets | (69) | (15) |
| Disinvestment from portfolio | 7,235 | 1,955 |
| | <u>7,166</u> | <u>1,940</u> |
| Decrease in cash during the year | <u>730</u> | <u>(279)</u> |

Analysis of changes in net cash during the year

| | | |
|---|------------|--------------|
| Cash at bank and in hand | | |
| At 1 January | 167 | 446 |
| At 31 December | 897 | 167 |
| (Decrease)/increase in cash during the year | <u>730</u> | <u>(279)</u> |

RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

| | | |
|---|-----------------|----------------|
| Net outgoing resources for the year | (5,775) | (3,717) |
| Depreciation | 102 | 97 |
| Investment income (including interest received) | (4,151) | (6,985) |
| Movement in current assets/liabilities : | | |
| Reduction in grant commitments | (184) | 879 |
| Increase/(decrease) in creditors | (109) | 27 |
| (Increase)/decrease in debtors | (470) | 495 |
| Net cash outflow from operating activities | <u>(10,587)</u> | <u>(9,204)</u> |

Notes 1 – 11 form part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with applicable Accounting Standards. The trustees have adopted the recommendations contained within the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued by the Charity Commission in March 2005, applicable UK accounting standards, and the Charities Act 1993.

(b) Income

Investment income represents dividends and interest on fixed investments and deposits, with any associated tax credits or recoverable taxation, which are included on an accruals basis. Investment income and other gains (or losses) are allocated to the individual funds in proportion to their holding in the Common Investment Fund at the beginning of the year

Grants and donations are credited to incoming resources when they are due. They are deferred where the donor has imposed restrictions upon when the money can be spent.

(c) Expenditure

Costs of generating funds represent amounts paid to the Foundation's external investment advisors.

Charitable expenditure comprises grants and other payments made by the trustees in accordance with criteria set out in the trust deed.

Grants are charged to the Statement of Financial Activities when allocations are approved by the trustees and promised to the recipient, less any awards cancelled or refunded. Grants which are awarded subject to conditions are included as expenditure at the point at which the trustees agree that they no longer have control over the fulfilment of the condition.

'Other costs' include staffing, hosting seminars and conferences, commissioned research or evaluations together with any direct costs immediately attributable to a specific activity. 'Support costs' reflect the apportionment of costs shared by all activities. The basis of this apportionment is headcount. 'Governance' comprises costs incurred in trust administration and compliance with regulatory requirements, together with its share of apportioned costs.

(d) Basis of allocation of costs

Investment management costs and charity administration costs are allocated to the funds in proportion to their holding in the Common Investment Fund at the beginning of the year. Where identifiable costs related to Charitable Activities or Governance are attributed to appropriate activities and funds in full, or where not separately identifiable they are apportioned on the basis of headcount.

(e) Investments

Quoted investments are included in the accounts at their mid market values as at the balance sheet date. Unquoted (e.g. private equity) investments which have no readily identifiable market price are included at the most recent valuations from their respective managers.

(f) Taxation

The Foundation carries on activities which are exempt from corporation tax and income tax. Irrecoverable VAT is included with the expenditure to which it relates.

(g) Exchange gains and losses

All realised and unrealised exchange gains and losses on investments are accounted for in the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(h) Fixed assets**

The property at 28 Bedford Square together with certain furnishings is stated at market value. Art and Antiques are based on a frozen valuation (in accordance with the transitional provisions of FRS 15 'Accounting for fixed assets') made by Phillips in March 1999. Other fixed assets are stated at cost less depreciation. Assets over a value of £5,000 are capitalised. Depreciation has been calculated at the following annual rates, in order to write off each asset over its estimated useful life.

Leasehold property - Length of the lease
Equipment, fixtures and fittings - 3 years to 20 years

(i) Total Return Accounting

The Charity Commission permitted the Foundation to adopt the use of total return in relation to its permanent endowment on 7th February 2006. The power permits the trustees to invest permanent endowments to maximise total return and to make available an appropriate portion of the total return for expenditure each year. Until this power is exercised the total return shall be an 'unapplied total return' and remain as part of the permanent endowment. The trustees have decided that it is in the interests of the Foundation to present its expendable endowment in the same manner, although there is no legal restriction on the power to distribute the expendable endowment.

The trustees have used the values of the permanent endowments at 31st December 2003 to represent the 'Preserved Value' of the original gift.

(j) Fund Accounting

Unrestricted funds are donations or other income received or generated for the objects of the charity without further specified purpose and is available as general funds.

Restricted funds have arisen from restrictions applied by donors. Expenditure that meets these criteria is identified to the fund, together with a fair allocation of support and charity administration costs.

The endowed funds of the Foundation are capital funds where normally only the income arising may be applied, in some cases on restricted purposes. These funds are either permanent or expendable, depending on whether the trustees have power to spend the capital.

(K) Pension costs

Pension costs in respect of the multi employer pension scheme are accounted for as if it were a defined contribution scheme and are charged as they are incurred.

2 Incoming resources from generated funds

| | 2009 | 2008 |
|--|--------------|--------------|
| | £000s | £000s |
| Voluntary Income | | |
| Grants received in support of: | | |
| Nuffield Council on Bioethics | 465 | 444 |
| School Science Bursaries | 130 | 118 |
| Other restricted activities | 87 | 247 |
| Legacies | - | 277 |
| Other unrestricted activities | 1 | 1 |
| | <u>683</u> | <u>1,087</u> |
| | 2009 | 2008 |
| | £000s | £000s |
| Activities for generating funds | | |
| Sales, Royalties and Fee income | <u>125</u> | <u>97</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Resources expended

| | Direct costs | | Support Costs £000s | Total 2009 £000s | Total 2008 £000s |
|---|-----------------|----------------|---------------------------|------------------------|------------------------|
| | Grants £000s | Other £000s | | | |
| Cost of Generating Funds | | | | | |
| Investment management | - | 1,329 | - | 1,329 | 1,221 |
| Charitable Expenditure | | | | | |
| Social Research & Innovation | | | | | |
| Children and Families | 688 | 61 | 38 | 787 | 1106 |
| Social Science Small Grants | 488 | 58 | 29 | 575 | 557 |
| New Career Development Fellowships | 514 | 35 | 31 | 580 | 431 |
| Law in Society | 452 | 45 | 19 | 516 | 697 |
| Changing Adolescence | - | 48 | 57 | 105 | 160 |
| | <u>2,142</u> | <u>247</u> | <u>174</u> | <u>2,563</u> | <u>2,951</u> |
| Science | | | | | |
| Undergraduate Research Bursaries | 555 | 53 | 19 | 627 | 683 |
| School Science Bursaries | 432 | 266 | 57 | 755 | 621 |
| Newly Appointed Lecturers | (5) | - | - | (5) | (9) |
| Rheumatism | - | 92 | 57 | 149 | 1,052 |
| | <u>982</u> | <u>411</u> | <u>133</u> | <u>1,526</u> | <u>2,347</u> |
| Education | | | | | |
| Nuffield Curriculum Programme | - | 570 | 305 | 875 | 1,277 |
| Education Grants | 923 | 120 | 57 | 1,100 | 540 |
| Maths Education | 20 | 50 | - | 70 | 94 |
| Grants for Women | - | 2 | - | 2 | 394 |
| | <u>943</u> | <u>742</u> | <u>362</u> | <u>2,047</u> | <u>2,305</u> |
| Open Door* | 1,692 | 54 | 29 | 1,775 | 1,501 |
| Other Activities | | | | | |
| Nuffield Council on Bioethics | - | 682 | 419 | 1,101 | 943 |
| Africa Programme | 339 | 53 | 19 | 411 | 596 |
| | <u>339</u> | <u>735</u> | <u>438</u> | <u>1,512</u> | <u>1,539</u> |
| Governance costs | | | | | |
| Audit fee | - | 17 | - | 17 | 17 |
| General costs | | | | | |
| Trustees' remuneration | - | 60 | - | 60 | 52 |
| Trustees' expenses | - | 1 | - | 1 | 2 |
| | <u>-</u> | <u>78</u> | <u>-</u> | <u>78</u> | <u>71</u> |
| Total Charitable Expenditure | <u>6,098</u> | <u>2,267</u> | <u>1,136</u> | <u>9,501</u> | <u>10,714</u> |
| Total Resources Expended | <u>6,098</u> | <u>3,596</u> | <u>1,136</u> | <u>10,830</u> | <u>11,935</u> |

* The 'Open Door' funds projects of merit lying across or outside the areas of special interest.

Each trustee is entitled to an annual allowance by virtue of the provisions of the Trust Deed. This is currently £8,700 per annum. During the year seven trustees claimed re-imbursment of travel and subsistence expenses (2008: Five).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4 Personnel costs**

| | 2009 | 2008 |
|--|--------------|--------------|
| | £000s | £000s |
| Wages and salaries | 1,719 | 1,631 |
| Social security costs | 177 | 163 |
| Other pension contributions | 137 | 125 |
| | <u>2,033</u> | <u>1,919</u> |
| Average full time equivalent number of staff employed in year: | | |
| Grant making | 8 | 11 |
| Curriculum Programme Publications | 7 | 8 |
| Nuffield Council on Bioethics | 11 | 10 |
| Support services | 12 | 10 |
| Other Programmes | 1 | - |
| | <u>39</u> | <u>39</u> |
| Remuneration of Higher Paid Staff | | |
| Between £60,000 and £69,999 | 2 | 2 |
| Between £70,000 and £79,999 | 3 | 2 |
| Between £80,000 and £89,999 | - | - |
| Between £90,000 and £99,999 | 1 | 1 |

Employer's pension contributions for higher paid staff were in total £45,567.

The Pensions Trust Pension Scheme

Staff are entitled to contribute to a pension scheme known as the Pension Trust Growth Plan. This is a multi-employer pension plan and which in most respects is a money purchase arrangement, although it does include certain guarantee elements as described below.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from normal retirement dates. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity. The capital is guaranteed through investing in short term, high quality securities and deposits.

It is not possible in the normal course of events to identify the share of the underlying assets of this multi-employer pension plan belonging to the individual participating employers. Accordingly, in line with the requirements of FRS 17, the accounting charge for the year represents only the Nuffield Foundation employer contributions payable.

The latest formal valuation of the Growth Plan was performed at 30 September 2008 and this showed the Plan to have a past service funding level of 96%. The Nuffield Foundation receives quarterly updates from the scheme's actuary on the funding level and its potential employer debt if it were to withdraw from the scheme. Based on the latest quarterly update at 31 December 2009 the funding level had reduced to 80% and the charity had a contingent liability of £2.1m in the event that it was to withdraw its membership of the Growth Plan.

The Nuffield Foundation paid contributions at a rate of 10% of member salaries during the accounting period. The Plan trustee has previously indicated that no additional contributions from participating employers are required at this time and the Plan actuary has advised that the funding shortfall will be cleared within 5 years if the investment returns from assets are in line with the "best estimate" assumptions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**5 Tangible Fixed Assets**

| | Leasehold Property £000s | Other assets £000s | Total £000s |
|--------------------------------------|--------------------------------|--------------------------|----------------|
| Cost or valuation | | | |
| At 1 January | 3,300 | 454 | 3,754 |
| Additions | - | 69 | 69 |
| Disposals | - | (58) | (58) |
| At 31 December | <u>3,300</u> | <u>465</u> | <u>3,765</u> |
| Depreciation and amortisation | | | |
| At 1 January | 307 | 255 | 562 |
| Charge for year | 38 | 64 | 102 |
| Disposals | - | (58) | (58) |
| At 31 December | <u>345</u> | <u>261</u> | <u>606</u> |
| Net book value | | | |
| At 31 December | <u>2,955</u> | <u>204</u> | <u>3,159</u> |
| <i>At 1 January</i> | <u>2,993</u> | <u>199</u> | <u>3,192</u> |

All tangible fixed assets are held for continuing use in the Foundation's activities. The depreciated historic cost of the leasehold property is £1,235k. The lease expires on 24th December 2084 and was revalued in 2001 by Cotton Thompson Cole, Chartered Surveyors.

6. Investments**a) Investments at Market Value**

| | 2009 £000s | 2008 £000s |
|--|----------------|-----------------|
| Market Value at 1 st January | 200,572 | 261,713 |
| Net disinvestment from portfolio | (7,235) | (1,955) |
| Realised and unrealised gains/(losses) | <u>19,867</u> | <u>(59,186)</u> |
| Market Value at 31 st December | <u>213,204</u> | <u>200,572</u> |
| Historic cost of listed investments at 31 st December | <u>189,927</u> | <u>202,457</u> |

b) Disposition of Investments

| | 2009 £000s | 2008 £000s |
|-----------------------------------|----------------|----------------|
| UK Equities and Overseas Equities | 141,913 | 128,026 |
| UK Property Unit Trusts | 15,416 | 17,332 |
| Fixed Income | 24,599 | - |
| Private Equity | 30,361 | 31,300 |
| Cash | 915 | 23,914 |
| Total | <u>213,204</u> | <u>200,572</u> |
| Total UK investments | 56,446 | 54,531 |
| Total overseas investments | 156,758 | 146,041 |
| Total | <u>213,204</u> | <u>200,572</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**6. Investments (continued)**

| c) Income from Investments | 2009 £000s | 2008 £000s |
|-----------------------------------|-----------------------|-----------------------|
| Global Equities | 2,295 | 4,125 |
| UK Property Unit Trusts | 731 | 997 |
| UK Government Bonds | 937 | - |
| Private Equity | 2 | 15 |
| Cash | 184 | 1,827 |
| | <u>4,149</u> | <u>6,964</u> |

d) Currency Hedging

At 31 December 2009 the charity had open forward exchange contracts to sell US dollars, Yen and Euros with a total sterling value of £44,047,383.55. The settlement date for all of these contracts was 17 March 2010. These contracts were entered into to reduce the charity's currency risk following the greater global diversification of its investment holdings. The forward exchange contracts have all been revalued at the applicable year end exchange rates and the resulting unrealised translation losses are included within the overall value of the equity investments above.

e) Programme Related Investments

The Foundation holds 100,000 £1 fully paid Non Cumulative Preference Shares in the Charity Bank Ltd, a charity with a mission to tackle marginalisation, social injustice and exclusion and facilitate social change through investment.

7 Debtors and prepayments

| | 2009 £000s | 2008 £000s |
|----------------|-----------------------|-----------------------|
| Accrued Income | 542 | 356 |
| Other debtors | 386 | 102 |
| | <u>928</u> | <u>458</u> |

| | | |
|--|---|----|
| Contingent assets (potentially recoverable grants) | 6 | 20 |
|--|---|----|

8 Grants Payable**a) Grants Payable**

| | 2009 £000s | 2008 £000s |
|--|-----------------------|-----------------------|
| Grants awarded but not paid at 1 January | 12,089 | 11,210 |
| Grants awarded in the year | 6,453 | 7,278 |
| Grants cancelled in the year | (355) | (269) |
| Grants paid in the year | (6,282) | (6,130) |
| Grants awarded but not paid at 31 December | <u>11,905</u> | <u>12,089</u> |
| Payable within one year | 8,406 | 8,174 |
| Payable after one year | 3,499 | 3,915 |
| | <u>11,905</u> | <u>12,089</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**8 Grants Payable (continued)**

b) Analysis of grants awarded

| | 2009 £000s | 2008 £000s |
|-------------------------|-----------------------------|-----------------------------|
| Awarded to individuals | 2 | 391 |
| Awarded to institutions | 6,451 | 6,887 |
| | <u>6,453</u> | <u>7,278</u> |

Five largest contributions

| | 2009 |
|------------------------------|-------------|
| University of Edinburgh | 651,365 |
| Cardiff University | 367,182 |
| Institute for Fiscal Studies | 363,508 |
| University of Cambridge | 293,219 |
| City University | 265,374 |

9 Creditors: amounts falling due within one year

| | 2009 £000s | 2008 £000s |
|-----------------------------------|-----------------------------|-----------------------------|
| Income Tax and National Insurance | 54 | 51 |
| Accruals | 322 | 358 |
| Other creditors | 101 | 177 |
| | <u>477</u> | <u>586</u> |

10 Statement of Total Returns**Calculation of Total Return**

| | Permanent Endowments £000s | Expendable Endowments £000s | Total £000s |
|---|---|--|------------------------------|
| Investment Return | | | |
| Investment income | 167 | 3,982 | 4,149 |
| Capital Gains/(Losses) | 801 | 19,066 | 19,867 |
| Investment Management costs | (53) | (1,276) | (1,329) |
| Total Return for year | <u>915</u> | <u>21,772</u> | <u>22,687</u> |
| Less: | | | |
| Application of Return to Expenditure Reserve | (449) | (10,712) | (11,161) |
| Net Total Return for the year | <u>466</u> | <u>11,060</u> | <u>11,526</u> |
| Unapplied Total Return | | | |
| at 1 st January 2009 | 280 | 6,549 | 6,829 |
| At 31st December 2009 | <u>746</u> | <u>17,609</u> | <u>18,355</u> |
| | | | |
| 'Preserved Value' at 31 December 2003 | 7,581 | 180,730 | 188,311 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**11 Funds****a) Description of funds**

- The Elizabeth Nuffield Educational Fund was a gift from the wife of Lord Nuffield for the advancement of education and in particular the award of scholarships, grants or loans to women and girls who require financial assistance. It is used to fund the Education grant programme. Unspent income is restricted to this purpose.
- The Commonwealth Relations Trust was created for the purposes of promoting a common understanding between the unity of ideals in the United Kingdom and the other members of the British Commonwealth of Nations. It is used to fund the Africa programme. Unspent income is restricted to this purpose.
- The Oliver Bird Fund was given by Captain Bird for research into the prevention and cure of rheumatism. It is used to fund the Rheumatism grant programme. Unspent income is restricted to this purpose.
- The Main Fund includes Lord Nuffield's original endowment and the Auxiliary Fund, together with a number of subsequent gifts including the Ada Newit bequest and the Albert Leslie Stewart Bequest (both subsumed into this fund in 2003). This fund was known as the 'Auxiliary Fund' prior to 2004; the change was made following the modification of the Trust Deed in 2003.
- The 'Expenditure Reserve' is referred to in the Total Return Order made by the Charity Commission as the 'Trust for Application (income)'. It is that part of the Foundation's net assets that the trustees have determined is available for future expenditure.

b) Fund Movements

| | Balance at 1 st Jan 2009 | Movement in Incoming Resources | Resources Outgoing Resources | Unrealised Gain/(Loss) | Transfers | Balance at 31 st Dec 2009 |
|------------------------------|---|--------------------------------------|------------------------------------|---------------------------|-----------|--|
| Capital Funds | | | | | | |
| Endowments | | | | | | |
| Permanent Endowment | | | | | | |
| Elizabeth Nuffield Fund | 1,687 | 36 | (11) | 172 | (96) | 1,788 |
| Commonwealth Relations Trust | 6,174 | 131 | (42) | 629 | (353) | 6,539 |
| | 7,861 | 167 | (53) | 801 | (449) | 8,327 |
| Expendable Endowments | | | | | | |
| Oliver Bird Fund | 12,519 | 266 | (85) | 1,274 | (716) | 13,258 |
| Main Fund | 174,760 | 3,716 | (1,191) | 17,792 | (9,996) | 185,081 |
| | 187,279 | 3,982 | (1,276) | 19,066 | (10,712) | 198,339 |
| Total Endowed Funds | 195,140 | 4,149 | (1,329) | 19,867 | (11,161) | 206,666 |
| Expenditure Reserve | | | | | | |
| Restricted Funds | | | | | | |
| Elizabeth Nuffield Fund | - | - | (96) | - | 96 | - |
| Commonwealth Relations Trust | (708) | - | (411) | - | 1,119 | - |
| Oliver Bird Fund | (2,667) | - | (149) | - | 716 | (2,100) |
| Other Restricted Funds | 67 | 680 | (675) | - | 142 | 214 |
| | (3,308) | 680 | (1,331) | - | 2,073 | (1,886) |
| Unrestricted Funds | | | | | | |
| General Fund | (18) | 226 | (8,170) | - | 9,088 | 1,126 |
| Total Expenditure Reserve | (3,326) | 906 | (9,501) | - | 11,161 | (760) |
| Total Funds | 191,814 | 5,055 | (10,830) | 19,867 | - | 205,906 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**11 Funds (continued)**

c) Analysis of Funds

| | Unrestricted Funds £000s | Restricted Funds £000s | Expendable Endowment £000s | Permanent Endowment £000s | Total £000s |
|----------------------------------|---|---------------------------------------|---|--|------------------------|
| Investments | - | - | 204,877 | 8,327 | 213,204 |
| Other fixed assets | - | - | 3,259 | - | 3,259 |
| Net current assets (liabilities) | 1,126 | (1,886) | (6,298) | - | (7,058) |
| Liabilities due in over one year | - | - | (3,499) | - | (3,499) |
| Total funds | 1,126 | (1,886) | 198,339 | 8,327 | 205,906 |

Grants awarded during 2009

| Name | Purpose | Value (£) | Term (m) |
|--|--|-----------|----------|
| Social research and Innovation | | | |
| Children and Families | | | |
| Professor Gillian Douglas, Cardiff Law School, Cardiff University | Attitudes towards the law of inheritance in the context of changing family structures | 193,542 | 14 |
| Professor Gordon Harold, Department of Psychological Medicine, Cardiff University | Disentangling the role of negative parenting from children's attributions in the context of hostile inter-parental relations | 165,000 | 24 |
| Professor Ingrid Schoon, Department of Quantitative Social Science, Institute of Education | Wellbeing of children: early influences | 143,170 | 24 |
| Ms Alissa Goodman, Institute for Fiscal Studies | Births out of wedlock and cognitive and social development throughout childhood: a quantitative analysis | 101,286 | 18 |
| Dr Pasco Fearon, School of Psychology and Clinical Language Sciences, University of Reading | Attachment and the long-term effects of parental depression on children's development | 45,903 | 18 |
| Ms Denise Carter, Reunite International | An evaluation of the long-term effectiveness of mediation in cases of international parental child abduction | 39,744 | 12 |
| Mr Mike Brewer, Institute for Fiscal Studies, Alison Park, NatCen | The role of informal childcare: a synthesis and critical review of the evidence | 42,520 | 12 |
| Professor Nina Biehal, Social Work Research and Development Unit, University of York | Research review and seminar on abuse in foster care and allegations against foster carers | 18,968 | 9 |
| Ms Barbara Esam, NSPCC | Evaluating the implementation of policy commitments to young witnesses: a national survey (supplement) | 15,950 | 9 |
| Dr Liz Trinder, University of Exeter | Making policy for divorced and separated families (supplement) | 14,359 | 6 |
| Professor June Statham, Thomas Coram Research Unit, Institute of Education | International perspectives on social work: a briefing paper | 12,050 | 3 |
| Professor Michael Lamb, Department of Social and Developmental Psychology, University of Cambridge | Strategies for interviewing children who are reluctant to disclose sexual abuse (supplement) | 10,800 | 6 |
| Ms Cathy Ashley, Family Rights Group | Family and friends care - improving policies and practice (supplement) | 10,000 | 6 |
| | | 813,292 | |
| | Other grants | 38,469 | |
| | Cancelled grants | (163,436) | |
| | Total: Children and Families | 688,325 | |

| Name | Purpose | Value (£) | Term |
|--|---|----------------|------|
| New Career Development Fellowships | | | |
| Dr Sue Fletcher-Watson, Moray House School of Education, University of Edinburgh | Intervention for social attention in Autism | 169,024 | 30 |
| Dr Alice Street, Department of Anthropology, University of Sussex | Regulating health systems in fragile states: A study of the relationship between governance and cultures of care in Papua New Guinean hospitals | 168,937 | 36 |
| Dr Anwen Elias, Department of International Politics, Aberystwyth University | Regional electoral politics and the transformation of states | 164,135 | 36 |
| | | 502,096 | |
| | Other grants | 59,061 | |
| | Cancelled grants | (47,077) | |
| | Total: New Career Development Fellowships | 514,080 | |
| Social Science Small Grants | | | |
| | 86 awards | 585,109 | |
| | Cancelled grants | (96,682) | |
| | Total: Social Science Small Grants | 488,427 | |
| Law in Society | | | |
| Professor Vanessa Munro, School of Law, University of Nottingham | Rape narratives and credibility assessment (of female claimants) at the Asylum & Immigration Tribunal | 128,549 | 33 |
| Professor Jo Shaw, School of Law, University of Edinburgh | Friction and overlap between EU free movement rules and immigration law in the United Kingdom | 65,171 | 24 |
| Professor Barry Mitchell, Coventry Law School, Coventry University | Sentencing in cases of murder: an analysis of public opinion | 57,871 | 6 |
| Ms Caroline Windsor, TFI Group Limited | International Association of Women Judges: Conference underwriting and bursaries | 55,000 | 30 |
| Mr Les Allamby, Law Centre NI | Tribunal reform in Northern Ireland: A scoping study and tribunal user's views | 40,000 | 12 |
| Ms Tamara Lewis, Central London Law Centre | Two guides to protect vulnerable workers' rights | 20,000 | 12 |
| Professor Takis Tridimas, School of Law Queen Mary, University of London | Judicial control of European Community Institutions | 19,909 | 8 |
| Ms Nirmala Rajasingam, Immigration Advisory Service | Impact of the deliberations and monitoring work of APCI on raising the standards and quality of UKBA COIS reports | 18,000 | 9 |
| Ms Varda Bondy, Public Law Project | Mediation and judicial review - Handbook for practitioners | 15,000 | 6 |

| Name | Purpose | Value (£) | Term |
|---|--|------------------|------|
| Law in Society (continued) | | | |
| Professor Jeff King, Centre for Socio-Legal Studies, University of Oxford | Do judicial decisions have a more than marginal impact on the content of statutory guidance? | 10,000 | 12 |
| | | 429,500 | |
| | Other grants | 27,490 | |
| | Cancelled grants | (5,108) | |
| | Total: Law in Society | 451,882 | |
| | Total Social Research & Innovation | 2,142,714 | |

Science

Rheumatism Programme

1 grant 1,000

Newly Appointed Lecturers

Cancelled grants (4,586)

Bursaries

Undergraduate Research Bursaries 401 Awards 566,370

School Science Bursaries 1010 Awards 432,000

Cancelled grants (11,715)

Total: Bursaries 986,655

Total Science 983,069

Education

Professor Usha Goswami, Faculty of Education, University of Cambridge Rhythmic perception, music and language: a new theoretical framework for understanding and remediating specific language impairment 148,954 33

Professor Marc Marschark, Moray House School of Education, University of Edinburgh Achievement and opportunities for deaf students in the United Kingdom: from research to practice 142,972 24

Dr Ros Herman, Department of Language and Communication Science, City University Reading dyslexia in deaf children: the need for normative data 142,157 21

Ms Jemma Samuels, BrightsideUNIAID FE to HE - Supporting student parents' transition 124,859 31

Dr Penny Roy, Department of Language and Communication Science, City University Is language as poor as it looks? Assessment of language potential in socio-economically disadvantaged preschoolers 120,492 12

Ms Claire Crawford, Institute for Fiscal Studies The impact of month of birth on the development of cognitive and non-cognitive skills throughout childhood 94,834 18

| Name | Purpose | Value (£) | Term |
|---|--|----------------|------|
| Education (continued) | | | |
| Dr Michael Shiner, Department of Social Policy, London School of Economics | Black and minority ethnic access to HE: a reassessment | 57,062 | 16 |
| Professor John D Barrow, Department of Applied Mathematics and Theoretical Physics, University of Cambridge | Maths and Sport: London 2012 | 30,000 | 28 |
| Mr Nick Bowes, Advisory Committee on Mathematics Education | Mathematical needs | 24,835 | 14 |
| Professor Mike Askew, Department of Education and Professional Studies, King's College London | Identification and overview of research into mathematics education in countries with high mathematics attainment | 19,909 | 23 |
| Mr Justin Dillon, Department of Education and Professional Studies, King's College London | Beyond 2010: Beyond the Classroom | 19,625 | 9 |
| Professor Terezinha Nunes, Department of Education, University of Oxford | An ESRC-CASE studentship application to the Nuffield Foundation | 15,090 | 36 |
| Professor Jackie Scott, Department of Sociology, | Boys, girls and SET: family, gender and young people's aspirations to get into science | 7,584 | 4 |
| | | 948,373 | |
| | Other grants | 7,144 | |
| | Cancelled grants | (13,066) | |
| | Total: Education | 942,451 | |

Other activities

Open Door

| | | | |
|---|--|---------|----|
| Dr Alex Bryson, National Institute of Economic and Social Research | British workplaces in the shadow of recession | 219,167 | 39 |
| Mr Guy Dehn, Witness Confident | Witness Confident | 195,900 | 35 |
| Dr Lesley McAra, School of Law, University of Edinburgh | The Edinburgh Study of Youth Transitions and Crime: criminal justice pathways and desistance from offending | 150,000 | 23 |
| Mr Raphael Wittenberg, Personal Social Services Research Unit, London School of Economics | Developing improved survey questions on older people's receipt of, and payment for, formal and informal care | 100,000 | 11 |
| Ms Rachel Ormston, Scottish Centre for Social Research, National Centre for Social Research | Scotland's Constitutional Future | 99,266 | 35 |

| Name | Purpose | Value (£) | Term |
|--|--|-----------|------|
| Open Door (continued) | | | |
| Ms Susan E Harkness, Centre for the Analysis of Social Policy, University of Bath | Lone parents' mental health and employment | 95,835 | 17 |
| Mr Chris Curry, Pensions Policy Institute | Where next for public sector pensions? | 76,649 | 9 |
| Professor Colin Aitken, School of Mathematics, University of Edinburgh | Communication and interpretation of statistical evidence in the administration of criminal justice | 75,869 | 39 |
| Mr Robert Chote, Institute for Fiscal Studies | IFS policy briefings for the 2009/10 UK general election | 70,000 | 1 |
| Dr John Vorhaus, Centre for Research on the Wider Benefits of Learning, Institute of Education | Literacy, numeracy and disadvantage among older people in England | 68,244 | 9 |
| Ms Jan Killeen, Alzheimer Scotland | Dementia: autonomy and decision-making - principles into practice | 65,589 | 18 |
| Mr Tony Dolphin, Institute for Public Policy Research | Modelling taxes on wealth | 64,625 | 10 |
| Dr Joseph Murray, Institute of Criminology, University of Cambridge | Effects of parental imprisonment on boys' delinquent development and mental health | 52,581 | 11 |
| Mr John Graham, The Police Foundation | Research fellow for commission on youth crime and anti-social behaviour | 44,468 | 7 |
| Dr Thomas Crossley, Institute for Fiscal Studies | Heat or eat? An empirical analysis of cold weather income support programs | 44,100 | 11 |
| Catherine Howarth, FairPensions | Acting in the Best Interests? | 22,736 | 18 |
| Ms Caroline Bryson, Bryson Purdon Social Research LLP | The role of informal childcare: a synthesis and critical review of the evidence (supplement) | 20,000 | 14 |
| Professor Sandra Nutley, Business School, University of Edinburgh | The use of evidence in the audit, inspection and scrutiny of government - Dissemination | 20,000 | 7 |
| Mr Mike Brewer, Institute for Fiscal Studies | Tax & Benefits: The Couple Penalty | 20,000 | 5 |
| Dr Panagiota Vorria, Aristotle University of Thessaloniki | Follow-up study of adopted children who spent their infancy in residential care: Travel expenses | 20,000 | 11 |
| Dr Helen Crawley, The Caroline Walker Trust | Guidance on healthy diets aimed at vulnerable older people | 20,000 | 5 |
| Professor Jim Donnelly, Centre for Studies in Science and Mathematics Education, University of Leeds | Applied Learning in 14-19 Science Education: a pathway to increased participation? | 19,930 | 41 |
| Dr Janet Lewis, Social Research Association | An empirical study of the different ways of procuring social research in government | 19,800 | 11 |

| Name | Purpose | Value (£) | Term |
|---|---|------------------|------|
| Professor Ajit Shah, International School for Communities, Rights and Inclusion, University of Central Lancashire | Estimating the Marginal and Additional Costs of implementing the Deprivation of Liberty Safeguards Introduced into the Mental Capacity Act 2005 among Dementia-Sufferers in England | 19,697 | 8 |
| Dr Jacqueline Gray, Department of Psychology, Middlesex University | Rape myths in the courtroom | 17,682 | 4 |
| Professor Richard Topf, Centre for Comparative European Survey Data | British Social Attitudes Information System | 15,000 | 3 |
| Professor Ray Jones, Faculty of Health and Social Care Sciences, Kingston University | A history of the personal social services | 14,967 | 14 |
| Mr Stephen Burke, Counsel and Care | Guides for older people facing financial hardship | 10,000 | 11 |
| Professor David Smith, School of Law, University of Edinburgh | Archiving of police and people in London | 10,000 | 11 |
| | | 1,652,105 | |
| | Other grants | 53,268 | |
| | Cancelled grants | (12,933) | |
| | Total: Open Door | 1,692,440 | |
| Africa Programme | | | |
| European Foundation Initiative for Neglected Tropical Diseases | Developing research capacity in Africa in neglected communicable diseases and related public health issues | 250,000 | 36 |
| Dr David Bowers, School of Ocean Sciences, Bangor University | Developing marine science in Mozambique | 78,283 | 36 |
| Professor Allen Foster, International Centre for Eye Health, London School of Hygiene and Tropical Medicine | Training centres in community eye health for Vision 2020 | 10,487 | 12 |
| | Total: Commonwealth | 338,770 | |
| | Total Other Activities | 2,031,210 | |
| | Total: Grants Awarded | 6,454,047 | |
| | Total: Grants Cancelled | (354,603) | |
| | Total All Programmes | 6,099,444 | |

Summary of Financial Objectives and Investment Strategy

Objectives

1. Financial Objective
 - 1.1. to maintain (at least) the Foundation's endowment in real terms
 - 1.2. to produce a consistent and sustainable amount for expenditure
 - 1.3. to deliver 1.1) and 1.2) within acceptable levels of risk
2. Capital Maintenance
 - 2.1. The Foundation seeks to protect its endowment from its current experience of inflation (based on 62% Average Earnings Index and 38% Retail Price Index).
 - 2.2. The Foundation's composite inflation index will be applied to the endowment value of £188,310k (the value on 31st December 2003).
3. Distribution rate
 - 3.1. The Foundation intends to distribute 4% of the average of the previous twelve quarter rolling market values; (and 4.5% from 2009 for five years).
 - 3.2. Where market values lie outside the indexed base value with an allowance for volatility (+/- 16%) a review of distribution rates will be triggered.

Investment Principles

4. Decision Making & Governance
 - 4.1. The Investment Committee is responsible to the Trustees for investment decisions. It includes three Trustee members and two independent investment professionals as advisors (who serve for three year terms). The committee is supported by staff of the Foundation. It is advised by investment consultants.
 - 4.2. The committee appoints investment managers (and terminates their appointments), recommends to trustees strategic asset allocations and reviews investment performance.
 - 4.3. Investment management is delegated to authorised commercial discretionary managers, properly licensed by the FSA, whose appointments are monitored regularly.
5. Investment objective
 - 5.1. The Foundation requires a diversified portfolio which will provide the best return for an agreed measure of risk and liquidity

6. Ethical and other restrictions
 - 6.1. Prohibitions on segregated investment in tobacco companies (equity or bonds).
 - 6.2. No stock lending.

7. Asset allocation and ranges

| Asset Class | Target | Range |
|--------------------------|--------|----------|
| <i>Real Assets</i> | | |
| Global Equities | 70% | |
| Private Equity | 10% | +/- 10% |
| Property | 10% | +/- 2% |
| <i>Total Real Assets</i> | 90% | |
| <i>Nominal assets</i> | 10% | 8% - 15% |
| <i>Total assets</i> | 100% | |

8. Principal benchmarks
 - 8.1. Investment performance will be assessed against total returns relative to a composite benchmark based on asset allocation at the beginning of each period.
 - 8.2. Performance is also compared to the WM Charities Unconstrained Index
 - 8.3. Individual manager benchmarks are set out below.

9. Manager Structure and benchmarks

| Asset Class | Manager |
|-----------------------|---|
| <i>Real Assets</i> | |
| Global Equities | Acadian, Harding Loevner, Longview, Marathon, Aberdeen Asset Management |
| Private Equity | Various funds |
| Property | Various funds |
| <i>Nominal Assets</i> | |
| Fixed Interest | Objective Completion |
| | |
| Custodian | Northern Trust |

| Asset Class | Benchmark | Target |
|-----------------|------------------------|--------|
| | | |
| Global Equities | MSCI ACWI | + 2% |
| Private Equity | MSCI ACWI | + 4% |
| Fixed Interest | 5 – 15yr ML Gilt index | - |
| Property | IPD | - |
| Cash | 30 day LIBID | - |

10. Performance assessment
 - 10.1. Performance is assessed in £GBP on rolling twelve quarter periods.
 - 10.2. Performance targets are net of fees

11. Effective from 1st April 2003, revised 2010.

Ten Year Financial History

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---------------|---------------|---------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Statement of Financial Activities | | | | | | | | | | |
| Incoming Resources | | | | | | | | | | |
| Investment income (net of charges) | 6.94 | 7.29 | 5.67 | 5.52 | 5.26 | 5.92 | 4.92 | 4.55 | 5.74 | 2.82 |
| Other income | 1.26 | 1.35 | 0.69 | 0.65 | 0.82 | 0.62 | 1.07 | 1.01 | 1.25 | 0.91 |
| Total incoming resources | 8.20 | 8.64 | 6.36 | 6.17 | 6.08 | 6.54 | 5.99 | 5.56 | 6.99 | 3.73 |
| Expenditure | | | | | | | | | | |
| Grants made | 6.60 | 5.22 | 6.37 | 8.87 | 5.58 | 5.22 | 6.41 | 7.68 | 7.01 | 6.10 |
| Projects managed internally | | | | | | | | | | |
| Curriculum Development | 0.74 | 0.70 | 0.80 | 0.86 | 0.78 | 0.99 | 1.01 | 1.01 | 1.28 | 0.87 |
| Council on Bioethics | 0.34 | 0.56 | 0.78 | 0.57 | 0.71 | 0.76 | 0.88 | 0.87 | 0.94 | 1.10 |
| Other projects | 0.23 | 0.01 | 0.24 | 0.12 | 0.18 | - | - | - | - | - |
| Support costs | 0.88 | 1.13 | 0.87 | 0.95 | 0.64 | 1.02 | 1.28 | 1.41 | 1.41 | 1.35 |
| | 2.19 | 2.40 | 2.69 | 2.51 | 2.31 | 2.76 | 3.16 | 3.28 | 3.63 | 3.32 |
| Charity administration | 0.09 | 0.11 | 0.15 | 0.27 | 0.35 | 0.11 | 0.09 | 0.07 | 0.07 | 0.08 |
| Total Expenditure | 8.88 | 7.73 | 9.21 | 11.64 | 8.24 | 8.09 | 9.66 | 11.04 | 10.71 | 9.50 |
| Net Movement on Funds | (0.68) | 0.91 | (2.85) | (5.47) | (2.16) | (1.56) | (3.68) | (5.48) | (3.72) | (5.77) |
| Other Gains and losses | (8.64) | (28.79) | (38.28) | 20.13 | 17.24 | 29.43 | 23.36 | 10.21 | (59.19) | 19.87 |
| Funds at beginning of year | 251.02 | 241.70 | 213.82 | 172.69 | 187.35 | 202.43 | 230.30 | 249.99 | 254.72 | 191.81 |
| Funds at end of year | 241.70 | 213.82 | 172.69 | 187.35 | 202.43 | 230.30 | 249.99 | 254.72 | 191.81 | 205.90 |
| Balance Sheets | | | | | | | | | | |
| Fixed Assets | | | | | | | | | | |
| Investments | 238.60 | 207.60 | 169.34 | 191.44 | 208.13 | 235.54 | 256.18 | 261.71 | 200.57 | 213.20 |
| Tangible Fixed Assets | 1.53 | 3.72 | 3.66 | 3.56 | 3.54 | 3.45 | 3.34 | 3.27 | 3.19 | 3.16 |
| Programme Related Investment | - | - | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| | 240.13 | 211.32 | 173.10 | 195.10 | 211.76 | 239.09 | 259.62 | 265.09 | 203.86 | 216.46 |
| Current Assets | | | | | | | | | | |
| Cash and short term deposits | 9.40 | 8.72 | 6.80 | 2.49 | 0.95 | 0.45 | 0.65 | 0.45 | 0.17 | 0.90 |
| Other current assets | 1.26 | 1.80 | 1.06 | 0.77 | 0.64 | 0.65 | 0.53 | 0.95 | 0.46 | 0.93 |
| | 10.66 | 10.52 | 7.86 | 3.26 | 1.58 | 1.10 | 1.18 | 1.40 | 0.63 | 1.83 |
| Liabilities | (9.09) | (8.02) | (8.27) | (11.01) | (10.92) | (9.88) | (10.81) | (11.77) | (12.68) | (12.38) |
| Net Current Assets | 1.57 | 2.50 | (0.41) | (7.75) | (9.34) | (8.79) | (9.64) | (10.37) | (12.05) | (10.55) |
| Total Net Assets | 241.70 | 213.82 | 172.69 | 187.35 | 202.43 | 230.30 | 249.99 | 254.72 | 191.81 | 205.91 |
| Reserves | | | | | | | | | | |
| Income/Expenditure reserves | 2.73 | 5.75 | 3.35 | (0.96) | (1.30) | (0.66) | (1.69) | (3.24) | (3.33) | (0.76) |
| Endowments | 238.97 | 208.07 | 169.34 | 188.31 | 203.73 | 230.97 | 251.68 | 257.96 | 195.14 | 206.67 |
| | 241.70 | 213.82 | 172.69 | 187.35 | 202.43 | 230.30 | 249.99 | 254.72 | 191.81 | 205.91 |
| Performance | | | | | | | | | | |
| Total Returns (12 months to 31 Dec.) | | | | | | | | | | |
| Investments (net of fees) | -0.5% | -10.2% | -17.4% | 15.2% | 12.3% | 17.3% | 12.5% | 5.9% | -20.7% | 12.4% |
| Benchmark (WM 2000/Bespoke) | -2.1% | -9.7% | -16.5% | 16.5% | 11.4% | 19.1% | 12.2% | 6.3% | -18.0% | 17.0% |
| Change in Indices (12 months to 31 Dec.) | | | | | | | | | | |
| Expenditure/Investments | 3.7% | 3.7% | 5.4% | 6.1% | 4.0% | 3.4% | 3.8% | 4.2% | 5.3% | 4.5% |
| Growth in Foundation Expenditure | -3.2% | -13.0% | 19.2% | 26.4% | -29.3% | -1.7% | 19.4% | 14.2% | -2.9% | -11.3% |
| Increase in RPI | 2.9% | 0.7% | 2.9% | 2.8% | 3.5% | 2.2% | 4.4% | 4.0% | 0.9% | 2.4% |
| Increase in Average Earnings | 5.3% | 2.1% | 3.4% | 3.4% | 4.2% | 3.8% | 3.8% | 3.6% | 3.2% | 1.2% |

Notes

- 1 These statements have been extracted from previously audited financial statements
- 2 These statements do not form part of the trustees' Report and Accounts.