

**Core -
The Digestive
Disorders
Foundation**

**Annual Report and Financial
Statements**

31 December 2016

Charity Registration Number
1137029

Company Limited by Guarantee
Registration Number
07274105 (England and Wales)

Reports

| | |
|--|----|
| Reference and administrative information | 1 |
| Trustees' report | 4 |
| Independent auditor's report | 22 |

Financial statements

| | |
|-----------------------------------|----|
| Statement of financial activities | 24 |
| Balance sheet | 25 |
| Statement of cash flows | 26 |
| Principal accounting policies | 27 |
| Notes to the financial statements | 32 |

Reference and administrative information

| | |
|----------------------------------|--|
| Royal Patron | HRH Princess Alexandra |
| Patron | Lord Carrington |
| Trustees | Mr A Briam Professor M Brookes* MBChB PhD FRCP Professor J Crabtree BSc DPhil FRCPATH Dr A Emmanuel BSc MBBS MD FRCP – Medical Director Mr Q Hamid – Co-Chairman (Appointed 27 January 2017) Professor C Hawkey DM FRCP FMedSci – President and Co-Chairman Mr J C Littler FCA - Honorary Treasurer (Resigned 10 June 2016) Professor J McLaughlin MBChB PhD FRCP (Appointed 26 February 2016) Dr P Smith BMedSci BMBS MRCP MSc Mr H Tran – Honorary Treasurer (Appointed 27 January 2017) * nominee of the British Society of Gastroenterology (BSG) |
| Chief Executive | Ms J Harrington (Appointed March 2016) |
| Interim Chief Executive | Mr J D Smalldon (from February 2015 to March 2016) |
| Research Awards Committee | Professor L S Young PhD DSc FRCPATH FSB FRCP FMedSci - Chairman Professor S Attwood MB MCh BAO MA Physiol FRCSI FRCSE MCh (Appointed August 2016) Professor M Brookes MBChB PhD FRCP Professor J Crabtree BSc DPhil FRCPATH Professor B R Davidson MBChB MD FRCS Professor C Hawkey DM FRCP FMedSci Dr R P H Logan DM MRCP Professor P Newsome PhD FRCPE (Appointed November 2016) Dr R Poulson DSc FRCPATH (Appointed January 2017) Professor S Pereira BSc PhD FRCP FRCPE (Appointed March 2017) Professor M Pritchard BSc MBChB PhD FRCP Professor I Sanderson MA MSc MD FRCP FRCPCH Professor J Satsangi DPhil FRCP FRCPE FMedSci FRSE (Resigned March 2017) Professor R Sutton DPhil FRCS (Resigned March 2017) Professor M Thursz MB BS FRCP |

Reference and administrative information

| | |
|---|--|
| Research Awards Committee (continued) | Professor D van Heel BM BCh MA DPhil FRCP (Resigned February 2016) Dr A C Wotherspoon MB BCh FRCPath (Resigned March 2017) |
| Audit, Risk and Compliance Committee | Mr A Briam Mr Q Hamid – Co-Chairman (Appointed January 2017) Professor C Hawkey DM FRCP FMedsci Mr H Tran – Honorary Treasurer (Appointed January 2017) |
| Principal office | 3 St Andrews Place Regent's Park London NW1 4LB |
| Telephone | 0207 486 0341 |
| Website | www.corecharity.org.uk |
| E-mail | info@corecharity.org.uk |
| Regional office | Office Unit G4 The Media Centre 7 Northumberland Street Huddersfield HD1 1RL |
| Telephone | 01484 483123 |
| Company registration number | 07274105 (England and Wales) |
| Charity registration number | 1137029 |
| Auditor | Buzzacott LLP 130 Wood Street London EC2V 6DL |
| Bankers | National Westminster Bank plc 1 Cavendish Square London W1A 4NU |

Reference and administrative information

Investment managers Cazenove Capital Management
12 Moorgate
London
EC2R 6DA

Solicitors Hempsons
40 Villiers Street
London
WC2N 6NJ

The trustees present their statutory report together with the financial statements of Core - The Digestive Disorders Foundation for the year ended 31 December 2016.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 31 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

Governing document

Core is a charitable company limited by guarantee (Company Number 7274105 (England and Wales), Charity Number 1137029). The Memorandum and Articles of Association is Core's governing document.

Structure, governance and management

The policies of the charity are determined by Core's Board of Trustees. Its membership is listed on page 1. The structure of Core's sub-committees is being reviewed in 2017.

In March 2017, the trustees approved the formation of the Audit, Risk and Compliance Committee (the 'ARC') to replace the Finance and General Purposes Committee and the Governance Committee. Members of the ARC will be the Treasurer – Hung Tran, both Co-Chairs – Qamar Hamid and Chris Hawkey and the legal trustee - Tony Briam. Alice Kington, Finance and Research Manager, will attend meetings and administer the committee. The CEO, Julie Harrington, will report in to the Committee as required. The remit of the Committee will be to deal with the operational activities of the charity including finance, audit, legal compliance, risk management and governance structure, thus freeing the Trustee Board to focus on strategic issues. The committee will report to the full Trustee Board and make recommendations for their approval.

In 2016 the Board of Trustees assumed responsibility for setting budgets, monitoring expenditure and maintaining financial controls. This responsibility will be delegated to the new Audit, Risk and Compliance Committee in 2017.

The Research Awards Committee (RAC) continues to report to the Board of Trustees.

Structure, governance and management (continued)

The research policy of the charity is decided by the Board in consultation with the Research Committee of the British Society of Gastroenterology (BSG). The charity's research strategy is to be reviewed in 2017 and will be informed by newly created research advisory groups covering strategic priority areas as well as the BSG's research strategy. The Research Awards Committee is responsible for assessing, approving and monitoring applications for research funding. The Committee's processes are governed by a Code of Practice and Committee members (including those co-opted for specific awards) are required to sign a declaration of conflicts of interests form. The Research Awards Committee is also responsible for reviewing research reports and approving continued funding of research projects. Core is a member of the Association of Medical Research Charities.

Core has recruited a new Co-Chairperson and a new Treasurer during the year and is actively seeking other new lay trustees and would welcome applications. Prospective trustees are interviewed by the Chairman and the Chief Executive and are asked to submit a CV for review by the trustees. Candidates must be approved by a majority of trustees and the usual term of office is three years, renewable on approval by the Board.

New trustees are provided with information concerning the finances, fundraising activities, grant-making and research policies of the charity. Those who are not familiar with the legal obligations and responsibilities of a trustee are provided with information published by organisations such as the Charity Commission. Training opportunities are offered to trustees on an ongoing basis.

Core continues to work closely with the BSG to provide strong links with the main professional community and to improve its ability to disseminate research and patient information. The Chairman of the BSG's Research Committee is a trustee of Core. Other BSG members may be invited to Board meetings to provide ex-officio input on specific topics. The President of Core is an ex-officio member of the BSG Council.

The responsibility for the charity's operations is undertaken by the Chief Executive, Julie Harrington who took over from Jon Smalldon in April 2016. Jon Smalldon continued as Head of Fundraising and Communications until June 2016. The Chief Executive is supported by the following members of staff: Alice Kington who works as Finance and Research Manager; Tiffany Kang who administers donations, assists with fundraising and processes public education leaflets; Daniel Garnett who assists with fundraising and communications and Chloe Davis who assists with general administration.

Risk management

Core maintains a risk register covering the major risks to which the charity is exposed. This covers charitable activities, financial and external issues, office and environmental risks, organisational processes and general areas.

Core rates potential risks by likelihood and impact. The risk register is reviewed annually by the trustees and the key risks together with the policies to mitigate them have been identified as:

Structure, governance and management (continued)

Risk management (continued)

- ◆ Decline in donations
The fundraising strategy is the responsibility of the Chief Executive and the trustees. A medium term strategy will be developed in 2017 for approval and adoption. The strategy will be subject to review as circumstances warrant.
- ◆ Investment performance
Core's investment portfolios are managed by external professional advisors – Cazenove. Their performance is monitored by the trustees and an annual meeting is held where their performance against benchmarks and the overall investment policy is reviewed.
- ◆ Insecurity of tenure
The trustees and staff will maintain a good working relationship with BSG to ensure that if the BSG does have to move from its current office to a new location, space will be provided for Core in that new location.

Key management personnel

The key management personnel are those involved in managing the organisation, fundraising, communications, research and finance. These comprised the trustees, the CEO and the Finance and Research Manager.

The pay of all staff members, including members of key management, is reviewed annually by the trustees. Remuneration details in relation to key management personnel are provided in note 10 to the financial statements.

Statement of trustees' responsibilities

The trustees (who are also directors of Core for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the income and expenditure of the charitable company for that period.

Structure, governance and management (continued)

Statement of trustees' responsibilities (continued)

In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Report Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Objectives and activities

The charity's objectives are:

- ◆ the advancement of the science and practice of medicine and surgery for the benefit of the public with particular reference to the field of gastroenterology, which includes the study of physiology and pathology of the digestive system;
- ◆ to promote the study of and research into medicine and surgery with particular reference to the physiology and pathology of the digestive system and to ensure dissemination where appropriate of the results of such study and research;
- ◆ to provide educational material, information and advice to the general public on gastrointestinal diseases.

To achieve these objectives, Core works across six areas:

- ◆ Supporting medical research that increases our understanding of digestive diseases, leading to better diagnosis and treatment and improved outcomes for patients;
- ◆ Funding research training fellowships for clinicians and scientists to allow them to pursue academic gastroenterology and to enable the development of future researchers;
- ◆ Hosting scientific research symposia as part of the BSG Annual Meeting;
- ◆ Providing evidence-based information to patients and carers that enables people to take proactive decisions and control of their lives;
- ◆ Giving general advice and signposting to other organisations;
- ◆ Raising awareness of digestive health and the science surrounding it to increase public understanding.

When setting the objectives and planning the work of the charity for the year, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Achievements and performance

The new Chief Executive has spent 2016 reviewing Core's activities, research history and organisational structure. In July 2016 the trustees agreed to her proposal to significantly invest in capacity during 2017 to enable the charity to better engage with supporters, donors, patients, other charities and the general public. The ultimate goal of this investment is to increase public awareness of the impact of digestive diseases and as a result secure more support and funding for research.

Core engaged a consultant to undergo stakeholder and patient research in order to generate evidence which will assist Core in developing and growing. The results of this social research will inform Core's future identity, strategy and activities.

Research grant funding

Research commitments at the start of the year totalled £764,511 (2015: £1,096,890). In 2016, awarded grants totalled £118,000 (2015: £119,987), payments to researchers totalled £418,797 (2015: £425,856) and commitments no longer required totalled £806 (2015: £26,510). Research commitments still to be paid at the end of the year were £462,908.

Core has awarded several new grants in 2016.

In partnership with Bowel & Cancer Research, Dr David Humes at the University of Nottingham has been awarded £40,000 to conduct research into diverticular disease which is a particularly neglected study area. His project is titled: "What are the short and long term outcomes of minimally invasive approaches (e.g. percutaneous radiological drainage, laparoscopic washout and drainage) to managing complicated diverticulitis?" The grant will allow Dr Humes to provide much needed information to clinicians and patients on how frequently the complications of diverticular disease occur and what the consequences of these are. It will also provide evidence on the outcomes of current treatments used to treat these complications which will allow patients and clinicians to make more informed decisions regarding which treatments to use.

In partnership with the British Society of Gastroenterology, and in order to promote research amongst gastroenterology trainees, Core awarded three small grants of £5,000 each to trainee doctors:

- ◆ Dr Michael McFarlane who is based at University Hospitals Coventry and Warwickshire will be investigating the use of Electronic noses in assessing volatile organic substances in the urine and stools of colorectal cancer patients, their blood relatives and individuals with whom they share dwellings. The aim of this project is to better understand the aetiology of sporadic colorectal cancer.

Achievements and performance (continued)

Research grant funding (continued)

- ◆ Dr Paolo Biancheri's project is titled: "Proteolytic degradation of anti-tumour necrosis factor (TNF) – α agents and other biologic agents: correlation with response to treatment in inflammatory bowel disease (IBD)". He is conducting his research at the University of East Anglia. The aim of his study is to better understand mechanisms of responsiveness to biologic treatment in IBD, and to develop a serum biomarker able to predict who is going to respond or not to biologic agents. This will eventually benefit IBD patients by allowing better therapeutic stratification.
- ◆ Dr Lennard Lee's project is titled: "Colon Cancer Metastasis - identifying patients at risk to developed personalised therapies". This work is being undertaken at the University of Oxford. Bowel cancer is the third largest cause of cancer death in the UK with 41,000 cases diagnosed each year. Unfortunately at present it is difficult to predict who will respond to treatment and who may have poor outcomes. This project is a novel opportunity to understand if new nucleic-acid sequencing technology can be used to identify patients at risk with the ultimate aim of one day being able to tailor treatments to those who need it most.

Core awarded a Development Grant of £50,000 to Professor Laurence Lovat at University College London. This is an exciting project entitled: "Salivary EpigeNetics to Stratify Oesophageal Cancer Risk (SENSOR)" that aims to devise a cheap, accurate screening test to identify people at risk of oesophageal cancer.

Core's continues to partner with Dr Falk Pharma UK to enable bursaries and prizes to be awarded to medical students, F1/F2 clinicians and nurses. These awards have a dual purpose: they bring knowledge and insight into the field of gastroenterology and hepatology, and they support and encourage talented medical students and foundation stage doctors to specialise in gastroenterology whilst introducing them to the possibility of a career involving research.

The Dr Falk/Core 2016 award winners were:

- ◆ *Medical Student Essay Prize £1000*

Sam Kleeman
MRC Cancer Unit, University of Cambridge

Title of the project: Application of a miRNA signature to the non-invasive diagnosis of Barrett's oesophagus

- ◆ *Medical Student Bursaries £1500 each*

James Wadkin
Centre for Liver Research, University of Birmingham

Title of the project: Expression, Regulation and the Functional Role of Tetraspanin CD151 in the Development of Chronic Liver Disease and Hepatocellular Carcinoma

Achievements and performance (continued)

Research grant funding (continued)

◆ *Medical Student Bursaries £1500 each* (continued)

Katherine McKay
Institute of Cellular Medicine, University of Newcastle

Title of the project: Mechanistic Basis of Cognitive Impairment in Cholestatic Liver Disease

Fatima Ali
Wolfson Institute for Biomedical Research, University College London

Title of the project: Morbidity and Mortality Associated with Cytomegalovirus Infection in Liver Transplant Recipients – Structural Characterisation of a Putative Cytomegalovirus Drug Target

Sivesh Kamarajah
Centre for Liver Research, University of Birmingham

Title of the project: Expression and Functional Characterisation of Scavenger Receptor F-1 and Zonula Occludens-2 in Chronic Liver Disease and Malignancy

◆ *Foundation F1/F2 Bursaries £2500 each*

Paul Middleton
Institute of Liver Studies and Liver Transplantation, King's College Hospital

Title of the project: Characterisation of neutrophil and regulatory T-cell/effector T-cell interactions in alcohol-related liver disease

Patrik Bachtiger
UCL Liver Failure Group, Institute of Liver & Digestive Health, Royal Free Hospital

Title of the project: Mechanisms of Cell Death in Acute on Chronic Liver Failure: Necrosis, Apoptosis and the Emerging Role of Nucleosomes

◆ *Medical Nurse Recognition Prize £1000*

Kay Greveson
Lead Inflammatory Bowel Disease Nurse Specialist, Royal Free Hospital NHSFT
Developed IBD Passport (www.ibdpassport.com); a non-profit, evidence based, online travel resource to educate patients with IBD and healthcare professionals who advise them.

Achievements and performance (continued)

Completed research projects

- ◆ Dr Tariq Ahmad is based at the Royal Devon and Exeter Hospital. His project involved a UK IBD Genetics Consortium Study of anti-TNF pharmacogenomics – predicting response and toxicity to anti-TNF drugs. The initial outputs from this project will allow anti-TNF drugs to be used in a safer, more cost-effective manner, tailored to the individual patient. Over the next 3 years Dr Ahmad's team will further investigate why certain patients develop antibodies to anti-TNF therapy, with the aim of predicting, preventing and reducing antibody formation in susceptible patients. Research efforts will also be focused on investigating the mechanisms that drive inflammation in patients who fail to respond to anti-TNF therapy in order to identify novel drug targets.

The funding from Core enabled Dr Ahmad to get started with this ambitious project facilitating adoption to the National Institute for Health Research portfolio, allowing the purchase and validation of the drug and antibody assays and the consumables used at NHS research sites.

In addition Core funding allowed Dr Ahmad to successfully leverage significant additional financial support from industry and other funders.

- ◆ Dr John Louis-Auguste completed his fellowship at the end of August 2016. His research looked at environment enteropathy, an incompletely defined syndrome of inflammation, reduced absorptive capacity, and reduced barrier function in the small intestine. It is a condition widespread among children and adults in low- and middle-income countries. His study entitled “the effects of multiple micronutrient and amino acid supplementation on intestinal function and microbiome-host interactions in environmental enteropathy: a study in Zambian adults” has provided some promising data that these nutrient supplements improve at least some of the abnormalities observed in this condition. This will hopefully translate into clinically measurable improvements, although a larger study is needed to confirm this. The results from this trial will be used to design these future studies.

As well as enabling Dr Louis-Auguste to successfully conduct the trial, Core's support has allowed the team at Queen Mary University of London to establish a significant research resource, with clinical data and biological samples from the study being stored for future research into environmental enteropathy. The study has strengthened research collaborations in the UK and in Zambia.

Achievements and performance (continued)

Completed research projects (continued)

- ◆ Professor Krish Rangunath is based at the University of Nottingham. Under his guidance Dr Sarmed Sami completed his fellowship in June 2016. His study entitled "Evaluation of novel and existing minimally-invasive endoscopic imaging tools to screen for Barrett's Oesophagus and Oesophageal Varices" had three key findings. 1-Patients preferred the nasal camera compared to the standard one, and both had equivalent success rates. 2-The new models of portable and disposable nasal cameras have good accuracy for diagnosis of Barrett's oesophagus and oesophageal varices. 3-Portable nasal endoscopy can be safely performed in the outpatient clinic room, in GP practices and in mobile vans in the community. Because the new nasal cameras have the potential for use in the community setting outside the hospital, the screening can be offered to a larger number of patients to detect Barrett's oesophagus and oesophageal varices earlier thereby hopefully reducing death from oesophageal cancer and bleeding from oesophageal varices.

- ◆ Dr Philip Riches, based at Western General Hospital Edinburgh finished his grant in December 2016. His study into osteoporosis in coeliac disease associated with novel autoantibodies found that raised levels of OPG antibody were found in about 1 in 20 patients with coeliac disease and these patients tended to have reduced bone density in the spine.

This work has investigated an entirely novel mechanism by which patients with coeliac disease develop thinning of the bones. This better understanding may help identify or treat patients in the future. Core's funding has been used to employ research nurses two days per month to attend the coeliac clinics in Lothian, as well as supporting a research assistant to perform the laboratory work. The Core funding also supported all the necessary consumables for this work.

The team are continuing to develop the cohort of patients recruited through this study and hope to use this to develop tools to guide clinicians in evaluating bone density in coeliac patients. Potentially the identification of OPG antibodies could help in the identification of osteoporosis in patients with coeliac disease, or guide in the choice of osteoporosis treatments for these patients. Conversely this could help in the identification of coeliac disease patients who are at low risk of complications and who do not need such active investigation and management.

Achievements and performance (continued)

Scientific engagement

In June, Core hosted two scientific sessions as part of the British Society of Gastroenterology Annual Meeting at the ACC, Liverpool.

Speakers at the symposium on Genetics and Gastrointestinal Disease were: Prof David van Heel, Guest Lecturer - Core RAC Member; Dr Tariq Ahmad, Core Development Award recipient; Dr Graham Heap, Dr Falk Pharma/Core Award winner and Professor Ian Tomlinson, Core Digestive Cancer Campaign grant recipient.

Speakers at the Core Fellows Symposium were: Dr Charlotte Hedin, Core-Wolfson Fellow; Dr Graham Heap, Dr Falk Pharma/Core Award winner; Mr Alastair Hayes, Core-Amelie Waring Fellow; Dr John Louis-Auguste, Core-Nutritional Research Foundation Fellow; Rosie Simson, Dr Falk Pharma/Core Bursary Award winner and Zhi-Yang Low, Dr Falk Pharma/Core Bursary Award winner.

Public education and awareness

Core's patient information leaflets are provided free to members of the public. In 2016 more than 160,000 patient information leaflets were distributed to hospitals. There is a charge for the leaflets distributed via hospitals and this service delivers a surplus to Core which contributes to the cost of administering the provision of information.

Exploring the Science of Digestion events were held in Liverpool, Sheffield and Birmingham. These events are important for public engagement and raising awareness of Core and digestive disorders. Core has complete editorial control over the content of the events which in 2016 were financially supported by Vifor Pharma, GE Healthcare and Yakult. The talks are available on YouTube and promoted via the Core website and social media channels.

FREE PUBLIC EVENT! | OPEN TO ALL | REGISTER NOW!
EXPLORING THE Science of Digestion
Echo Arena Liverpool
20 June 2016 | 5:30pm

Learn all about the hidden world inside us all, the conditions that affect your digestive system and what we know about how to fight them. This is your chance to hear from leading experts in a friendly but informative way. Exploring the Science of Digestion is open to all.

PROGRAMME:
5.00, Registration & doors open
Start
"Introducing your digestive system"
Bile Acid
Matthew Kurien
What it is, what can go wrong, what can be done?
Gut Health And Fatigue
Cathryn Edwards
Causes (IDA and others), diagnoses, research
Heartburn And Cancer
Samed Sami
What it means, what we know, warning signs, management etc.
Getting Involved
Phillip Smith
8.00, Finish

ALL WELCOME!
Tickets are **FREE** but must be reserved in advance, to book or for more information:
VISIT liverpooldigestion2016.eventbrite.co.uk
OR CALL **020 7486 0341**

core
Exploring the Science of Digestion Liverpool is an initiative of Core (Registered Charity 1157029). Support for the event has been received from Vifor Pharma and GE Healthcare. Core has complete editorial control over the event content.

ECHO ARENA LIVERPOOL
Liverpool Waterfront L3 4FP

SEE VIDEOS FROM PREVIOUS EVENTS AT WWW.YOUTUBE.COM/COREDDF

Achievements and performance (continued)

Public education and awareness (continued)

FREE PUBLIC EVENT! | OPEN TO ALL | REGISTER NOW!
EXPLORING THE Science of Digestion
Holiday Inn Royal Victoria Hotel Sheffield S1 2AU
 Friday 23rd September 2016 | 5.00pm

Learn all about the hidden world inside us all, the conditions that affect your digestive system and what we know about how to fight them. This is your chance to hear from leading experts in a friendly but informative way. Exploring the Science of Digestion is open to all.

PROGRAMME:
 5-7pm, doors open 4.30pm for registration and refreshments
 5.00pm Start
Professor Chris Hawkey Chair of Core
Introduction
It's a bugs life
Professor Chris Probert
A fascinating look at gut bacteria and the invisible world of our most incredible organ
Do you have inflammatory bowel disease (IBD)?
Professor Alan J Lobo
Fantastic voyage: journey to the centre of the girth.
Dr Mark McAlindon
Hear about endoscopy without tubes and advances in diagnosis
Gluten Attack!
Professor David Sanders
 7.00pm Finish

ALL WELCOME!
 Tickets are **FREE** but must be reserved in advance, to book or for more information:
VISIT
sheffielddigestion2016.eventbrite.co.uk
OR CALL
 020 7486 0341

core
 FIGHTING DIGESTIVE DISEASES
 Core is the charity raising funds for vital research into diseases of the gut, liver and pancreas.



HOLIDAY INN ROYAL VICTORIA HOTEL
 Sheffield S1 2AU

www.corecharity.org.uk

FREE PUBLIC EVENT! | OPEN TO ALL | REGISTER NOW!
EXPLORING THE Science of Digestion
Birmingham Town Hall, Victoria Square, B3 3DQ
 Tuesday 6th December 2016 | 5 - 7 pm

Learn all about the hidden world inside us all, the conditions that affect your digestive system and what we know about how to fight them. This is your chance to hear from leading experts in a friendly but informative way. Exploring the Science of Digestion is open to all.

PROGRAMME:
 4.30pm Doors open
 5.00pm Start
Welcome
Professor Chris Hawkey, Chair of Core
The pancreas
"The size and shape of a kipper"
Professor Ashley Dennison
But what does it do? Find out important facts about our pancreas and what happens when it misfires.
Heartburn
Dr John deCaestecker
A common symptom. But when is it a warning sign?
Electronic noses – sniffing out bowel cancer
Dr Mike MacFarlane
An innovative new way to aid earlier diagnosis
Fatigue and the hidden enemy of diseases of the gut
Dr Matthew Brookes
Find out how gut disorders can make you fatigued. How important is anaemia?

ALL WELCOME!
 Tickets are **FREE** but must be reserved in advance, to book or for more information:
VISIT
birminghamdigestion2016.eventbrite.co.uk

core
 FIGHTING DIGESTIVE DISEASES
 Core charity raises funds for vital research into diseases of the gut, liver and pancreas. Support for this event has been received from Vilfor Pharma, GE Healthcare and Yakult. Core has complete editorial control over the event content.



BIRMINGHAM TOWN HALL
 Victoria Square, B3 3DQ

www.corecharity.org.uk

Achievements and performance (continued)

Income generation

Overall income was slightly down on budget but 19% up on 2015. This was despite key changes in staff which meant that for most of the year there was limited skilled fundraising capacity. Total funds spent on income generation were £137,584 (2015: £95,224). Core received a £65,000 legacy during the year and has accrued for another legacy of approximately £55,000. Income was further boosted by an additional donation of £50,000 from the BSG. Core also received a major gift of £10,000. Core's London marathon runners did particularly well in 2016 raising over £9,000. Income from grant-making trusts was less than anticipated and a dedicated part-time Trust Fundraiser has been employed in 2017 to address this. Core's third GastroCycle event achieved lower than expected participation and failed to break even, hence a review of Core's events programme is underway.

Financial review

The funds of Core at 31 December 2016 were £4,691,490 (2015 - £4,102,797) an increase of £588,693.

These include the Derek Butler endowment for research into upper gastrointestinal conditions of £2,681,282. The income from this fund will continue to finance a £210,000 three year fellowship awarded in 2014 and a new three year fellowship awarded in 2017 also for £210,000.

Unrestricted funds which can be spent at the discretion of the trustees were £1,905,151, of which £1,685,753 has been designated to the Amelie Waring Fellowship for research into pancreatic disease. A £180,000 three year fellowship was awarded in 2014 and a new three year fellowship for the same amount will be awarded in 2017.

Unrestricted or general funds which had not been designated amount to £219,398 in line with the minimum reserves policy requirement set out later in this report.

The assets of Core are mainly investments £4,611,907 (2015 - £4,149,980) and are described in note 14 of the financial statements. These continue to support research awards from the endowed and designated funds.

The principal liability of Core is to complete the research programme it has committed to of £462,909 as set out in detail in note 18. Of these commitments £166,088 is covered by endowed or designated funds and £74,119 is due from funding partners leaving £222,702 to be found from Core's own resources. Cash and short term cash deposits at 31 December 2016 were £417,493.

Financial review (continued)

Income was £659,256 compared with £522,055 in the previous year. Donations and legacies were £405,131 (2015 - £307,711) and included: donations £129,820 (2015 - £138,546), legacies/in-memoriam donations £144,931 (2015 - £84,715). Also within this heading is the subvention from the BSG's members of £80,380 (2015 - £84,450) and the additional BSG donation of £50,000 (2015: £nil). A significant legacy was received from the estate of Charles Talbot and Core has been informed of another potentially large legacy. Core is very grateful for these donations which will assist with furthering the research programme. Income from other trading activities related to patient information leaflet sales: £41,441 (2015 - £40,290). Core continues to try to increase the number of hospitals that order the leaflets.

Investment income was £129,684 (2015: £128,054). This includes the contribution from the Derek Butler endowment fund, for research into upper gastrointestinal diseases, which pursues an investment policy to generate income to fund committed research whilst maintaining the fund's capital. The investments showed a total gain of £411,612 (2015 - loss of £48,129).

Income from charitable activities comprised new grants for research from Dr Falk Pharma, the British Society of Gastroenterology and Bowel & Cancer Research totalling £48,000 (2015: £53,000). Core has partnered with Bowel & Cancer Research to fund a grant for diverticular research. New funding represented 34% of research grants awarded, compared to 44% in the previous year.

Sponsorship income for the 'Exploring the Science of Digestion' events was £35,000 (2015 - £23,000 includes sponsorship of patient information leaflets).

Total expenditure was £482,225, (2015: £317,624), approximately a 50% increase on 2015 largely due to increased expenditure on the research grants.

The costs of raising funds of £137,584 (2015: £95,224) included GastroCycle together with the usual salary and other overhead related support costs, around 20% of income.

Research grants awarded amounted to £117,194 (2015: £93,477). Research grant commitments were low in 2015 and 2016 as Core's large research grants, the training fellowships, are awarded on a three year cycle and have been awarded in 2017, hence next year's research commitments will be much higher.

Expenditure on charitable activities also included public education and the Science of Digestion events: £127,416 (2015: £90,802).

Investment policy

The charity's listed investments are managed by Cazenove. Investment in tobacco companies is not permitted. The investment strategy is set by the trustees and takes into account income requirements, the risk profile and the investment manager's views on the market prospects in the medium term.

The performance of the portfolio is monitored by the trustees and an annual meeting is held where the performance against benchmarks and the overall investment policy is reviewed.

Financial review (continued)

Investment policy (continued)

Core's investment objectives are to achieve a balance of capital growth and income but with a bias towards income.

The trustees are satisfied with the performance of the investments for the year against the investment policy.

Reserves policy and financial position

Core has reviewed the amount of reserves it regards as a minimum prudent requirement and has concluded that provision for six months administration, public education and fundraising costs is sufficient.

The BSG's annual subvention gives Core security that a considerable proportion of its operating costs will be covered for that period.

The trustees will consider commitments for new research or extensions to the existing programme after due consideration of the likelihood of meeting fundraising targets.

Based on the forecast for 2017, the desired minimum reserve amounting to six months administration, net public education costs and fundraising expenditure is £280,000. Currently general unrestricted funds total £219,398. This is broadly in line with the reserves policy.

Plans for 2017

The trustees have decided to significantly invest in capacity in 2017 in order to allow the charity to develop and grow. Expertise will be built up in fundraising and communications to reach more patients and facilitate better engagement with donors and supporters.

As a national charity it is important that Core has a presence in the regions, hence a commitment has been made to lease an office in Huddersfield, initially for one year. The fundraising activities will be based at this office.

This ambitious investment programme is gearing Core up to be in a strong position for its 50th anniversary.

Research and Science Engagement

In February 2017 Core has awarded:

- ◆ £210,000 for the **Core - Derek Butler Fellowship** for research in the sphere of upper gastrointestinal tract diseases and conditions.
- ◆ £180,000 for the **Core - Amelie Waring Fellowship** for research into any aspect of pancreatic inflammation or injury.

Plans for 2017 (continued)

Research and Science Engagement (continued)

In March 2017 the following awards were announced:

- ◆ Core – BSPGHAN Awards ~ 2 x £35,000

These grants will provide financial support for the collection of pilot or proof-of-concept data on any topic within paediatric gastroenterology, hepatology and nutrition.

- ◆ Trainee Research Award ~ 2 x £5,000
- ◆ Trainee Network Research Award ~ 2 x £5,000

The trainee research awards will support small-scale projects addressing specific clinical questions.

Proposed awards to be announced in 2017:

- ◆ Joint Award with Bowel & Cancer Research £40,000

Following on from the 2016 joint award with Bowel & Cancer Research, the charities propose to launch a Diverticular Research Campaign to raise funds for further research into this neglected area.

- ◆ Nutritional Research Award £50,000

This award is dependent on receiving a transfer of funds from the Nutritional Research Foundation.

- ◆ Nurses Gut Together £5,000 – supporting nurses in gastro research.
- ◆ Gut Feeling (Innovation Fund) £50,000
- ◆ Core Essay prizes £5,000
- ◆ Core – Dr Falk Pharma UK Awards
 - ◇ £1,000 for best medical student essay on gastroenterology or hepatology research
 - ◇ 4 x £1,500 for medical students taking full-time science degrees
 - ◇ 2 x £2,500 for F1 / F2 doctors to facilitate prospective research
 - ◇ £1,000 for primary / secondary care gastrointestinal / liver nurses or dietitians.

Plans for 2017 (continued)

Research and Science Engagement (continued)

The report from the priority setting partnership around Barrett's Oesophagus and heartburn will be presented in April at a Cancer Research UK national conference. The areas identified as priorities for research may form part of a specific call subject to fundraising.

Fundraising and awareness raising

A fundraising strategy will be developed to cover all areas of income generation including legacy promotion and will incorporate all requirements of the new fundraising legislation that comes into effect in 2018.

It is crucial to build Core's supporter base in order to reach and recruit new individual donors and fundraisers. Therefore focus will be on raising the profile of the charity nationally as well as increasing its regional presence and developing printed, online and social media communications.

The part-time Trust Fundraiser will be focusing on targeted approaches to trusts and foundations based on planned activities and projects in an attempt to reverse the decline in funding from trusts in recent years.

Sponsorship will be sought for the Exploring the Science of Digestion events and the patient information leaflets.

Patient engagement

An Exploring the Science of Digestion event will be held in Manchester in June 2017 as part of the BSG's Annual Meeting. The focus will be on Irritable Bowel Syndrome, diet, nutrition and the microbiome.

The review of patient information began in March 2017. This will involve a comprehensive assessment of Core's current information provision including rewriting of patient information leaflets as required and achieving the Information Standard as a recognised kite mark for medical information for the public.

A new, more accessible website will be developed alongside a digital strategy for increasing Core's social media presence.

Previously funded Core researchers will be contacted to produce material to raise awareness of Core and the benefits of medical research.

Plans for 2017 (continued)

Staff

The trustees have approved the Chief Executive's proposed recruitment schedule for 2017 which will include the following positions to be recruited over the year: Fundraising Administrator, Fundraising Manager, Research Manager, Communications Manager, Fundraiser, Patient Engagement Officer and Digital Marketing Assistant.

Approved by the trustees and signed on their behalf by:

C Hawkey
Trustee

H Tran
Trustee

Approved by the trustees on: 2 May 2017

Independent auditor's report to the members of Core – The Digestive Disorders Foundation

We have audited the financial statements of Core – The Digestive Disorders Foundation for the year ended 31 December 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the trustees' report for the financial period for which the financial statements are prepared is consistent with the financial statements and the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- ◆ adequate accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Shachi Blakemore, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

11 May 2017

Statement of financial activities Year ended 31 December 2016

| | Unrestricted funds £ | Restricted funds £ | Endow- ment funds £ | 2016 Total funds £ | 2015 Total funds £ |
|--|-------------------------|-----------------------|------------------------------|---------------------------------------|-----------------------------|
| Income and expenditure | | | | | |
| Income | | | | | |
| Donations and legacies | 1 405,131 | — | — | 405,131 | 307,711 |
| Other trading activities | 2 41,441 | — | — | 41,441 | 40,290 |
| Investment income | 3 47,803 | 81,881 | — | 129,684 | 128,054 |
| Charitable activities | 4 | | | | |
| . Grants for research | — | 48,000 | — | 48,000 | 53,000 |
| . Public Education | 35,000 | — | — | 35,000 | 23,000 |
| Total income | 529,375 | 129,881 | — | 659,256 | 552,055 |
| Expenditure | | | | | |
| Cost of raising funds | 5 132,430 | 5,154 | — | 137,584 | 95,224 |
| Expenditure on charitable activities | 6 | | | | |
| . Grants for research | 99,225 | 118,000 | — | 217,225 | 131,598 |
| . Public education and Science of Digestion | 127,416 | — | — | 127,416 | 90,802 |
| Total expenditure | 359,071 | 123,154 | — | 482,225 | 317,624 |
| Net income before transfers | 9 170,304 | 6,727 | — | 177,031 | 234,431 |
| Transfers between funds | 19 (70,000) | 70,000 | — | — | — |
| Net income after transfers | 100,304 | 76,727 | — | 177,031 | 234,431 |
| Net gains (losses) on investments | 14 159,831 | — | 251,831 | 411,662 | (48,129) |
| Net income and net movement in funds for the year | 260,135 | 76,727 | 251,831 | 588,693 | 186,302 |
| Reconciliation of funds: | | | | | |
| Funds and balances brought forward | 1,645,016 | 28,330 | 2,429,451 | 4,102,797 | 3,916,495 |
| Fund balances carried forward | 1,905,151 | 105,057 | 2,681,282 | 4,691,490 | 4,102,797 |

All of the charity's activities derived from continuing operations during the above two financial periods.

All recognised gains or losses are included in the above statement of financial activities.

Balance sheet 31 December 2016

| | Notes | 2016 £ | 2016 £ | 2015 £ | 2015 £ |
|--|-------|----------------|------------------|----------------|------------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 13 | | 1,107 | | 658 |
| Investments | 14 | | 4,611,907 | | 4,149,980 |
| | | | <u>4,613,014</u> | | <u>4,150,638</u> |
| Current assets | | | | | |
| Debtors: due after more than one year | 15 | — | | 33,478 | |
| Debtors: due within one year | 15 | 145,025 | | 96,573 | |
| Short term cash deposits | | 332,220 | | 431,447 | |
| Cash at bank and in hand | | 85,273 | | 172,577 | |
| | | <u>562,518</u> | | <u>734,075</u> | |
| Liabilities: | | | | | |
| Creditors: amounts falling due within one year | 16 | (459,042) | | (581,373) | |
| Net current assets | | | 103,476 | | 152,702 |
| Total assets less current liabilities | | | <u>4,716,490</u> | | <u>4,303,340</u> |
| Liabilities: | | | | | |
| Creditors: amounts falling due after one year | 17 | | (25,000) | | (200,543) |
| Total net assets | | | <u>4,691,490</u> | | <u>4,102,797</u> |
| The funds of the charity | | | | | |
| Unrestricted income funds | | | | | |
| . General | | | 219,398 | | 217,641 |
| . Designated funds | 20 | | 1,685,753 | | 1,427,375 |
| Restricted funds | 19 | | 105,057 | | 28,330 |
| Endowment fund | 21 | | 2,681,282 | | 2,429,451 |
| | | | <u>4,691,490</u> | | <u>4,102,797</u> |

Approved by the trustees
and signed on their behalf by:

C Hawkey

Trustee

H Tran

Trustee

Approved on: 2 May 2017

Core – The Digestive Disorders Foundation

Registered Company Number: 07274105 (England and Wales)

Statement of cash flows 31 December 2016

| | Notes | 2016 £ | 2015 £ |
|--|-------|------------------|-----------|
| Cash outflow from operating activities: | | | |
| Net cash (used in) provided by operating activities | A | (264,784) | (74,305) |
| Cash inflow from investing activities: | | | |
| Dividends and interest from investments | | 129,684 | 128,054 |
| Purchase of tangible fixed assets | | (1,166) | (986) |
| Proceeds from the disposal of investments | | 692,806 | 420,689 |
| Purchase of investments | | (622,341) | (419,570) |
| Net cash provided by investing activities | | 198,983 | 128,187 |
| Change in cash and cash equivalents in the year | | (65,801) | 53,882 |
| Cash and cash equivalents at 1 January | B | 838,113 | 784,231 |
| Cash and cash equivalents at 31 December | B | 772,312 | 838,113 |

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

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

| | 2016 £ | 2015 £ |
|---|------------------|-----------|
| Net movement in funds (as per the statement of financial activities) | 588,693 | 186,302 |
| Adjustments for: | | |
| Depreciation charge | 717 | 638 |
| (Gains) losses on investments | (411,662) | 48,129 |
| Dividends and interest from investments | (129,684) | (128,054) |
| (Increase) decrease in debtors | (14,974) | 147,713 |
| Decrease in creditors | (297,874) | (329,033) |
| Net cash used in operating activities | (264,784) | (74,305) |

B Analysis of cash and cash equivalents

| | 2016 £ | 2015 £ |
|--|----------------|-----------|
| Cash at bank and in hand | 85,273 | 172,577 |
| Short term cash deposits | 332,220 | 431,447 |
| Cash held by investment managers | 354,819 | 234,089 |
| Total cash and cash equivalents | 772,312 | 838,113 |

Principal accounting policies Year ended 31 December 2016

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2016 and are presented in sterling and are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic lives of tangible fixed assets for the purpose of determining the annual depreciation charge;
- ◆ assessing the probability of the receipt of legacy income; and
- ◆ allocation of support costs between activities on the basis of staff time.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements and have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are confident that the charity has sufficient funds to cover its existing liabilities.

Assessment of going concern (continued)

They are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 December 2017, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is probable.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the charity.

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

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Research funding income is recognised in the period in which the charity receives a written commitment from the funder. Research funding is deferred only when the charity has to fulfil conditions before becoming entitled to it or the donor has specified that the income has to be spent in a future period.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and is stated inclusive of irrecoverable VAT. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- a) Cost of raising funds which includes direct fundraising costs and investment manager's fees.
- b) Expenditure on charitable activities comprises expenditure on the charity's primary charitable purposes as described in the trustees' report. Such costs include grants payable, other direct costs and support costs, which are apportioned based on the level of activity in each area.

Research grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant, and has satisfied all relevant conditions. Grants approved but not paid at the end of the financial year are accrued for. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is payable are not accrued for but are noted as financial commitments in the notes to the financial statements.

The provision of a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the charity that would permit the charity to avoid making the future payments, settlement is probable and the effect of the discounting is material. The discount rate used is the average rate of investment yield in the year in which the grant is made. This discount rate is regarded by the trustees as providing the most current available estimate of the opportunity cost of money reflecting the time value of money to the charity.

Allocation of support costs and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs directly attributable to the governance of the charity, including audit costs and the necessary legal procedures for compliance with statutory requirements. Support costs and governance costs are allocated between activities with the allocation based on staff time.

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand and short term deposits

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Tangible fixed assets

Depreciation of fixed assets is calculated on cost at rates estimated to write off the assets, by equal instalments, over their expected working lives.

- ◆ Office furniture, fittings and equipment - 5 years
- ◆ IT equipment - 3 years

Items used in the day to day running of the charity and with a cost in excess of £500 are capitalised, and are stated at cost less accumulated depreciation.

Principal accounting policies Year ended 31 December 2016

Fund structure

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

General funds

Funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity.

Designated funds

Funds which are set aside as part of the charity's unrestricted funds for particular purposes in the future, as determined by the trustees from time to time.

Restricted funds

Funds raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Endowment funds

Funds which must be held indefinitely as capital. Income therefore is credited to general funds and applied for general purposes unless under the terms of the endowments such income must be used for specific purposes in which cases it is credited to restricted funds.

Pension costs

The charity operates a defined contribution scheme on behalf of its employees. The assets are held in separately administered funds. Costs are charged to the statement of financial activities in the period to which they relate.

1. Donations and legacies

| | Unrestricted funds £ | Restricted funds £ | 2016 Total funds £ | 2015 Total funds £ |
|---|-------------------------|-----------------------|-----------------------------|-----------------------------|
| Donations | 129,820 | — | 129,820 | 138,546 |
| Legacies | 144,931 | — | 144,931 | 84,715 |
| Subvention from the British Society of Gastroenterology (BSG) | 80,380 | — | 80,380 | 84,450 |
| Additional donation from the BSG | 50,000 | — | 50,000 | — |
| 2016 Total funds | 405,131 | — | 405,131 | 307,711 |
| 2015 Total funds | 307,711 | — | 307,711 | |

The subvention from the British Society of Gastroenterology comprised £63,860 (2015: £65,518) cash and £16,520 (2015: £18,932) in services.

2. Other trading activities

| | Unrestricted funds £ | Restricted funds £ | 2016 Total funds £ | 2015 Total funds £ |
|-------------------------|-------------------------|-----------------------|-----------------------------|-----------------------------|
| Public education | 41,441 | — | 41,441 | 40,290 |
| 2016 Total funds | 41,441 | — | 41,441 | 40,290 |
| 2015 Total funds | 40,290 | — | 40,290 | |

3. Investment income

| | Unrestricted funds £ | Restricted funds £ | 2016 Total funds £ | 2015 Total funds £ |
|---|-------------------------|-----------------------|-----------------------------|-----------------------------|
| Interest – fixed interest securities | 793 | 97 | 890 | 929 |
| Dividends - UK and international equities | 37,400 | 61,493 | 98,893 | 102,380 |
| Bonds - UK and international | 2,918 | 10,418 | 13,336 | 9,785 |
| Multi asset funds | 2,797 | 1,896 | 4,693 | 2,490 |
| Charities property fund | 1,606 | 5,774 | 7,380 | 7,176 |
| Other funds | 1,538 | 2,203 | 3,741 | 4,542 |
| Interest on cash deposits | 751 | — | 751 | 752 |
| 2016 Total funds | 47,803 | 81,881 | 129,684 | 128,054 |
| 2015 Total funds | 46,767 | 81,287 | 128,054 | |

4. Income from charitable activities

| | Unrestricted funds £ | Restricted funds £ | 2016 Total funds £ | 2015 Total funds £ |
|-------------------------|-------------------------|-----------------------|-----------------------------|-----------------------------|
| New grants for research | — | 48,000 | 48,000 | 53,000 |
| Public Education | 35,000 | — | 35,000 | 23,000 |
| 2016 Total funds | 35,000 | 48,000 | 83,000 | 76,000 |
| 2015 Total funds | 23,000 | 53,000 | 76,000 | |

5. Cost of raising funds

| | Unrestricted funds £ | Restricted funds £ | 2016 Total funds £ | 2015 Total funds £ |
|---------------------------|----------------------------|--------------------------|---------------------------------------|-----------------------------|
| Fundraising costs | 54,684 | — | 54,684 | 29,735 |
| Investment manager's fees | 3,914 | 5,154 | 9,068 | 6,518 |
| Support costs (note 8) | 73,832 | — | 73,832 | 58,971 |
| 2016 Total funds | 132,430 | 5,154 | 137,584 | 95,224 |
| 2015 Total funds | 90,374 | 4,850 | 95,224 | |

6. Expenditure on charitable activities

| | Direct costs £ | Research grants awarded (note 7) £ | Support costs (note 8) £ | 2016 Total funds £ | 2015 Total funds £ |
|---------------------------|----------------------|--|-----------------------------------|---------------------------------------|-----------------------------|
| Gastroenterology research | 2,841 | 117,194 | 97,190 | 217,225 | 131,598 |
| Public Education | 24,967 | — | 50,986 | 75,953 | 70,085 |
| Science of Digestion | 16,917 | — | 34,546 | 51,463 | 20,717 |
| 2016 Total funds | 44,725 | 117,194 | 182,722 | 344,641 | 222,400 |
| 2015 Total funds | 40,468 | 93,477 | 88,455 | 222,400 | |

7. Research grants awarded

| | 2016 Total funds £ | 2015 Total funds £ |
|---|---------------------------------------|-----------------------------|
| New research grants | 118,000 | 119,987 |
| Less grants no longer required | (806) | (26,510) |
| Research grants awarded (note 6) | 117,194 | 93,477 |

Research grants awarded represent commitments made for research, and are set out in detail in note 18.

8. Total expenditure

| | Charitable activities | | | 2016 Total funds £ | 2015 Total funds £ |
|---------------------------------|----------------------------------|--|---|-----------------------------|-----------------------------|
| | Cost of raising funds £ | Gastro- enterology research £ | Public education and Science of Digestion £ | | |
| Directly incurred | | | | | |
| Grants payable (see note 7) | — | 117,194 | — | 117,194 | 93,477 |
| Research administration | — | 2,841 | — | 2,841 | 3,722 |
| Fundraising costs | 54,684 | — | — | 54,684 | 29,735 |
| Public education | — | — | 41,884 | 41,884 | 36,746 |
| Investment management | 9,068 | — | — | 9,068 | 6,518 |
| | 63,752 | 120,035 | 41,884 | 225,671 | 170,198 |
| Support costs | | | | | |
| Staff costs (see note 10) | 49,203 | 56,971 | 49,203 | 155,377 | 100,299 |
| Premises and donated facilities | 2,559 | 2,963 | 2,559 | 8,081 | 9,035 |
| Postage | 337 | 390 | 337 | 1,064 | 1,810 |
| Telephone | 174 | 201 | 174 | 549 | 328 |
| Stationery, printing and design | 172 | 199 | 172 | 543 | 619 |
| Insurance | 122 | 140 | 122 | 384 | 360 |
| Bank charges | 412 | 477 | 412 | 1,301 | 1,097 |
| Meeting costs | 2,969 | 3,440 | 2,969 | 9,378 | 3,210 |
| Subscriptions/publications | 757 | 877 | 757 | 2,391 | 1,080 |
| Equipment/maintenance | 5,021 | 5,814 | 5,021 | 15,856 | 9,485 |
| Depreciation | 227 | 263 | 227 | 717 | 638 |
| Training and recruitment | 5,984 | 6,929 | 5,984 | 18,897 | 6,985 |
| Governance costs: | | | | | |
| . Auditor's remuneration | 2,660 | 3,080 | 2,660 | 8,400 | 8,550 |
| . Professional fees | 1,717 | 1,988 | 1,717 | 5,422 | 13 |
| . Book-keeping costs | 1,518 | 1,758 | 1,518 | 4,794 | 3,917 |
| Social research consultancy | — | 11,700 | 11,700 | 23,400 | — |
| | 73,832 | 97,190 | 85,532 | 256,554 | 147,426 |
| 2016 Total funds | 137,584 | 217,225 | 127,416 | 482,225 | 317,624 |
| 2015 Total funds | 95,224 | 131,598 | 90,802 | 317,624 | |

9. Net income before transfers

| | 2016 Total funds £ | 2015 Total funds £ |
|---|-----------------------------|-----------------------------|
| This is stated after charging: | | |
| Staff costs (note 10) | 155,377 | 100,299 |
| Depreciation | 717 | 638 |
| Auditor's remuneration (including VAT) | | |
| . Statutory audit services – current year | 7,500 | 6,600 |
| . Statutory audit services – prior year | 900 | — |
| . Other services | — | 1,950 |

10. Staff costs and remuneration of key management personnel

| | 2016 Total funds £ | 2015 Total funds £ |
|--------------------|---------------------------------------|-----------------------------|
| Salaries and wages | 141,499 | 92,682 |
| Social security | 9,602 | 7,617 |
| Pension costs | 4,276 | — |
| | 155,377 | 100,299 |

The average number of employees during the period at Head Office was 4.5 (2015 – 3.5). No employee earned more than £60,000 during the period (2015 – none).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees, the CEO and the Finance and Research Manager. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £112,802 (2015 - £84,567).

11. Trustees' remuneration and expenses

No remuneration (2015 - £nil) was paid or payable, directly or indirectly, out of the funds of the charity for the period to any trustee, or to any person or persons known to be connected with any of them.

Four trustees were reimbursed for expenses of £2,360 during the period (2015 - two trustees reimbursed for travel expenses of £2,281).

12. Taxation

Core – The Digestive Disorders Foundation is a registered charity and is potentially exempt from taxation in respect of income and capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

13. Tangible fixed assets

| | Computer equipment £ |
|-----------------------|-------------------------------------|
| Cost | |
| At 1 January 2016 | 2,665 |
| Additions | 1,166 |
| At 31 December 2016 | 3,831 |
| Depreciation | |
| At 1 January 2016 | 2,007 |
| Charge for the year | 717 |
| At 31 December 2016 | 2,724 |
| Net book value | |
| At 31 December 2016 | 1,107 |
| At 1 January 2016 | 658 |

14. Investments

| | Endowment portfolio £ | General portfolio £ | 2016 £ | 2015 £ |
|---|-----------------------------|---------------------------|------------------|-----------|
| At valuation | | | | |
| Balance brought forward at 1 January | 2,396,721 | 1,519,170 | 3,915,891 | 3,965,139 |
| Additions | 374,859 | 247,482 | 622,341 | 419,570 |
| Disposal proceeds | (426,479) | (266,327) | (692,806) | (420,689) |
| Investment gains | | | | |
| . Realised (losses) gains | (1,059) | (1,048) | (2,107) | 527 |
| . Unrealised gains (losses) | 252,890 | 160,879 | 413,769 | (48,656) |
| Total investment gains (losses) | 251,831 | 159,831 | 411,662 | (48,129) |
| Balance carried forward at 31 December | 2,596,932 | 1,660,156 | 4,257,088 | 3,915,891 |
| Cash held by investment managers | 253,855 | 100,964 | 354,819 | 234,089 |
| Total investments | 2,850,787 | 1,761,120 | 4,611,907 | 4,149,980 |
| Analysis by Type | | | | |
| Listed investments at market value | | | | |
| . UK Equities | 1,436,152 | 961,598 | 2,297,750 | 2,216,604 |
| . Overseas Equities | 455,176 | 237,585 | 692,761 | 553,819 |
| . UK Bonds | 155,863 | 133,674 | 289,537 | 279,421 |
| . Overseas bonds | 129,610 | 56,392 | 186,002 | 135,463 |
| . Portfolio funds | 264,114 | 211,614 | 475,728 | 287,523 |
| . Property funds | 119,570 | 33,264 | 152,834 | 151,304 |
| . Hedge funds | — | — | — | 231,757 |
| . Other | 36,447 | 26,029 | 62,476 | 60,000 |
| Total investments | 2,596,932 | 1,660,156 | 4,257,088 | 3,915,891 |
| Historic cost of listed investments (all are listed in the UK) - excluding cash held by investment managers | 2,254,809 | 1,321,275 | 3,576,084 | 3,649,979 |

At 31 December the charity had the following material investment holdings:

| | Endowment £ | Other £ | Market value £ | Percentage of portfolio % |
|---|----------------|------------|----------------------|---------------------------------|
| Listed investments within the portfolio are: | | | | |
| The Equity Income Trust for Charities | 612,480 | 505,760 | 1,118,240 | 26% |
| Majede UK Equity Fund (Income) | 433,631 | 333,681 | 767,312 | 18% |
| Trojan Income Fund (Class O Inc) | 390,041 | 122,157 | 512,198 | 12% |

14. Investments (continued)

The total unrealised gains as at 31 December 2016 constitutes movements on revaluation and are as follows:

| | 2016 £ | 2015 £ |
|--|-----------------|-----------|
| Unrealised gains included above: | | |
| On investments | 681,004 | 265,912 |
| Total unrealised gains at 31 December | 681,004 | 265,912 |
| Reconciliation of movements in unrealised gains: | | |
| Unrealised gains at 1 January | 265,912 | 358,810 |
| Losses in respect to disposals in the year | (30,104) | (44,242) |
| | 235,808 | 314,568 |
| Add: net gains (losses) arising on revaluation in the year | 445,196 | (48,656) |
| Total unrealised gains at 31 December | 681,004 | 265,912 |

15. Debtors

| | 2016 £ | 2015 £ |
|--|----------------|-----------|
| Prepayments, accrued income and sundry debtors | 70,906 | 46,456 |
| Commitments due from funding partners | 74,119 | 83,595 |
| | 145,025 | 130,051 |

Commitments due from funding partners includes £nil due after more than one year (2015: £33,478).

16. Creditors: amounts falling due within one year

| | 2016 £ | 2015 £ |
|---------------------------------------|----------------|-----------|
| Other creditors | 3,778 | 2,661 |
| Accruals | 17,355 | 14,744 |
| Research grants payable (see note 18) | 437,909 | 563,968 |
| | 459,042 | 581,373 |

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

| | 2016 £ | 2015 £ |
|---------------------------------------|---------------|-----------|
| Research grants payable (see note 18) | 25,000 | 200,543 |

18. Research grants payable

| | 2016 | 2015 |
|--|--------------------|-------------|
| | Total funds | Total funds |
| | £ | £ |
| At 1 January | 764,511 | 1,096,890 |
| Research grants awarded in the year | 118,000 | 119,987 |
| Research grants no longer required | (806) | (26,510) |
| Paid during the year | (418,796) | (425,856) |
| At 31 December | 462,909 | 764,511 |
| Research grants at 31 December are payable as follows: | | |
| Within one year (see note 16) | 437,909 | 563,968 |
| After more than one year (see note 17) | 25,000 | 200,543 |
| | 462,909 | 764,511 |

Details of research grants payable are provided below:

18. Research grants payable (continued)

| | | | At 1 January 2016 £ | Research grants awarded £ | Grants no longer required £ | Grants paid in the year £ | At 31 December 2016 £ |
|--------------------------|-------------------------------------|---|------------------------------|---------------------------------|--------------------------------------|---------------------------------------|--------------------------------|
| Ongoing research | | | | | | | |
| Various | Falk Pharma | | 1,211 | — | — | — | 1,211 |
| Professor Anil Dhawan | BSPGHAN Award | "Body composition and metabolic profile of children with end stage liver disease before and after liver transplant; relations with outcome and cell energy controlling metabolic pathways." | 22,056 | — | — | (16,888) | 5,168 |
| Dr Philip Riches | Coeliac Award | Osteoporosis in coeliac disease associated with novel autoantibodies." | 37,931 | — | (457) | (8,914) | 28,560 |
| Professor Krish Raganath | Olympus Fellowship | "Evaluation of novel and existing minimally-invasive endoscopic imaging tools to screen for Barrett's Oesophagus and Oesophageal Varices." | 52,447 | — | — | (41,839) | 10,608 |
| Dr James Evans | Derek Butler Fellowship | "Investigating the clonal origins and dysplasia risk in Barrett's oesophagus." | 171,078 | — | — | (80,357) | 90,721 |
| Dr Neil Henderson | Children's Liver Disease Foundation | "Investigation of myofibroblast α v integrins as an anti-fibrotic target in biliary atresia and fibrosis." | 144,268 | — | — | (65,048) | 79,220 |
| Mr Alastair Hayes | Amelie Waring Fellowship | "Defining the mechanistic role of kynurenine 3-monoxygenase (KMO) inhibition in the resolution of organic dysfunction in severe acute pancreatitis." | 130,378 | — | — | (55,011) | 75,367 |
| Dr John Louis-Auguste | NRF Fellowship | "Effects of multiple micronutrient and amino acid supplementation on intestinal function and microbiome-host interactions in environmental enteropathy: a study in Zambian adults." | 83,821 | — | — | (64,673) | 19,148 |
| Dr Emer Fitzpatrick | BSPGHAN Award | "LiverMultiScan™ for the assessment of graft fibrosis in children post liver transplant" | 39,736 | — | — | (29,338) | 10,398 |
| Dr Gordon Moran | BSPGHAN Award | "Anabolic resistance and abnormal muscle function across the nutritional spectrum: a pilot study in Crohn's disease." | 39,393 | — | — | (26,743) | 12,650 |
| Professor David Wilson | BSPGHAN Award | "Defining the mechanistic role of kynurenine 3-monoxygenase (KMO) inhibition in the resolution of organ dysfunction in severe acute pancreatitis." | 26,858 | — | — | — | 26,858 |
| | | | 749,177 | — | (457) | (388,811) | 359,909 |

18. Research grants payable (continued)

| | | | Grants commitments 1 January 2016 £ | New commitments £ | Grants no longer required £ | Grants paid in the year £ | At 31 December 2016 £ |
|--|----------------------------|---|---|-------------------------|--------------------------------------|---------------------------------------|--------------------------------|
| New commitments | | | | | | | |
| Various | Falk Pharma | | — | 13,000 | — | (13,000) | — |
| Mr David Humes | Bowel & Cancer Research | "What are the short and long term outcomes of minimally invasive approaches (e.g., percutaneous radiological drainage, laparoscopic washout and drainage) to managing complicated diverticulitis?" | — | 40,000 | — | — | 40,000 |
| Professor Laurence Lovat | Development award | "Salivary EpigeNetics to Stratify Oesophageal Cancer Risk (SENSOR)." | — | 50,000 | — | — | 50,000 |
| Dr Michael McFarlane | Trainee Research Award | "The use of Electronic noses in assessing volatile organic substances in the urine and stools of colorectal cancer patients, their blood relatives and individuals with whom they share dwellings." | — | 5,000 | — | (1,000) | 4,000 |
| Dr Paolo Biancheri | Trainee Research Award | "Proteolytic degradation of anti-tumour necrosis factor (TNF) – alpha agents and other biologic agents: correlation with response to treatment in inflammatory bowel disease (IBD)." | — | 5,000 | — | — | 5,000 |
| Dr Lennard Lee | Trainee Research Award | "Colon Cancer Metastasis – identifying patients at risk to developed personalised therapies." | — | 5,000 | — | (1,000) | 4,000 |
| | | | — | 118,000 | — | (15,000) | 103,000 |
| Research completed during the year | | | | | | | |
| Dr Tariq Ahmad | Development Award | " UK IBD Genetics Consortium Study of anti-TNF pharmacogenomics – predicting response and toxicity to anti-TNF drugs." | 15,334 | — | (349) | (14,985) | — |
| | | | 15,334 | — | (349) | (14,985) | — |
| Total research grants payable (note 17) | | | 764,511 | 118,000 | (806) | (418,796) | 462,909 |

19. Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes:

| | At 1 January 2016 £ | Income £ | Expenditure £ | Transfers £ | At 31 December 2016 £ |
|------------------------------------|------------------------------|-------------|------------------|----------------|--------------------------------|
| Research grants | — | 48,000 | (118,000) | 70,000 | — |
| Derek Butler Endowment Income fund | 28,330 | 81,881 | (5,154) | — | 105,057 |
| | 28,330 | 129,881 | 123,154 | 70,000 | 105,057 |

The transfer represents the contribution from general funds towards the research grants.

The purposes of Core's restricted funds are as follows:

- ◆ Research grants: grants for research into a range of digestive disorders.
- ◆ Derek Butler Endowment Income Fund: to be spent on research into the diseases of the upper gastrointestinal tract.

20. Designated funds

| | Total £ |
|---------------------------|------------|
| <u>Amelie Waring fund</u> | |
| At 1 January 2016 | 1,427,375 |
| Increase | 258,378 |
| At 31 December 2016 | 1,685,753 |

The Amelie Waring fund represents monies designated by the charity to be used to contribute towards the research grants awarded by the charity.

21. Endowment fund

| | At 1 January 2016 £ | Income £ | Expenditure £ | Investment gains £ | At 31 December 2016 £ |
|------------------------|------------------------------|-------------|------------------|--------------------------|--------------------------------|
| Derek Butler Endowment | 2,429,451 | — | — | 251,831 | 2,681,282 |

Income from the Derek Butler Endowment fund is credited to restricted funds and is to be spent on research into diseases of the upper gastrointestinal tract.

22. Analysis of net assets between funds

| | Fixed assets £ | Investments £ | Net current assets £ | Long-term Liabilities £ | Total £ |
|--------------------|-------------------|------------------|----------------------------|-------------------------------|------------------|
| Unrestricted funds | | | | | |
| . General | 1,107 | — | 218,291 | — | 219,398 |
| . Designated funds | — | 1,761,120 | (75,367) | — | 1,685,753 |
| Restricted funds | — | 169,505 | (39,448) | (25,000) | 105,057 |
| Endowment funds | — | 2,681,282 | — | — | 2,681,282 |
| | 1,107 | 4,611,907 | 103,476 | (25,000) | 4,691,490 |

23. British Society of Gastroenterology

Core works closely with the British Society of Gastroenterology (BSG) (Charity Registration No. 1149074 and Company Registration No. 08124892 (England and Wales)) to provide strong links with the main professional community and to improve its ability to disseminate research and patient information. The Chairman of the Research Committee of BSG is a member of Core's Board of Trustees. The President of Core is an *ex-officio* member of BSG's Council.

Transactions between the two charities during the period were as follows:

BSG continued to subvent 20% of its membership income to Core, amounting to £80,380 (2015 - £84,450), which was paid partly in cash £63,860 (2015 - £65,518) and partly in services £16,520 (2015 - £18,932).

BSG has agreed to provide £100,000 over two years to support Core's fundraising capacity. £50,000 was received in January 2016 and a further £50,000 is due in January 2017. In addition BSG provided a grant of £15,000 to support trainee research grants. A further £15,000 is expected in 2017.

24. Related party transactions

During the year the charity received donations of £nil (2015 - £965) from the trustees. Transactions with the British Society of Gastroenterology are detailed in note 23.

There were no further related party transactions during the period requiring disclosure (2015 – none).

25. Liability of members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up, members are required to contribute an amount not exceeding £1.