

# Annual Report and Accounts 2006

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## **Legal and Administrative Information**

<b>Charity Name</b>	Wessex Medical Trust
<b>Trust Office</b>	St Mary's Stadium Britannia Road Southampton SO14 5FP
<b>Registered Charity Number</b>	274839

## **Patrons and Trustees**

### **Patrons:**

The Lords Lieutenant of Dorset, Hampshire, Wiltshire and the Isle of Wight  
The Bailiffs of Guernsey and Jersey  
Roger Black MBE  
Sir Norman Brouse FRCS, President of the States of Alderney  
Alastair Stewart OBE  
The Lady Fieldhouse

### **Trustees**

Pamela Kimber	<i>Appointed Chairman 1 January 2007</i>
Malcolm Le Bas	<i>Acting Chairman 1 January – 31 December 2006</i>
Lady Elizabeth Barne	<i>Retired 28 April 2006</i>
Richard Blackburn	<i>Appointed 20 October 2006</i>
Sir Christopher Benson	<i>Retired 28 April 2006</i>
Prof Iain Cameron	<i>Representing the University of Southampton. Appointed 1 August 2006</i>
Sir deVic Carey	
Peter Hall	<i>Appointed 20 September 2006</i>
David Hoare	
Baroness Diana Maddock	<i>Retired 28 April 2006</i>
Prof Philip Nelson	<i>Representing the University of Southampton Retired 31 July 2006</i>
Lady Malvena Stuart Taylor	<i>Representing Southampton University NHS Hospitals Trust</i>
Professor David Williams	<i>Dean of the Faculty of Medicine, Health and Life Sciences University of Southampton</i>
Michael Wilkins	<i>Retired 20 October 2006</i>

## **Officers and Advisers**

Auditors	Sheen Stickland LLP 7 East Pallant Chichester West Sussex PO19 1TR
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

**Scientific Advisory Panel**

Prof. David Williams  
Prof. Iain Cameron  
Prof. David Shepherd

Prof. Maria Stokes

Prof. Jim Stevenson

Dr Nick Donnelly

Chairman  
Head of School of Medicine, University of Southampton  
Head of School of Biological Science, University of  
Southampton  
School of Health Professions and Rehabilitation Sciences,  
University of Southampton  
Associate Dean, Research, Faculty of Medicine Health  
and Life Science, University of Southampton  
University of Southampton, School of Psychology

## Chairman's Statement



As anticipated in last year's statement, Malcolm Le Bas stepped down as Acting Chairman on 31<sup>st</sup> December 2006 and I was very pleased to accept the appointment as Chairman of the Trustees with effect from 1<sup>st</sup> January 2007. I am delighted to say that Malcolm will remain as a Trustee and I take this opportunity, on behalf of the whole Trustee Board, to thank him for his wisdom and guidance throughout this year of transition.

Last year, we reported that we were in a period of change and this process is ongoing. In particular, we are taking all reasonable steps to contain our cost base: in this respect we are receiving valuable advice and guidance from the University of Southampton Development Office. In response to the altered climate for medical charitable giving in the country as a whole, the Trustees have determined that, with one or two exceptions, they will now concentrate their grant giving at the pump-priming entry level for early career researchers. It is of course the first grant which new researchers find most difficult to achieve. Most grant-giving organisations wish to see published papers from researchers before making awards and, clearly, this is not possible until initial research has been carried out. Therefore our Innovation Fund, set up several years ago precisely for this purpose, is extremely well placed to respond and provide the necessary facility. Grants from the Fund are typically in the range of £10,000 - £20,000.

Whilst the detailed accounts reveal that 2006 was a year of consolidation and re-orientation for our Trust, we were nevertheless pleased to be able to announce the award of six grants in December 2006 and, at the time of writing, we have advertised a further round of six grants to be awarded in the summer of 2007. Separately, we are delighted that both the States of Jersey and the States of Guernsey have continued their valuable grants and we are in the process of advertising a further award in respect of each.

During the summer of 2006 and as the result of an initiative by Roger Allsopp, a recently retired vascular surgeon and for many years the chairman of our very successful volunteer group on Guernsey, we became involved in a major study into breast cancer. It is appropriate to record that, not only did Roger instigate the medical aspect of the study, he has also generated most of the funds to date through sponsorship of his record-breaking Channel swim in August 2006.

For a number of reasons, we were becoming concerned that the name "Hope" was not succeeding in getting across to our supporters and the general public the message of who we are and what we are trying to achieve. Therefore, following a consultation with members of our volunteer groups during the summer of 2006, the Trustees decided to change the trading name to "Wessex Medical Research" and our new style and logo is progressively being introduced. Those groups who wish to continue to operate under the Hope banner are very welcome to do so. The formal name of the Trust—Wessex Medical Trust—has not changed.

During the year, it was felt appropriate to move the administration of the Gift of Sight Appeal to the University of Southampton Development Office and this took effect from 1<sup>st</sup> October 2006.

## Chairman's Statement

Our fundraising activities are now very much concentrated on the initiatives of our volunteer groups, supplemented by a number of events organised centrally by the Trust Office. In addition, we have been fortunate in benefiting from a number of legacies, in memoriam donations and contributions from various community groups: for all these donations, we are again extremely grateful. The volunteer groups each performed very well during the year and their confidence to stage larger and more successful events has grown. We remain keen to increase the number of these groups although our recent efforts in this context have been disappointing.

It is our declared intention to expand and develop the individual volunteer groups themselves and we have already embarked on a series of arrangements for more occasions when members of all the groups may meet and exchange views. In addition, more visits by Trustees and the recipients of our research grants to individual group meetings and events are planned. We recognise that we are very much a "people business" and our objective is friendraising as much as fundraising.

The formal objectives of the Wessex Medical Trust remain to fund high class peer reviewed medical and health research in the Wessex region. Following the refocusing process of the last year, these are now:

1. To provide pump priming grants to early career researchers from our Innovation Fund. The Trust has a track record of starting the research programmes of early career researchers, who are generally the younger scientists, and this has often led to excellent results and further funding from larger organisations;
2. To attract major grants from bodies such as the States of Jersey, the States of Guernsey and BUPA.
3. To facilitate and support ad hoc projects such as the current investigation into breast cancer.

We have in the past reported valuable arrangements with BUPA to part-fund grants for pre-consultant research posts. Whilst both we and BUPA are keen to renew and possibly even to expand these arrangements, we are currently grappling with the new career structure for doctors recently introduced by the NHS which has attracted much press comment. In its present form, the new structure will potentially have an adverse effect on our arrangements and we are working with BUPA to achieve a mutually satisfactory solution.

Turning all the sums raised into good research grants is a task for which we receive substantial 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 and the total value of grants awarded was £116,878. We are confident that, with the refocusing of the Trust's activities, we will continue to make a very significant contribution to medical research in the greater Wessex region.

## **Chairman's Statement**

The trust is now refocused. Its principal thrust is the provision of pump-priming grants from its Innovation Fund although the valuable grants from the States of Jersey, the States of Guernsey and BUPA continue to be of immense benefit. We are also very pleased to be involved with the new breast cancer project.

Our fundraising for the pump priming grants is now derived in part from the events organised by our volunteer groups and the Trust Office but the contribution from legacies and other donations is increasingly important.

We have entered our 30<sup>th</sup> anniversary year with the confidence that we are now properly realigned to take account of changed circumstances in medical research and we look forward to continuing to play an important part in this critical field.

**Pamela Kimber**

# Trustees Report

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 2006. The Financial Statements have been prepared in accordance with the accounting policies set out on page xv and comply with the trust deed, the Charities Act 2006 and the Statement of Recommended Practice (Accounting and Reporting by Charities) 2005.

## Charitable Objects

The Wessex Medical Trust is an unincorporated Trust established by a Declaration of Trust dated 7<sup>th</sup> 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 award grants for the purposes of medical research and the advancement of medical practice and medical education, all for the public benefit. These include the provision of:

- bursaries and scholarships for students;
- teaching facilities and medical equipment of all kinds for the Faculty; and
- amenities for the students and staff of the Faculty including any person engaged on 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 the carrying out of 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. The Dean of the Faculty of Medicine, Health and Life Sciences is an ex-officio Trustee. The University of Southampton and the Southampton University Hospitals NHS Trust 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.

£116,878 was awarded in 10 grants during 2006, all of it dedicated to improving the understanding and treatment of critical diseases. These grants are shown on page x.

## Research Results

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

# Trustees Report

## Financial Review

Unrestricted income for the year was in accordance with the budget and included £47,000 of the total of £84,000 raised by the Trust's volunteer groups.

Despite fundraising and administrative costs being strictly controlled they continue to be a strain on the limited resources of the Trust.

The Trustees are continuing to take steps to control costs.

Details of restricted fund movements during the year are set out in Note 17 to the financial statements and details of grants awarded are on page x.

The overall financial position of the Trust remains sound.

## The Future

During 2006 the Trustees decided on a realignment of the Trust's priorities. The major emphasis is now on providing pump priming grants to early career researchers from the Innovation Fund. However, where other funding is made available to the Trust, this continues to be allocated in the traditional way: such funding included the valuable grants from the States of Jersey and the States of Guernsey, together with the ongoing arrangements with BUPA and the breast cancer project.

## Governance

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 gap 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 representative of 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 Volunteer Groups Day and, of course, attendance at Board Meetings. A Trustee induction pack is given to all new Trustees.

The activities of the Trustees and the volunteer groups are supported by a small but dedicated group of people in the Trust office and I would like to thank each of them for their important contribution to our achievements.

The Board meets at least three times each year: in January, in the late 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. In addition, the Trustees attend to all matters of policy and governance.

An Executive Committee, comprising the Chairman, the Dean, the Trustee with responsibility for Finance and one additional co-opted Trustee, meets approximately every six weeks with the Trust Director to review progress. Its minutes are circulated to all Trustees.

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 that the employed staff are required to follow. The Board seeks external, professional advice where it feels it appropriate.



# Trustees Report

The Trustee with responsibility for Finance is charged with ensuring that sufficient controls and procedures are in place to protect the interests of our donors and of our Trustees and that the Trust satisfies the requirements of the Charity Commission, as well as advising the Board on financial matters such as the investment of its funds and on other issues such as a reserves policy. The Trustees have appointed M&G to act on their behalf in the investment of funds whilst awaiting application.

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 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 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. All applications are sent outside the Panel for independent peer review.

Grants are formally awarded by the Trustees on a discretionary basis.

## 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 paragraph of this report entitled 'Reserves Policy' and in the Chairman's Statement.

## Investment Policy

The Trustees have full discretionary investment powers in accordance with the declaration of trust dated 7<sup>th</sup> November 1977 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 £158,586, being income of £62,688 and realised/unrealised gains of £95,898. This approximates to a return of 14.4% on the total investments value at the year end of £1,100,705.

## 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 and the short term uncertainty in the Trust finances
- An operational reserve to provide financial stability by protecting the Trust from the effects of fluctuations in the levels of unrestricted income from year to year. The Trustees have evaluated the sum currently required to be £100,000.

Free Reserves and Details of Designated Funds are set out in Notes 18 and 19 to the accounts.

## Trustees Report

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.

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 volunteer fundraising groups work tirelessly organising events to raise funds and gain publicity for the charity. Our thanks go out to them all.

GRANTS AWARDED FOR PERIOD: 1<sup>ST</sup> JANUARY 2006 - 31<sup>ST</sup> DECEMBER 2006

Ref	Grantee <i>Research Project</i>	Total Value £
L01	Postgraduate Conference Prizes	1,000
L02	Dr Paul Townsend <b>Guernsey Fundraisers</b> <i>Proteomic characterisation of novel breast cancer biomarkers</i>	15,000
L03	Dr Trudy Roach <i>Cause-effect relationships between epigenetic changes and abnormal expression of degradative enzymes in osteoarthritis</i>	12,000
L04	Dr P Vijayanand <i>Transcriptional regulation of Th2 T cell programming and cytokine production in asthma.</i>	10,000
L05	Dr Jane Lucas <i>Does the maternal diet during pregnancy cause eczema and food allergy in infants?</i>	6,000
L06	Dr Christina Liossi <i>Cognitive and ERP correlates of recurrent abdominal pain in childhood.</i>	9,749
L07	Dr Jo Adams <i>Do finger ring splints have an immediate effect on structural hand impairment and hand function in patients with rheumatoid finger deformities?</i>	9,729
L08	Dr Vadim Taraban <i>Examination of the role of CD27/CD70 co-stimulatory pathway in the activation and responses of NKT cells</i>	10,000
L09	Dr Andreas Wyttenbach <i>Do chemical chaperones protect against protein misfolding pathology in Alzheimer's and Huntington's Disease?</i>	10,000
L10	Dr David Baldwin <b>States of Jersey Research Fellowship</b> <i>Non-fatal self-harm and suicide in psychiatric patients in Jersey: nested case-control study</i>	33,400
	<b>Annual total 2006</b>	<b>116,878</b>

## **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 (Charities SORP 2005) 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 2005.

Signed on behalf of the Trustees

4 May 2007

## **WESSEX MEDICAL TRUST**

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF WESSEX MEDICAL TRUST**

**YEAR ENDED 31 DECEMBER 2006**

We have audited the financial statements of Wessex Medical Trust for the year ended 31 December 2006 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND THE AUDITORS**

The responsibilities of the trustees for preparing the 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Trustees' Annual Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **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 by the trustees 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 2006 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.

#### **Sheen Stickland LLP**

*Chartered Accountants*

*Registered Auditors*

7 East Pallant

Chichester

West Sussex PO19 1TR

4<sup>th</sup> May 2007

WESSEX MEDICAL TRUST

**Statement of Financial Activities for the Year Ended 31<sup>st</sup> December 2006**

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income					
Donations		29,785	59,408	89,193	522,046
Legacies	2	27,350	-	27,350	-
Activities for generating funds		52,987	52,259	105,246	107,727
Investment income	3	46,606	16,082	62,688	65,501
<b>Total incoming resources</b>		<b>156,728</b>	<b>127,749</b>	<b>284,477</b>	<b>695,274</b>
<b>Resources expended</b>					
<i>Costs of generating funds</i>	5	133,477	35,877	169,354	195,100
<b>Net incoming resources available for charitable application</b>		<b>23,251</b>	<b>91,872</b>	<b>115,123</b>	<b>500,174</b>
<i>Charitable Activities: advancement of medical research</i>					
Grants payable in furtherance of the charity's objects	7	20,748	96,130	116,878	539,079
Transfer of Gift of Sight funds to the University of Southampton Development Trust		-	151,000	151,000	-
Support costs of activities in furtherance of the charity's objects	4	62,729	-	62,729	82,998
<b>Total charitable activities</b>		<b>83,477</b>	<b>247,130</b>	<b>330,607</b>	<b>622,077</b>
<i>Governance costs</i>	4	12,684	-	12,684	15,952
<b>Total resources expended</b>	6	<b>229,638</b>	<b>283,007</b>	<b>512,645</b>	<b>833,129</b>
<b>Net outgoing resources before other recognised gains/losses</b>		<b>(72,910)</b>	<b>(155,258)</b>	<b>(228,168)</b>	<b>(137,855)</b>
<b>Other recognised gains/(losses) on investment assets</b>					
Realised gains on investment assets		16,878	-	16,878	-
Unrealised gains on investment assets	10/11	79,020	-	79,020	92,451
<b>Net movement in funds</b>		<b>22,988</b>	<b>(155,258)</b>	<b>(132,270)</b>	<b>(45,404)</b>
Balances brought forward at 1 <sup>st</sup> January 2006		474,784	317,697	792,481	837,885
<b>Balances carried forward at 31<sup>st</sup> December 2006</b>		<b>497,772</b>	<b>162,439</b>	<b>660,211</b>	<b>792,481</b>

All amounts relate to continuing activities.  
There were no other recognised gains or losses during the period.  
The notes on pages xv to xxi form part of these financial statements.

WESSEX MEDICAL TRUST

**Balance Sheet as at 31<sup>st</sup> December 2006**

	Note	2006 £	2005 £	
<b>Fixed Assets</b>				
Tangible Assets	9	1,425	2,303	
Investments	10	719,379	751,815	
		<hr/>	<hr/>	
		720,804	754,118	
<b>Current Assets</b>				
Investments	11	381,326	402,992	
Debtors	12	24,603	196,899	
Short Term Deposits		-	116,304	
Cash at bank and in hand		250,995	215,073	
		<hr/>	<hr/>	
		656,924	931,268	
<b>Current Liabilities</b>				
Amounts falling due within one year	13	(677,920)	(745,769)	
		<hr/>	<hr/>	
<b>Net Current (Liabilities)/Assets</b>		(20,996)	185,499	
		<hr/>	<hr/>	
<b>Total Assets less Current Liabilities</b>		699,808	939,617	
<b>Liabilities</b>				
Amounts falling due after more than one year	14	(39,597)	(147,136)	
		<hr/>	<hr/>	
<b>Net Assets</b>	16	660,211	792,481	
<b>Funds</b>				
Unrestricted	General	18	181,958	29,239
	Designated	18	315,814	445,545
Restricted		17	162,439	317,697
		<hr/>	<hr/>	
		660,211	792,481	
		<hr/>	<hr/>	

These financial statements were approved by the Board of Trustees on 4<sup>th</sup> May 2007 and were signed on its behalf by

Pamela Kimber  
Chairman

The notes on pages xv to xxi form part of these financial statements.

**Notes forming part of the financial statements**

**1. 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' (SORP 2005).
- b) The restricted funds represent monies received by the Trust that is specified by the donors for particular projects. The unrestricted fund represents uncommitted funds. The designated funds are unrestricted funds that have been set aside by the Trustees for a specific purpose.
- c) Investments are stated at mid-market value. Investments that 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 resources expended, including irrecoverable VAT, are charged against income on an accruals basis. Expenditure is allocated directly where the costs are directly attributable, otherwise on a basis of staff usage and their allocation of time.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside of the control of the Trust. Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

- e) Donations and legacies are recognised in the Statement of Financial Activities only when there is a reasonable assurance of receipt.
- f) Dividends on investments and bank interest are accounted for on the accruals basis.
- g) Fixed assets are depreciated over their estimated useful lives. The method of depreciating Fixtures, Fittings and Equipment is 33% on cost.
- h) Contributions to employee's personal pension schemes are charged to the Statement of Financial Activities in the year in which they are payable.
- i) Costs in respect of operating leases are charged on a straight line basis over the lease term.
- j) Gifts in kind are recognised at market value at the date of receipt.



**Notes forming part of the financial statements - continued****2. Legacies**

At the year end the Trust had been informed of entitlement to 2 legacies but the amounts were unable to be quantified with certainty. Since the year end a total of £75,000 has been received in respect of one of them. These have not been included in the Statement of Financial Activities.

**3. Investment Income**

	2006 £	2005 £
Income from UK quoted investments	52,536	56,090
Income on short term deposits and cash	10,152	9,411
	<u>62,688</u>	<u>65,501</u>

**4. Allocation of Support Costs**

	Basis of Allocation	Fundraising £	Charitable Activities £	Governance £	Total £
Staff Costs	Time	30,399	22,112	1,965	54,476
Office Costs	Usage	16,725	18,023	-	34,748
Computer Costs	Usage	855	570	-	1,425
Professional Fees	Time	19,139	21,673	7,344	48,156
Audit		-	-	3,375	3,375
Depreciation	Usage	527	351	-	878
		<u>67,645</u>	<u>62,729</u>	<u>12,684</u>	<u>143,058</u>

Staff costs and professional fees (relating to bookkeeping and accountancy) have been apportioned by the approximate amount of time spent in each area by the staff/professional to which the cost relates.

Office costs, computer costs and depreciation on equipment have been apportioned to the cost categories by reference to which activity the asset/cost related to.

**5. Costs of Generating Funds**

	Unrestricted £	Restricted £	2006 £	2005 £
Salaries	39,128	17,758	56,886	56,975
Public relations	-	-	-	6,880
Direct fundraising costs	31,173	11,755	42,928	50,541
Brochures and Leaflets	1,380	-	1,380	3,725
Advertising	515	-	515	726
Support Costs	61,281	6,364	67,645	76,253
	<u>133,477</u>	<u>35,877</u>	<u>169,354</u>	<u>195,100</u>

**Notes forming part of the financial statements - continued****6. Analysis of Resources Expended**

	Staff £	Other £	2006 £	2005 £
Costs of Generating Funds	87,285	82,069	169,354	195,100
Grants payable in furtherance of the charity's objects	-	116,878	116,878	539,079
Transfer of Gift of Sight funds to the University of Southampton Development Trust	-	151,000	151,000	-
Costs of activities in furtherance of the charity's objects	22,112	40,617	62,729	82,998
Governance	1,965	10,719	12,684	15,952
	<u>111,362</u>	<u>401,283</u>	<u>512,645</u>	<u>833,129</u>

Staff costs include £7,980 in respect of social security costs (2005: £14,132)

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

	2006	2005
£60,001 to £70,000	0	1

Contributions of £nil (2005: £5,343) were paid to this employee's personal pension plan

The average number of persons employed by the Trust during the year was 5 (FTE 4) (2005: 6(FTE 5))

No remuneration was paid to any Trustee in 2006 (2005: nil)

No expenses were paid to Trustees (2005: nil)

**7. Grants Awarded**

During the year 2006, 10 grants totalling £116,878 (2005: 8 grants totalling £542,092) were awarded to the University of Southampton to fund educational posts and research projects as detailed on page x. Grants not expended totalling £nil (2005: £3,013) were netted against these figures in the Statement of Financial Activities.

**8. Auditors' remuneration**

	2006 £	2005 £
Audit services	3,375	3,401
Non-audit services	-	-
	<u>3,375</u>	<u>3,401</u>

WESSEX MEDICAL TRUST

Notes forming part of the financial statements - *continued*

**9. Tangible Fixed Assets**

	Fixtures, Fittings and Equipment £
<b>Cost at 1<sup>st</sup> January 2006</b>	18,476
Additions	-
<b>Cost at 31<sup>st</sup> December 2006</b>	<u>18,476</u>
<b>Accumulated depreciation at 1<sup>st</sup> January 2006</b>	16,173
Charge for year	878
<b>Accumulated depreciation at 31<sup>st</sup> December 2006</b>	<u>17,051</u>
<b>Net Book Value</b>	
31 <sup>st</sup> December 2006	<u>1,425</u>
31 <sup>st</sup> December 2005	<u>2,303</u>

**10. Investments at market value: fixed assets**

	£
Equities- UK	
Market Value at 1 <sup>st</sup> January 2006	751,815
Disposal	(133,122)
Unrealised gain for the year	100,686
Market value at 31 <sup>st</sup> December 2006	<u><u>719,379</u></u>

The historical cost of investments at 31<sup>st</sup> December 2006 amounted to £484,736 (2005: £588,979).

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

**11. Investments at market value: current assets**

	£
Government Stocks	
Market Value at 1 <sup>st</sup> January 2006	402,992
Unrealised loss for the year	(21,666)
Market value at 31 <sup>st</sup> December 2006	<u><u>381,326</u></u>

The historical cost of investments at 31<sup>st</sup> December 2006 amounted to £401,444 (2005: £401,444).

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

WESSEX MEDICAL TRUST

Notes forming part of the financial statements - *continued*

**12. Debtors**

	2006 £	2005 £
Other debtors	24,557	196,853
Prepayments	46	46
	<u>24,603</u>	<u>196,899</u>

**13. Creditors: amounts falling due within one year**

	2006 £	2005 £
Grants payable	394,034	612,313
Trade creditors	261,715	119,715
Other creditors	788	5,880
Accruals	21,383	7,861
	<u>677,920</u>	<u>745,769</u>

**14. Creditors: amounts falling due after more than one year**

	2006 £	2005 £
Grants payable	39,597	147,136
	<u>39,597</u>	<u>147,136</u>

**15. Commitments under operating leases**

As at 31<sup>st</sup> December 2006 the Trust had annual commitments under non-cancellable operating leases as set out below:

	2006		2005	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire:				
Within 1 year	-	-	11,802	-
Within 2 - 5 years	10,281	2,961	-	2,961
<b>Total</b>	<u>10,281</u>	<u>2,961</u>	<u>11,802</u>	<u>2,961</u>

**16. Analysis of net assets**

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed Assets	563,612	157,192	720,804
Current Assets	4,046	652,878	656,924
Current Liabilities	(69,886)	(608,034)	(677,920)
Amounts falling due after more than 1 year	-	(39,597)	(39,597)
<b>Total Net Assets</b>	<u>497,772</u>	<u>162,439</u>	<u>660,211</u>

WESSEX MEDICAL TRUST

Notes forming part of the financial statements - *continued*

17. Restricted Funds

	2006 £	2005 £
Opening balance at 1 <sup>st</sup> January 2006	317,697	389,094
Net movement in restricted funds	(155,258)	(71,397)
Balance at 31 <sup>st</sup> December 2006	<u>162,439</u>	<u>317,697</u>

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.

	Opening balance at 1 <sup>st</sup> January 2006 £	Incoming Resources £	Resources Expended £	Closing balance at 31 <sup>st</sup> December 2006 £
Asthma	9,506	11,472	(10,000)	10,978
Alzheimer's	320	-	(320)	-
Child health	3,571	-	(3,571)	-
Cancer	1,336	16,492	(15,000)	2,828
Diabetes	898			898
Meningitis	(9,381)	27,352	-	17,971
Miscellaneous medical research	68,076	50	(33,400)	34,726
Fausto Iannotti fund	16	-	(16)	-
Healthy babies	6,757	1,476	(6,000)	2,233
Orthopaedics	10,673	450	(11,123)	-
Innovation fund	19,685	1,867	(13,175)	8,377
Gift of Sight	147,128	62,924	(186,877)	23,175
Steve Mills fund	50,466	1,108	-	51,574
Other disease specific funds	8,646	4,558	(3,525)	9,679
<b>Total</b>	<u>317,697</u>	<u>127,749</u>	<u>(283,007)</u>	<u>162,439</u>

During the year a total sum of £151,000 was transferred from the Gift of Sight appeal fund to the University of Southampton Development Trust. This transfer is shown above within the £186,877 resources expended for the Gift of Sight fund. A further £23,000 has been transferred after the year end and the remaining balance will be transferred in due course.

WESSEX MEDICAL TRUST

Notes forming part of the financial statements - *continued*

**18. Unrestricted Funds**

		2006 £	2005 £
Unrestricted Funds consist of:			
Designated Funds	Note 19	315,814	445,545
Tangible Fixed Assets		1,425	1,594
Free Reserves		<u>180,533</u>	<u>27,645</u>
		<u><u>497,772</u></u>	<u><u>474,784</u></u>

**19. Designated Funds**

The following designated funds have been set aside from the unrestricted funds in accordance with the reserves policy set out on page viii:

		2006 £	2005 £
Investment Reserve		215,814	225,545
Operational Reserve		<u>100,000</u>	<u>220,000</u>
		<u><u>315,814</u></u>	<u><u>445,545</u></u>