

**RAFT – Restoration of Appearance and Function Trust**

**Registered Charity 299811**



**Report and Financial Statements for the year ended 30 June 2018**

# RAFT - Restoration of Appearance and Function Trust

## Annual Report and Financial Statements for year ended 30 June 2018

---

### Contents

Annual Report of The Trustee .....	2
Officers and Advisers .....	2
Objectives and Activities .....	3
Structure Governance and Management .....	3
Management of Risk .....	4
Approach to fundraising .....	4
Public Benefit .....	4
Areas of Research .....	4
Research achievements and performance during the year .....	6
Financial review .....	8
Executive remuneration .....	8
Going concern .....	9
Subsequent events .....	9
Reserves Policy .....	9
Plans for future periods .....	9
Statement of Trustee's responsibilities .....	11
Consolidated Statement of Financial Activities .....	14
Consolidated and Charity Balance Sheets .....	15
Consolidated Cash Flow Statement .....	16
Notes to the Accounts .....	17

# RAFT - Restoration of Appearance and Function Trust

## Annual Report and Financial Statements for year ended 30 June 2018

### Annual Report of The Trustee

#### Officers and Advisers

<b>Charity registration</b>	Registered in England and Wales; number 299811		
<b>Principal office</b>	The Leopold Muller Building Mount Vernon Hospital Northwood Middlesex HA6 2RN		
<b>Chief Patron</b>	HRH The Duchess of Kent GCVO		
<b>Trustee</b>	RAFT Trustees Limited		
<b>Board of the Trustee</b>			Date effective:
	Niccolò Caderni	<i>Chairman</i>	appointed 1 November 2017
	Mick Jackson	<i>Deputy Chairman</i>	appointed 26 September 2018
	Alison Baker	<i>Honorary Treasurer</i>	resigned 23 January 2019
	Jonathan Angell		
	Francis Gugen	<i>former Chairman</i>	resigned 30 October 2017
	Norbert Kang		
	Sam Laidlaw		resigned 8 December 2017
	Cliff Murray		resigned 30 October 2017
	Robin Pinchbeck		resigned 23 January 2019
	Graeme Rimmer		appointed 26 September 2018
	Chris Scott	<i>former Deputy Chairman</i>	resigned 31 August 2018
	Richard Williams		
	Dafydd Wright		
<b>Executive Team</b>	Chief Executive Officer and Director of Research:		Elena Garcia
	Chief Financial Officer:		Nick Latham
<b>Banker</b>	Barclays Bank plc 54 High Street Ruislip, HA4 7AT		
<b>Auditor</b>	Nexia Smith & Williamson Onslow House, Onslow St, Guildford GU1 4TL		
<b>Solicitor</b>	Dechert LLP 160 Queen Victoria Street London, EC4V 4QQ		
<b>Website</b>	www.raft.co.uk		

# RAFT - Restoration of Appearance and Function Trust

## Annual Report of the Trustee for year ended 30 June 2018

---

The Trustee is pleased to present the Report and Financial Statements for the year ended 30 June 2018 which have been prepared in accordance with the accounting policies set out in notes to the financial statements.

### Objectives and Activities

The Charity carries out primary research and education into reconstructive plastic surgery, designed to improve the treatment of often life-threatening burns, wounds and cancers of the skin. The purpose is 'Tissue reconstruction after physical trauma'.

Its stated charitable objects are:

- i) to relieve sickness by the provision or assistance in the provision of facilities for the practice of reconstructive plastic surgery, burns healing and associated disciplines, and
- ii) to educate those in training in reconstructive plastic surgery and associated disciplines.

### Structure Governance and Management

The Charity is constituted under a Trust Deed dated 22 July 1988. The Trustee of the Charity is RAFT Trustees Limited ("the Trustee"), a limited liability company whose directors are referred to as "Trustees" in this report.

RAFT's charitable mission and ethos is important to the Trustees. Equally important is good governance and the Trustees hold themselves to standards similar to those of a public company. This includes:

- An independent Board, with strong governance and financial skills. Trustees are encouraged to undertake training courses to maintain their skills and to understand their obligations as Trustees
- A formal, rigorous and transparent procedure for the appointment of new Trustees, initially for a term of three years. New Trustees are invited and encouraged to attend Board meetings before being appointed. On appointment there is an induction process including a pack with background information and guidelines on duties and responsibilities. Trustees are encouraged to attend events on a regular basis.
- The Audit Committee that is responsible for the financial oversight of the Charity. This is made up of the Treasurer, Deputy Chairman and one other Trustee. The Chief Financial Officer attends by invitation. The Audit Committee will also ensure any potential conflicts of interest are dealt with appropriately. A register of interests is maintained and reviewed by the Trustees at each meeting

The Board also oversees that fundraising is conducted transparently in accordance with the Trust's ethical standards designed, inter alia, to ensure donors are never pressured or contacted against their will. Most of the charity's donations come from trusts and foundations or high net worth individuals. The charity does not use external organisations to seek donations from individuals and has a complaints policy to ensure that any complaints are addressed promptly and thoroughly.

The Board meets at least four times a year and determines the direction of policy and strategy. The surgical community continues to be well represented, with one plastic surgeon currently on the Board and several others as Patrons. Responsibility for the day to day management of the Charity is delegated to the Executive Team, who meet regularly with the Chairman and Deputy Chairman. Trustees receive regular updates on the financial status of the charity and progress against agreed priorities.

RAFT Enterprises Ltd (REL) is a wholly owned subsidiary of RAFT and undertakes commercial activity in support of RAFT's charitable aims and enters into agreements with third parties from time to time to undertake specific activities or assignments which by their nature carry an element of commercial risk and are therefore segregated from RAFT's charitable activities. Details of the other subsidiaries are given in the Notes to the Accounts. When taxable profits are made, they are transferred to the Charity under Gift Aid.

At the Balance Sheet date, the Group owned 5% of the equity in Smart Matrix Ltd (SML), an independent for-profit company established in 2011 to commercialise the development of Smart Matrix®, a product of RAFT's research programme. SML has acquired worldwide rights to Smart Matrix® for tissue wounds, excluding certain



# RAFT - Restoration of Appearance and Function Trust

## Annual Report of the Trustee for year ended 30 June 2018

rights which will enable the Charity to continue non-commercial research into further applications of Smart Matrix®. Under the terms of the Licence Agreement, the Charity will receive a royalty of 5% on all Smart Matrix® sales. The Charity also provides Research, Scientific and Administrative services to SML through REL.

### Management of Risk

The Trustees have identified and keep under review the major risks to which the Charity is exposed and continue to oversee the management controls and systems to manage those risks. The risks are reviewed on an ongoing basis and the risk register is updated accordingly.

The two main risks identified are fluctuations in the level of voluntary income and loss of rigour in assessing scientific progress. The trustees aim to mitigate the former through diligent financial planning and building financial reserves. On the latter, the scientific advisory board reviews all projects in detail at its meetings and the Charity maintains close links with leading plastic surgery practitioners.

### Approach to fundraising

We are increasingly reliant on fundraising to cover our costs and are incredibly grateful to all our supporters for the contributions they have made. We are very pleased to have appointed a new Director of Development in June 2018.

Our approach to fundraising consists of:

- soliciting donations from charitable trusts, corporate partners and individuals
- direct marketing appeals to individuals who have already expressed an interest in the work we do
- encouraging people to participate in events to raise funds on our behalf, particularly the London Marathon
- running a number of charitable and educational events, some of which raise funds

We do not currently use third party professional fundraisers. We have undertaken to comply with the latest fundraising guidelines from the Fundraising Regulator and the Charity Commission, including the Code of Fundraising Practice.

The Trustees are of the view that during the year to 30 June 2018 we have been compliant with those standards and we have not received any complaints.

In order to protect vulnerable people and other members of the public we have a fundraising policy in place. Statements on privacy complaints process are available on our website. In addition, during the year we have reviewed our procedures and records in line with the changes in data regulation.

### Public Benefit

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit". In particular, the Trustees have considered how planned activities will contribute to the aims and objectives they have set.

The overriding principle behind the medical research we undertake into tissue and bone reconstruction is to enable patients to regain their quality of life, independence and dignity enabling them to rebuild their lives after major trauma, serious wounds or burns, disease or birth defects. We work closely with surgeons and clinicians to confirm that the work we are doing is relevant to what they and their patients need.

### Areas of Research

The main areas that we are currently working in are:

# RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2018

The project:	What we are doing:	How this will benefit the patient:
<b>Wound Healing</b>	<p>We have already developed a material, Smart Matrix®. This is currently in the clinical trials stage, by Smart Matrix Limited. We are now developing this product into other areas, particularly:</p> <ul style="list-style-type: none"> <li>• large area acute wounds</li> <li>• chronic wounds</li> <li>• keloids</li> </ul>	<p>In the UK 3.5 people per 1,000 are affected by chronic leg ulcers, increasing to 20 per 1,000 in those over 80 years old. Apart from the impaired quality of life for sufferers they are also a significant burden on the NHS, costing an estimated £800 million every year.</p> <p>A similar number (3.5 per 1000) suffer from keloid scars, apart from pain and discomfort causing social anxiety and self esteem issues. Current treatment is risky and can exaggerate the situation.</p> <p>In both these instances we are developing products that will be highly beneficial to the patients and save medical resources.</p>
<b>Bone regeneration</b>	<p>Development of a biomaterial for bone regeneration to</p> <ul style="list-style-type: none"> <li>• act as a filler where there is a loss of bone</li> <li>• encourage the body to make bone naturally</li> </ul>	<p>Amongst the most common surgical procedures, those involving bone account for approximately 44% of the total. Fractures, bone diseases (e.g. osteoporosis), dental implants, spinal fusion or hip or knee replacements often need bone grafting to stop bone loss and promote healing.</p> <p>The work we are doing in this area will benefit patients in many aspects of surgical and dental treatment.</p>
<b>Breast reconstruction</b>	<p>The development of a 3D scaffold built from natural proteins found in breast tissue. It will be used in conjunction with fat supplemented by stem cells to help rebuild the breast and ensure that the fat will stay within the breast reconstruction site rather than dissipating throughout the body. As the breast tissue grows, the implant will be absorbed, leaving behind a natural breast, made with the patient's own body tissue.</p>	<p>Over 50,000 women in the UK are diagnosed with breast cancer every year. Fewer than half of those that have a mastectomy choose to have breast reconstruction; unwilling to undergo further surgery with an uncertain outcome.</p> <p>Once proven, RAFT's solution will allow for a natural feel outcome, with a quicker, less painful recovery time, and a far more cost-effective procedure.</p>
<b>Bionic Limb</b>	<p>This is a project in collaboration with UCL to develop multiplexed implantable device for controlling a prosthetic limb, the goal of which is make upper arm prosthetics completely intuitive. It is scheduled to conclude in early 2019.</p>	<p>Around 5,500 adults and children in the UK are living with an upper limb amputation or have congenital upper limb deficiency and hundreds more amputation procedures take place every year.</p> <p>Upper limb amputation is functionally more disabling than lower limb amputation because of the vast number of fine motor skills undertaken by the hand and arm. Limb-loss is extremely traumatic for patients and their families. It can impact on a patient's mental as well as physical health and affect their emotional wellbeing, independence, mobility and financial situation.</p>

# RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2018

The project:	What we are doing:	How this will benefit the patient:
Facial reconstruction -3D printing	<p>In conjunction with UCL the development of a 3D printable scaffold, supplemented with calcium phosphate for facial reconstruction surgery. This novel material will be able to:</p> <ul style="list-style-type: none"> <li>• create a custom-fit facial implant</li> <li>• encourage the body to grow bone naturally as the scaffold gradually gets absorbed by the body</li> </ul>	<p>In the UK approximately 60,000 operations to repair skull and jaw bones are carried out each year. Traditionally, metal implants bone grafts and artificial prosthetics are used but have a risk of rejection and other issues requiring multiple operations.</p> <p>The material we are developing will help the body to grow new bone, providing significant benefits to patients and saving the need for multiple operations as a patient grows older.</p>

## Research achievements and performance during the year

In terms of delivery of planned milestones for current research programmes compared to the objectives set up for the financial year ended on 30 June 2018:

Programme of Research:	Objective for the year ended 30 June 2018:	Status:
Bone Regeneration – SmartCaP™	Completion of CAM assays to study pro-angiogenic potential of the scaffolds	Completed
	Complete in vivo work	Unable to complete due to lack of funds
	File PCT application for the SmartCaP™ material	Completed
3D facial reconstruction	Continue research in collaboration with UCL Eastman Dental Institute	Completed A second PhD project was started in collaboration with UCL Eastman Dental Institute
DIEP flap breast reconstruction	Submission of PhD thesis	Thesis submitted to supervisors
Natural implant for breast reconstruction	Complete in vivo work	Completed
	Based on In vivo results, choose one of the prototypes to manufacture the implant	Completed
Bionic limb	Continue collaboration with UCL to develop a system for the transfer of neuromuscular signals to a prosthetic device	Completed and ongoing

Research output between June 2017 and June 2018 includes:

### Peer-reviewed scientific papers:

- Sharma *et al.* 2017. Design of a novel two-component hybrid dermal scaffold for the treatment of pressure sores. *Macromol Biosci* 2017:1700185.



# RAFT - Restoration of Appearance and Function Trust

## Annual Report of the Trustee for year ended 30 June 2018

- García-Gareta *et al.* 2018. Biomimetic Surface functionalization of clinically relevant metals used as orthopaedic and dental implants. *Biomed Mater* 13:015008.
- Kohli *et al.* 2018. Bone remodelling in vitro: Where are we headed? A review on the current understanding of physiological bone remodelling and inflammation and the strategies for testing biomaterials in vitro. *Bone* 110:38-46.
- Davison-Kotler *et al.* 2018. A new and universal classification system of skin substitutes inspired by factorial design. *Tissue Eng Part B Rev* 24(4):279-288.
- Levin *et al.* 2018. The importance of factorial design in tissue engineering and biomaterials science: Optimisation of cell seeding efficiency on dermal scaffolds as a case study. *J Tissue Eng* 9:1-4.

### Patents:

- United Kingdom Patent Application No. 1711360.6: Tissue Scaffold. Filing date: 14 July 2017.
- United Kingdom Patent Application No. 1615972.5: Extracellular Matrix Material. PCT filing date: 20 September 2017.

### Conferences:

- 5 presentations at the 17<sup>th</sup> Annual Conference of the Tissue and Cell Engineering Society – July 2017 (Manchester, UK).
- 6 presentations at the 28<sup>th</sup> annual conference of the European Society for Biomaterials – September 2017 (Athens, Greece).

In terms of other objectives for the financial year ended 30 June 2018 outlined in the Report and Financial Statement for the year ended 30 June 2017:

### Objective for the financial year ended 30 June 2018:

### Status:

Continue delivery of research services to Smart Matrix Limited in relation to the Smart Matrix® clinical development programme and further pre-clinical product development for new applications and indications

Completed. Our support of the technology transfer and manufacturing in a clean room, and quality control testing of scaffolds helped bring the Smart Matrix® product to a second clinical trial which started in October 2018. Additionally, research into new applications and indication continues with our bone regeneration programme and the opening of 2 new projects in the wound healing programme (large acute area wounds and chronic wounds).

Continue to strengthen the fundraising and income generation capacity of RAFT

Director of Development appointed in June 2018 and new Fundraising Strategy approved in July 2018.

Continue the talent management programme which includes six monthly performance development reviews and focussed development plans

Completed.

Develop and implement a communications strategy to support our research

Completed. Our communications strategy focuses on bi-weekly social media updates on Facebook, Instagram, and Twitter platforms.

Increase further collaborative network with both other learned institutions and surgeons

Completed. Additional collaborations formed this year with clinicians at the Queen Elizabeth Hospital in Birmingham, and scientists at Dankook University in Korea, The University of Nottingham, and Saint Francis Xavier University in Canada.

Continue to educate Surgical Research Fellows, by employing them in our research, for the benefit of the Plastic Surgery Community

Unable to complete due to lack of funds. However, re-connected with Founder and former Surgical Research Fellows to re-establish in-house Surgical Research Fellowships through a new funding stream.



# RAFT - Restoration of Appearance and Function Trust

## Annual Report of the Trustee for year ended 30 June 2018

### Financial review

The financial statements have been prepared in accordance with FR5102 and the Statement of Recommended Practice on Accounting and Reporting by Charities (effective January 2015 as amended in October 2018). The Statement of Financial Activities shows a decrease in unrestricted funds of £111,283 (£565,746 increase in 2017). Further realising part of the investment in Smart Matrix Limited also enabled the Trustees to increase research expenditure in the year.

Incoming resources were 29% lower in the year. Costs also reduced by 22% resulting in a deficit before investment gains of £192,427 only partially covered by investment gains of £128,888. In the previous year the gain from the property and investments more than offset the deficit of £120,494.

RAFT received donated services to the value of £70,000 during the year, for which we are extremely grateful. This sum is included in both income and expenditure in the Statement of Financial Activities.

Incoming resources include the commercial income from research services as well as voluntary income to allow new research focussed on helping patients affected by wound or trauma. RAFT is also very fortunate in that it has an energetic and committed group of donors and supporters who have continued to support and promote RAFT's activities over many years.

Fundraising costs at £156,259 represented 16% (2017: £262,138 and 20%) of total Incoming resources. RAFT spent almost £1million on research and education activities.

The Charities subsidiary, RFI, has made a realised profit for the year of £108,520 (2017: £199,794). There were no unrealised gains on investments (2017: £417,690). Other subsidiary companies have not traded in the year.

Services provided to SML by RFI amounted to £229,908 in the year (2017: £386,494).

### Executive remuneration

The remuneration of the Executive Team is approved by the Trustees. No member of the Executive Team is involved in deciding his or her own remuneration. RAFT benchmarks its executive pay against trends in both remuneration surveys and more current data drawn from recruitment consultants.

Since the former Chief Executive left in April 2018 the Charity has been managed by the Executive Team. The remuneration in the year, including basic pay, pension and benefits was as follows:

Role		Remuneration to 30 June 2018	Remuneration to 30 June 2017
Chief Executive and Director of Research	CEO from 1 May 2018	£ 49,268	-
Former Chief Executive	to 30 April 2018	£ 91,936	£ 107,206
Chief Financial Officer (part time)	from 26 April 2018	£ 7,289	-
Former Chief Financial Officer (part time)	to 31 March 2018	£ 40,296	£ 68,062
Director of Development (part time)	from 30 May 2018	£ 4,917	-
		£ 193,705	£ 175,267

No director of the trustee company received any remuneration during the year other than reimbursement of expenses detailed in the note 10 to the accounts.

# RAFT - Restoration of Appearance and Function Trust

## Annual Report of the Trustee for year ended 30 June 2018

---

### Going concern

The Trustees regularly review the charity's cash flow to ensure that it has sufficient working capital available to sustain its operations. RAFT meets its day to day requirements from existing cash resources.

Trustees oversee the following controls to ensure that RAFT maintains liquidity:

- A month by month budget and cash flow projection is reviewed by the Trustees at the start of the year
- A monthly review is undertaken by Chair and Deputy Chair
- Management Accounts including a Balance Sheet, Income and Expenditure Account and Cash Flow Statement are reviewed at each Trustee meeting
- The Treasurer formally reviews financial matters with the Chief Financial Officer at least monthly, including updating policies and procedures
- The Executive Team review the Risk Register when changes arise, with a full review annually.

The accounts are prepared on the going concern basis. The charity had net assets of £1,269,457 at year-end.

The Charity is considering ways of accessing other sources of income, including monetising certain assets and increasing its offering of scientific and research services. The Trustees have also taken steps to control expenditure so that the charity is better able to manage short-term fluctuations in voluntary income and to meet its obligations as they fall due. The resulting forecasts show that the charity is expected to be able to meet its liabilities as they fall due for the foreseeable future. After careful consideration of these factors, the Trustees have concluded that the going concern basis of preparation is appropriate.

### Subsequent events

In May 2019 the Group sold 526 of the B shares it holds in Smart Matrix Limited for £499,700. This significant receipt, against a background of falling income from donors in challenging times for the sector as a whole, and, reduced levels of service income gives the Trustees the opportunity to reconsider the strategy of the Charity going forward and a number of opportunities are being explored.

The cash realised will be used to effect a smooth and orderly transition to a new and more sustainable model. The type of science that RAFT promotes, as well as currently being difficult to fund, is best done in a more integrated environment with greater collaboration with clinicians and academia where better access to appropriate resources is available. Wherever possible staff will be transferred with the projects but it is likely there will be some redundancies. The future use of the premises at Mount Vernon Hospital will also be considered.

The financial effect of this restructuring cannot be quantified at present; the overall aim of the Trustees is to ensure the going concern of the Charity.

### Reserves Policy

The charity has a policy of maintaining free reserves at a minimum level in order to satisfy working capital requirements and to cover fluctuations in voluntary income. The Trustees have agreed that this level should be set in the short term at the equivalent of three months' total expenditure, with a medium-term target of six months.

As at 30 June 2018, cash balances in the group totalled £296,304, equivalent to over three months of expenditure. The group's Net Current Assets are £117,156, of which £108,637 is allocated to cover Restricted Fund obligations. Adding in Fixed Assets in the form of property and shares held, the group has Net Assets of £1,576,942. The Trustees are examining ways to monetise some of its assets in order to increase the level of reserves represented by net current assets.

### Plans for future periods

The objectives for the financial year ended 30 June 2019 are:

## RAFT - Restoration of Appearance and Function Trust

### Annual Report of the Trustee for year ended 30 June 2018

---

1) Deliver planned milestones for each current research programme specifically:

Wound healing programme:

- Complete development of ex vivo chronic wound model.
- Have a prototype for an antimicrobial matrix for the treatment of chronic leg ulcers.
- Have a prototype for the treatment of large area acute wounds.
- Have a prototype for and anti-keloid recurrence matrix.
- File patents where appropriate.

SmartCaP™ for bone regeneration:

- Complete in vivo work.

3D facial reconstruction:

- Continue research in collaboration with UCL Eastman Dental Institute.
- Complete in vivo work on first PhD project.

DIEP flap breast reconstruction:

- Submission of PhD thesis.

Natural implant for breast reconstruction:

- Complete scaling up of selected implant in collaboration with surgeons.
- Deliver publications plan agreed with Dankook University.

Bionic Limb:

- Continue collaboration with UCL to develop a system for the transfer of neuromuscular signals to a prosthetic device

2) Continue delivery of research services to Smart Matrix Limited in relation to the Smart Matrix® clinical development programme and further pre-clinical product development for new applications and indications.

3) Continue the talent management programme which includes six monthly performance development reviews and focussed development plans.

4) Continue implementing our communications strategy to support our research.

5) Increase further our collaborative network with both other learned institutions and surgeons.

6) Continue to educate Surgical Research Fellows, by employing them in our research; for the benefit of the Plastic Surgery Community.

7) As noted elsewhere the Group sold a significant portion of its shares in Smart Matrix Limited in May 2019 and the Trustees are assessing the strategy beyond June 2019. Existing projects will be continued in collaboration with others and it is likely to lead to a reduction in staff numbers.

This report was approved by the Trustees. Signed on their behalf on 27 August 2019 by:



Niccolò Caderni  
Chairman



# RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2018

---

## Statement of Trustee's responsibilities

The Trustee is responsible for preparing the Annual Report of the Trustee 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 Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charity and the group for that period.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- 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 statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and group will continue in business.

The Trustee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. It is also responsible for safeguarding the assets of the charity and the group and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# RAFT - Restoration of Appearance and Function Trust

## Annual Report and Financial Statements for year ended 30 June 2018

---



### Independent Auditor's Report to the Trustees of RAFT – Restoration of Appearance and Function Trust

#### Opinion

We have audited the financial statements of RAFT – Restoration of Appearance and Function Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 30 June 2018 which comprise the Consolidated statement of financial activities, the Consolidated and charity balance sheets, the Consolidated cash flow statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 30 June 2018 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

#### Basis for opinion

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# RAFT - Restoration of Appearance and Function Trust

## Annual Report and Financial Statements for year ended 30 June 2018

---

### Matters on which we are required to report by exception

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

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

### Responsibilities of trustees

As explained more fully in the Statement of Trustee's Responsibilities set out on page 11, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with that Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the parent charity's trustees as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the parent charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent charity and the parent charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Nexia Smith & Williamson  
Statutory Auditor  
Chartered Accountants

Onslow House  
Onslow Street  
Guildford  
GU1 4TL

Date: 3 September 2019

Nexia Smith & Williamson is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.



# RAFT - Restoration of Appearance and Function Trust

## Annual Report and Financial Statements for year ended 30 June 2018

### Consolidated Statement of Financial Activities

Year ended 30 June 2018

	Note	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Income and endowments from:					
<b>Donations and legacies</b>	2	245,466	425,677	<b>671,143</b>	690,574
<b>Charitable activities:</b>					
Grants and contracted income	3	-	-	-	54,847
Fundraising events	4	50,688	-	<b>50,688</b>	206,107
<b>Other trading activities:</b>					
Research services	5	230,156	-	<b>230,156</b>	386,964
<b>Investments</b>	6	102	-	<b>102</b>	28
<b>Total income</b>		<b>526,412</b>	<b>425,677</b>	<b>952,089</b>	<b>1,338,520</b>
<b>Expenditure on:</b>					
<b>Raising funds</b>	7	85,338	70,921	<b>156,259</b>	262,138
<b>Charitable activities:</b>					
Fundraising events	4	40,645	-	<b>40,645</b>	201,334
Research	8	426,084	307,012	<b>733,096</b>	640,007
<b>Other trading activities:</b>					
Research services	5,8	214,516	-	<b>214,516</b>	355,535
<b>Total expenditure</b>		<b>766,583</b>	<b>377,933</b>	<b>1,144,516</b>	<b>1,459,014</b>
<b>Net gain on investments</b>	13	128,888	-	<b>128,888</b>	480,816
<b>Net income/(expenditure) for the year</b>		<b>(111,283)</b>	<b>47,744</b>	<b>(63,539)</b>	<b>360,322</b>
<b>Other recognised gains:</b>					
Revaluation of fixed assets		-	-	-	150,000
<b>Net movement in funds</b>		<b>(111,283)</b>	<b>47,744</b>	<b>(63,539)</b>	<b>510,322</b>
<b>Total funds brought forward</b>		<b>1,579,588</b>	<b>60,893</b>	<b>1,640,481</b>	<b>1,130,159</b>
<b>Total funds carried forward</b>		<b>£1,468,305</b>	<b>£108,637</b>	<b>£1,576,942</b>	<b>£1,640,481</b>

All of the above results are derived from continuing activities. All gains and losses recognised in the period are included above.

# RAFT - Restoration of Appearance and Function Trust

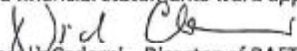
## Annual Report and Financial Statements for year ended 30 June 2018

### Consolidated and Charity Balance Sheets

30 June 2018

		Group		Charity	
	Note	2018	2017	2018	2017
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	12	1,150,600	1,185,000	1,150,600	1,185,000
Investments	13	386,482	556,920	4	4
		<b>1,537,082</b>	<b>1,741,920</b>	<b>1,150,604</b>	<b>1,185,004</b>
<b>Current assets</b>					
Trade and other debtors	14	37,041	43,889	45,775	41,462
Prepayments and accrued income		4,197	54,120	4,197	54,020
Bank accounts and cash balances		296,304	193,764	286,227	193,664
		<b>337,542</b>	<b>291,773</b>	<b>336,199</b>	<b>289,146</b>
<b>Creditors:</b>					
Amounts falling due within one year					
Trade creditors		167,651	142,456	167,651	142,456
Other creditors including tax and social security	15	11,445	26,472	11,445	26,130
Accruals and deferred income		41,290	58,900	38,250	54,900
		<b>220,386</b>	<b>227,828</b>	<b>217,346</b>	<b>223,486</b>
<b>Net current assets</b>		<b>117,156</b>	<b>63,945</b>	<b>118,853</b>	<b>65,660</b>
<b>Total assets less current liabilities</b>		<b>1,654,238</b>	<b>1,805,865</b>	<b>1,269,457</b>	<b>1,250,664</b>
<b>Creditors:</b>					
Amounts due after more than one year					
Trade creditors		-	54,000	-	54,000
Provision for deferred tax		77,296	111,384	-	-
		<b>77,296</b>	<b>165,384</b>	<b>-</b>	<b>54,000</b>
<b>Total net assets</b>		<b>£1,576,942</b>	<b>£1,640,481</b>	<b>£1,269,457</b>	<b>£1,196,664</b>
<b>The funds of the charity:</b>					
Unrestricted funds		1,468,305	1,579,588	1,160,820	1,135,771
Designated funds		-	-	-	-
Total unrestricted funds	16	1,468,305	1,579,588	1,160,820	1,135,771
Restricted income funds	16	108,637	60,893	108,637	60,893
<b>Total funding provided</b>		<b>£1,576,942</b>	<b>£1,640,481</b>	<b>£1,269,457</b>	<b>£1,196,664</b>

The financial statements were approved by the Board of Trustees and signed on their behalf by:

  
Nicola Caderni, Director of RAFT Trustees Ltd, Chair  
27 August 2019

# RAFT - Restoration of Appearance and Function Trust

## Annual Report and Financial Statements for year ended 30 June 2018

### Consolidated Cash Flow Statement

Year ended 30 June 2018

	Note	2018 £	2017 £
Net expenditure for the year before revaluations		(192,427)	(120,494)
Adjust for depreciation		52,484	45,000
Decrease in debtors and prepayments		56,771	29,475
Decrease in creditors, accruals and provisions		(61,442)	(120,150)
Net cash used in operating activities		(144,614)	(166,169)
Cash flows from investing activities:			
Acquisition of tangible fixed assets	12	(18,084)	-
Disposal of investments	13	265,238	249,480
Net cash provided by investing activities		247,154	249,480
Change in cash and cash equivalents in the year		£102,540	£83,311
Cash and cash equivalents at beginning of year		193,764	110,453
Cash and cash equivalents at end of year		<u>£296,304</u>	<u>£193,764</u>



# RAFT - Restoration of Appearance and Function Trust

## Annual Report and Accounts for year ended 30 June 2018

### NOTES TO THE ACCOUNTS

---

#### Notes to the Accounts

##### 1. Accounting policies

RAFT is registered as a charity (Number 299811) with the Charity Commission. It is domiciled and incorporated in England, with offices at Leopold Muller Building, Mount Vernon Hospital, Northwood, Middlesex HA6 2RN. The charity meets the definition of a public benefit entity under FRS102.

In the application of the company's accounting policies, the trustee is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

##### (a) Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015. Investments are included at market value, or cost if market value is not determinable. The company's functional currency is GBP sterling.

##### (b) Going Concern

The accounts are prepared on the going concern basis. On a consolidated basis the charity had net assets of £1,576,942 at year-end, and net current assets of £117,156. The Trustees have plans to invest in fund raising activities, and to forecast and control expenditure so that the charity is better able to manage short-term fluctuations in voluntary income and to meet its obligations as they fall due. The resulting forecasts show that the charity is expected to meet its liabilities as they fall due for the foreseeable future. After careful consideration of these factors, the Trustees have concluded that the going concern basis of preparation is appropriate.

##### (c) Group financial statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiaries, RAFT Enterprises Limited (registered in England and Wales: 02482872), Smart Matrix Intellectual Property Limited (registered in England and Wales: 09267906) and RAFT Ventures Limited (formerly Intuitive Bionics Limited; registered in England and Wales: 09091336), on a line by line basis.

##### (d) Income

All incoming resources are included in income when the charity is legally entitled to the income, the conditions for receipt have been met, the amount can be quantified with reasonable accuracy and there is reasonable assurance of receipt.

Donations and all other receipts from fundraising are reported gross and the related fundraising costs are reported separately.

- **Fundraising events** - Ticket income from events is recognised in the period when the event takes place. Sponsorship income is recognised over the period of time to which the sponsorship relates.
- **Other trading activities** - Income from the commercial trading operations of RAFT Enterprises Limited is included in income in the period in which the sale is made.
- **Donated services and goods** - Donated services and goods are included at the value to the charity where this can be quantified.

# RAFT - Restoration of Appearance and Function Trust

## Annual Report and Accounts for year ended 30 June 2018

### NOTES TO THE ACCOUNTS

---

#### 1. Accounting policies (continued)

##### (e) Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for the goods or service. Rental payments are charged to income on a straight-line basis over the period to which they relate. Charitable activities include all expenditure relating to the objects of the charity, including research activities and related support and management costs.

##### *(i) Staff costs allocation*

Staff costs are allocated between expenditure for raising funds, fundraising events, trading activities and charitable activities according to the cost of staff working directly on the relevant area.

##### *(ii) Repairs and maintenance*

Expenditure is written off in the period in which it is incurred. A major repair or refurbishment, which gives rise to a significant and continuing economic benefit to the charity by extending the useful life of the asset, is capitalised.

##### *(iii) Overhead allocation*

Administration and management costs comprise those overhead expenses which, whilst mainly related to the charitable activities, are not wholly so attributable. The proportion relating to the organisational management of the charity and its compliance with constitutional and statutory requirements is shown separately as Governance.

##### *(iv) Pension costs*

Retirement benefits for certain employees are funded by defined contributions from the group. Payments are made to pension provision companies. The group's contributions are treated as expended in the period in which they become payable.

##### *(v) Patent costs*

All expenditure on development is written off in the year it is incurred where the trustee does not consider there is sufficient certainty that future revenues generated will exceed historic expenditure.

##### (f) Tangible fixed assets and depreciation

Tangible assets are stated at cost less depreciation. Assets are depreciated, to write their cost down to estimated residual value. Depreciation is normally charged in equal annual instalments over their anticipated useful lives, as follows:

Leasehold building	4%
Laboratory equipment	33.3%
Office equipment	33.3%

Donated assets are capitalised at fair market value.

An interim valuation of the leasehold building is carried out if it is likely that there has been a material change in value; and a full valuation is obtained from a qualified valuer when the trustee considers it appropriate.

##### (g) Significant judgements

The valuation of the Charity's Leopold Muller Building and the valuation of RAFT Enterprises Limited's shareholding in Smart Matrix Limited both require significant judgements to be made.

##### (h) Investments

Fixed asset investments are stated at market value at the balance sheet date if market value can reasonably be determined. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the period.

##### (i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Any bank overdrafts are shown within borrowings in current liabilities.

# RAFT - Restoration of Appearance and Function Trust

## Annual Report and Accounts for year ended 30 June 2018

### NOTES TO THE ACCOUNTS

#### 1. Accounting policies (continued)

##### (j) Financial assets and liabilities

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Trade debtors, trade creditors and amounts due from the subsidiary company are recognised initially at transaction price. These obligations are intended to be settled within one year and are therefore not discounted using the effective interest method. Transaction cost represents their fair value.

##### (k) Equity instruments

There were no equity instruments issued in the year.

##### (l) Fund accounting

Funds held by the charity are either:

- **Unrestricted funds** - these are funds which can be used in accordance with the charitable objects at the discretion of the trustee.
- **Designated funds** - these are unrestricted funds that have been set aside by the trustee for particular purposes.
- **Restricted funds** - these funds, which arise from grants or donations made for a specific purpose, can only be used for that particular purpose within the objects of the charity. Restrictions arise when stipulated by the donor or grantor or where funds are raised for a specified purpose. The balances of the funds represent the unspent balances.

2. Donations and legacies	Unrestricted	Restricted	2018	2017
	£	£	£	£
Trusts and foundations	81,310	423,900	505,210	411,003
Donations by individuals	15,765	1,524	17,289	48,762
Gift Aid	2,491	108	2,599	15,941
Corporate sponsors	75,900	145	76,045	153,868
Donated services	70,000	-	70,000	61,000
Legacies	-	-	-	-
	<b>£245,466</b>	<b>£425,677</b>	<b>£671,143</b>	<b>£690,574</b>

A number of trustees continue to make occasional donations, but no trustee sought to influence expenditure choices through their donations.

3. Grants and contracted income	Unrestricted	Restricted	2018	2017
	£	£	£	£
Grants received	-	-	-	19,100
Contracted income	-	-	-	35,747
	-	-	-	<b>£54,847</b>



**RAFT - Restoration of Appearance and Function Trust**  
**Annual Report and Accounts for year ended 30 June 2018**  
**NOTES TO THE ACCOUNTS**

<b>4. Fundraising events</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Events income	50,688	206,107
Less: events expenditure	(40,645)	(201,334)
Net contribution from fundraising events	<b>£10,043</b>	<b>£4,773</b>

<b>5. RAFT Enterprises Limited: - trading activities</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Income from research services	229,908	386,494
Income from other services	248	358
	<b>230,156</b>	<b>386,852</b>
Less: research services expenditure	(214,516)	(355,535)
Gross income	<b>15,640</b>	<b>31,317</b>
Less: administration and management costs	(1,920)	(6,033)
Plus: realised gain on investments in the year	94,800	174,510
Realised profit for the year	<b>£108,520</b>	<b>£199,794</b>
Less: profits donated to parent company by gift aid	(278,940)	(274,764)
Plus: release of tax provision (2017: unrealised gain on investments net of tax provision)	34,088	306,306
Net (deficit)/profit for the year including revaluation	<b>£(136,332)</b>	<b>£231,336</b>

Smart Matrix Intellectual Property Limited and RAFT Ventures Limited were dormant throughout the year, and in 2017.

The assets engaged in the charity's three wholly owned subsidiaries are:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Fixed asset investments	386,583	557,021
Current assets	40,629	24,989
Current liabilities	(3,493)	(4,342)
Inter-company balances with parent charity	(38,833)	(22,362)
Long-term liabilities – deferred tax on revaluation	(77,296)	(111,384)
Net assets	<b>£307,950</b>	<b>£443,922</b>

RAFT Enterprises Ltd's object is to carry on trading activities for the benefit of RAFT. Smart Matrix Intellectual Property Ltd's object is to commercialise intellectual property which benefits RAFT through its shareholding and royalty income. RAFT Ventures Limited (formerly Intuitive Bionics Limited) is dormant. All three companies are registered in England & Wales.

**RAFT - Restoration of Appearance and Function Trust**  
**Annual Report and Accounts for year ended 30 June 2018**  
**NOTES TO THE ACCOUNTS**

<b>6. Investment income</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank interest	102	28

<b>7. Fundraising costs</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Staff costs	115,052	203,913
Consultancy and external services	22,403	22,310
Other costs	18,804	35,915
	<b>£156,259</b>	<b>£262,138</b>

<b>8. Research and research services costs</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Research staff	254,660	348,881
Support staff	171,513	141,987
Tuition fees and conferences	14,097	24,132
Scientific materials and equipment costs	21,519	40,105
External scientific services	97,746	134,814
Communication costs	39,625	31,433
IT costs	33,580	28,264
Office costs	18,003	6,301
Travel costs	13,814	11,082
Other costs	45,022	35,434
Depreciation	52,484	45,000
Intellectual property costs	79,588	57,092
Donated professional services	70,000	61,000
Governance costs (Note 10)	35,961	30,017
	<b>£947,612</b>	<b>£995,542</b>

<b>Shown as:</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Research	733,096	640,007
Research services	214,516	355,535
	<b>£ 947,612</b>	<b>£995,542</b>

**RAFT - Restoration of Appearance and Function Trust**  
**Annual Report and Accounts for year ended 30 June 2018**  
**NOTES TO THE ACCOUNTS**

<b>9. Governance costs</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Audit and taxation fees	15,811	17,055
Other trustee costs	20,150	12,962
	<b>£35,961</b>	<b>£30,017</b>

<b>10. Information regarding directors and employees</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
(a) Staff costs during the period were		
Wages and salaries	482,456	633,663
Social security costs	50,045	55,461
Other pension costs	8,725	6,177
	<b>£541,226</b>	<b>£695,301</b>

One member of staff received emoluments in excess of £60,000 (2017: three).	<b>Number</b>	<b>Number</b>
Number of employees earning between	<b>2018</b>	<b>2017</b>
£90,000 - £99,999	-	1
£80,000 - £89,999	1	-
£60,000 - £69,999	-	2
(b) Average number of persons employed		
Research	6	8
Fundraising	3	4
Administration	3	3
	<b>12</b>	<b>15</b>

**(c) Executive remuneration**

Following the departure of the former Chief Executive the charity has been run by the Executive Team. Total compensation received by the members of the team amounted to £193,705 (2017: £175,267). More details of the executive remuneration can be found in the Trustees report.

**(d) Trustees**

No director of the trustee company, or person related or connected by business to them, has received any remuneration from the Trust during the year (2017: none). £377 of expenses were reimbursed to two trustees for meeting expenses (2017: one trustee - £579).

**11. Taxation**

RAFT is a registered charity and therefore exempt from taxation under CTA 2010 to the extent that funds are applied for charitable purposes. As a result of this, and the donation by gift aid of its entire net profit by the subsidiary, no liability arises to corporation tax on the surplus for the financial period. Under FRS102, a deferred taxation liability has to be recognised on investment revaluation. The trustees fully expect that when these assets are sold, and this liability crystallises, the liability will be extinguished by making a gift aid donation of the proceeds to the charity.



**RAFT - Restoration of Appearance and Function Trust**  
**Annual Report and Accounts for year ended 30 June 2018**  
**NOTES TO THE ACCOUNTS**

**12. Fixed assets**

Group and charity

	Long Leasehold building £	Laboratory equipment £	Office equipment £	Total £
<b>Cost:</b>				
<b>At 1 July 2017</b>	1,185,000	238,035	6,654	1,429,689
Additions	-	18,084	-	18,084
<b>At 30 June 2018</b>	<b>1,185,000</b>	<b>256,119</b>	<b>6,654</b>	<b>1,447,773</b>
<b>Depreciation:</b>				
<b>At 1 July 2017</b>	-	238,035	6,654	244,689
Charge for the period	47,400	5,084	-	52,484
<b>At 30 June 2018</b>	<b>47,400</b>	<b>243,119</b>	<b>6,654</b>	<b>297,173</b>
<b>Net book value:</b>				
<b>At 30 June 2018</b>	<b>£1,137,600</b>	<b>£13,000</b>	<b>£ -</b>	<b>£1,150,600</b>
<i>At 30 June 2017</i>	<i>£1,185,000</i>	<i>£ -</i>	<i>£ -</i>	<i>£1,185,000</i>

An independent valuation was carried out on the leasehold Leopold Muller Building in July 2017 which resulted in a value of £1,185,000 as at 30 June 2017. The historic cost of the building was £468,124.

As the Charity is not a legal entity the long lease is held on the behalf of the Trust by RAFT Trustees Limited.

There were no capital commitments at the end of the year (2017 £Nil).

**13. Investments**

	Group 2018 £	2017 £	Charity 2018 £	2017 £
RAFT Enterprises Limited (subsidiary)	-	-	4	4
Smart Matrix Limited	386,482	556,920	-	-
	<b>£386,482</b>	<b>£556,920</b>	<b>£4</b>	<b>£4</b>

Movements in investment in Smart Matrix

	£
At 1 July 2017	556,920
Disposals	(170,438)
<b>At 30 June 2018</b>	<b>£386,482</b>

During the year the Group disposed of a number of Smart Matrix shares. The net gain on disposal includes the related movement in the deferred tax provision. At 30 June 2018 the Group holds 812 'B' shares in Smart Matrix Limited, representing 45% of the B shares issued. The investments are recognised at fair value in accordance with FRS102 after due consideration by the Trustees.

**RAFT - Restoration of Appearance and Function Trust**  
**Annual Report and Accounts for year ended 30 June 2018**  
**NOTES TO THE ACCOUNTS**

<b>14. Trade and other debtors</b>	<b>Group</b>		<b>Charity</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	30,553	43,889	-	19,100
VAT	6,488	-	6,942	-
Amount due from subsidiary company	-	-	38,833	22,362
	<b>£37,041</b>	<b>£43,889</b>	<b>£45,775</b>	<b>£41,462</b>
<b>15. Other creditors</b>	<b>Group</b>		<b>Charity</b>	
including tax and social security	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
PAYE	11,445	19,587	11,445	19,587
VAT	-	6,885	-	6,543
	<b>£11,445</b>	<b>£26,472</b>	<b>£11,445</b>	<b>£26,130</b>
<b>16. Movements in funds</b>	<b>Balances 30</b>		<b>Investment</b>	<b>Balances 30</b>
	<b>June 2017</b>	<b>Income</b>	<b>gain</b>	<b>June 2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Unrestricted funds:</b>				
General funds	1,579,588	526,412	(766,583)	1,468,305
<b>Total unrestricted funds</b>	<b>1,579,588</b>	<b>526,412</b>	<b>(766,583)</b>	<b>1,468,305</b>
<b>Restricted funds:</b>				
Wound healing innovations	-	1,278	(1,278)	-
Bionic limb	53,961	82,500	(80,868)	55,593
Adipose breast reconstruction	-	200,863	(147,819)	53,044
Diep flap breast reconstruction	-	686	(686)	-
3D printing for facial	6,932	27,350	(34,282)	-
Bone regeneration	-	113,000	(113,000)	-
<b>Total restricted funds</b>	<b>60,893</b>	<b>425,677</b>	<b>(377,933)</b>	<b>108,637</b>
<b>Total funds:</b>	<b>1,640,481</b>	<b>952,089</b>	<b>(1,144,516)</b>	<b>1,576,942</b>

A restricted fund is established for each main research project so that donors can designate the specific project they wish their donation to be applied to. All research projects meet RAFT's charitable objectives and are continuously reviewed to ensure that they will deliver direct patient benefit. RAFT commercialises its research outcomes provided this would not compromise availability of its discoveries to any group of patients. Income from commercialisation is promptly reinvested in new research projects.

**RAFT - Restoration of Appearance and Function Trust**  
**Annual Report and Accounts for year ended 30 June 2018**  
**NOTES TO THE ACCOUNTS**

**17. Analysis of group net assets by fund**

	Unrestricted funds	Restricted funds	Total 30 June 2018
	£	£	£
Tangible fixed assets	1,150,600	-	1,150,600
Investments	386,482	-	386,482
Net current assets	8,518	108,638	117,156
Long term liabilities	(77,296)	-	(77,296)
	<b>£1,521,351</b>	<b>£108,638</b>	<b>£1,576,942</b>

**18. Related party transactions**

The charity sold £214,516 (2017: £355,535) of services to its subsidiary RAFT Enterprises Limited (REL) during the year. As at 30 June 2018, the charity is owed £38,833 by REL (2017: £20,662). Pursuant to a Deed of Covenant REL transferred realised profits of £278,940 (2017: £274,764) to the charity under the Gift Aid scheme.

During the year, Smart Matrix Limited, a company in which RAFT Enterprises Limited holds voting rights, was recharged by the RAFT Group for services agreed under the Services Agreement. These totalled £229,909 (2017: £386,494). At 30 June 2018 Smart Matrix owed RAFT Group £30,553 (2017: £24,657).

RAFT Enterprises Limited holds 812 'B' shares in Smart Matrix Limited.

Certain directors of the trustee of RAFT had interests in Smart Matrix Limited as follows:

	1 July 2017 Ordinary Shares	% of Total	At the earlier of date of resignation or 30 June 2018 Ordinary Shares	% of Total
Francis Gugen *	500	3.8%	-	-
Sam Laidlaw *	176	1.3%	-	-
Rob Pinchbeck *	140	1.1%	140	1.1%
Total	816	6.2%	816	6.2%

\* No longer Directors

Mick Jackson, who was appointed after the year end holds 176 shares in Smart Matrix at the date of these financial statements. Current shareholdings for other directors are not disclosed as none of the individuals remain in office.



**RAFT - Restoration of Appearance and Function Trust**  
**Annual Report and Accounts for year ended 30 June 2018**  
**NOTES TO THE ACCOUNTS**

**19. Subsidiary undertakings**

The following were subsidiary undertakings of RAFT:

Name	Class of share	Holding	Aggregate investment £
RAFT Enterprises Limited *	Ordinary	100%	4
Smart Matrix Intellectual Property Limited~	Ordinary	100%	1
RAFT Ventures Limited ~	Ordinary	100%	100

\* - subsidiary undertaking of RAFT

~ - subsidiary undertaking of RAFT Enterprises Limited.

Intuitive Bionics Limited changed its name to RAFT Ventures Limited on 12 July 2017

**20. Consolidated statement of financial activities: Prior year comparatives by fund type:**

	Unrestricted funds	Restricted funds	Total 2017
	£	£	£
Income and endowments from:			
<b>Donations and legacies</b>	302,981	387,593	690,574
<b>Charitable activities:</b>			
Grants and contracted income	35,747	19,100	54,847
Fundraising events	206,107	-	206,107
<b>Other trading activities:</b>			
Research services	386,964	-	386,964
<b>Investments</b>	28	-	28
<b>Total income</b>	<b>931,827</b>	<b>406,693</b>	<b>1,338,520</b>
<b>Expenditure on:</b>			
<b>Raising funds</b>	187,674	74,464	262,138
<b>Charitable activities:</b>			
Fundraising events	201,334	-	201,334
Research	252,354	387,653	640,007
<b>Other trading activities:</b>			
Research services	355,535	-	355,535
<b>Total expenditure</b>	<b>996,897</b>	<b>462,117</b>	<b>1,459,014</b>
Net gain on investments	480,816	-	480,816
<b>Net income/(expenditure) for the year</b>	<b>415,746</b>	<b>(55,424)</b>	<b>360,322</b>
<b>Other recognised gains:</b>			
Revaluation of fixed assets	150,000	-	150,000
<b>Net movement in funds:</b>			
Total funds brought forward:	1,013,842	116,317	1,130,159
<b>Total funds carried forward</b>	<b>£1,579,588</b>	<b>£60,893</b>	<b>£1,640,481</b>

**RAFT - Restoration of Appearance and Function Trust**  
**Annual Report and Accounts for year ended 30 June 2018**  
**NOTES TO THE ACCOUNTS**

---

**21. Provision for Liabilities**

A number of years ago the charity was notified of a claim under the terms of its property lease. Although the claim was strongly re-buffed at the time, the claim has neither been withdrawn nor actively pursued. Offsetting any claim, the lease also has provision for the landlord to fund the re-housing of RAFT should certain circumstances arise. These circumstances have transpired, but there has to date been no claim made by the trustees under this clause. The trustees believe this matter will be concluded through discussion with the landlord without the need for a cash settlement to be paid by the charity. Therefore, no provision is included in the accounts in respect to the claim.

**22. Subsequent events**

In May 2019 the Group agreed to sell 526 of the B shares it holds in Smart Matrix Limited for £499,700. Following on from this the Trustees are reviewing the future strategy of the Group and the potential for transferring the existing projects to a more collaborative environment. It is likely this will lead to reduction in staff.