

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 2013

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 Bunker Mr B Yam Dr F Ismail (appointed 12 th June 2012)
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:	Caroline Peters FCA Bird Luckin Limited Chartered Accountants & Registered Auditors Aquila House Waterloo Lane Chelmsford Essex CM1 1BN

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 5 APRIL 2013

The trustees submit their report and the financial statements for the year ended 5 April 2013.

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	Prof A Akbar	Dr J Jones
Mr A G Moss	Dr S McBride	Dr V Swale	Mr B Yam
Mr S J Patey	Dr E Seaton	Prof C Bunker	Dr F Ismail

Dr Ferina Ismail was appointed as trustee on 12th June 2012.

Structure Governance and Management

The Trust was established by Dr M H A Rustin, Dr S Wright, Sir Ian Morrow, Dr T Stuttaford, 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 Prof M H A Rustin is the senior executive trustee and Mr A G Moss oversees the financial reporting of the Trust. Ms Estelle Morris 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 four 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 paid to Lewis Golden & Co 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 who have registered for PhDs, and one Post-Doctoral Scientist. Dermatrust also supports the research activity of Dr Katie Lacy in the Cutaneous Medicine and Immunotherapy Unit at Kings College London School of Medicine. Collectively this research makes up the Dermatrust Research Programme, which is the primary charitable activity of the Trust. Further information 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 2013

Objectives and Activities for the Public Benefit (continued)

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance and 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 demitted her post at the end of August 2012 and it is anticipated that she will submit her MD thesis at the end of the 2013. Her successor Dr Neil Patel commenced his Clinical Research Fellow post in March 2013 and he has been employed for a three year period in order to complete a PhD thesis.

Judith Seidel commenced her 3 year PhD project in July 2010 and is due to complete her research in October 2013. Her research involves looking at T cell differentiation in patients with melanoma, a tumour known to be highly immunogenic. We know that chronic viral infections such as with cytomegalovirus (CMV) can drive T cells into a dysfunctional state due to constant immune stimulation in the absence of disease clearance. We want to know if this process also occurs in patients with melanoma since there is evidence of an activated adaptive immune response in these patients but it appears that this does not result in clinically relevant tumour regression.

To date blood derived T cells from over one hundred melanoma patients of all ages and stages have been examined and their differentiation pattern has been compared to those of healthy controls using an 8 colour flow cytometry panel. These patients' samples were also screened for CMV. It was found that melanoma patients have increased T cell differentiation in both the CD4⁺ compartment, where the changes seemed to be linked to CMV status, and the CD8⁺ compartment, where an accumulation of highly differentiated cells was found to be CMV independent. Interestingly, the changes detected in the CD8⁺ compartment were restricted to the elderly patients only and were more pronounced with advanced stage of the melanomas, confirming the role of disease burden in the accumulation of these cells.

The skin is also known to harbour large populations of T cells which might be relevant for tumour immunity, but little is known about the phenotype and behaviour of these cells. We optimised a protocol using collagenase for skin digestion in order to recover and analyze skin derived T cells from patient local wider excisions and discarded skin from plastic surgeries from healthy individuals. A relative decrease in the number of effector memory cells was found in the skin surrounding melanomas and this was accompanied by an increase in expression of inhibitory receptors on the surface of these cells. We are now trying to determine if these phenotypic changes in the patients' blood and skin derived T cells are also mirrored in their behaviour and if we can manipulate them in order to boost anti-tumour immunity. Preliminary experiments using a p38 inhibitor is already showing promising results with upregulation of the cytotoxicity marker CD107a in response to unspecific stimulation *in vitro*.

Using fluorochrome conjugated peptide: MHC multimers, we are screening melanoma patients for the presence of melanoma specific T cells reactive to the melanoma associated antigens Melan-A and NY-ESO-1. The melanoma specific cells detected in the blood remained at low frequencies in most patients and did not show characteristics of late differentiation. Interestingly, these cells were found to accumulate in sites of tumour formation and invasion (primary melanoma and lymph nodes), where they were found to have altered surface marker expression, indicating local modulation of the cells. Uninvolved skin was not found to harbour melanoma specific cells, confirming selective recruitment and proliferation of the cells to the tumour site.

During the last year Dr Vukmanovic-Stejic's research has focused on comparison of responses to cutaneous antigen challenge in young and old individuals. Over the last couple of years our group has been studying immune responses to varicella zoster virus (VZV) (the virus that causes chickenpox and upon reactivation, shingles) by injecting old and young volunteers with VZV antigen into the skin of the forearm and subsequently sampling the injected skin site by either taking a biopsy or performing a suction blister. Results of this work show that old individuals do not mount effective responses to cutaneous challenge with VZV and we are focusing on understanding the primary mechanism behind this defect.

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2013

Achievements and Performance

In collaboration with Prof Kreuger's group at the Rockefeller University in New York we have generated and analysed transcriptional profiles (microarray data) from normal skin, and VZV or saline injected skin at 6hr and 72hr post injection. To do this we have recruited 8 young and 8 old people to undergo skin testing with VZV skin test and saline as control (representing non-specific response). Punch biopsies were performed at the injection sites at 2 different time points and the tissue was used for RNA preparation. This gave us materials to analyse gene expression at different time points and to compare effects of Ag versus saline, at different time points and in different age groups. We have found that, in agreement with our data from histological analysis, a strong inflammatory response is induced by VZV at 72 hrs in young but not in old individuals. Interestingly, even at 6hrs the inflammatory response to VZV was stronger in the young compared to old skin. However, old individuals appear to respond more strongly to saline injection suggesting that they are more prone to non-specific inflammation than the young. We are currently analysing data from normal skin to understand if this increased inflammation is the result of saline injection or if the old skin per se shows increased background inflammation.

During this year we have also recruited 20 healthy old individuals to undergo vaccination with Zostavax, a vaccine used for the prevention of shingles. In these individuals we have collected samples pre- and post- vaccination in order to investigate changes in cutaneous responses as a consequence of vaccination. Samples are collected for transcriptional analysis (again both saline and VZV injected skin, at 6 and 72 hours post injection from each individual) as well as histological analysis of infiltrates at 3 and 7 days after VZV challenge. We hope to be able to identify transcriptional changes that precede T cell infiltration in those individuals which have been induced to respond well to VZV (majority of old individuals show improved clinical response to VZV challenge following vaccination). This should improve our understanding of defects which result in the reduced cutaneous immunity in old individuals. These samples are currently being processed.

In addition, we also focused on the skin resident T cells. We have compared the number and phenotype of resident CD4 T cells in young and old skin as well as their functional capacity. Preliminary data suggest that skin resident T cells do not differ in their number or in the capacity to secrete pro-inflammatory cytokines in response to strong mitogenic stimuli. However, we are also interested in the presence and functional capacity of VZV specific cells in the old skin and this is currently under investigation.

Dr Isioma U. Egbuniwe is currently a 2nd year PhD student supervised by Dr Katie Lacy at The St John's Institute of Dermatology, King's College London. Her PhD research is funded by Dermatrust and is defining a novel role for a group of immune cells known as B cells (lymphocytes that once stimulated differentiate into plasma cells that produce antibodies) in the maintenance of skin immunity.

B cells are known to have important roles in fighting off infections and even cancers such as melanoma, and have been studied extensively in the blood. This project however aims to examine the role of B cells in the local environment of the skin in healthy people and people with melanoma skin cancer, and to determine if these cells can be manipulated to provide better outcomes for patients with this disease. We have found a previously undefined subset of skin homing B cells that preferentially accumulate in melanoma skin lesions, are activated, and appear capable of producing antibodies locally within the skin. We are now working to further determine whether the presence of these cells is of prognostic significance in melanoma and if they represent a novel therapeutic target.

Since commencing her PhD in October 2011, Dr Egbuniwe has presented her research at national and international dermatology conferences, and has won a prize for the 3rd best poster presented at the British Society for Investigative Dermatology meeting. She will be completing her PhD in October 2014.

These commitments to the research objectives of the Trust amount to almost £260,000 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.

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2013

Achievements and Performance (continued)

As a direct result of Dermatrust's work, the Royal Free Hospital employs Sister Waite in the Clinical Trials Unit at a cost of £1,300 per month. This work has not generated any income for the Hospital during the year, but this is anticipated to change from September 2013. As a result of Sister Waite's work, the Royal Free Hospital makes resources available for Dermatrust sponsored research.

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 sponsored 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.

Financial Review	2013	2012
	£	£
Income received from donations, legacies & similar incoming resources amounted to	56,690	73,903
Income from investments during the year amounted to	3,514	1,395
Total income for the year was	60,204	75,298
Out of which costs of generating donations & other funds were payable of	(16,433)	(21,191)
Charitable expenditure in furtherance of the charity's objects by supporting the Research Programme amounted to	(38,436)	(42,102)
Resources expended on governance costs amounted to	(21,737)	(15,964)
Resulting in a deficit after expenditure for the year of	(16,402)	(3,959)
Funds balances brought forward at 6 April 2012 amounted to	349,456	353,415
Giving total trust funds carried forward at 5 April 2013 of	333,054	349,456

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 £75,403 (2012: £56,233); and the Designated Income Fund and Restricted Income Funds, which are explained in more detail in notes 9 and 10 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 DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 5 APRIL 2013

Financial Review (continued)

The trustees' powers to invest are unrestricted. The trustees have decided to place most of the Trust's funds on 90 day notice deposit account 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 £304,344 (2012: £nil) on deposit. 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 Patel until February 2016. 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 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.

Statement of Trustees' Responsibilities

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

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statement; 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 sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

- there is no relevant audit information of which the charity's independent examiner is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant independent examination information and to establish that the auditor 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 19/12/13



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 2013 as set out on pages 8 to 14.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 Charities Act 2011. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in this report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work, for this report, or for the opinions I 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(2) of the Charities Act 2011 ('the 2011 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)(b) of the 2011 Act; and
- to state where particular matters have come to my attention.

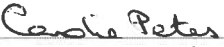
Basis of independent examiner's report

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.


Caroline Peters FCA
Bird Luckin Limited
Chartered Accountants & Registered Auditors
Aquila House
Waterloo Lane
Chelmsford
Essex CM1 1BN


Date

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

STATEMENT OF FINANCIAL ACTIVITIES (including an income and expenditure account) FOR THE YEAR ENDED 5 APRIL 2013

INCOME AND EXPENDITURE

	Notes	Unrestricted Income Fund 2013 £	Designated Income Funds 2013 £	Restricted Income Funds 2013 £	Expendable Endowment Capital Fund 2013 £	Total Funds 2013 £	Total Funds 2012 £
Incoming Resources							
Incoming resources from generated funds							
Voluntary income	3	44,254	-	12,436	-	56,690	73,903
Investment income	4	3,514	-	-	-	3,514	1,395
Total Incoming Resources		<u>47,768</u>	<u>-</u>	<u>12,436</u>	<u>-</u>	<u>60,204</u>	<u>75,298</u>
Resources Expended							
Costs of generating funds							
Costs of generating voluntary income	5	(16,433)	-	-	-	(16,433)	(21,191)
Charitable activities							
Research Programme - Dermatrust fellows, technicians & consumables		(5,428)	(734)	(32,274)	-	(38,436)	(42,102)
Governance costs	6	(21,737)	-	-	-	(21,737)	(15,964)
Total Resources Expended		<u>(43,598)</u>	<u>(734)</u>	<u>(32,274)</u>	<u>-</u>	<u>(76,606)</u>	<u>(79,257)</u>
Net Incoming/(Outgoing) Resources before Transfers		4,170	(734)	(19,838)	-	(16,402)	(3,959)
Transfers between funds	9	15,000	(15,000)	-	-	-	-
Net Movement In Funds		<u>19,170</u>	<u>(15,734)</u>	<u>(19,838)</u>	<u>-</u>	<u>(16,402)</u>	<u>(3,959)</u>
Fund balances brought forward							
As at 6 April 2012		56,233	243,000	50,123	100	349,456	353,415
Fund Balances Carried Forward as at 5 April 2013		<u>75,403</u>	<u>227,266</u>	<u>30,285</u>	<u>100</u>	<u>333,054</u>	<u>349,456</u>

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

BALANCE SHEET AS AT 5 APRIL 2013

	Notes	2013		2012	
		£	£	£	£
Current Assets					
Cash at bank and in hand		365,527		360,092	
Debtors	7	52		1,840	
		<u>365,579</u>		<u>361,932</u>	
Creditors: Amounts Falling Due Within One Year					
	8	<u>(32,525)</u>		<u>(12,476)</u>	
Net Current Assets			<u>333,054</u>		<u>349,456</u>
Net Assets			<u>333,054</u>		<u>349,456</u>
Unrestricted Income Fund					
	9		75,403		56,233
Designated Income Funds					
	9		227,266		243,000
Restricted Income Funds					
	10		30,285		50,123
Expendable Endowment Capital Fund					
	10		100		100
Total Trust Funds			<u>333,054</u>		<u>349,456</u>

Approved and signed on behalf of the Trustees on:19/12/13.....

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 2013

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 2008 have been taken into account in preparing these financial statements.

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 include 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 2013

2 ACCOUNTING POLICIES (continued)

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.

	2013	2012
	£	£
3 VOLUNTARY INCOME		
Donations and grants received	55,400	71,651
Income tax on donations recoverable	1,290	2,252
	<u>56,690</u>	<u>73,903</u>
4 INVESTMENT INCOME		
Income received directly attributed to:		
UK Bank interest	<u>3,514</u>	<u>1,395</u>

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

NOTES ON FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2013

5 COSTS OF GENERATING VOLUNTARY INCOME	2013	2012
	£	£
Fundraising events		
London Marathon entry	2,028	2,986
	<hr/>	<hr/>
Fundraising and publicity expenses		
Professional fees	10,250	7,750
Expenses	817	1,039
	<hr/>	<hr/>
	11,067	8,789
Printing and stationery	124	54
Justgiving & Virgin Money Giving charges	846	930
Website costs	1,980	3,032
Recruitment costs	-	5,400
Telephone costs	388	-
	<hr/>	<hr/>
	14,405	18,205
	<hr/>	<hr/>
Total	16,433	21,191
	<hr/> <hr/>	<hr/> <hr/>
6 GOVERNANCE COSTS		
Independent examination fee	2,302	2,164
Accountancy and administration charges (note 12)	19,435	13,800
	<hr/>	<hr/>
	21,737	15,964
	<hr/> <hr/>	<hr/> <hr/>
7 DEBTORS		
Accrued income	52	1,840
	<hr/> <hr/>	<hr/> <hr/>
8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Accruals	32,525	12,476
	<hr/> <hr/>	<hr/> <hr/>

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

NOTES ON FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2013

9 UNRESTRICTED FUNDS

	As at 6 April 2012 £	Incoming resources £	Outgoing resources £	Transfers £	As at 5 April 2013 £
Designated funds:					
Research Programme	243,000	-	(734)	(15,000)	227,266
Unrestricted Income Fund	56,233	47,768	(43,598)	15,000	75,403
	<u>299,233</u>	<u>47,768</u>	<u>(44,332)</u>	<u>-</u>	<u>302,669</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. Planned research programme fees have been over accrued therefore the trustees approved a £15,000 transfer from the designated research programme fund back to the unrestricted income fund.

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 2012 £	Incoming resources £	Outgoing resources £	Transfers £	As at 5 April 2013 £
Restricted funds:					
Equipment	4,184	-	-	-	4,184
Dr Sandhu consumables	3,000	-	(3,000)	-	-
Audrey & Stanley Burton Charitable Settlement (PhD Students)	35,901	-	(26,340)	-	9,561
2012 3 year Clinical Research Fellow	5,000	10,000	(2,934)	-	12,066
John Fleming Melanoma Fund	2,038	2,436	-	-	4,474
Total restricted funds	<u>50,123</u>	<u>12,436</u>	<u>(32,274)</u>	<u>-</u>	<u>30,285</u>
Expendable Endowment Fund	100	-	-	-	100
	<u>50,223</u>	<u>12,436</u>	<u>(32,274)</u>	<u>-</u>	<u>30,385</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 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; a donation was received from The George John and Sheilah Livanos Charitable Trust and The Alan Howard Foundation to support a Clinical Research Fellow for a three year period, commencing 2012; and donations from John Fleming for a Melanoma fund.

In the current year The Alan Howard Foundation donated £10,000 to support a Clinical Research Fellow for a three year period. In addition, John Fleming ran the 2013 Virgin London Marathon and produced a dance video to raise donations for the Melanoma Fund. Finally, a grant donated by The Mason le Page Charitable Trust to fund consumables used by Dr Daisy Sandhu has been spent and at the year end the balance in respect of this is £nil.

THE DERMATITIS AND ALLIED DISEASES RESEARCH TRUST

NOTES ON FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 5 APRIL 2013

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Income Fund	Designated Income Funds	Restricted Income Funds	Expendable Endowment Fund	Total 2013
	£	£	£	£	£
Cash at bank and in hand	87,728	228,000	49,699	100	365,527
Other net current assets/(liabilities)	(12,325)	(734)	(19,414)	-	(32,473)
	<u>75,403</u>	<u>227,266</u>	<u>30,285</u>	<u>100</u>	<u>333,054</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 £19,435 (2012: £13,800) 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 Drs C Orteu, S McBride, V Swale, E Seaton, J Jones and F Ismail, 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 2013 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 trustees are using a grant received from the Audrey & Stanley Burton Charitable Settlement to fund two clinical research PhD students for three years each: one of who is working with a former Dermatrust Research Fellow Dr Lacey and Professor Nestle at Kings College London; and one is working with Professor Akbar at University College London.

Dr Neil Patel has been appointed as clinical research fellow, to replace the outgoing Dr Daisy Sandu. An expected salary of £60,000 has been provided for as well as expected consumables of £15,000.

The trust has sufficient resources to meet these commitments.

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.