

The Thalidomide Trust

Annual Report and Financial Statements
for the year ended 30 September 2025

Registered Charity Number 266220

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Reference and administrative details

Registered Name	The Thalidomide Trust
Charity number	266220
Registered address	1 Eaton Court Road Eaton Socon St Neots Cambridgeshire PE19 8ER
Corporate Trustee	The Thalidomide Trust Company (incorporated on 19 January 2018 with Company Number 11160424, registered address as above)

Directors of the Corporate Company

The Directors of The Thalidomide Trust Company during the year and up to the date of approval were:

Mark Spofforth OBE BSc FCA CTA FRSA (Chair of Trustees) – retired
31 December 2024

David Body MA Solicitor of Senior Courts of England & Wales (Chair
of Trustees from 1 January 2025)

Mark Benstead MA MBA

Professor Adrian Charles Newland CBE

Professor William Andrew Owens MD FRCS(CTh)

Professor Rosemary Varley

Ruthe Isden

Shan Abdullah

Dame Caroline Swift

Matthew Thorogood – appointed 1 January 2025

Professor Jill Manthorpe CBE MA PhD (Hon) FAcSS – appointed 1
January 2025

Senior Management Team	Deborah Jack - Joint Chief Executive Katy Singh - Joint Chief Executive Suzanne Lluch - Finance Director Ian Silver - Director of Health & Wellbeing – resigned 26 June 2025
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Medical Advisers	Dr Susan Brennan MBChB MRCP Dr Helen Smith MBChB MRCP Dr Tim Fenn MB BS
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Investment Managers	BlackRock 12 Throgmorton Avenue London EC2N 2DL	
	Schroders Investment Management Limited 1 London Wall Place London Wall London EC2Y 5AU	
	Legal & General Investment Management One Coleman Street London EC2R 5AA	
Investment Consultants	Hymans Robertson 45 Church Street Birmingham B3 2RT	
Solicitors	Withers 20 Old Bailey London EC4M 7AN	HCR Legal LLP Shakespeare House 42 Newmarket Road Cambridge CB5 8EP
Actuaries	Hymans Robertson 20 Waterloo Street Glasgow G2 6DB	
Bankers	Lloyds Bank 39 Threadneedle Street London EC2R 8AU	
Independent auditors	Saffery LLP Westpoint Peterborough Business Park Lynchwood Peterborough PE2 6FZ	

Annual Report

Objectives and activities

The Thalidomide Trust (“the Trust”) was established to provide ‘relief and assistance’ to individuals with disabilities caused by their mothers taking, during pregnancy, a preparation distributed by The Distillers Company (Biochemicals) Limited in the United Kingdom containing the drug known as thalidomide in the late 1950s and early 1960s.

Our Aims

All our beneficiaries are now in their 60s and most are feeling the impact of using their bodies for many years in ways for which they were never designed. In addition, as they get older, they are experiencing a wide range of age-related health problems that are exacerbated by their original thalidomide damage. This seriously impacts their quality of life and their ability to remain fully independent. A small number have experienced a cognitive decline alongside their deteriorating physical health. Many have very complex care needs.

The Trust meets the increasingly complex needs of the beneficiary community through the provision of financial support – in the form of annual grant payments – and a range of information, advice and advocacy services. To underpin this, we gather evidence on the needs and experience of our beneficiaries and undertake more detailed research on topics that are of greatest relevance to them in order to fill evidence gaps or deepen our understanding.

The Trust has a Vision and five Strategic Goals which were jointly developed – and reviewed and updated in 2022 – by the Trustees, staff, and beneficiary representatives:

Our Vision is that each and every beneficiary of the Trust has access to the resources and support they need to live their best life for the longest time.

Our five strategic goals are.....

- GOAL 1:** To ensure the Trust’s income is secure, financial risk is effectively managed and adequate funding is available to meet the increasing needs of beneficiaries as they age.
- GOAL 2:** To apply the Trust’s resources strategically, effectively and equitably (in order to achieve our vision).
- GOAL 3:** To ensure that all beneficiaries have access to the best possible information, advice, advocacy, services and support – both within and outside the Trust – as they age and their physical and mental health needs increase.
- GOAL 4:** To ensure effective (two-way) sharing of knowledge and learning for the benefit of the beneficiary community and for wider public benefit.
- GOAL 5:** To ensure that the individual beneficiary’s needs remain paramount, even when third parties (families, carers, representatives) have a role in acting on their behalf.

Public Benefit

Although the Trust is very much focussed on the needs of a small, discrete community of beneficiaries, Trustees have also had regard to the Charity Commission's guidance on public benefit and so we also take steps to deliver a broader societal value by sharing our research and learning with other thalidomide organisations around the world and, where relevant, with the broader disability community.

The Trust is increasingly aware of the benefit of sharing our experience and lessons learned from fifty years of supporting this unique community with other groups of individuals living with disabilities and the organisations that support them now and in the future. To this end, we are working on a 'Legacy Project' to document the key lessons we have learned that we feel will be most valuable to others facing similar challenges.

Structure, Governance and Management

Structure

The Thalidomide Trust was set up in 1973 - originally as the Thalidomide Children's Trust - and is a charitable discretionary Trust registered with the Charity Commission for England and Wales.

With the consent of the Charity Commission, on 29 January 2018 a new company limited by guarantee, The Thalidomide Trust Company (incorporated on 19 January 2018, Company Number 11160424), was appointed as sole Corporate Trustee of the Trust, replacing the individual Trustees. The Corporate Trustee will be referred to in this document as the Trustee.

The Trustees at the date of incorporation became the Directors of the Company. However, although legally Directors, in recognition of the fact that they function as Trustees and operate within the legal frameworks and guidance of the Charity Commission, they continue to be referred to as Trustees. To reflect this, they are referred to as Trustees (as opposed to the Trustee above) throughout this Annual Report.

The subsidiary valiDATE Trust registered in England and Wales, (established in 2019/20 with company number 12144047) ceased trading on 30 June 2024 and its activities (namely the maintenance and development of a diagnostic algorithm to assess the likelihood of Thalidomide Embryopathy in individuals) were transferred to the Thalidomide Trust. The Directors of valiDATE Trust and the Trustees of the Thalidomide Trust subsequently agreed to strike off valiDATE Trust, and the company was formally dissolved on 18 February 2025. However, the diagnostic algorithm continues to be maintained, to be used by the Trust to screen potential new beneficiaries and to be made available to clinicians in other countries, under the auspices of the Thalidomide Trust.

Trustees (formally Directors of the Trustee Company)

The Trust is governed by a small, highly-skilled Board whose members bring a wealth of experience and expertise to the charity including medical, legal, research, governance, health and social care policy, financial management, actuarial and investment.

Trustees are appointed through a structured recruitment process which focusses on the skills required to meet the current and future needs of beneficiaries.

The recruitment process is overseen by the Trust's Chair and there is direct beneficiary involvement in all Trustee appointments.

The Trust has a well-defined and comprehensive programme of induction for new Trustees and all new Trustees are offered a mentor from within the existing Trustee Board.

The Trustees are legally responsible for the overall management and control of the Trust and meet as a full Board at least three times a year. One of these three meetings is an Awayday which enables the Trustees and the Trust's Senior Management Team to spend dedicated time focussing on long-term strategic issues.

The Trust has two key Standing Committees - the Health & Wellbeing Committee and the Finance Committee - which met two and four times respectively during this year. Both Committees are attended by Beneficiary Members, who are selected through an open recruitment process.

There are two additional Committees which met on an ad hoc basis during 2024/25:

- Claims Committee, which considers all evidence and makes recommendations to the Board regarding whether applicants should be accepted as new beneficiaries of the Trust.
- Research Committee, which oversees all research involving the Trust and its beneficiaries and commissions and shapes new research projects.

Beneficiary Engagement

The Trust employs a number of different mechanisms to engage with its beneficiaries and ensure the charity's Trustees hear directly from beneficiaries and have a good understanding of their lived experiences and evolving needs. These include:

- A **Beneficiary Insights Panel**, comprised of 24 beneficiaries who are broadly representative of the community in terms of type of thalidomide damage, gender, geographic location and length of time as a beneficiary. The role of Panel Members is to share their personal views and lived experience with Trustees.
- Periodic **Trustee Webinars** provide an opportunity for two-way communication between Trustees and beneficiaries.
- **Beneficiary Focus Groups** on different topics or with different groups within the beneficiary community to enable Trustees to better understand their specific needs.
- **Task & Finish Groups** made up of beneficiaries and staff to undertake specific projects.
- **Beneficiary Members on Committees** to ensure that there is always a beneficiary perspective included in important discussions.
- **Periodic Beneficiary Surveys and Consultations.**

In the twelve-month period, there were four meetings of the Beneficiary Insights Panel. The topics discussed by the Panel were Social Connectivity outside the home, the Trust Website, Smart & Assistive Technology and Holiday - Challenges and Solutions.

Two Trustee webinars took place providing an opportunity for beneficiaries to interact directly with Trustees. The first provided beneficiaries with an opportunity to meet the new Chair of Trustees together with a new trustee who joined us in 2025, while the second was on the topic of the Diageo Chairs' Review process, scheduled to take place in 2026. Two Beneficiary Focus Groups were held for beneficiaries with a significant hearing impairment that impacts on their ability to communicate with the Trust. One took place in-person, the other online.

Our new approach to beneficiary engagement has encouraged an increased number of beneficiaries to engage with the Trust in different ways. In addition to the formal engagement mechanisms outlined above, we have two ongoing Working Groups with beneficiary members to ensure that we are keeping on top of developments in areas that are important to beneficiaries

and providing the right sort of support (including peer support). The first focusses on vehicles and vehicle adaptations and the second on SMART and Assistive Technology.

We undertook the third of our periodic Beneficiary Feedback Surveys (BFS) in 2025 and achieved a response rate of 61.5%, with the beneficiaries completing the survey being broadly representative of the whole beneficiary community in terms of their gender, geographic location and type of thalidomide damage. The survey results indicated that beneficiaries are supportive of the activities we have introduced as part of our new approach to Beneficiary Engagement - 81% of respondents agree that the Trust makes an effort to listen to the views of beneficiaries and 85% said they know how to raise their concerns with the Trust, if they have any.

Staff Team

During 2024/25, the day to day running of the Trust was delegated to the joint Chief Executives, Deborah Jack and Katy Singh (formerly Sagoe), supported by a small, dedicated and skilled staff team.

The majority of the staff team are focussed on directly supporting beneficiaries in relation to their health and wellbeing in order to maximise their independence and quality of life.

Remuneration Policy

The Trustees are responsible for the Trust's remuneration policy as well as agreeing annual pay increases for the staff team. Trustees take account of market conditions and the pay practice of other comparable charities and employers in the geographic area.

Volunteers

Many beneficiaries generously volunteer their time and expertise to support the Trust and, through it, the broader beneficiary community.

In the last 12 months over 60 beneficiaries volunteered their time across a broad range of roles, including offering peer support, taking part in working groups, attending Trust committee meetings and meetings with the UK Health (and Social Care) Departments. Beneficiary volunteers are playing a key role in developing resources, including the Future Planning Resource and advice on preparing for Orthopaedic Surgery, and in contributing their time to assist in co-producing research.

Number and Profile of Beneficiaries

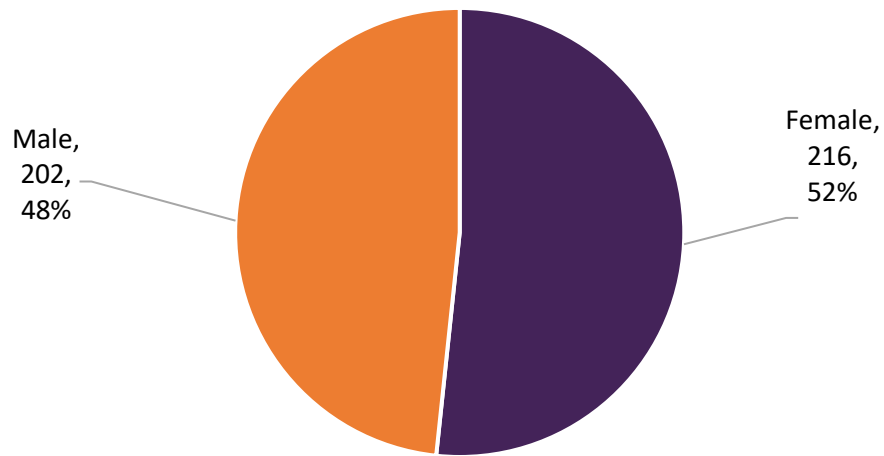
The Trust has responsibility for assessing new applications to become beneficiaries of the Trust and has established a robust procedure for assessing new applications, drawing on international evidence and utilising the diagnostic algorithm, valiDATE, which was one of the key outputs of the WHO conference on Thalidomide Embryopathy held in early 2014.

During the year, the Trust received 45 completed applications from individuals who thought they may be entitled to become beneficiaries. One individual was accepted as a beneficiary in the twelve-month reporting period.

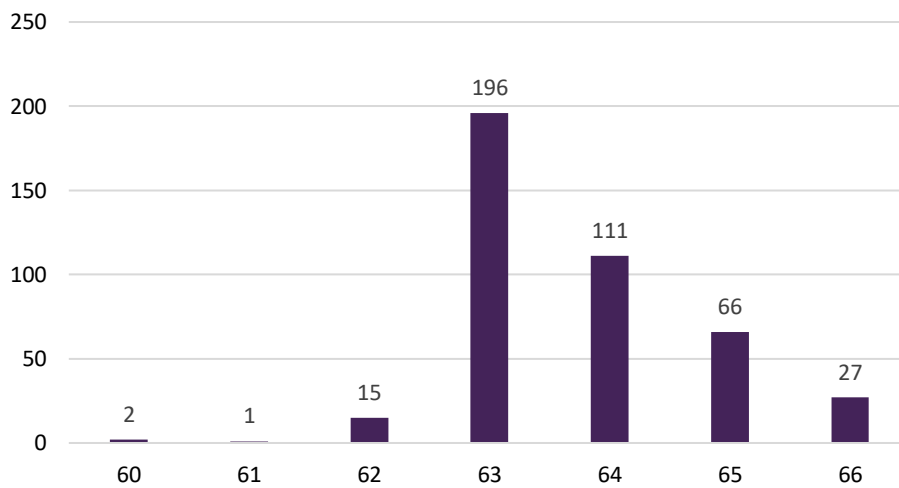
It is with regret that the Trustees report the deaths of nine beneficiaries during the year.

At 30 September 2025 there were 418 beneficiaries (2024: 427). The charts below provide a breakdown of beneficiaries by gender, age and country of residence as at 30 September 2025.

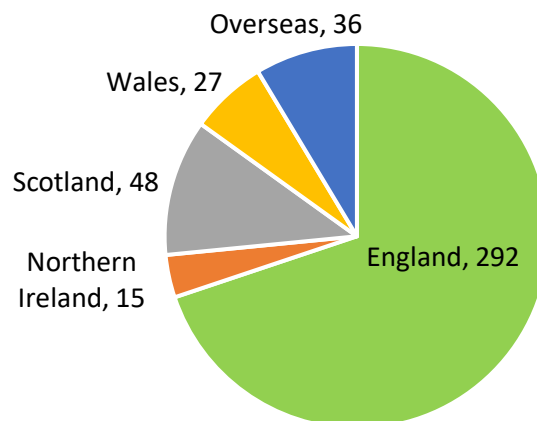
Gender of Beneficiaries



Age of Beneficiaries



Country of Residence



Risk Management

A key role of Trustees is to identify and manage risk and they discharge this duty by means of a Risk Register. The full Risk Register is reviewed by Trustees annually and the most significant risks are reviewed by the Finance Committee on a quarterly basis. Trustees have satisfied themselves that adequate systems and procedures are in place to manage all the identified risks.

As a result of their sustained and proactive approach to risk management, there is only one risk identified as high and that relates to concerns that the pressure on social care services mean that beneficiaries are unable to meet their care and support needs, which are increasing as they age, due to the rising costs of and demand for care and support, reduced funding at local authority level, and geographical pressures and availability of care workers.

In terms of ongoing risk management, we continued our focus on IT security over the year by further strengthening our cybersecurity defences. We moved to a next generation antivirus (NGAV) with 24/7/365 system monitoring by a specialist cybersecurity team, the combination of which provides an advanced level of threat protection. We obtained the UK government-backed Cyber Essentials certification, demonstrating our commitment to protecting our systems and data. As part of our continued vigilance around data protection, we introduced an AI Policy that provides clear guidance on the appropriate use of Generative AI within the Trust.

The Trustees treat safeguarding of our beneficiaries as an important priority, and we have a comprehensive safeguarding policy in place. Sadly, during the 12-month reporting period, safeguarding concerns involving family members or carers were identified in thirteen cases and reported to external bodies (Local Authority Safeguarding leads and/or the Police) in accordance with our Policy.

Achievements and Performance

We continue to gather robust data on our beneficiaries' evolving needs through our structured programme of face-to-face Holistic Needs Assessments and this evidence informs the development of our own services and support and also our discussions with funders. Following the completion of the work undertaken by the Task & Finish Group, a new structured approach to ensuring we understand the needs of overseas beneficiaries, and can provide appropriate support, was piloted successfully and will be introduced for all beneficiaries living outside the UK from 2026.

We continue to provide a wide range of ongoing support to our beneficiaries, tailored to meet their individual needs and, now that they are all in their 60s and experiencing the usual health issues associated with ageing, their needs are becoming increasingly complex and multi-layered.

Over the 12-month period, 269 individual beneficiaries (over 65% of the beneficiary community) had contact with our Health & Wellbeing Team, many on multiple occasions. This compares to 280 beneficiaries in the previous 12-month reporting period.

The most common issues that beneficiaries require support with are health issues – including access to NHS services - mental health/emotional wellbeing, benefits, care and carers, and home adaptations – these issues continue to account for the majority of all contacts with the Health & Wellbeing Team.

In addition to providing significant day-to-day support, at the start of the year we identified a number of ambitious goals for 2024/25.

These are set out on the next page together with an overview of the progress made over the last 12 months:

We said we would...	We...
...complete an evaluation of our Beneficiary Insights Panel	... commissioned an independent evaluation of the panel which identified that the majority of participants valued the Panel as an effective mechanism for engagement. Trustees also felt confident in the insight it gave them. The evaluation suggested a number of small improvements to be addressed in 2026
...conduct our third Beneficiary Feedback Survey	... circulated a feedback survey to all beneficiaries in January 2025, shared the results with our Trustees in April and wrote to all beneficiaries in July with a summary of the findings and told them what action we would be taking in response to these
... implement the outstanding actions from our Independent Governance Review	... agreed an approach to reviewing Board effectiveness and undertook the first review in June 2025. This will be repeated annually.
...commission research into beneficiaries' experiences of inpatient hospital care and into beneficiaries' long-term housing needs and the barriers to them making necessary changes	.. completed the hospital research with Revealing Reality, a leading social policy organisation and will be developing additional advice and support for beneficiaries in 2026. Successfully commissioned Manchester School of Architecture to undertake housing research and this will be completed in 2026
...prepare for Round 4 of Holistic Needs Assessments (HNAs)	 undertook a comprehensive review of the data gathered at HNAs, with beneficiary input, and made some important changes to reflect beneficiaries' evolving needs
...complete and launch a new resource to support beneficiaries with the recruitment and employment of Personal Assistants (PA)	... are close to finalising the new resource, which will be made available in early 2026.

Over the last 12 months, we also:

- Completed our Pain Management research in partnership with Nottingham University Pain Management Centre and developed a proposal for a bespoke holistic pain pathway for beneficiaries.
- Held a Beneficiary Open Day at our office in St Neots and two Local Events for beneficiaries, in Winchester and in Northern Ireland
- Recruited new Beneficiary Members to Health & Wellbeing Committee and Research Committee.

Plans for the Future

In the next 12 months, the Trustees and staff will continue to work together to implement our jointly owned Strategic Plan. Our plans include:

- Building on and embedding the success of beneficiary engagement - including recruiting to our second Beneficiary Insights Panel, as well as to a Task & Finish Group to provide beneficiary input into preparing for the quadrennial Diageo Chairs' Review
- Producing a Future Planning resource pack for beneficiaries to support them to have important conversations about their future wishes and start to plan for their future health and support needs.
- Piloting our new Pain Management Pathway with an initial cohort of beneficiaries and ensuring this is rigorously evaluated by a team from Nottingham University before we consider a wider roll out.
- Completing the research into beneficiaries' long-term housing needs and the barriers to making necessary changes, in order that we can understand what support is required from the Trust to ensure beneficiaries can access their "forever homes".
- Holding our first Future Care Matters (virtual) Event to provide information, support and advice to beneficiaries to understand all aspects of care and support provision, access and funding.
- Launching our new Personal Assistant (PA) Pack to support beneficiaries with the recruitment and employment of Personal Assistants.

Financial Review

The Trust has an investment portfolio of £155m which, combined with annual donations from Diageo, funds the Annual Grants payable to its beneficiaries.

The Trust received donations from Diageo plc totalling £13.5m (2024: £12.4m). Health Grant funding from the four Health (and Social Care) Departments of the United Kingdom totalled £10.5m (2024: £13.3m). As Health Grant funding is provided for specific, agreed health and wellbeing purposes, these are accounted for by the Trust as funds restricted for these purposes. In 2025, the Department of Health & Social Care in England deducted £2.7m from its annual funding corresponding to the balance of funds held for, but not yet required by, the group of beneficiaries who lack decision making capacity (BWLCs) residing in England at the end of the ten-year agreement which ran from 2013 to 2023. In recognition of the fact that this group has complex needs that will increase significantly over time, the Department of Health & Social Care agreed to ringfence these monies to meet their future needs.

During the year the Trust allocated grants totalling £34.9m (2024: £36.4m) to its beneficiaries.

The Trust is committed to managing its resources effectively and achieving value for money. It operates a robust budget management system which involves regular review of activity and expenditure by budget holders, oversight by the Management Team and regular reporting of variances to the Trust's Finance Committee. The Trust does not actively fundraise and 100% of its resources are utilised for charitable purposes, including charity governance. During 2024/25, 93% of outgoing resources were in the form of grants to our beneficiaries. Of the remaining 7% of expenditure, 60% was spent on providing health and wellbeing support and financial guidance directly to our beneficiaries by our staff and volunteers. The balance of resources was utilised to administer beneficiary grants, assess applications from potential new beneficiaries, manage the investment portfolio, and ensure effective governance of the Trust.

Investment Objectives

The principal objective of the investment policy is to generate sufficient income and capital return to enable the Trustees to pay Annual Grants for the entire lives of the beneficiaries.

The environmental, social and governance (ESG) nature of Trust investments has been considered at length by the Trustees. The Trustees believe that ESG-related risks, including climate change risks, are financially material and an important component of investment risk. The Trustees believe that organisations that soundly manage ESG-related risks are more likely to be financially sustainable over time, and therefore deliver better long-term risk-adjusted returns. Trustees currently hold £43m of funds in an ESG fund with Legal & General Investment Management (LGIM).

As all the Trust investments are held within pooled funds, the decisions regarding the selection of investments are entrusted to the investment managers, who each act within agreed guidelines. Trustees regularly ask investment managers to explain how ESG factors are incorporated into their decisions regarding the selection of investments.

In line with the Deed of Covenant with Diageo, the Trustees have adopted an investment policy which will reduce the investment risk of the portfolio over the lifetime of the Trust. Since 2023, in line with the strategy, Trustees began the process of de-risking the portfolio with the long-term intention of achieving a low-risk portfolio by 2037. The low-risk portfolio is defined as a mixture of bonds, cash, swaps and other financial instruments with up to 10% in return-seeking assets, designed to provide the anticipated future payments from the Trust with a significant degree of

certainty. The de-risking carried out this year involved disinvesting £9m from equity funds (held with Schroders and BlackRock) and moving £3m into fixed income funds (held with BlackRock), with the balance serving day-to-day cash needs.

The current benchmark against which performance will be measured is represented by a portfolio comprising of 61.25% global equities and 38.75% bonds.

Investment Strategy and Performance

The investment strategy is currently implemented through a combination of investments and managers as set out in the table below, together with the ranges within which the policy is managed, in line with the Statement of Investment Principles dated September 2023.

Portfolio	Manager	Central Allocation (% of Assets)	Target Ranges (% of Assets)
Active Global Equities	Schroders	22	15-35
Passive Global Equities	BlackRock and LGIM	41	35-55
Bond Portfolios	BlackRock	36	20-40
Cash	Within above portfolios	1	0-20

Cash deposits are held with a variety of banks and investment managers.

The total annual return on the Trust's investments for the year was 11.2% (2024: 17.8%), which compares to a benchmark of 11.3%.

Over the last three years the average rate of return has been 13.7% pa, which compares to a benchmark of 12.1% pa.

Significant Investments

At the year end, the following investments represented 5% or more of the total market value of investments:

	£000s	%
Legal and General Future World ESG Fund	43,051	28
BlackRock Global Corporate ESG Bond Fund	26,851	17
Schroders Global Recovery Fund	25,917	17
BlackRock Overseas Government Bond Fund	25,388	16
BlackRock North America Fund	14,496	9
Schroders Charity Equity Fund	8,275	5

Derivative Instruments

The Trustees have authorised Schroders to use financial contracts, known as derivatives, to help manage investment portfolio risk. However, the Trust's funds with Schroders are currently held in funds with no direct derivative exposure.

At the year end the open derivatives position was a net liability of £0 (note 9) (2024: £0).

Diageo Covenant

A Deed of Covenant is in place, signed by the Trustees and Diageo plc (successor to The Distillers Company), which sets out Diageo's commitment to long-term support for Thalidomide Trust beneficiaries and to underwrite the investment policy of the Trust. The Covenant enables the Thalidomide Trust both to maintain the programme of Annual Grants to its beneficiaries and deliver ongoing support in response to their evolving and growing health and wellbeing needs.

The Deed of Covenant is reviewed by the Trustees and Diageo periodically. During the latest of these discussions in 2023, Diageo agreed an increased level of support which included an additional lump sum grant payment to beneficiaries. These funds were taken from the Trust's existing investment portfolio, as agreed with Diageo. Diageo also agreed additional funding to meet beneficiaries' specific health and wellbeing needs that the Trust was able to evidence from the Holistic Needs Assessments carried out over the preceding six years. Diageo also agreed to make additional financial contributions, if required, to the Trust beyond 2037 which was the date that annual payments were previously expected to cease. In January 2024, an updated Deed of Covenant was signed which reflected this increased support.

Government Health Grants

In addition to the assets held by the Trust and the income from Diageo, the UK government supports the Trust by way of Health Grant funding agreements in place with the four UK Health (and Social Care) Departments since 2009. This money has helped beneficiaries to respond to their growing needs as they age – in order to maximise their independence and quality of life, minimise further deterioration and improve their overall health and wellbeing. In March 2021, the Chancellor, Rishi Sunak, announced a commitment to lifetime funding of the Health Grant to beneficiaries living in England and during 2022 both Wales and Scotland announced the same commitment. In 2023, new Health Grant agreements were signed by the Health (and Social Care) Departments in England, Scotland and Wales which re-stated their commitment to lifetime funding, set out the level of funding for the period from 2023 to 2027 and committed to four-yearly funding reviews. In 2024, the Northern Ireland government announced the same lifetime commitment and signed a comparable grant agreement for beneficiaries living in Northern Ireland.

Grant Making and Reserves Policy

Beneficiaries receive an Annual Grant, based on their level of disability, from funds that come from Diageo each year in line with the Covenant and the Trust's reserves, including the interest and investment growth accrued.

The Trustees' distribution policy continues to provide individual Annual Grants to beneficiaries for the whole of their lives. The Trustees have to set a policy which will ensure reserves are not depleted whilst beneficiaries are in need of funding, whilst at the same time aiming to ensure that all assets are utilised by the time of the death of the last beneficiary. The total unrestricted funds at 30 September 2025 stood at £145m (2024: £142m) whereas the Restricted Fund had a balance of £0.6m at the year-end (2024: £0.7m).

Statement of the Corporate Trustee's Responsibilities

The Trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and their application for that period.

In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP (Statement of Recommended Practice)
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis¹ unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. The Trustee is 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.

The Trustee is responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Corporate Trustee:

David Body
Chair of the Board of the Thalidomide Trust Company
28 January 2026

¹ The going concern basis means that the charity has the resources to continue in operations for a minimum of 12 months from the date of signing these financial statements

Independent auditors' report to the Trustee of The Thalidomide Trust

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Thalidomide Trust for the year ended 30 September 2025 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 September 2025 and of its incoming resources and application of resources 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on pages 15 and 16, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charity's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charity by discussions with trustees and updating our understanding of the sector in which the charity operates.

Laws and regulations of direct significance in the context of the charity include the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charity's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charity's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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Saffery LLP

Westpoint
Peterborough Business Park
Lynch Wood
Peterborough
PE2 6FZ

Statutory Auditors

Date:

Saffery LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities for the year ended 30 September 2025

	Note	Unrestricted funds £000s	Restricted funds £000s	Total funds 2025 £000s	Total funds 2024 £000s
Income from:					
Diageo donations	3	13,462	-	13,462	12,373
Health Department grants	5	-	10,545	10,545	13,274
Investment income	2	4,291	243	4,534	4,483
Other income		78	-	78	34
Total		17,831	10,788	28,619	30,164
Expenditure on:					
Raising funds (investment management)	6	(488)	-	(488)	(312)
Charitable activities	6	(26,759)	(10,890)	(37,649)	(39,140)
Total		(27,247)	(10,890)	(38,137)	(39,452)
Net gains/(losses) on investments	9	12,463	-	12,463	18,944
Net income (expenditure)		3,047	(102)	2,945	9,656
Reconciliation of funds					
Fund balances brought forward at 1 October 2024/2023	11	141,736	720	142,456	132,800
Fund balances carried forward at 30 September 2025/2024	11	144,783	618	145,401	142,456

All activities are continuing. All gains and losses recognised in the year are included in the Statement of Financial Activities.

Balance Sheet as at 30 September 2025

		Total funds 30/09/2025 £000s	Total funds 30/09/2024 £000s
	Note		
Fixed assets			
Tangible assets	8	367	402
Investments	9	155,314	154,909
		155,681	155,311
Current assets			
Debtors and prepayments	15	95	125
Advance of grants	15		
amounts falling due within one year		446	267
amounts falling due after one year		581	765
Cash at bank and in hand		10,686	11,380
		11,808	12,537
Creditors: amounts falling due within one year			
Beneficiary nominee accounts	12	(21,717)	(25,149)
Creditors and accruals	16	(371)	(243)
		(22,088)	(25,392)
Net current assets		(10,280)	(12,855)
Total assets less current liabilities		145,401	142,456
Net assets		145,401	142,456
Trust funds			
General fund	11	142,220	138,733
Beneficiary memorandum accounts	11,12	2,563	3,003
		144,783	141,736
Restricted fund	11	618	720
		145,401	142,456

The financial statements on pages 20 to 40 were approved by the Board on 28 January 2026 and signed on behalf of the Corporate Trustee by:

David Body
Director

Mark Benstead
Director

Cash flow statement for the year ended 30 September 2025

	Note	Total funds 2025 £000s	Total funds 2024 £000s
Cash flows from operating activities:			
<i>Net cash provided by /used in operating activities</i>		<u>(17,279)</u>	<u>(18,035)</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		4,534	4,483
Purchase of tangible fixed assets	8	(7)	-
Proceeds from sale of tangible fixed assets		-	-
Purchase of investments	9	(3,000)	(14,180)
Proceeds from sale of investments	9	15,089	25,303
<i>Net cash provided by /used in investing activities</i>		<u>16,616</u>	<u>15,606</u>
Change in cash and cash equivalents in the reporting period			
		(663)	(2,429)
Cash and cash equivalents as 1 October 2024		12,745	15,174
Cash and cash equivalents as at 30 September 2025		<u>12,082</u>	<u>12,745</u>
Cash held for investment	9	1,396	1,365
Cash at bank and in hand		10,686	11,380
Cash as at 30 September 2025		<u>12,082</u>	<u>12,745</u>
Reconciliation of income/(expenditure) to net cash (outflow) from operating activities			
<i>Net income for the reporting period as per the statement of financial activities</i>		2,945	9,656
Adjustments for:			
Depreciation & profit on disposals		42	41
(Gains)/losses on investments		(12,463)	(18,944)
Dividends, interest and rents from investments		(4,534)	(4,483)
Increase/(decrease) in creditors due within one year		(3,304)	(4,021)
(Increase)/decrease in debtors		35	(284)
<i>Net cash provided by /used in operating activities</i>		<u>(17,279)</u>	<u>(18,035)</u>

Notes to the financial statements for the year ended 30 September 2025

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2022 and UK Generally Accepted Practice as it applies from 1 January 2019.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trust, which is an unincorporated discretionary charitable trust, constitutes a public benefit entity as defined by FRS 102. The sole trustee is the Thalidomide Trust Company, which is an incorporated trustee company. The financial statements have been prepared on a going concern basis (that is to say, that the charity has the resources to continue in operations for a minimum of 12 months from the date of signing these financial statements) and accounting policies have been applied consistently.

The undertaking by Diageo plc in their 2024 Deed of Covenant is to make annual donation payments until 2037, with a commitment thereafter to provide further financial contributions, if required, to ensure funding is sufficient to maintain grants for the lifetime of beneficiaries. The Health Grant funding agreements have been formally extended to a lifetime commitment by England, Scotland, Wales and now Northern Ireland. These agreements support the conclusion that the charity is a going concern.

The financial statements are prepared in sterling, which is the functional currency of the Trust, and rounded to the nearest £000. The date for authorisation of the issue of the financial statements was 28 January 2026.

The Thalidomide Trust has taken advantage of the exemption under section 24.13A of the Charities SORP not to prepare consolidated accounts. The financial statements present information about the Trust as an individual entity and not about its group.

Fund accounting

Unrestricted Funds

Unrestricted funds are expendable at the discretion of the Trustees in the furtherance of the objects of the Thalidomide Trust. The Trust's level of reserves is maintained in order to meet the anticipated future grant allocations.

The General Fund and Beneficiary Memorandum Accounts are derived from funds provided by Diageo plc and its predecessors, and investment returns, as defined in note 12.

Notes to the financial statements for the year ended 30 September 2025 (continued)

1. Accounting policies (continued)

Restricted Funds

Restricted income funds are funds whose use is restricted to specific purposes according to the terms on which the funds were received. Where income is received for purposes specified by the donor that income is shown as restricted in the Statement of Financial Activities. Expenditure for the specified purposes is shown as restricted expenditure. Any unexpended balance at the balance sheet date is carried forward as a restricted income fund.

Restricted Funds are derived from the Health (and Social Care) Departments in England, Scotland, Wales and Northern Ireland as detailed in note 5.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the useful economic lives of the assets concerned.

The principal depreciation rates used are as follows:

Motor vehicles	-	25% per annum
Furniture and equipment	-	20% per annum
Buildings	-	2% per annum
Fixtures and fittings	-	14 % per annum

The Trust has a capitalisation threshold of £2,500.

Tangible fixed assets are written down to their realisable value if it is considered there has been a permanent diminution in their value.

Investments

Unquoted unit trust investments are stated at the market value as established by the administrators of the unit trust. Market value is based upon the buying and selling price of the underlying securities in the relevant market with allowances made for cash, accrued income and costs within the unit trust fund.

Derivatives are initially recognised at transaction value and subsequently measured at their settlement value.

Income from investments

Income from investments is recognised when its receipt is probable and the amount receivable can be measured reliably. Any realised and unrealised gains and losses on revaluation or disposals are combined in the statement of financial activities.

Notes to the financial statements for the year ended 30 September 2025 (continued)

1. Accounting policies (continued)

Other incoming resources

Other income consists mainly of fee income charged to beneficiaries, which is recognised upon the issuance of Advances on future grants to beneficiaries. These Advances are intended to assist with major property, mobility and health related purchases. The fee level is based on the cost to the Trust of making the Advances, which includes a contribution towards the loss of income generated by the Trust's cash and investments as a result of withdrawing the cash to be advanced to the beneficiary. There is also a small level of income from the use by overseas clinicians of the diagnostic algorithm to assess the likelihood of Thalidomide Embryopathy in individuals in other countries.

Diageo donation

The Diageo donation is paid under the terms of a Deed of Covenant dated 9 January 2024 which sets out an undertaking to make annual payments until 2037 and with a commitment thereafter to make further financial contributions, if required, to ensure funding is sufficient to maintain grants for the lifetime of beneficiaries.

The income is recognised when there is evidence of entitlement, receipt is probable and the amount can be measured reliably. For the Diageo donation, this is upon the receipt of the cash each year.

Income from Health (and Social Care) Departments

The income is recognised when there is evidence of entitlement, receipt is probable and the amount can be measured reliably. For the Health (and Social Care) Departments Grants, this is upon the receipt of the cash each year.

Pension arrangements

The Trust operates a defined contribution pension scheme for employees. Contributions are paid into the group scheme, the assets of which are held in an independently administered fund. Contributions are charged to the statement of financial activities as they become payable. The Trust provides no other post-retirement benefits to its employees.

Charitable expenditure

All charitable expenditure is accounted for on an accruals basis and has been classified under the category headings, which aggregate all costs related to each category, as shown in note 6. Where costs cannot be directly attributed to particular headings they have been allocated in proportion to the time spent by staff on work under each heading.

Grant-making

Grants payable are accounted for in full as creditors of the charity when approved by the Trustees. As all grants are made to individuals, The Thalidomide Trust has applied the exemption under section 16.25 of the Charities SORP not to disclose details of the recipients.

Non-financial support costs

Beneficiary support costs comprise the direct costs, including staff, attributable to delivering the Trust's wide range of financial and non-financial support to beneficiaries.

Notes to the financial statements for the year ended 30 September 2025 (continued)

1. Accounting policies (continued)

Governance

Governance costs cover expenditure on maintaining the constitutional and policymaking framework of the Trust and compliance with statutory requirements.

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

Judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the recognition of incoming donations and grants, and value of the Advances of Grants amounts falling due within, and after, one year.

The value of incoming grants and donations are agreed on an annual basis with both Diageo plc and the four Health (and Social Care) Departments in the UK to reflect the level of support needed for current beneficiaries. Future receipts are not anticipated within the financial statements as there is uncertainty as to the level of the receipts.

Advances of Grants are recovered by the Trust through deductions from future grants allocated to beneficiaries. Where possible, the Trust places a charge on property as security for the Advance and has further reduced the risk of the non-repayment of an Advance through a debit balance insurance policy held by the Trust. Based on these actions, in the judgement of the Trust's management the Advances as at the year-end are fully recoverable.

Notes to the financial statements for the year ended 30 September 2025 (continued)

2. Investment income

	2025 £000s	2024 £000s
Unrestricted		
Global Unit Trusts (Equities)	1,839	2,064
Global Unit Trusts (Fixed Income)	1,841	1,448
UK Charity Funds (Equities)	434	490
Cash Holdings	177	199
	4,291	4,201
Restricted fund		
Cash Holdings	243	282
Total per Statement of Financial Activities	4,534	4,483

3. Diageo plc donation

On 9 January 2024 Diageo plc entered into a Deed of Covenant with the Thalidomide Trust which replaced earlier covenants executed by Guinness plc in 1995 and Diageo plc in 2000, 2005, 2012 and 2018.

Under this Covenant future increases in the Annual Grant paid to beneficiaries will continue to be linked to the Retail Price Index (RPI).

4. Investment management fees

The Investment Managers charge a fee for their services based upon an agreed percentage of the market value of the investments under management and a performance related fee.

The Investment Managers' fees charged for the year amounted to £441,000 (2024: £260,000). The increase is due to the accrual of a performance fee due to Schroders which will become due if their recent outperformance against their benchmark continues to the end of the calendar year.

In addition to the Investment Managers' fees, Trust costs relating to investment management were £47,000 (2024: £52,000). This is made up of £36,000 of investment consultancy services and £11,000 of staff time.

5. Grant-making

Unrestricted Funds: General Grants

The Trustees' grant-making policy has been:

For beneficiaries with capacity to manage their financial affairs

The Trustees maintain a non-interest bearing nominee account for each beneficiary.

An Annual Grant is paid into the nominee account. A beneficiary has absolute entitlement to the balance in his or her nominee account and the balance is recognised as a creditor of the Trust.

5. Grant-making (continued)

Beneficiaries can instruct the Trust to make payments up to the balance in their nominee accounts from which they have entire discretion over the amount and frequency of the payments.

The Annual Grant is calculated with reference to each beneficiary's degree of disability, in accordance with the criteria applicable to distributions set out in the Diageo Deed of Covenant. The Trustees reserve the right to amend the method of calculating the Annual Grant.

In addition to the Annual Grant, the Trustees will consider requests for Major Advances (normally relating to significant one-off costs to meet mobility and housing needs), Short-Term Advances (to enable beneficiaries to make a transition in their housing arrangements where there are complex needs) and Emergency Advances (to meet unanticipated costs in the short term).

Where a Major, Short-Term or Emergency Advance has been made, future Annual Grants will be reduced by the amortisation of the Advance and an agreed annual fee to reflect the costs associated with making the Advance and the reduction in the Trust's investment assets as a result of the Advances. Major Advances will normally result in a reduction to the Annual Grants for a number of years whereas Emergency Advances will normally result in a reduction to the following year's Annual Grant. Short-Term Advances are usually repayable upon the sale of a property, and recoverable from future grants if the sale does not complete within the anticipated timeframe.

In addition, the Trustees have established a small Exceptional Needs Fund which allows beneficiaries with exceptional health and wellbeing needs (which cannot reasonably be met from their existing income) to apply for an additional one-off grant.

For beneficiaries who lack capacity to manage their financial affairs

The Trustees make payments to meet the needs of the beneficiary following discussion with the beneficiary's deputy or attorney officially registered with the appropriate authority (such as the Office of the Public Guardian in the UK) to manage the beneficiary's financial affairs. Once funds have been transferred to the deputy or attorney for the benefit of the beneficiary, control of these funds passes absolutely out of the Trust. However, in line with Trust's policy on beneficiaries who lack capacity, there is a requirement for regular reporting on how these funds are utilised to meet the needs of the beneficiary and professional oversight.

Until such time as beneficiaries who lack capacity have a professional deputy or appointed attorney in place, or where the appointed deputy or attorney has not fully complied with the regular reporting requirements, their Annual Grants are held in Beneficiary Memorandum Accounts as designated funds.

All payments will always remain at the discretion of the Trustees and will be allocated in accordance with the principles set out in the Trust Deed and in line with the Trust's policy on beneficiaries who lack capacity.

Notes to the financial statements for the year ended 30 September 2025 (continued)

5. Grant-making (continued)

Annual Grants	2025	Value of	2024	Value of
	Number of beneficiaries*	grants £000s	Number of beneficiaries*	grants £000s
Beneficiaries with capacity to manage their financial affairs	401	22,683	409	21,878
Beneficiaries who lack capacity to manage their financial affairs	24	1,838	22	1,717
Total of Grants	425	24,521	431	23,595

*At point of allocation.

Restricted Funds: Government Grants

The four UK Health (and Social Care) Departments provide funding for the Health Grants to meet beneficiaries' current and future health and wellbeing needs. In 2023 the governments of England, Scotland and Wales made a commitment to lifetime funding of the Health Grant, and entered into new Health Grant agreements which confirmed this commitment, specified the level of grant funding for the first four-year period and agreed to review the level of funding at the end of the four-year period, based on beneficiary numbers and needs. During the year, the government of Northern Ireland signed a comparable agreement which included the same lifetime commitment of funding and four-year financial reviews.

Health Grant funding is distributed in accordance with the Trust's existing distribution policy. The costs associated with administering the scheme are met from the funding. Details of Health Grant direct and indirect costs are set out in note 6. The level of costs charged has been determined by reference to factors such as the time spent on Health Grant-related work (both administering and monitoring /reporting activities).

Trust staff and Beneficiary Representatives meet with each of the Health (and Social Care) Departments on an ongoing basis. One of the key objectives of these reviews and the related discussions is to actively manage the level of support requested from the four UK Health (and Social Care) Departments and the level and nature of the Health Grant fund expenditure such that there are no long-term deficits, or surpluses, on the restricted Health Grant funds.

Health Grants by Country

	England	Scotland	Wales	N. Ireland	Total
£000s					£000s
Fund balances as at 1 October 2024	438	184	43	55	720
Incoming Health Grants	7,236	1,668	1,083	558	10,545
Health Grants Allocation	(7,150)	(1,621)	(1,072)	(568)	(10,411)
Interest income	157	33	38	15	243
Health Grants - Direct costs	(71)	(18)	(8)	(4)	(101)
Health Grants – Indirect costs	(297)	(49)	(21)	(11)	(378)
Fund balances as at 30 September 2025	313	197	63	45	618

Notes to the financial statements for the year ended 30 September 2025 (continued)

6. Trust costs and net income

		2025			2024		
	Note	Unrestricted £000s	Restricted £000s	Total £000s	Unrestricted £000s	Restricted £000s	Total £000s
Expenditure on raising funds:							
Investment management fees		441	-	441	260	-	260
Support costs (see below)	4	47	-	47	52	-	52
Total Expenditure on raising funds		488	-	488	312	-	312
Charitable activities:							
Grants	5,12	24,521	10,411	34,932	23,595	12,793	36,388
Net decrease in memorandum account balances	11,12	440	-	440	496	-	496
Subtotal		24,961	10,411	35,372	24,091	12,793	36,884
Costs of grant making (see below)		91	24	115	82	23	105
Beneficiary support costs (see below)		1,398	369	1,767	1,319	411	1,730
Support costs (see below)		308	87	395	326	95	421
Total Charitable activities		26,759	10,890	37,649	25,818	13,322	39,140

2025

	Staff and other HR costs	Admin and running costs	Legal, Professional and Audit fees	Beneficiary Engagement	Research & Development	Total Unrestricted	Restricted costs allocation
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Expenditure on raising funds:							
Investment management	5	6	36	-	-	47	-
Expenditure on charitable activities:							
Costs of grant-making	44	19	28	-	-	91	24
Beneficiary support costs	730	657	4	-	7	1,398	369
Other costs:							
- Governance & admin	171	43	34	29	-	277	
- New claims	15	14	2	-	-	32	
Total other costs	186	57	37	29	-	308	87
Total unrestricted costs	965	739	105	29	7	1,845	
Restricted costs							
Beneficiary support costs - Health Grant recharged	341	111	17	10	-	480	480
Total costs – 2025	1,306	850	122	39	7	2,324	
Total costs - 2024 (see below)	1,274	892	111	26	5	2,308	

Notes to the financial statements for the year ended 30 September 2025 (continued)

6. Trust costs and net income (continued)

Comparative 2024	Staff and other HR costs	Admin and running costs	Legal, Professional and Audit fees	Beneficiary Engagement	Research & Development	Total Unrestricted	Restricted costs allocation
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Expenditure on raising funds:							
Investment management	8	3	40	-	-	52	-
Expenditure on charitable activities:							
Costs of grant-making	57	18	7	-	-	82	23
Beneficiary support costs	697	613	4	-	5	1,319	411
Other costs:							
- Governance & admin	184	47	43	18	-	292	
- New claims	16	18	-	-	-	34	
Total other costs	200	65	43	18	-	326	95
Total unrestricted costs	962	699	95	18	5	1,779	
Restricted costs							
Beneficiary support costs - Health Grant recharged	312	193	16	8	-	529	529
Total costs – 2024	1,274	892	111	26	5	2,308	

Net income for the year is stated after charging/crediting:

	2025 £000s	2024 £000s
Depreciation	42	41
Audit Fees	34	34
Profit on disposal of fixed assets	-	-

Notes to the financial statements for the year ended 30 September 2025 (continued)

7. Trustee and employee information

The monthly average number of persons employed by the Trust during the year was 22 (2024: 21).

Staff costs (for the above persons)	2025 £000s	2024 £000s
Gross salaries and wages	1,003	930
Social security costs	116	108
Employer pension contributions	98	93
Other employee benefits	33	32
	1,250	1,163

The number of employees whose total emoluments (i.e. salary and taxable benefits) exceeded £60,000 were:

	2025 Number	2024 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	3	-
£80,001 - £90,000	2	2
£110,001 - £120,000	-	-
£120,001 - £130,000	-	1

No remuneration was paid to the Trustees of The Thalidomide Trust Company Ltd (2024: £nil). Travel and subsistence expenses of £8,000 (2024: £7,000) were reimbursed to 7 (2024: 6) Trustees of The Thalidomide Trust Company Ltd during the year.

The total remuneration and benefits received by the Trust's key management personnel was £364,000 (2024: £330,000) for 4 employees (2024: 3).

Notes to the financial statements for the year ended 30 September 2025 (continued)

8. Tangible assets

Tangible assets comprise the following:

	Motor Vehicles	Furniture & equipment	Office Building	Office Refurb	Total
	£000s	£000s	£000s	£000s	£000s
Cost					
At 1 October 2024	26	12	465	159	662
Additions	-	7	-	-	7
Disposals	-	-	-	-	-
At 30 September 2025	26	19	465	159	669
Accumulated depreciation					
At 1 October 2024	15	8	203	34	260
Charged	6	4	9	23	42
Disposals	-	-	-	-	-
At 30 September 2025	21	12	212	57	302
Net book value					
At 30 September 2025	5	7	253	102	367
At 30 September 2024	11	4	262	125	402

All tangible fixed assets are unrestricted.

9. Investments

	2025 £000s	2024 £000s
Unlisted investments		
Equities	98,667	100,895
Fixed Income	55,251	52,649
Cash held for investments (including accrued investment income)	1,396	1,365
Total per Balance Sheet	155,314	154,909

All equities and fixed income are held in Global Unit Trusts.

All investments are held as unrestricted funds.

Notes to the financial statements for the year ended 30 September 2025 (continued)

9. Investments (continued)

The movement on investments in the year was as follows:

	2025 £000s	2024 £000s
Market value b/fwd 1 October 2024	154,909	146,616
Less: Disposal proceeds/ share exchanges	(15,089)	(25,303)
Add: Purchases at cost/share exchanges	3,000	14,180
Realised and unrealised gains/(losses)	12,463	18,944
Increase/(decrease) in cash held for investment (including accrued investment income)	31	472
Market value at 30 September 2025	155,314	154,909
Historical cost at 30 September 2025	115,063	121,523

The Trustees believe that the carrying value of the listed investments is supported by the underlying net assets.

10. Subsidiary

The subsidiary valiDATE Trust ceased trading on 30 June 2024 and its activities (namely the maintenance and development of a diagnostic algorithm to assess the likelihood of Thalidomide Embryopathy in individuals) were transferred to the Thalidomide Trust. The Directors of valiDATE Trust and the Trustees of the Thalidomide Trust subsequently agreed to strike off valiDATE Trust, and the company was formally dissolved on 18 February 2025.

11. Trust Fund including comparatives

	Unrestricted Funds			
	Designated Beneficiary Memorandum Accounts £000s	General Fund £000s	Restricted Fund £000s	Total Trust Funds £000s
Balance as at 1 October 2024	3,003	138,733	720	142,456
Net incoming/(outgoing) resources as per Statement of Financial Activities	-	3,047	(102)	2,945
Adjustment for net increase in beneficiary memorandum accounts (note 12)	(440)	440	-	-
Balance as at 30 September 2025	2,563	142,220	618	145,401
	Note 12		Note 5	

Notes to the financial statements for the year ended 30 September 2025 (continued)

11. Trust Fund including comparatives (continued)

	Unrestricted funds			
	Designated Beneficiary Memorandum Accounts £000s	General Fund £000s	Restricted Fund £000s	Total Trust Funds £000s
Fixed Assets				
Tangible	-	367	-	367
Investments	2,012	153,303	-	155,314
Current Assets				
Debtors and Prepayments	-	95	-	95
Advance of Grants	-	1,027	-	1,027
Cash at Bank and in Hand	551	4,474	5,661	10,686
Creditors: amounts falling due within one year				
Beneficiary nominee accounts	-	(16,674)	(5,043)	(21,717)
Creditors and accrued expenses	-	(371)	-	(371)
Balance as at 30 September 2025	2,563	142,220	618	145,401
	Note 12		Note 5	

	Unrestricted funds			
	Beneficiary Memorandum Accounts £000s	General Fund £000s	Restricted Fund £000s	Total Trust Funds £000s
Comparatives				
Balance as at 1 October 2023	3,499	128,815	486	132,800
Net incoming/(outgoing) resources as per Statement of Financial Activities	-	9,422	234	9,656
Adjustment for net increase in beneficiary memorandum accounts	(496)	496	-	-
Balance as at 30 September 2024	3,003	138,733	720	142,456
	Note 12		Note 5	

Notes to the financial statements for the year ended 30 September 2025 (continued)

11. Trust Fund including comparatives (continued)

Comparatives	Unrestricted funds		Restricted Fund £000s	Total Trust Funds £000s
	Beneficiary memorandum Accounts £000s	General Fund £000s		
Fixed Assets				
Tangible	-	402	-	402
Investments	2,261	152,649	-	154,909
Current Assets				
Debtors and Prepayments	-	125	-	125
Advance of Grants	-	1,032	-	1,032
Cash at Bank and in Hand	742	3,088	7,550	11,380
Creditors: amounts falling due within one year				
Beneficiary nominee accounts	-	(18,319)	(6,830)	(25,149)
Creditors and accrued expenses	-	(243)	-	(243)
Balance as at 30 September 2024	3,003	138,733	720	142,456
	Note 12		Note 5	

12. Beneficiary accounts

Beneficiary Memorandum Accounts are all designated funds and include: accounts for beneficiaries who lack capacity to manage their financial affairs (as detailed at note 5) and lump sum compensation payments allocated to new beneficiaries accepted by the Trust. On the death of a beneficiary, any funds held in Memorandum Accounts revert to the General fund to be used for the benefit of the wider community.

Beneficiary nominee accounts include the Annual Grant funds to which a beneficiary has absolute entitlement and which have not been requested by beneficiaries at the year-end (as detailed in note 5). On the death of a beneficiary, any Annual Grant funds not yet paid out will form part of their estate.

Beneficiary Health Grant accounts include the Health Grant funding made available, but not requested by beneficiaries (as detailed in note 5). On the death of a UK-based beneficiary, any Health Grant funds not yet paid out are deducted from the following year's funding from the respective government.

12. Beneficiary accounts (continued)

	Beneficiary nominee accounts	Beneficiary Health Grant accounts	Total (Nominee and Health Grant accounts) 2025	Beneficiary Memorandum accounts	Total (Memorandum, Nominee and Health Grant accounts) 2025	Total (Memorandum, Nominee and Health Grant accounts) 2024
	£000s	£000s	£000s	£000s	£000s	£000s
As at 1 October 2024:						
Balance Sheet- Beneficiary Nominee Accounts	18,319	6,830	25,149		25,149	29,183
Balance Sheet- Beneficiary Memorandum Accounts				3,003	3,003	3,499
Payments, Allocations & Transfers:						
Annual Grant Allocations	23,391		23,391	1,130	24,521	23,595
Health Grant Allocations		10,411	10,411		10,411	12,793
Payments from Beneficiary Accounts	(25,353)	(12,198)	(37,551)	(1,253)	(38,804)	(40,918)
Transfers between Nominee and Memorandum Accounts	317		317	(317)	-	-
As at 30 September 2025:						
Balance Sheet- Beneficiary Nominee Accounts	16,674	5,043	21,717		21,717	25,149
Balance Sheet- Beneficiary Memorandum Accounts				2,563	2,563	3,003

Note 11

Notes to the financial statements for the year ended 30 September 2025 (continued)

13. Taxation

The Trust is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

During the current and prior years, all distributions to beneficiaries were paid under the terms of Statutory Instrument 2004 No 1819, which allows distributions from the Trust to be paid free of income tax, and therefore no income tax liability arose.

14. Pension obligations

Defined contribution scheme

Permanent staff are eligible to receive a pension provision equivalent to 10% of gross salary under a defined contribution scheme. During the year employer contributions to this scheme amounted to £98,000 (2024: £93,000). At the end of the year other creditors and accruals included £10,000 (2024: £13,000) payable in respect of employer pension contributions.

15. Debtors

	Total funds 2025 £000s	Total funds 2024 £000s
Advances of Grants		
amounts falling due within one year	446	267
amounts falling due after one year	581	765
Other debtors	3	35
Prepayments and accrued income	92	90
Total	1,122	1,157

As set out in note 5, the Trustees will consider requests for Major Advances, Short-Term and Emergency Advances. The current Advances consist of Major Advances, Short Term Advances and Emergency Advances balances as at 30 September 2025. Major Advances and Emergency Advances are recoverable from future Annual Grant allocations: Emergency Advances are recoverable within one year, and Major Advances are recoverable up to a maximum of ten years. Short Term Advances are repaid upon the sale of a property.

Notes to the financial statements for the year ended 30 September 2025 (continued)

16. Creditors

	Total funds 2025 £000s	Total funds 2024 £000s
Creditors: amounts falling due within one year		
Beneficiary nominee accounts (note 12)	21,717	25,149
Other creditors and accruals	371	243
Total	22,088	25,392

17. Net Debt Disclosure

	At 1 October 2024	Cash-flows	Other non- cash changes	At 30 September 2025
	£	£	£	£
Cash	11,380	(694)	-	10,686
Cash held for investment	1,365	31	-	1,396
Total	12,745	(663)	-	12,082

18. Related Party Transactions

Other than expenses paid to Trustees (see note 7), there were no related party transactions during the year.

There is no parent undertaking. The ultimate controlling party is The Thalidomide Trust Company Ltd.

Notes to the financial statements for the year ended 30 September 2025 (continued)

19. Comparatives for Statement of Financial Activities

Comparatives		Unrestricted Funds £000s	Restricted Funds £000s	Total Funds 2024 £000s
	Note			
Income from:				
Diageo donations	3	12,373	-	12,373
Health Department Grants	5	-	13,274	13,274
Investment income	2	4,201	282	4,483
Other income		34	-	34
Total		<u>16,608</u>	<u>13,556</u>	<u>30,164</u>
Expenditure on:				
Raising funds (solely investment management fees)	6	(312)	-	(312)
Charitable activities	6	(25,818)	(13,322)	(39,140)
Total		<u>(26,130)</u>	<u>(13,322)</u>	<u>(39,452)</u>
Net gains/(losses) on investments	9	18,944	-	18,944
Net income (expenditure)		<u>9,422</u>	<u>234</u>	<u>9,656</u>
Reconciliation of Funds				
Fund balances brought forward At 1 October 2023	11	132,314	486	132,800
Fund balances carried forward at 30 September 2024	11	<u>141,736</u>	<u>720</u>	<u>142,456</u>