

Annual Report and Accounts 2005

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Wessex Medical Trust

St Mary's Stadium
Britannia Road
Southampton
SO14 5FP

Registered Charity N^o: 274839

Patrons:

The Lords Lieutenant of Dorset, Hampshire, Wiltshire and the Isle of Wight
The Bailiffs of Guernsey and Jersey
Roger Black MBE
Alastair Stewart
The Lady Fieldhouse

Trustees (elected)

Professor Lord Plant of Highfield Malcolm le Bas	Chairman (Retired 31 December 2005) Appointed 1 January 2005, Acting Chairman from 1 January 2006
Lady Elizabeth Barne Sir Christopher Benson Sir deVic Carey Prof Paul Curran John Dunford Peter Hall David Hoare Pamela Kimber Baroness Diana Maddock Prof Philip Nelson	Appointed 29 April 2005 Retired 31 July 2005 Retired 14 April 2005 Retired 14 April 2005 Represents the University of Southampton Appointed 1 August 2005
Capt. David Oddie Dr Tom Pierce Dr Malvena Stuart Taylor Michael Wilkins	Retired 14 April 2005 Represents Southampton University Hospitals Trust

Comment [hdl1]: Moved from ex-officio section and name changed

Trustees (ex-officio)

Professor David Williams

Officers

Trust Director	Ray Kipling (until 14 October 2005) Peter Dawes (from 1 January 2006)
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Auditors	Sheen Stickland LLP 7 East Pallant Chichester West Sussex PO19 1TR
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Honorary Solicitors
Bond Pearce LLP
Oceana House
Commercial Road
SOUTHAMPTON
SO15 1GA

Bankers
HSBC Bank plc
165 High Street,
Southampton
SO14 2NZ

Investment Managers
M&G Securities Ltd
M&G House
Victoria Road
Chelmsford
CM1 1FB

Finance Committee Members

Peter Hall	Chairman (retired 14/4/05)
Lord Plant	resigned 31/12/05
Malcolm le Bas	appointed 1/1/06
David Hoare	Chairman (from 14/4/05)
Ray Kipling	left 14/10/05
Peter Dawes	from 1/1/06

Scientific Advisory Panel

Prof. David Williams	Chairman
Prof. Iain Cameron	University of Southampton, School of Medicine
Ms Fleur Kitsell	NHS Wessex Deanery
Prof. Philip Quirke	University of Leeds
Prof. Robert Unwin	Royal Free/University College Med. School
Dr David Shepherd	University of Southampton: School of Biological Science
Prof. Maureen Simmonds	University of Southampton, School of Health Professions and Rehabilitation Sciences
Prof. Jim Stevenson	Associate Dean, Research, Faculty of Medicine Health and Life Science, University of Southampton
Prof. Ken Woodhouse	University of Wales
Prof. Lucy Yardley	University of Southampton, School of Psychology

Comment [hdl2]: Title
changed

Comment [hdl3]: description
added

Chairman's Statement

Chairman's Statement



Lord Plant retired as Chairman and a Trustee on 31 December 2005 and I accepted the invitation of the Executive to take on the position of Acting Chairman for one year with a view to reviewing the Trust's overall operation and its prospects for the future. This review is taking place against a background of change both within the University of Southampton, where the appointment of a Development Director to raise funds for research will potentially alter the dynamics of our relationship, and externally where the changing climate on charitable giving has already had an impact on our availability of free funds. I will revert to these matters later in this Statement but first it is appropriate to review the activities of the past year.

Hope had a busy year in 2005 with some very interesting new research being supported and some excellent fundraising events.

Objectives and Activities

The objectives of the Wessex Medical Trust are to fund high class peer reviewed medical and health research in the Wessex region. The Trustees have to date focused on three main ways of doing this:

- to attract major regular fellowships and there are currently three of these in place, funded by the States of Guernsey, Jersey, and by BUPA;
- to mount fundraising campaigns for particular disease areas and to launch such a campaign about every three to four years. The current campaign, Gift of Sight, for research into eye conditions, was launched in 2004 and is doing extremely well;
- to support young scientists with pump-priming grants through the Innovation Fund. This is regarded as a very important part of work which the Trust is extremely well placed to carry out, in contrast to many larger national charities and government funding bodies which find it difficult to identify research workers and projects that warrant such grants. The Trust has a track record in starting the careers and research programmes of many young people, leading to excellent results and further funding from larger bodies.

During the year we performed very well on the first two activities but, as we were not able to generate sufficient funds for a competitive grant round on the Innovation Fund, this has been held over until 2006.

Achievements and Performance

We were very pleased to continue to enjoy the support of the States of Guernsey and Jersey in their research fellowships which have been running for many years. These have allowed a wide range of research topics to be investigated including work into cancers, obesity, diabetes and heart disease. In 2005 the Guernsey award was made test to a new intervention for children with attention deficit hyperactivity disorder and the Jersey grant was made for research work into the alarming increase in the incidence and spread of Chlamydia.

Chairman's Statement

We were also pleased to renew the 2-year BUPA research fellowship which supports work into heart disease. This fellowship funds young doctors to carry out research into both applied solutions for heart disease and studies into the developmental origins of the disease going back to the growth of the foetus in the womb.

The Gift of Sight appeal continued to gain strength with excellent support for runners in the London Marathon, for the Eye Ball in September which raised over £13,000 and for a Sahara Challenge Trek in November. The strength of this appeal indicates that, when a single disease area is chosen and support gathered from all quarters, we are able to generate considerable funds for targeted research.

During the year, we also held a Great Hip and Knee Walk. This event takes place every two years to raise funds for orthopaedic research and was again a great success with, on this occasion, over £40,000 gained through individual sponsorship.

The Hope volunteer fundraising groups performed magnificently in 2005, all worked to their strengths and raised differing sums of money. It is noticeable that not only do the groups contribute significant financial amounts to the Trust but they also generate a great deal of publicity about our work and spread our message to a much broader public than would otherwise be the case. The groups are an invaluable part of the Trust and it is our intention to strengthen them and form more groups in the future.

Whilst every group is of equal value, special mention must be made of the Guernsey group which managed to raise over £50,000 with a very busy and varied programme of events.

Turning these sums raised into good research grants is a task for which we received a lot of support from our scientific advisory panel and from independent peer reviewers outside that panel. A list of grants awarded is given later in this report and it will be seen that there were fewer grants in number than in some years previously but that the total value of those grants was still substantial, exceeding £500,000. We therefore feel that the Trust's activities have once again made a very significant contribution to medical research in the Wessex region.

Governance and Management

The Trust is governed by a Board of Trustees who are each elected for a three year period. A maximum of two consecutive three year periods may be served after which the Trustee must retire. Trustees may then be re-elected after a period of at least one year. An exception is the Dean of the Faculty of Medicine, Health and Life Sciences whose appointment is ex-officio.

The Trustees aim to ensure that the board has a mixture of experience and talents and is also spread geographically across the Wessex region and the Channel Islands. Once elected, the Trustees are given full written information about their duties and about the Trust and are invited to have a discussion with the Trust Director about specific policies and procedures of the time. They are also made familiar with the Trust's work through activities such as the annual Day of Hope and of course attendance at Board Meetings. A Trustee induction pack is given to all new Trustees.

It is appropriate for me to record the appreciation of Trustees, both past and present, for all the dedicated work put into the Trust by Lord Plant. He was elected a Trustee in November 1999 and became Chairman in April 2000 in succession to Lord Congleton. There are many,

Chairman's Statement

both within the Faculty of Medicine, Health and Life Sciences and elsewhere, who have reason to be grateful to Lord Plant and we wish him well in his new post at King's College, London.

I also have to report that, after some 4 ½ years as Trust Director, Ray Kipling left in October 2005 to take up a similar position at Naomi House in Sutton Scotney. We are all extremely grateful for the highly professional way in which Ray carried out his duties and send him our best wishes for his next challenge. Peter Dawes (who until recently was Company Secretary of VT Group plc) has taken over the role of Trust Director on a part time basis and he has exceeded all the Executive's expectations to date.

Finally, I would like to express particular thanks to all the staff in the Trust office and to all our volunteers without whose efforts and dedication we would not be able to operate at all.

The Future

In addition to losing its Chairman, Trust Director and being given notice to quit its premises, the Trust now finds itself at a crossroads.

The traditional sources of funds from national trusts and pharmaceutical companies have reduced dramatically as many of these organisations now prefer to donate directly to the University. At the same time, the University itself is radically altering its fundraising arrangements with the establishment of a centralised University Development Office.

The Trustees are reviewing the whole situation before deciding the way forward. The results of this process will be reported fully next year but at the moment, it does seem that the Trust will still have a vital role to play and that the support of its volunteer groups in particular will become increasingly important.

Malcolm Le Bas

This report should be read in conjunction with information shown on pages i and ii and the Chairman's statement on pages iii-v.

The Trustees present their report along with the Financial Statements of the Trust for the year ended 31 December 2005. The Financial Statements have been prepared in accordance with the accounting policies set out on page xiv and comply with the trust deed, the Charities Act

Trustees' Report

1993 and the Statement of Recommended Practice (Accounting and Reporting by Charities 2000)."

Charitable Objects

The Wessex Medical Trust is an unincorporated Trust established by a Declaration of Trust dated 7th November 1977 and subsequent Charity Commission Schemes.

The objects of the charity are to further medical education, medical research and medical practice in the Faculty of Medicine, Health & Life Sciences of the University of Southampton.

The Trustees provide grants for the purposes of medical research, the advancement of medical practice and medical education for the public benefit including bursaries and scholarships for students; to provide teaching facilities and medical equipment to all kinds for the Faculty, provide amenities for the students and staff of the Faculty including any person engaged upon medical research or instruction of medical students in connection with the Faculty at such hospitals, places of education and other establishments as shall from time to time be used for the instruction of students or medical research.

Trustees

The Board of Trustees comprises a maximum of twelve elected persons who may serve for up to two 3-year terms before retiring for a period of at least one year. An ex-officio appointment is open to the Dean of the Faculty of Medicine. The University of Southampton and the Area Health Authority (Teaching) may each appoint one person to be a Trustee.

Grants Awarded

The list of grants awarded appears later in this report. Once again the Trust has been able to support research across a wide range of diseases and conditions.

£542,092 was awarded in 10 grants during 2005, all of it dedicated to improving our understanding and treatment of devastating diseases. These are shown on page ix.

Research Results

The Trust not only has a rigorous process to ensure the quality of the research it supports but also has a system of requiring reports on research results. This allows the Trustees to monitor progress from the fellowships and project grants which we give. Details of grant giving and research results are given in the Annual Review.

2005 Results

Fundraising by the groups was again excellent. Our much valued support from the States of Guernsey and Jersey continued and we were able to benefit from our BUPA fellowship.

The Gift of Sight appeal continued to do especially well and our income and expenditure schedule for this appeal appears on page xxii.

The major new funding from BUPA has bolstered our overall income over the year but in some other respects there has been a shortfall against expectations. The Trustees policy to deal with reserves is set out below: This policy has protected the charity from the worst effects of the significant fall in the stock market a few years ago and indeed, with the stock market now resurgent, there are greater receipts from the investments which have been most welcome.

Fundraising and administrative costs, whilst contained as far as possible, still prove to be a strain on our limited resources. However, it is self evident that a charity the size of Hope does require a realistic staffing plan to carry out its functions.

Trustees' Report

The balance sheet continues to remain healthy. This is because the trustees monitor carefully commitments against resources and ensure grants are only awarded when there are funds to cover them.

The future

During 2005 it was identified that the Trust was suffering from a lack of free funds. These are donated monies which can be spent entirely at the Trustees' discretion. They allow funding such as the Innovation Fund and can help ensure that a wide range of disease areas is covered by the Trust's research. Restricted funds, though extremely welcome, are by their nature tied to particular disease areas and must be spent in accordance with the donor's wishes.

To address the lack of free funds, the Trustees decided to launch a local lottery. Plans for this were put in place and a Lottery Manager appointed in September 2005 with the intention of making the first lottery draw in early 2006. Unfortunately, despite a large amount of hard work and dedication by all involved, sales did not reach even minimum expectations and therefore, regrettably, the project had to be abandoned in February 2006.

Corporate Governance

The Board of Trustees accepts full responsibility for all of the activities of the Trust and has approved a comprehensive set of policies and procedures which the employed staff are required to follow. The Board seeks external, professional advice where it feels it appropriate.

The Board meets at least twice **each year** in the spring to receive and approve the annual accounts for the previous year; in the autumn to review the performance of the Trust during the first half year and to approve the budgets for the following year. In addition, the Trustees will attend to all matters of policy and governance.

Comment [hd14]: replaces: annually

An Executive Committee comprising the Chairman, Dean and Chair of Finance Committee, meets approximately every six weeks with the Trust Director to review progress. Its minutes are circulated to all Trustees.

The Board recognises the need for external advice and expertise and, in particular, in the areas of finance, investments and scientific advice. The Trustees have, therefore, established a Finance Committee and Scientific Advisory Panel, the members of which are detailed on page ii. They have also appointed M&G to act on their behalf in the investment of funds whilst awaiting application.

The Finance Committee, chaired by a designated Trustee, is charged with ensuring that sufficient controls and procedures are in place to protect the interests of our donors and of our Trustees, to ensure that the Trust satisfy the requirements of the Charity Commission, to advise the Board on financial matters such as the investment of its funds and on other issues such as a reserves policy.

As a Member of the Association of Medical Research Charities (AMRC), the Trust subscribes to a code of conduct which includes subjecting applications for funding to peer review - a process where these are fully assessed by external specialists and, in some cases, independent referees - in order that the merit and likely outcome of the project can be gauged and the scientific integrity of the projects being funded by the Trust is ensured.

To maintain this process independently of the Board of Trustees, the Trust has a Scientific Advisory Panel, chaired by the Dean of the Faculty of Medicine, Health and Life Sciences at the University of Southampton. Panel members are listed on page ii. The Dean may also, dependent upon the applications for funding received, enlist the support of other specialists as he sees fit. Applications over £10,000 are generally sent outside the Panel for independent peer review.

Trustees' Report

Grants are formally awarded by the Trustees on a discretionary basis, following a biannual meeting.

Risk Management

The Trustees have instituted a procedure for considering the risks to which the Trust is exposed and have taken steps to remove or minimise these risks where they are within their control. In evaluating these risks, the Trustees have identified the volatility of the stock market as a significant financial risk. The reserves policy details the procedures in place to mitigate this risk. The Trustees have also identified a risk of lack of free reserves during the year, steps to mitigate this risk are detailed in the plans for the future paragraph of this report and in the Chairman's statement.

Investment Policy

The Trustees have full discretionary investment powers in accordance with the declaration of trust dated 7/11/77 under which the trust was set up. They have chosen to invest in two M&G unit trusts, Charifund and Charibond, and cash. Charifund is equity based. Charibond is gilt based. The Trustees keep the allocation between the funds and cash under regular review to maintain a balance of risk. The total return on investments for the year was £157,952, being income of £65,501 and unrealised gains of £92,451. This approximates a return of 13.7% on the total investments value at the year end of £1,154,807.

Reserves Policy

It is the policy of the Trust to set aside out of reserves, designated funds to cover the following eventualities:

- An investment reserve equal to 30% of the value of fixed asset Investments, in recognition of the potential volatility of quoted investments
- An operational reserve approximately equal to a year's running costs payable from unrestricted funds to provide against difficulty in obtaining continued funding

Free Reserves and Details of Designated Funds are set out in Notes 17 and 18 to the accounts.

The Board of Trustees thanks our honorary solicitors, Bond Pearce for their assistance during the year. We are also extremely grateful to the external advisors who gave their time voluntarily as members of the Scientific Advisory Committee, and Finance Committee.

Finally we are enormously grateful to all our donors, many of long standing, who have continued to support our work; without your support the charity could not have achieved so much over recent years. Members of our fundraising groups work tirelessly organising events to raise funds and gain publicity for the charity. Thank you all.

Trustees' Report

GRANTS AWARDED FOR PERIOD: 1ST JANUARY 2005 - 31ST DECEMBER 2005

Ref:	Grantee <i>Research Project</i>	Total Value £
H06	Dr Trudy Roach <i>The possible mechanisms involved in early osteoarthritis</i>	2,000
H07	Prof John Heckels <i>Immunity to meningococcal infection</i>	32,000
K01	Dr Margaret Thompson <i>Evaluation of the New Forest parent project with young children in relation to school readiness on the Island of Guernsey</i>	99,982
K02	Prof Ian Clarke <i>Molecular epidemiology of chlamydia trachomatis genotypes in comparison with disease presentation in patients in Jersey</i>	44,700
K03	<i>Postgraduate Conference Prizes</i>	1,750
K04	Prof Andrew Lotery <i>Skalar iris IR light eye tracker system (equipment)</i>	6,020
K05	Prof Andrew Lotery <i>Stem cell therapies for retinal degeneration</i>	100,000
K06	Dr Trudy Roach <i>Identification of factors involved in the progression of osteo-arthritis</i>	40,300
K07	Prof Mark Hanson <i>BUPA Research Fellowship – Developmental Origins of Health and Disease</i>	209,340
K08	Prof Anne Ashburn <i>Stroke research</i>	6,000

Total: £542,092

Trustees' Report

Statement of Trustees' Responsibilities

Under charity law, the Trustees are required to prepare financial statements for each financial year which show a true and fair view of the Trust's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of applicable Accounting Standards and the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2000) (Charities SORP 2000) 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 the Trust will continue its activities.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the financial statements comply with the Trust Deed of the Trust, within the framework of Trust law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other infringements.

These accounts comply with the current statutory requirements and with the requirements of the Trust's governing document and the Charities SORP 2000.

(new Chairman's signature here)

signed, on behalf of the Trustees

dated: 28th April 2006

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF WESSEX MEDICAL TRUST

YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements on pages xii to xx which have been prepared under the historical cost convention and the accounting policies set out on page xiv.

This report is made solely to the charity's Trustees, as a body, in accordance with Section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditors' 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 Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND THE AUDITORS

The responsibilities of the Trustees of the Charity 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) are set out in the Statement of Trustees' Responsibilities on page x.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with the regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the charity's state of affairs as at 31 December 2005 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

**These financial statements have NOT yet been signed by the auditors.
The name and address of the auditors
has therefore been suppressed.**

WESSEX MEDICAL TRUST

Statement of Financial Activities for the Year Ended 31st December 2005

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
		£	£	£	£
Incoming Resources					
Donations		103,958	525,815	629,773	469,468
Legacies				-	41,000
Investment income	3	65,501		65,501	62,958
Total incoming resources		169,459	525,815	695,274	573,426
Resources Expended					
Costs of generating funds	4	130,008	59,883	189,891	123,083
<u>Charitable Expenditure</u>					
Grants payable in furtherance of the charity's objects	5	1,750	537,329	539,079	179,806
Costs of activities in furtherance of the charity's objects	4	78,013		78,013	80,149
Management & administration costs	4	26,146		26,146	28,063
Total resources expended		235,917	597,212	833,129	411,101
Net (Outgoing)/Incoming Resources for the Year before transfers		(66,458)	(71,397)	(137,855)	162,325
Transfer between funds	16				
Net (Outgoing)/Incoming Resources for the year after transfers		(66,458)	(71,397)	(137,855)	162,325
Gains/(Losses) on Investment Assets					
Unrealised	9/10	92,451		92,451	82,420
Net movement in funds		25,993	(71,397)	(45,404)	244,745
Balances brought forward @ 1 st January 2005		448,791	389,094	837,885	593,140
Balances carried forward @ 31 st December 2005		474,784	317,697	792,481	837,885

Comment [hdl5]: added: ()

Comment [hdl6]: Removed: -
Added: brackets

Comment [hdl7]: added ()

Comment [hdl8]: added: ()

All amounts relate to continuing activities.
There were no other recognised gains or losses during the period.

The notes on pages xiv to xx form part of these financial statements.

WESSEX MEDICAL TRUST

Balance Sheet as at 31st December 2005

	Note	2005 £	2004 £	
Fixed Assets				
Tangible Assets	8	2,303	1,652	
Investments	9	751,815	664,316	
		<hr/>	<hr/>	
		754,118	665,968	
Current Assets				
Investments	10	402,992	398,040	
Debtors	11	196,899	229,959	
Short Term Deposits		116,304	111,153	
Cash at bank and in hand		215,073	148,565	
		<hr/>	<hr/>	
		931,268	887,717	
Current Liabilities				
Amounts falling due within one year	12	(745,769)	(661,330)	
		<hr/>	<hr/>	
Net Current Assets		185,499	226,387	
		<hr/>	<hr/>	
Total Assets less Current Liabilities		939,617	892,355	
Liabilities				
Amounts falling due after more than one year	13	(147,136)	(54,470)	
		<hr/>	<hr/>	
Net Assets	15	792,481	837,885	
Funds				
Unrestricted	General	17	29,239	29,496
	Designated	17	445,545	419,295
Restricted		16	317,697	389,094
		<hr/>	<hr/>	
		792,481	837,885	

Comment [hdl9]: added

These financial statements were approved by the Board of Trustees on 28 April 2006 and were signed on its behalf by

Malcolm le Bas
Chairman

The notes on pages xiv to xx form part of these financial statements.

Notes forming part of the financial statements

1. The Trust was formed on 7th November 1977 and is registered with the Charities Commission.

2. Accounting policies.

- a) The financial statements are prepared under the historical cost convention as modified by the revaluation of investments at market value, and are in accordance with applicable Accounting Standards and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (revised 2000).
- b) The restricted funds represent monies received by the Trust which is specified by the donors for particular projects. The unrestricted fund represents uncommitted funds. The designated funds are unrestricted funds which have been set aside by the Trustees for a specific purpose.
- c) Investments are stated at mid-market value. Investments which are separately held to meet current obligations are treated as current assets. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.
- d) All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of the resources.
- e) Management and administration costs represent the cost of administering the charity.
- f) Costs of generating funds represent salary and promotional expenses incurred by the Trust. Promotional items purchased by the Trust are written off in the year of expenditure.
- g) Costs in Furtherance of the Charity's Objects represent those costs incurred directly on expenditure on the objects of the charity.
- h) Donations and legacies are recognised in the Statement of Financial Activities only when there is a reasonable assurance of receipt.
- i) Dividends on investments and bank interest are accounted for on the accruals basis.
- j) Liabilities are recognised when the award of a grant has been notified to the recipient.
- k) Fixed assets are depreciated over their estimated useful lives. The method of depreciating Fixtures, Fittings and Equipment is 33% on cost.
- l) Contributions to employee's personal pension schemes are charged to the Statement of Financial Activities in the year in which they are payable.
- m) Costs in respect of operating leases are charged on a straight line basis over the lease term.
- n) Gifts in kind are recognised at market value at the date of receipt.

3. Investment Income

	2005 £	2004 £
Income from UK quoted investments	56,090	54,381
Income on short term deposits and cash	9,411	8,577
	<u>65,501</u>	<u>62,958</u>

4. Analysis of Resources Expended

	Staff £	Other £	2005 £	2004 £
Costs of Generating Funds	92,814	97,077	189,891	123,083
Costs of activities in furtherance of the charity's objects	54,477	23,536	78,013	80,149
Management & administration costs	10,114	16,032	26,146	28,063
	<u>157,405</u>	<u>136,645</u>	<u>294,050</u>	<u>231,295</u>

Staff costs include £14,132 in respect of social security costs (2004: £13,060)

The emoluments of higher paid employees fell within the following ranges:

	2005	2004
£60,001 to £70,000	1	1

Contributions of £5,343 (2004: £6,558) were paid to this employee's personal pension plan

The average number of persons employed by the Trust during the year was 6 (FTE 5) (2004: 6 FTE 5)

No remuneration was paid to any Trustee in 2005 (2004: nil)

No expenses were paid to Trustees (2004: nil)

	2005 £	2004 £
Costs of Generating Funds		
Salaries	92,814	74,077
Public relations	6,880	10
Volunteer group development	-	366
Direct fundraising costs	64,989	27,615
Professional fees	4,655	-
Other	20,553	21,015
	<u>189,891</u>	<u>123,083</u>

	2005 £	2004 £
Costs of activities in furtherance of the charity's objects		
Salaries	57,031	62,386
Computer costs	772	709
Professional fees	5,819	-
Other	14,391	17,054
	<u>78,013</u>	<u>80,149</u>

	2005	2004
	£	£
Management and Administration Costs		
Salaries	10,114	10,811
Professional fees	1,164	-
Other	14,868	17,252
	<u>26,146</u>	<u>28,063</u>

5. Grants Awarded

During the year 2005, 8 grants totalling £542,092 (2004: 14 grants totalling £190,868) were awarded to the University of Southampton to fund educational posts and research projects as detailed on page ix. Grants not expended totalling £3,013 (2004: £11,062) were netted against these figures in the Statement of Financial Activities.

6. Auditors' remuneration

	2005	2004
	£	£
Audit services	3,401	6,067
Non-audit services	-	-
	<u>3,401</u>	<u>6,067</u>

7. Trustee Indemnity Insurance

During the year, insurance was purchased to indemnify the Trustees against default on their part, for a premium of £1,008 (2004: £886).

8. Tangible Fixed Assets

	Fixtures, Fittings and Equipment £
Cost at 1st January 2005	15,817
Additions	2,659
Cost at 31st December 2005	<u>18,476</u>
Accumulated depreciation at 1st January 2005	14,165
Charge for year	2,008
Accumulated depreciation at 31st December 2005	<u>16,173</u>
Net Book Value	
31 st December 2005	<u>2,303</u>
31 st December 2004	<u>1,652</u>

The Net Book Value at 31st December 2005 represents Fixed Assets used for:

	Free	Restricted	£
	£	£	£
Direct Charitable purposes	552	-	552
Fundraising	1,042	709	1,751
	<u>1,594</u>	<u>709</u>	<u>2,303</u>

9. Investments at market value: fixed assets

	2005 £	2004 £
Equities- UK	<u>751,815</u>	<u>664,316</u>
	<u>751,815</u>	<u>664,316</u>
Market Value at 1 st January 2005	664,316	
Unrealised gain for the year	<u>87,499</u>	
Market value at 31 st December 2005	<u>751,815</u>	

The historical cost of investments at 31st December 2005 amounted to £588,979 (2004: £588,979).

The equities are investments held in the M&G Equities Investment Fund for charities (Charifund)

10. Investments at market value: current assets

	2005 £	2004 £
Government Stocks	<u>402,992</u>	<u>398,040</u>
	<u>402,992</u>	<u>398,040</u>
Market Value at 1 st January 2005	398,040	
Unrealised gain for the year	<u>4,952</u>	
Market value at 31 st December 2005	<u>402,992</u>	

The historical cost of investments at 31st December 2005 amounted to £401,444 (2004: £401,444).

The government stocks are UK securities investments held in the M&G Charibond Charities Fixed Interest Common Investment Fund.

Comment [hdl10]: removed line:
Unrealised loss for the year

11. Debtors

	2005 £	2004 £
Other debtors	196,853	227,876
Prepayments	<u>46</u>	<u>2,083</u>
	<u>196,899</u>	<u>229,959</u>

12. Creditors: amounts falling due within one year

	2005 £	2004 £
Grants payable	612,313	654,406
Trade creditors	119,715	999
Other creditors	5,880	-
Accruals	<u>7,861</u>	<u>5,925</u>
	<u>745,769</u>	<u>661,330</u>

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

	2005	2004
	£	£
Grants payable	<u>147,136</u>	<u>54,470</u>
	<u>147,136</u>	<u>54,470</u>

14. Commitments under operating leases

As at 31st December 2005 the Trust had annual commitments under non-cancellable operating leases as set out below:

	2005		2004	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire:				
Within 1 year	11,802			
Within 1 – 2 years			24,268	
Within 2 - 5 years		<u>2,961</u>		
Total	<u>11,802</u>	<u>2,961</u>	<u>13,207</u>	<u>1,835</u>

15. Analysis of net assets

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed Assets	488,524	265,594	754,118
Current Assets		931,268	931,268
Current Liabilities	(13,740)	(732,029)	(745,769)
Amounts falling due after > 1 year		<u>(147,136)</u>	<u>(147,136)</u>
Total Net Assets	<u>474,784</u>	<u>317,697</u>	<u>792,481</u>

Comment [hdl11]: replaced:
Amounts falling due after more
than one year

16. Restricted Funds

	2005	2004
	£	£
Opening balance at 1 st January 2005	389,094	151,941
Net movement in restricted funds	(71,397)	225,503
Transfer from unrestricted funds	-	11,650
Balance at 31 st December 2005	<u>317,697</u>	<u>389,094</u>

Comment [hdl12]: replaced:
to

The income funds of the charity include restricted funds where the donors wish the monies to be applied in a specific research area. The Trust holds many different income funds and the largest of these are illustrated below.

The sums shown are the unexpended balances of donations held on trust to be applied for a specific purpose by the Trustees at a future date.

Comment [hdl13]: l/c

	Opening balance at 1 st January 2005	Incoming Resources	Transfer between funds	Resources Expended	Closing balance at 31 st December 2005	
	£	£	£	£	£	
Asthma		14,098		(4,592)	9,506	
Alzheimer's	-	320			320	Comment [hdl14]: removed: fund
Child health	1,000	2,571			3,571	
Cancer	-	1,336			1,336	Comment [hdl15]: removed: fund
Diabetes	363	535			898	
Heart		209,340		(209,340)		
Meningitis	22,594	25		(32,000)	(9,380)	
Miscellaneous medical research	163,996	48,763		(144,683)	68,076	
Fausto Iannotti fund	10	6			16	
Healthy babies	-	7,348		(591)	6,757	
Orthopaedics	12,147	42,540		(44,014)	10,673	
Innovation fund	5,000	15,920		(1,235)	19,685	
Gift of Sight	124,840	176,461		(154,173)	147,128	Comment [hdl16]: u/c
Steve Mills fund	49,455	1,011			50,466	Comment [hdl17]: u/c
Other disease specific funds	9,689	5,541		(6,584)	8,646	
Total	389,094	525,815		(597,212)	317,697	

17. Unrestricted Funds

		2005 £	2004 £
Unrestricted Funds consist of:			
Designated Funds	Note 18	445,545	419,295
Tangible Fixed Assets		1,594	1,652
Free Reserves		27,645	27,844
		<u>474,784</u>	<u>448,791</u>

18. Designated Funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the Board of Trustees for specific purposes:

2005	2004
------	------

	£	£
Investment Reserve	225,545	199,295
Operational Reserve	<u>220,000</u>	<u>220,000</u>
	<u><u>445,545</u></u>	<u><u>419,295</u></u>

Comment [hdl18]: 3 lines removed above

The Investment Reserve recognises the potential volatility of the quoted investments which are held by the Trust. The reserves are calculated as 30% of the value of fixed asset investments at the end of the year.

The Operational Reserve provides funds in the event of difficulties in obtaining continued funding for the grant awards currently supported by the Trust. The reserve is calculated as approximately one year of administration, fundraising and support costs from unrestricted funds.

Malcolm le Bas
Chairman of Trustees
28th April 2006

The page which follows does not form part of the audited financial statement of the charity.

Comment [hdl19]: removed:
Income & expenditure
account

Gift Of Sight

	31/12/05	Period to 31/12/04
Income		
Trusts & foundations	21,350	27,800
Individual donations	129,492	129,251
Volunteer groups	465	-
Corporate	9,930	640
Community groups	<u>15,224</u>	<u>2,033</u>
	176,461	159,724
Direct Event Expenses	(21,533)	
Grant awards	(106,020)	(20,377)
Grants unused	3,013	-
Overheads		
Wages	19,837	9,599
Expenses	1,487	464
Office costs	2,516	1,737
Hope recharge	<u>5,793</u>	<u>2,707</u>
	(29,633)	(14,507)
Surplus for the period	<u>22,288</u>	<u>124,840</u>
Surplus 1/1/05 b/f	124,840	-
Surplus to date	<u>147,128</u>	<u>124,840</u>