

Charity Registration No. 1016315 (England and Wales)

**THE DERMATITIS AND ALLIED DISEASES
RESEARCH TRUST**

**TRUSTEES' REPORT AND
UNAUDITED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 5 APRIL 2012

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

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THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Charity Status:	Registered in England and Wales
Charity Number:	1016315
Working Name:	Dermatrust
Address:	40 Queen Anne Street London W1G 9EL
Website:	www.dermatrust.org.uk
Trustees:	Professor M H A Rustin Mr A G Moss Mr S J Patey Dr C Orteu Dr S McBride Dr V Swale Professor A Akbar Dr E Seaton Dr J Jones Professor C B Bunker Mr B Yam
Patrons:	Professor Dame Carol Black The Lord Colwyn Ms G Glaister Sir Bernard Haitink Mrs W Lourie Mr John Marshall Professor K M Spyer Mr Michael van Straten Dr T Stuttaford Rabbi Mark Winer Sir Terry Wogan Professor A Zuckerman
Bankers:	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ Lloyds TSB Bank Plc 40 Rosslyn Hill Hampstead London NW3 1NL
Accountants:	Lewis Golden & Co Chartered Accountants & Registered Auditors 40 Queen Anne Street London W1G 9EL
Independent Examiner:	C Peters FCA Bird Luckin Limited Chartered Accountants & Registered Auditors Stansted Regional Office Gateway House 42 High Street Dunmow Essex CM6 1AH

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 5 APRIL 2012

The trustees submit their report and the financial statements for the year ended 5 April 2012.

Legal and Administrative Information

Legal and administrative information set out on page 1 forms part of this report.

The trustees during the year were as follows:-

Prof M H A Rustin	Dr C Orteu	Dr V Swale	Mr B Yam
Mr A G Moss	Dr S McBride	Dr E Seaton	Prof C Bunker
Mr S J Patey	Prof A Akbar	Dr J Jones	

Professor Chris Bunker and Mr Bradley Yam were appointed as trustees on 11 October 2011 and 27 March 2012 respectively.

Structure, Governance and Management

The Trust was established by Professor M H A Rustin, Dr S Wright, Sir Ian Morrow, Dr T Stuttford, Mr A G Moss and Mrs W Lourie as the Dermatitis and Allied Diseases Research Trust under a trust deed dated 30 December 1992. The Trust's working name is Dermatrust.

The Trust does not have a Chief Executive. However Professor M H A Rustin is the senior executive trustee and Mr A G Moss oversees the financial reporting of the Trust. Ms Nicky Bryant is a part-time fundraiser for the Trust.

The trustees collectively have the authority to appoint new trustees by resolution of a meeting of the trustees. The trustees will consider appropriate methods for the recruitment when it is decided that new trustees are required.

The trustees are required by the trust deed to meet at least once in every year. The quorum at such meetings is three trustees. The trustees met three times during the year.

During the year the trustees have undertaken a risk assessment. This assessment helped to identify the major risks to which the charity is exposed. The trustees have reviewed the major risks and have established a system to mitigate those risks.

Andrew Moss is a partner in Lewis Golden & Co, which provides accountancy and administration services to the Trust. Details of any fees received are disclosed in the notes to the financial statements.

There have been no changes in the policies of the Trust during the year.

Objectives and Activities for the Public Benefit

The objects of the Trust are to support the advancement of research and treatment of benign and malignant diseases of the skin.

The trustees apply the Trust income and resources at their absolute discretion to the research and development of new medicines and equipment for the relief of persons suffering from benign and malignant diseases of the skin. The trust deed imposes no specific restrictions on the way in which the Trust can operate and the trustees may make such investments as they think fit.

The Trust is based at the Royal Free Hospital, London and supports the clinical and research activities of the Consultant Dermatologists at the Royal Free Hospital. Specifically, the Trust supports the research being carried out by Professor Rustin, Dr Orteu, and Dr McBride into the cause and improved treatment of atopic eczema, Fabry disease and psoriasis respectively. The trust now directly funds one clinical research fellow who is registered for an MD and two research scientists, both registered for PhDs, and one Post-Doctoral Scientist. Collectively this research makes up the Dermatrust Research Programme, which is the primary charitable activity of the Trust. Further information is on the Programme is given in pages 3 to 4.

The trustees use the services of a consultant fundraiser to raise funds which can then be used to develop the Research Programme.

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2012

Objectives and Activities for the Public Benefit (continued)

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

Achievements and Performance

The fifth Dermatrust Research Fellow Dr Daisy Sandhu commenced her research in December 2009 and was then on maternity leave from February 2010 until October 2010. She is due to demit her post at the end of August 2012 and hopefully will submit her MD thesis at the end of the year. Her research has been focussing on the immune responses in the skin to recall antigens (antigens that are found in the environment) in older and younger individuals and the suppressed response in the former population. She has been studying immune responses to the antigen of the varicella zoster virus (VZV which is the virus responsible for chickenpox and when the virus subsequently reactivates causing shingles later in life). She has injected VZV antigen into the forearm skin of old and young volunteers and subsequently sampled the injected skin site by either taking a biopsy or raising a suction blister over it and analysing the blister fluid.

Samples taken at varying time points after the injection of the antigen showed that there was normal blood vessel activation in the older volunteers at 6 hours but that this was impaired at 24 hours. As blood vessel activation is essential for recruiting cells to mount an appropriate immune response further immunostaining is being undertaken to try and understand the cause. In addition we are collaborating with colleagues in the Rockefeller Institute in New York to use the new technique of microarray RNA analysis of skin biopsies taken at both 6 and 72 hours after injection of VZV antigen from old and young volunteers to determine the expression of a number of cytokines which regulate blood vessel activation. Hopefully this will provide clues as to why elderly subjects have an impaired skin immunity.

An additional aspect of this work is the examination of the numbers of regulatory T cells (Tregs) that come into the skin after initiation of an immune response. Our laboratory has already shown that the numbers of these Tregs are increased in the skin of elderly volunteers and in part this may explain their higher propensity to develop skin tumours. Using sophisticated immunological techniques we are determining the numbers of Tregs which are specific for the VZV virus. If there are increased numbers of these specific Tregs in the elderly this might also explain why they are more likely to develop shingles and indeed this technique could be used to screen elder individuals to determine whether or not they should receive VZV vaccination to prevent shingles.

In parallel to the above work Dr Sandhu has been perfecting a technique of digesting skin samples to isolate the cells of the immune system for further analysis. This would then permit co-culture of different cells to see how the down-regulation of the skin immune system occurs and how this could be subsequently therapeutically modified.

Ms Judith Seidel started her 3 year period of research as a PhD student in July 2010. It has been recognised that chronic antigen stimulation in some persistent viral infections such as cytomegalovirus (CMV) induces end-stage differentiation in T cells which can result in defective immune responses. The most serious skin cancer melanoma has been found to elicit immune responses in some patients but often this does not result in any evidence of tumour regression. It is therefore of interest to investigate whether constant stimulation by the tumour might cause the failure of an effective immune response and what can be done to reinstate such a response in the patients.

Peripheral blood mononuclear cells from melanoma patients and age-matched healthy controls were screened for T cell differentiation patterns using an 8 colour flow cytometry panel. Among elderly patients, we could confirm a significant decrease in naïve CD4 T cells and an increase in central memory CD4 cells. Among CD8 T cells (the immune cells that could potentially kill melanoma cells), there were raised levels of highly differentiated effector memory cells re-expressing the receptor CD45RA. These patterns did not seem to be linked to the participants' CMV status and are therefore thought to be true changes in the immune compartment that is linked to melanoma.

In order to identify melanoma-specific CD8 T cells, MHC class I dextramers were used for flow cytometry. CD8 T cells that are able to detect the melanoma associated antigen Melan-A were detectable in most HLA-A2 participants. Interestingly, these cells were found to be naïve-like in both, patients and controls. Preliminary data looking into inhibitory receptor expression such as PD-1 suggests that although sharing common attributes with naïve cells, Melan-A cells are in fact not truly naïve.

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2012

Achievements and Performance (continued)

This ongoing work will hopefully explain why the immune system fails to effectively kill off the melanoma cells. In addition we are screening more patients to understand the relationship between T cell differentiation and other factors such as disease status and progression. Flow cytometric characterization of other melanoma specific antigens such as NY-ESO-1 is also being evaluated and we are trying to understand why Melan-A specific T cells will not be responsive in these patients.

Collaborative research between Dr Lacy in the Cutaneous Medicine and Immunotherapy Unit, St John's Institute of Dermatology, King's College London School of Medicine, Guy's Hospital, London and Professor Akbar has also been examining the immune response to melanoma by investigating the role of an interleukin (IL)-10-producing B-lymphocyte population (termed regulatory B cells). This work is being performed by Dr Isioma Egbuniwe who started her 3 year period of PhD research in October 2011. Using flow cytometry a small population of CD19+CD20+ B lymphocytes was identified in the peripheral blood of healthy donors (n = 5) and patients with melanoma (n = 3), which produce IL-10. We then performed immunohistochemistry on skin biopsies from patients with melanoma (n = 10) and healthy donors (n = 10), which showed a possible population of CD20+IL-10+ B cells in metastatic melanoma biopsies, but not in normal skin or primary melanoma biopsies. Using an enzymatic tissue digestion technique, we analysed cutaneous metastatic melanoma biopsies (n = 2), primary melanoma biopsies (n = 2) and biopsies of normal skin from healthy individuals (n = 2), which we phenotyped for the presence of IL-10-producing B cells. CD19+CD20+IL-10+ cells were identified in the metastatic melanoma biopsies (6.6% of total B-cell population) but not in the primary melanomas or in normal skin. A putative phenotype of CD24^{high}CD38^{high} has been ascribed to the regulatory B-cell subset in humans; however, other IL-10-producing B-cell populations have also recently been described. Performing proliferation assays using CFSE-labelled CD3+ T cells stimulated with CD3/CD28 beads and plated with different populations of B cells for a period of 72 h, we have demonstrated suppression of T-cell proliferation by both CD24^{high}CD38^{high} and CD24^{int}CD38^{int} B-cell subsets. On enzymatic digestion of melanoma biopsy samples, we were unable to detect reliably a CD24^{high}CD38^{high} B-cell population. However, we did detect a CD24^{int}CD38^{int} group (36.5% of total B-cell population) indicating the possibility of different regulatory B-cell populations having a role in melanoma. Further work is now underway to investigate the phenotype of IL-10-producing B cells in the blood and tumours of patients with melanoma.

These commitments to the research objectives of the Trust amount to almost £300,000 in the short to medium term. Accordingly the trustees have allocated an equivalent amount, not including amounts accounted for through restricted funds, to a designated fund. Whilst the trust has sufficient resources to meet these commitments, the trustees intend to continue raising funds to satisfy their long-term aims.

As a direct result of Dermatrust's work, the Royal Free Hospital employs Sister Waite in the Clinical Trials Unit. This work has generated income in previous periods for the Hospital, which therefore makes resources available for Dermatrust sponsored research. There was no income during the year. The cost of employing the nursing staff in the Clinical Trials Unit during the year was £12,000. The Hospital Trust covers some of the Dermatrust costs in recognition of this contribution to hospital funds.

How Dermatrust Sponsored Research delivered Public Benefit

The main thrust of the Trust's research is to identify mechanisms causing persistent inflammation in the skin, to examine the effect of ageing on immune responses and immune memory and to understand and hopefully modulate the immune responses to skin cancer.

The benefits of the Trust's work to the public are the funding of on-going research with the goal of being able to assist sufferers of skin inflammation disorders, the dissemination of research findings, the development of new therapies and the education of future researchers.

During the year, research funded by Dermatrust has been presented at National and International meetings and invited lectures have been given at a number of institutions in England, America and Europe. Results of the research have been published in highly respected peer reviewed journals.

The trustees consider that by sponsoring such medical research, they are promoting the general charitable principle of the advancement of health and medical knowledge and this could benefit anybody who suffers from persistent skin inflammations.

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2012

Financial Review	2012	2011
	£	£
Income received from donations, legacies & similar incoming resources amounted to	73,903	96,815
Income from investments during the year amounted to	1,395	1,230
Total income for the year was	<u>75,298</u>	<u>98,045</u>
Out of which costs of generating donations & other funds were payable of	(21,191)	(27,131)
Charitable expenditure in furtherance of the charity's objects by purchasing medical equipment and supporting the Research Programme amounted to	(42,102)	(111,997)
Donations were made of	-	(225)
Resources expended on governance costs amounted to	(15,964)	(19,463)
Resulting in a deficit after expenditure for the year of	<u>(3,959)</u>	<u>(60,771)</u>
Funds balances brought forward at 6 April 2011 amounted to	353,415	414,186
Giving total trust funds carried forward at 5 April 2012 of	<u><u>349,456</u></u>	<u><u>353,415</u></u>

There are no funds in deficit at the date of the financial statements. The Trust's financial position at the balance sheet date is sufficient to meet ongoing expenditure and commitments. However, the Trust is reliant on future donations in order to be able to plan for future research.

The Trust's reserves consist of its Unrestricted Income Fund, which had a balance of £56,233 (2011: £175,878); and the Designated Income Fund and Restricted Income Funds, which are explained in more detail in notes 9 to 11 respectively. It is a long term aim of the trustees to increase the reserves to a level that will generate regular investment income sufficient to support future research. However current rates of return mean that this aim is impractical in the short term. The trustees will continue to review the level of reserves of the Trust.

The Trust and its trustees do not hold any funds as Custodian Trustee on behalf of others.

The trustees' powers to invest are unrestricted. The trustees have decided to place most of the Trust's funds on monthly money market deposit in order to balance the level of return obtainable with the requirement to fund the Research Programme. At the date of the accounts, the Trust had a balance of £nil (2011: £370,000) on deposit with Lloyds TSB Plc, pending the opening of a new higher interest deposit account with CAF Bank Limited. The trustees do not consider there to be sufficient free reserves available to justify long term investments. The trustees will continue to review the level of funds on deposit with regard to the changing investment climate.

Plans for Future Periods

The Trust has sufficient funds designated to meet its current commitments, supporting the research of Dr Sandhu until September 2012 and to fund two new PhD Research students, who commenced their research in July and October 2010 respectively. However, the Trust is reliant on raising new funds in order to be able to expand the Research Programme and commit to funding new research. The trustees would like to raise sufficient funds to be able to additionally sponsor an Academic Chair of Dermatology at the combined Royal Free Hospital and University College Medical Schools. The trustees intend to continue fundraising, and in particular to establish a new appeals committee. It is hoped that the committee will both assist in fundraising and arranging fundraising events, and will help to raise the profile of the Trust.

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2012

Statement of Trustees' Responsibilities

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

Charity law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of state of affairs of the Trust and its financial activities for that year. In preparing the financial statements to give a true and fair view the trustees should follow best practice and are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and enable them to ensure that the financial statements comply with the Charities Act 2011 (as amended). They are also responsible for the safeguarding of the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as the trustees are aware, there is no relevant information of which the Charity's independent examiner is unaware. The trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant independent examination information and to establish that the Charity's independent examiner is aware of that information.

The financial statements have been prepared in accordance with the requirements of the Statement of Recommended Practice and the trust deed.

Approved and signed on behalf of the trustees on 30 October 2012.

Malcolm H A Rustin
Trustee

Andrew G Moss
Trustee

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

I report on the financial statements of the Trust for the year ended 5 April 2012 as set out on pages 8 to 15.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 Charities Act 2011. Our work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in this 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 work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of financial statements. The charity's trustees consider that an audit is not required for the year (under section 144(1) of the Charities Act 2011 (the Act)) and that an independent examination is needed.

It is my responsibility to:

- examine the financial statements (under section 145 of the 2011 Act);
- to follow the procedures laid down in the General Directions given by the Charity Commission (under section 145(5) of the 2011 Act); and
- to state where particular matters have come to my attention.


Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- a) which gives me reasonable cause to believe that in any material respect the requirements:
- to keep accounting records in accordance with section 130 of the 2011 Act; and
 - to prepare financial statements which accord with the accounting records and to comply with the accounting requirements of the 2011 Act
- have not been met; or
- b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.


C Peters FCA
Bird Luckin Limited
Chartered Accountants
Stansted Regional Office
Gateway House
42 High Street
Dunmow
Essex CM6 1AH

6 November 2012
Date

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

STATEMENT OF FINANCIAL ACTIVITIES (including an income and expenditure account) FOR THE YEAR ENDED 5 APRIL 2012

INCOME AND EXPENDITURE

	Notes	Unrestricted Income Fund 2012 £	Designated Income Funds 2012 £	Restricted Income Funds 2012 £	Expendable Endowment Capital Fund 2012 £	Total 2012 £	2011 £
Incoming Resources							
Incoming resources from generated funds							
Voluntary income	3	66,865	-	7,038	-	73,903	96,815
Investment income	4	1,395	-	-	-	1,395	1,230
Total Incoming Resources		<u>68,260</u>	<u>-</u>	<u>7,038</u>	<u>-</u>	<u>75,298</u>	<u>98,045</u>
Resources Expended							
Costs of generating funds							
Costs of generating voluntary income	5	(21,191)	-	-	-	(21,191)	(27,131)
Charitable activities							
Purchase of equipment		-	-	-	-	-	-
Research Programme - Dermatrust fellows, technicians & consumables		-	(17,250)	(24,852)	-	(42,102)	(111,997)
Donations		-	-	-	-	-	(225)
Governance costs	6	(15,964)	-	-	-	(15,964)	(19,463)
Total Resources Expended		<u>(37,155)</u>	<u>(17,250)</u>	<u>(24,852)</u>	<u>-</u>	<u>(79,257)</u>	<u>(158,816)</u>
Net Incoming/(Outgoing) Resources before Transfers		31,105	(17,250)	(17,814)	-	(3,959)	(60,771)
Transfers between funds	9	(150,750)	150,750	-	-	-	-
Net Movement In Funds		<u>(119,645)</u>	<u>133,500</u>	<u>(17,814)</u>	<u>-</u>	<u>(3,959)</u>	<u>(60,771)</u>
Fund balances brought forward							
As at 6 April 2011		<u>175,878</u>	<u>109,500</u>	<u>67,937</u>	<u>100</u>	<u>353,415</u>	<u>414,186</u>
Fund Balances Carried Forward as at 5 April 2012		<u>56,233</u>	<u>243,000</u>	<u>50,123</u>	<u>100</u>	<u>349,456</u>	<u>353,415</u>

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

BALANCE SHEET AS AT 5 APRIL 2012

	Notes	2012		2011	
		£	£	£	£
Current Assets					
Cash at bank and in hand		360,092		393,510	
Debtors	7	1,840		330	
		<u>361,932</u>		<u>393,840</u>	
Creditors: Amounts Falling Due Within One Year					
	8	<u>12,476</u>		<u>40,425</u>	
Net Current Assets			349,456		353,415
Net Assets			<u>349,456</u>		<u>353,415</u>
Unrestricted Income Fund	9		56,233		175,878
Designated Income Funds	9		243,000		109,500
Restricted Income Funds	10		50,123		67,937
Expendable Endowment Capital Fund	10		100		100
Total Trust Funds			<u>349,456</u>		<u>353,415</u>

Approved and signed on behalf of the Trustees on: 30 October 2012

Malcolm H A Rustin
Trustee

Andrew G Moss
Trustee

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2012

1 BASIS OF PREPARATION

1.1 Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention as modified by adjusting the investments to market value at the balance sheet date, and with the Charities Act 2011.

The requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 (SORP 2005) and The Charities (Accounts and Reports) Regulations 2005 have been taken into account in preparing these financial statements.

1.2 Change in basis of accounting

There has been no change to the accounting policies (valuation rules and methods of accounting) since last year.

1.3 Changes to previous financial statements

No changes have been made to financial statements for previous years.

2 ACCOUNTING POLICIES

2.1 Incoming resources

(i) Recognition of incoming resources

These are included in the Statement of Financial Activities (SoFA) when: the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources; and the monetary value can be measured with sufficient reliability.

(ii) Incoming resources with related expenditure

Where incoming resources have related expenditure, the incoming resources and related expenditure are reported gross in the SoFA. Income from activities for generating funds and direct expenditure to generate such income are shown separately in the SoFA. The constituent income and receipts are together recognised on an accruals basis.

(iii) Grants, donations and legacies (Income)

Grants, donations and legacies are only included in the SoFA when the charity has unconditional entitlement to the resources. In effect this is on a receipts basis.

(iv) Tax reclaims on donations and gifts

Incoming resources from tax reclaims are included in the SoFA at the same time as the gift to which they relate.

(v) Incoming resources from charitable activities

These resources arising from activities in furtherance of charitable objects are shown in the financial statements on a receipts basis. They comprise donations received arising from laser treatment.

(vi) Donated services and facilities

The value of any donated services or facilities are not included in the financial statements, but are described in the trustees' annual report.

(vii) Investment income

Investment income is shown in the financial statements on an accruals basis. Investment income earned on the Restricted Income Fund is recognised in the Unrestricted Income Fund.

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

NOTES ON FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2012

2.2 Expenditure and liabilities

(i) *Liability recognition*

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

(ii) *Governance costs*

Governance costs are accounted for on an accruals basis and include costs of the preparation and examination of financial statements and the cost of any advice given to the trustees on governance or constitutional matters.

(iii) *Grants with performance conditions*

Where the charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has provided the specified service or output.

(iv) *Grants payable without performance conditions*

These are only recognised in the financial statements when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the charity.

(v) *Costs of generating voluntary income*

Fundraising and publicity costs include consultancy fees and direct expenditure.

(vi) *Resources expended on charitable activities*

Direct charitable expenditure and other expenditure are accounted for on an accruals basis. All costs are directly attributable to a specific activity.

2.3 Funds

The Trust maintains a capital fund called "Expendable Endowment Capital Fund" comprising the monies with which the Trust was established. The Trust also maintains an "Unrestricted Income Fund" which is available for charitable expenditure. Periodically the trustees designate unrestricted funds to ensure that sufficient funds are put aside to cover the cost of future planned research. These "Designated Income Funds" comprise monies expected to be paid by the Trust on sponsored research, but subject to performance conditions. The "Restricted Income Funds" are funds over which the donor has placed specific conditions relating to their use.

3 VOLUNTARY INCOME	2012	2011
	£	£
Donations and grants received	71,651	94,332
Income tax on donations recoverable	2,252	2,483
	<hr/>	<hr/>
	73,903	96,815
	<hr/> <hr/>	<hr/> <hr/>
 4 INVESTMENT INCOME		
Income received directly attributed to:		
UK Bank interest	1,395	1,230
	<hr/> <hr/>	<hr/> <hr/>

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

NOTES ON FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2012

5	COSTS OF GENERATING VOLUNTARY INCOME	2012	2011
		£	£
	Fundraising events		
	London Marathon entry	2,986	2,794
		<hr/>	<hr/>
	Fundraising and publicity expenses		
	Professional fees	7,750	18,000
	Expenses	1,039	2,456
		<hr/>	<hr/>
	Printing and stationery	8,789	20,456
	Justgiving charges	54	1,507
	Website costs	930	1,144
	Recruitment costs	3,032	1,230
		5,400	-
		<hr/>	<hr/>
		18,205	24,337
		<hr/>	<hr/>
	Total	21,191	27,131
		<hr/>	<hr/>
6	GOVERNANCE COSTS		
	Independent examination fee	2,164	1,906
	Accountancy and administration charges (note 12)	13,800	17,557
		<hr/>	<hr/>
		15,964	19,463
		<hr/>	<hr/>
7	DEBTORS		
	Accrued income	1,840	330
		<hr/>	<hr/>
8	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	Accruals	12,476	40,425
		<hr/>	<hr/>

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

NOTES ON FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2012

9 UNRESTRICTED FUNDS

	As at 6 April 2011 £	Incoming resources £	Outgoing resources £	Transfers £	As at 5 April 2012 £
Designated funds:					
Research Programme	109,500	-	(17,250)	150,750	243,000
Unrestricted Income Fund	175,878	68,260	(37,155)	(150,750)	56,233
	<u>285,378</u>	<u>68,260</u>	<u>(54,405)</u>	<u>-</u>	<u>299,233</u>

The Designated Research Programme Fund has been set aside by the trustees out of the unrestricted income fund for the specific purpose of supporting the Research Programme. The trustees periodically consider the funds required and designate a sufficient amount by means of transfer from the Unrestricted Income Fund to cover the cost of current and planned research.

The Unrestricted Income Fund comprises monies that can be used in accordance with the charitable objects of the Trust at the discretion of the trustees.

10 RESTRICTED FUNDS

	As at 6 April 2011 £	Incoming resources £	Outgoing resources £	Transfers £	As at 5 April 2012 £
Restricted funds:					
Equipment	4,184	-	-	-	4,184
Dr Sandhu consumables	3,000	-	-	-	3,000
Audrey & Stanley Burton Charitable Settlement (PhD Students)	60,753	-	(24,852)	-	35,901
2012 3 year Clinical Research Fellow	-	5,000	-	-	5,000
John Fleming Melanoma Fund	-	2,038	-	-	2,038
Expendable Endowment Fund	100	-	-	-	100
	<u>68,037</u>	<u>7,038</u>	<u>(24,852)</u>	<u>-</u>	<u>50,223</u>

The restricted funds consist of donations received for particular restricted purposes within the objects of the charity. In particular the funds comprise monies received from The Locker Foundation for the purchase of equipment; a grant from The Mason le Page Charitable Trust to fund consumables used by Dr Daisy Sandhu in her third year; and a grant from the Audrey and Stanley Burton Charitable Settlement to fund two clinical research PhD students, of which £75,000 has been paid to King's College London to sponsor a PhD student for a period of three years. In the current year a donation was received from The George John and Sheilah Livanos Charitable Trust towards a Clinical Research Fellow who is anticipated to start in 2012 and John Fleming ran the London Marathon 2012 to raise donations towards a Melanoma fund.

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

NOTES ON FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2012

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Income Fund	Designated Income Funds	Restricted Income Funds	Expendable Endowment Fund	Total 2012 £
	£	£	£	£	£
Cash at bank and in hand	43,150	261,487	55,355	100	360,092
Other net current assets/(liabilities)	12,996	(18,487)	(5,232)	-	(10,723)
	<u>56,146</u>	<u>243,000</u>	<u>50,123</u>	<u>100</u>	<u>349,369</u>

12 TRUSTEES' INTEREST IN CONTRACTS

Andrew G Moss is a partner in Messrs Lewis Golden & Co, Chartered Accountants, who provided accountancy, administration and tax services to the Trust to the value of £13,800 (2011: £17,557) including VAT.

None of the other trustees received any remuneration or reimbursement of expenses during the year.

13 RELATED PARTY TRANSACTIONS

Professor M H A Rustin and C Orteu, S MacBride, V Swale, E Seaton and J Jones, trustees, are employees of the Royal Free Hospital. As a result of Dermatrust's work the Royal Free Hospital employs a nurse in the Clinical Trials Unit and this generates income for the Hospital. While no entries are made in the Trust financial statements for this income or expenditure, the Special Trustees of the hospital make resources available to the Dermatrust Research programme. In the year ended 5 April 2012 such resources have been allocated to funding the Trust's research programme, reducing its cost to Dermatrust.

14 CONTROL

There was no ultimate controlling party of the charity in the current or prior years.

15 FUTURE COMMITMENTS – DERMATRUST RESEARCH PROGRAMME

The trust is funding Dr Sandhu, a clinical research fellow at the Royal Free Hospital for two years from December 2009. The trust has received a grant from The Mason le Page Charitable Trust in a previous year to fund consumables used by Dr Sandhu in her third year. As Dr Sandhu is expected to leave at the end of her second year, permission must be sought from The Mason le Page Charitable Trust to keep this grant, otherwise it must be returned to them.

The trustees are also using a grant received from the Audrey and Stanley Burton Charitable Trust to fund two clinical research PhD students for three years each: one of who will be working with a former Dermatrust Research Fellow Dr Lacey and Professor Nestle at Kings College London; and one will be working with Professor Akbar at University College London.

The trustees would like to fund a clinical research fellow to replace Dr Sandhu in 2012. It is anticipated that the salary would cost £60,000 per year and that consumables would cost £15,000 per year.

The trust has sufficient resources to meet these existing commitments.

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

NOTES ON FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2012

15 FUTURE COMMITMENTS – DERMATRUST RESEARCH PROGRAMME (continued)

Committed funding

The trust has various funding from various charitable sources to meet its obligations, some of which is received directly by the Royal Free Hospital NHS Trust.