

RAFT – Restoration of Appearance and Function Trust

Registered Charity 299811



**Report and Unaudited Accounts
for the year ended 30 June 2019**

RAFT - Restoration of Appearance and Function Trust

Annual Report and Accounts for year ended 30 June 2019

Contents

Officers and Advisers	2
Chairman's Statement	3
Annual Report of The Trustee	4
Objectives and Activities.....	4
Structure Governance and Management	4
Management of risk.....	5
Approach to fundraising	5
Public benefit.....	6
Areas of research.....	6
Research achievements and performance during the year.....	7
Financial review	9
Executive remuneration	11
Going concern.....	11
Reserves policy	12
Plans for future periods.....	12
Statement of Trustee's responsibilities	14
Independent Examiner's Report.....	15
Consolidated Statement of Financial Activities	16
Consolidated and Charity Balance Sheets	17
Consolidated Cash Flow Statement	18
Notes to the Accounts	19

RAFT - Restoration of Appearance and Function Trust

Annual Report and Accounts for year ended 30 June 2019

Officers and Advisers

Charity registration	Registered in England and Wales; number 299811		
Principal office	475 Salisbury House London Wall London EC2M 5QQ		
Chief Patron	HRH The Duchess of Kent GCVO		
Trustee	RAFT Trustees Limited		
Board of the Trustee			Date change effective:
	Niccolò Caderni	<i>Chairman</i>	
	Mick Jackson	<i>Deputy Chairman</i>	appointed 26 September 2018
	Clifford Tompsett	<i>Honorary Treasurer</i>	appointed 20 November 2019
	Jonathan Angell		
	Norbert Kang		
	Graeme Rimmer		appointed 26 September 2018
	Dafydd Wright		
	Alison Baker	<i>former Honorary Treasurer</i>	resigned 23 January 2019
	Robin Pinchbeck		resigned 23 January 2019
	Chris Scott	<i>former Deputy Chairman</i>	resigned 31 August 2018
	Richard Williams		resigned 19 November 2019
Executive Team	Director of Research Chief Financial Officer	Elena Garcia Nick Latham	
Banker	Barclays Bank plc 54 High Street Ruislip, HA4 7AT		
Independent Examiner	Nexia Smith & Williamson Onslow House Onslow St Guildford GU1 4TL		
Solicitor	Dechert LLP 160 Queen Victoria Street London, EC4V 4QQ		
Website	www.raft.ac.uk		

RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2019

Chairman's Statement

The year to June 2019 and the following months have witnessed a period of significant transition for RAFT. The Trustees recognized that our research, hence our patients, would be better served by moving our laboratories away from a single location that had become progressively less fit for purpose, and into designated centres of excellence for academic and clinical research. Thus reorganized, we were able to make material savings in administrative and support costs against a background of declining charitable donations, as experienced throughout our sector. To maintain and support our research efforts over this period we have disposed of some of our shares in Smart Matrix Limited, the company that was spun off in 2012 out of RAFT's research. Having moved out of our historical home in the Leopold Muller Building we have recently disposed of our leasehold interest therein, thus eliminating those maintenance costs and further boosting our cash resources.



This major restructuring now complete, we enter the next chapter in the development of RAFT with the confidence that we have been able to find the best possible homes for our endeavours. This will shorten lead times, increase the likelihood of benefits reaching patients more speedily and with greater efficiency, whilst still maintaining intact over 30 years of RAFT's identity and ethos.

Our Breast Reconstruction and our Keloid projects are now housed within state-of-the-art laboratories at the Griffin Institute at Northwick Park & Saint Mark's Hospitals, whereas our Bone Reconstruction project is hosted at the Eastman Dental Institute of UCL. The 3D Printing for Facial Reconstruction programme and the Bionic Limb project continue at UCL. In these new locations, our scientists are able to benefit from the support and the challenge of colleagues from a variety of scientific disciplines whilst employing the latest technology and scientific resources. All projects continue to be wholly funded and monitored by RAFT, ensuring that we remain at the forefront of clinical and scientific research in our chosen disciplines. As a result of all this, we will now have reduced our administrative staff and general support costs to the very minimum, further enhancing the effectiveness of the funding we will receive. We will continue to improve the efficacy of our fund raising and plan to progress our digital fundraising initiatives.

We continue to monitor developments at Smart Matrix Limited, conscious that, should that company be successful, we are due to receive royalty income that will fund further research and benefit our patients. We are firm in our commitment that, at RAFT, patients' needs always come first, but we will explore further opportunities for commercialization of our research if this means quicker and broader access for patients, as well as wider sources of funding for further research.

Throughout, we continue to be 100% reliant on funding from our supporters to ensure that our vital work can continue under our new model of sponsoring excellence within regenerative medicine. We have taken difficult decisions in the full knowledge that donors have choices and will only support the most relevant and best managed of projects.

We are proud of the work of our scientific staff and we are immensely grateful to our benefactors for their continuing support. We have also seen some changes in our management and Board of Trustees and I would like to thank those who have left for their service to RAFT. I am extremely grateful for the continuing commitment of the Executive Team and Trustees and look forward to working with them on continuing our research.

A handwritten signature in black ink that reads "Niccolò Caderni". The signature is written in a cursive, slightly slanted style.

Niccolò Caderni
Chairman

May 2020

RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2019

Annual Report of The Trustee

The Trustee is pleased to present the Report and Accounts for the year ended 30 June 2019 which have been prepared in accordance with the accounting policies set out in notes to the accounts.

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. 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 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 usually meets 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. In addition, the Board and Executive team are assisted by the Scientific Advisory Committee. 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 2% 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

RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2019

research programme. SML has acquired worldwide rights to Smart Matrix® for tissue wounds, excluding certain 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.

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.

Principal risks	What the risks mean	How we manage the risks
The current coronavirus pandemic has caused the UK Government to implement significant restrictions on social and business activities for an unknown duration of time.	The full impact of this pandemic and the related restrictions is still to be seen. However, the economic consequences are likely to have an impact on our supporter's ability to fund our research. The social restrictions will also impact our ability to hold fund raising events and to interact with our donor base, and potentially our research.	The Trustees and Executive review the commitment to research and other spending commensurate with the level of income and reserves.
Loss of income from our supporters including foundations, individuals and events	RAFT is fortunate to have support from a variety of foundations and other donors. Failure to grow or maintain the donor base will lead to a reduction in funding income.	The Trustees are reviewing the fundraising strategy including investing in additional resources to support the fundraising effort and increasing the donor base. This will include reviews of the digital, social marketing and events programmes.
Failure to deliver scientific programmes	Failure to deliver scientific programmes due to loss of rigour in planning and assessment of deliverables and or failure to maintain capability of key staff	Governance by Scientific Advisory Board who review the current programme and assess future projects. Focussing on a limited number of relevant research programmes.
Impairment of assets values, including the investment in Smart Matrix Limited.	An impairment of asset values, particularly Smart Matrix Limited would impact the ability to cover temporary income shortfalls by asset sales.	Regular review of the valuation. Support Smart Matrix wherever possible.

Approach to fundraising

We are reliant on fundraising to cover our costs and are incredibly grateful to all our supporters for the contributions they have made.

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

RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2019

- 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 2019 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 and complaints policies and process are available on our website.

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, and how they will potentially benefit the public are:

The project:	What we are doing:	How this will benefit the patient:
Bone regeneration	Development of a biomaterial for bone regeneration to <ul style="list-style-type: none">• act as a filler where there is a loss of bone• encourage the body to make bone naturally	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. The work we are doing in this area will benefit patients in many aspects of surgical and dental treatment.
Breast reconstruction	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.	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. 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.
Wound Healing	We have already developed a material, Smart Matrix®. This is currently in the clinical trials stage, by Smart Matrix Limited.	In the UK 3.5 people per 1,000 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.

RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2019

The project:	What we are doing:	How this will benefit the patient:
	We are now developing this product into other areas, particularly keloids.	We are researching and developing products that will be highly beneficial to the patients and save medical resources.
Bionic Limb	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	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. 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.
Facial reconstruction -3D printing	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: <ul style="list-style-type: none"> • create a custom-fit facial implant • encourage the body to grow bone naturally as the scaffold gradually gets absorbed by the body 	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. 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.

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 2019:

Programme of Research:	Objective for the year ended 30 June 2019:	Status:
Bone Regeneration – SmartCaP™	Complete in vivo work	Will be completed once the project is transferred to new collaborative institution
3D facial reconstruction	Continue research in collaboration with UCL Eastman Dental Institute	Completed and second PhD continues at UCL
	Complete in vivo work on first PhD project	Completed; thesis being submitted
DIEP flap breast reconstruction	Submission of PhD thesis	Now completed at the Mayo Clinic in USA

RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2019

Programme of Research:	Objective for the year ended 30 June 2019:	Status:
Natural implant for breast reconstruction	Complete scaling up of selected implant in collaboration with surgeons	Analysis of in vivo work is a much bigger task than originally predicted as more information than anticipated can be derived from the study. Therefore, scaling up and publications are on hold until in vivo analysis finished.
	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	Completed and research on this project continues at UCL
Wound healing programme	Complete development of ex vivo chronic wound model.	Completed
	Have a prototype for an antimicrobial matrix for the treatment of chronic leg ulcers.	Project stopped as focus placed on other research programmes
	Have a prototype for the treatment of large area acute wounds.	Project stopped as focus placed on other research programmes
	Have a prototype for an anti-keloid recurrence matrix	Project on hold for a period but now restarted in a new collaborative environment.
	File patents where appropriate.	Ongoing process

Research output between June 2018 and June 2019 includes:

Peer-reviewed scientific papers:

- García-Gareta *et al.* 2019. Engineering the migration and attachment behaviour of primary dermal fibroblasts. *Biotechnol Bioeng* 116(5):1102-1115.
- Davison-Kotler *et al.* 2019. Sources of collagen for biomaterials in skin wound healing. *Bioengineering* 6(3):56.

Books:

- Collagen, from tissue culture to biomaterials, tissue engineering, and beyond. E García-Gareta. Cambridge Scholars Publishing (Cambridge, UK). ISBN: 978-1-5275-2246-6. Published on 1st February 2019.
- Biomaterials for skin repair and regeneration. Editor: E García Gareta. Elsevier Limited (Oxford, UK). ISBN: 9780081025468 / 9780081025475. Published on 6th June 2019.

Book chapters:

- Biomaterials for skin repair and regeneration; Chapter: Introduction. E García-Gareta. Elsevier Limited (Oxford, UK). ISBN: 9780081025468 / 9780081025475. Published on 6th June 2019.
- Biomaterials for skin repair and regeneration; Chapter: Synthetic polymers for skin biomaterials. N Kohli, V Sharma, SJ Brown, E García-Gareta. Elsevier Limited (Oxford, UK). ISBN: 9780081025468 / 9780081025475. Published on 6th June 2019.

Patents:

- United Kingdom Patent Application No. 1900815.0: Polymer for 3D Printing. Filing Date: 21st Jan 2019.
- United Kingdom Patent Application No. 1813461.9: Tissue Scaffold. PCT filing Date: 17th Aug 2019.
- WO2019012295A1, PCT/GB2018/052002: Tissue Scaffold. PCT filing date: 14th Jul 2018.

Conferences:

RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2019

- 12 presentations at the 5th World Congress of the Tissue Engineering and Regenerative Medicine International Society – September 2018 (Kyoto, Japan).
- 1 presentation at the British Society for Investigative Dermatology (BSID) Annual Meeting – April 2019 (Bradford, UK).
- 1 plenary speaker presentation at the 5th Symposium San Luis Potosí of Research in Materials Science, Universidad Autónoma de San Luis Potosí – April 2019 (San Luis Potosí, Mexico).
- 8 presentations at the Tissue Engineering and Regenerative Medicine International Society EU Annual Meeting – May 2019 (Rhodes, Greece).

In terms of other objectives for the financial year ended 30 June 2019 outlined in the Report and Accounts for the year ended 30 June 2018:

Objective for the financial year ended 30 June 2019:	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. By mutual agreement, the arrangement to provide research services is currently on hold. Additionally, research into new applications continues with our bone regeneration program.
Continue the talent management programme which includes six monthly performance development reviews and focussed development plans.	The process was continued throughout the period.
Continue implementing our communications strategy to support our research	Our communications strategy continues to focus on regular updates on our social media platforms (Facebook, LinkedIn and Instagram).
Increase further our collaborative network with both other learned institutions and surgeons.	Positive outcomes achieved and collaboration ongoing, including new ventures.
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, discussions with former Surgical Research Fellows continue.
Monetise some of the assets held to provide working capital. Review the basis on which existing science programmes are conducted with a view to achieving cost efficiencies.	The Group sold a significant portion of its shares in Smart Matrix Limited in May 2019. Arrangements concluded (after the year-end) with various research organisations to continue our projects on a collaborative basis; the projects will be fully funded and managed by RAFT.

Financial review

The accounts have been prepared in accordance with FRS102 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 £(672,066), after making provision for historic property outgoings of £(730,000). Realising part of the investment in Smart Matrix Limited enabled the Trustees to maintain research expenditure in the year.

RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2019

Income

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. We are very grateful to our committed group of donors and supporters who have continued to support and promote RAFT's activities, many have been involved since the early years.

Total Income for the year was £610,334 (2018: £952,089) representing a 36% decrease in the year. RAFT relies on donations for a substantial proportion of its income and in common with other not for profit organisations has seen this reduce significantly this year with virtually all heads of income lower than the previous year. Our income from Trusts and Foundations was £280,270 (2018: £505,210) almost half the amount in 2018. Individual donations are up 17% but from a low base, and Corporate Sponsorship reduced to a negligible level. Donated services received by RAFT doubled to £140,000 in 2019 as providers have faithfully responded to RAFTs increasing requirements for which we are extremely grateful. This sum is included in both income and expenditure in the Statement of Financial Activities.

Income from Fundraising Events almost halved to £27,415 (2018: £50,688). The event associated with the London Marathon went ahead as usual in 2019 but the RAFT clay pigeon shoot had to be cancelled due to lack of sponsorship.

Services provided by REL to SML amounted to £133,845 in the year (2018: £230,156). For the last few years Research Services have been provided to SML to support the commercialisation of Smart Matrix©, a product which has successfully evolved from RAFT research and development under the wound healing project. As clinical trials have advanced, there has been less requirement for RAFT to provide services. This reduction is expected to continue.

Expenditure

Total Expenditure, including fundraising costs, has increased to £1,686,848 (2018: £1,144,516) for the year, including the provision for property outgoings of £730,000 and other rationalisation and transition costs of £56,600. Expenditure on research of £725,415 was maintained at around the level of the previous year (2018: £733,096) and the average number of research employees remained at 6 during the year. However, there are some movements of significance in component costs. A significant reduction in support staff costs due to reallocation of the former CEO duties amongst the members of the Executive Team is largely offset by the increase in donated professional services cost and the requirement for a provision for 'rationalisation and transition' costs (see note 7 for details).

Fundraising expenditure decreased by 36%, largely because of a reduction in headcount and reduction in consultancy and external services in line with changes made to the Executive Team. The cost of fundraising events was significantly reduced as a result of cancellation of the RAFT clay pigeon shoot event owing to lack of sponsors.

These movements reflect recognition by the Board that the reduction in Foundation and Trust income was largely outside of RAFT's control and that measures to reduce the cost base had to be commenced in the 2019 financial year.

Services provided to SML by REL amounted to £125,963 in the year (2018: £214,516). Expenditure associated with the provision of research services to SML has fallen in line with the requirement for provision of services and accounts described above.

Other income – net gain on investments

This represents realised and unrealised gains (net of taxation) on RAFT's investment in SML and amounted to £407,874 in 2019 (2018: £128,888). Realised gains in 2019 resulted from the sale in May 2019 of 526 B shares in SML at a price of £950 per share which generated cash proceeds of £499,700. The unrealised revaluation gain reflects the increase in the value of the remaining 286 B shares in SML revalued to £950 per share as at 30 June 2019.

RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2019

Net income/(expenditure) for the year

The net expenditure for the year was £(289,714), before investment gains and excluding the property outgoings and rationalisation and transition costs of £(786,600) (2018: £(192,427), no exceptional items) reflecting the net expenditure which was partially offset by net gains on investments of £407,874 (2018: £128,888). The resultant net expenditure was £ (668,440) (2018: £ (63,539)).

The Charities subsidiary, REL, has made a realised profit for the year of £506,642 (2018: £278,940). There were further unrealised gains on investments, net of tax of £108,458 (2018: £34,088). Other subsidiary companies have not traded in the year.

Cash balances at 30 June 2019 were £460,954 (2018: £296,304).

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.

The remuneration in the year, including basic pay, pension and benefits was as follows:

Role		Remuneration to 30 June 2019	Remuneration to 30 June 2018
Chief Executive and Director of Research	CEO from 1 May 2018	£ 51,277	£ 49,268
Former Chief Executive	to 30 April 2018	-	£ 91,936
Chief Financial Officer (part time)	from 26 April 2018	£ 40,935	£ 7,289
Former Chief Financial Officer (part time)	to 31 March 2018	-	£ 40,296
Director of Development (part time)	from 30 May 2018	£ 60,471	£ 4,917
		£152,683	£ 193,705

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.

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 budget and cash flow projection are reviewed by the Trustees at the start of the year
- A regular 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 group had net assets of £908,502 at year-end and the £460,954 cash in hand.

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 gave the Trustees the opportunity to reconsider the strategy of the Charity going forward. The cash realised will be used to affect a smooth and orderly transition to a new and more sustainable model.

RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2019

Whilst the primary pillars of our research initiatives remain firmly in place, RAFT is moving from an organisation which has largely conducted and supported research from its own facility in the Leopold Muller Building at Northwood, to an organisation which is 'hosted by others'. The Executive Team and the Board of Trustees have determined that 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. This has been achieved and the Breast and Keloid programmes have been transferred to the Griffin Institute (formerly the Northwick Park Institute for Medical Research) in Harrow and the Bone programme to University College London, based at the Royal Free Hospital. Some staff have transferred with the projects but there are some redundancies. The ownership, sponsorship and overall supervision and direction of our research programmes remain entirely in RAFT's control, but we benefit from the resources and input from our collaboration partners.

The laboratories at Mount Vernon Hospital are no longer used and the lease has been surrendered in April 2020 resulting in a cash inflow of £350,000. As part of the restructuring the back office and support functions will operate from a virtual office, with services being provided to the Group through contract or consultancy arrangements on a much-reduced overall cost base. The financial effect of this restructuring, covering the employees and property clearance is estimated at £56,600 and provision has been made in the current year. Provision has also been made towards the historic property outgoings, such that the deficit arising from the property surrender in the year to June 2020 is neutral.

The overall aim of the Trustees is to ensure the going concern of the Charity and the continuation of the scientific research in the most appropriate environment.

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 to the year end a coronavirus pandemic emerged which caused the United Kingdom government to implement significant restrictions on social and business activities for an unknown duration of time. The impact of this pandemic and the related restrictions has not yet been quantified but the trustees are confident that the Group can continue as a going concern for a period of at least twelve months from the date of signing of these accounts.

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 usually be set at the equivalent of six to nine months' total expenditure, but having regard to prevailing conditions. However, as we proceed with the restructuring and the coronavirus pandemic, we are maintaining our reserves at the highest level to cover potential net outflows in the next twelve months. We will be fundraising to cover specific research as well as core costs. Our expenditure on speculative research will be severely reduced for the time being.

As at 30 June 2019, cash balances in the group totalled £460,954. The group's Net Current Assets are £379,542, of which £112,263 is allocated to cover Restricted Fund obligations. Adding in Fixed Assets in the form of property and shares held, and provisions, the group has Net Assets of £908,502.

Plans for future periods

Following on from the sale of a significant portion of the Smart Matrix Limited investment in May 2019, and as described above, the Trustees have reviewed strategy of the Group. We are aiming to continue providing scientific research of the highest quality, utilising wherever possible existing staff and minimising support costs with ongoing services provided on a consultancy or contract basis, including the Executive team. Unfortunately, some staff have been made redundant but remaining staff have been transferred or seconded with the key projects to a more collaborative environment, where the programmes remain fully funded and managed by

RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2019

RAFT. This was concluded in January 2020 and work continues in the transition to a low-cost base virtual back office and support function.

We will be fundraising to support our current programmes, as well as new ones that are within the Charity remit, in collaboration with third parties. Ultimately the aim is that our work is commercialised and used for the benefit of patients in accordance with our charitable objectives.

Accordingly, the goals for the financial year ending 30 June 2020 are:

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

Natural implant for breast reconstruction:

- Finish analysis of in vivo samples.
- Produce a scaled-up prototype of the breast scaffold.
- Transfer project to new collaborative institution (The Griffin Institute, formerly Northwick Park Institute of Medical Research)

DIEP flap breast reconstruction:

- Completion of PhD viva by Surgical Research Fellow at The Mayo Clinic (USA).

SmartCaP® for bone regeneration:

- Complete in vivo work (surgery + sample retrieval) in a small animal model.
- Transfer project to new collaborative institution (Eastman Dental Institute, UCL).

Wound healing programme:

- Reopen the keloid project in collaboration with The Griffin Institute (formerly Northwick Park Institute of Medical Research).

3D facial reconstruction:

- Continue research in collaboration with UCL Eastman Dental Institute.

Bionic Limb:

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

2) Continue supporting Smart Matrix Limited in relation to the Smart Matrix® clinical development programme as required.

3) Continue implementing our fundraising strategy to support our research being conducted in collaboration with other institutions.

4) Increase further our collaborative network with other institutions and clinicians and transferring existing programmes to other suitable institutions

5) Complete the rationalisation and transition plans

This report was approved by the Trustees. Signed on their behalf on 13 May 2020 by:



Niccolò Caderni
Chairman

RAFT - Restoration of Appearance and Function Trust

Annual Report of the Trustee for year ended 30 June 2019

Statement of Trustee's responsibilities

The Trustee is responsible for preparing the Annual Report of the Trustee and the Accounts 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 accounts 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 accounts, 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 accounts
- prepare the accounts 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 accounts 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 Accounts for year ended 30 June 2019



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

I report to the trustees on my examination of the accounts of RAFT – Restoration of Appearance and Function Trust for the year ended 30 June 2019, which comprise the consolidated Statement of financial activities, the consolidated and charity balance sheets, the consolidated cashflow statement and the notes to the accounts, including a summary of significant accounting policies.

Respective responsibilities of trustees and examiner and basis of report

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the Act. I confirm that I am qualified to undertake the examination because I am a member of The Institute of Chartered Accountants in England & Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

I have no concerns to report but would like to draw attention to the disclosures in note 1(b), Going concern, and note 21, Subsequent events, in relation to the emergence of the coronavirus pandemic in early 2020, in order to enable a proper understanding of the accounts to be reached.

Name: Jeffrey Selden
Associate of The Institute of Chartered Accountants in England & Wales

Address: Smith & Williamson LLP
Onslow House
Onslow Street
Guildford GU1 4TL

15 May 2020

RAFT - Restoration of Appearance and Function Trust

Annual Report and Accounts for year ended 30 June 2019

Consolidated Statement of Financial Activities

Year ended 30 June 2019

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Income and endowments from:					
Donations and legacies	2	285,919	158,632	444,551	671,143
Charitable activities:					
Fundraising events	3	27,415	-	27,415	50,688
Other trading activities:					
Research services	4	133,845	-	133,845	230,156
Other income		4,260	-	4,260	
Investments	5	263	-	263	102
Total income		451,702	158,632	610,334	952,089
Expenditure on:					
Raising funds	6	71,330	27,918	99,248	156,259
Charitable activities:					
Fundraising events	3	6,022	-	6,022	40,645
Research	7	272,593	452,822	725,415	733,096
Other trading activities:					
Research services	4,7	125,963	-	125,963	214,516
Other expenditure:					
Provision for property outgoings	7	730,000	-	730,000	-
Total expenditure		1,205,908	480,740	1,686,648	1,144,516
Net gain on investments	9	407,874	-	407,874	128,888
Net expenditure for the year		(346,332)	(322,108)	(668,440)	(63,539)
Other recognised gains:					
Revaluation of fixed assets		-	-	-	-
Transfers between funds		(325,734)	325,734	-	-
Net movement in funds		(672,066)	3,626	(668,440)	(63,539)
Total funds brought forward		1,468,305	108,637	1,576,942	1,640,481
Total funds carried forward		£ 796,239	£112,263	£908,502	£1,576,942

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 Accounts for year ended 30 June 2019

Consolidated and Charity Balance Sheets

30 June 2019

	Note	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
Fixed assets					
Tangible fixed assets	12	1,098,200	1,150,600	1,098,200	1,150,600
Investments	13	271,700	386,482	4	4
		1,369,900	1,537,082	1,098,204	1,150,604
Current assets					
Trade and other debtors	14	2,012	37,041	108,320	45,775
Prepayments and accrued income		16,000	4,197	16,000	4,197
Bank accounts and cash balances		460,954	296,304	355,111	286,227
		478,966	337,542	479,431	336,199
Creditors:					
Amounts falling due within one year					
Trade creditors		25,244	167,651	25,244	167,651
Other creditors including tax and social security	15	12,919	11,445	12,919	11,445
Accruals and deferred income		61,261	41,290	60,010	38,250
		99,424	220,386	98,173	217,346
Net current assets		379,542	117,156	381,258	118,853
Total assets less current liabilities		1,749,442	1,654,238	1,479,462	1,269,457
Provisions for liabilities:	16	840,940	77,296	786,600	-
		840,940	77,296	786,600	-
Total net assets		£908,502	£1,576,942	692,862	£1,269,457
The funds of the charity:					
Unrestricted funds		174,163	798,829	(41,477)	491,344
Property revaluation reserve		622,076	669,476	622,076	669,476
Total unrestricted funds	17	796,239	1,468,305	580,599	1,160,820
Restricted income funds	17	112,263	108,637	112,263	108,637
Total funding provided		£908,502	£1,576,942	£692,862	£1,269,457

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



Niccolò Caderni, Director of RAFT Trustees Ltd, Chair
13 May 2020

RAFT - Restoration of Appearance and Function Trust

Annual Report and Accounts for year ended 30 June 2019

Consolidated Cash Flow Statement

Year ended 30 June 2019

	Note	2019 £	2018 £
Net expenditure for the year before revaluations		(1,076,314)	(192,427)
Adjust for depreciation		53,400	52,484
Decrease in debtors and prepayments		23,226	56,771
Decrease/(increase) in creditors, accruals and provisions		665,638	(61,442)
Net cash used in operating activities		(334,050)	(144,614)
Cashflows from investing activities:			
Acquisition of tangible fixed assets	12	(1,000)	(18,084)
Disposal of investments	13	499,700	265,238
Net cash provided by investing activities		498,700	247,154
Change in cash and cash equivalents in the year		164,650	£102,540
Cash and cash equivalents at beginning of year		296,304	193,764
Cash and cash equivalents at end of year		£460,954	£296,304

RAFT - Restoration of Appearance and Function Trust

Annual Report and Accounts for year ended 30 June 2019

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; from April 2020 the registered office is 475 Salisbury House, London Wall, London EC2M 5QQ. 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 accounts 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 £908,502 at year-end, and net current assets of £379,542. The Trustees have plans to minimise its outgoings and work in collaboration on a restricted number of projects. The resulting forecasts show that the charity is expected to meet its liabilities as they fall due for the foreseeable future.

The emergence of the coronavirus pandemic as disclosed in note 21 has caused economic uncertainty within the United Kingdom. The Trustees have considered the potential impact of this on the financial position of the Charity and have concluded that the Charity is unlikely to be significantly adversely affected by this.

After careful consideration of these factors, the Trustees have concluded that the going concern basis of preparation is appropriate.

(c) Group accounts

These accounts 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 (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.

RAFT - Restoration of Appearance and Function Trust

Annual Report and Accounts for year ended 30 June 2019

NOTES TO THE ACCOUNTS

1. Accounting policies (continued)

- **Donated services and goods** - Donated services and goods are included at the value to the charity where this can be quantified.

(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.

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as exceptional items. These are disclosed separately to provide further understanding of the financial performance of the Group.

RAFT - Restoration of Appearance and Function Trust

Annual Report and Accounts for year ended 30 June 2019

NOTES TO THE ACCOUNTS

1. Accounting policies (continued)

(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.

(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.
- **Property revaluation reserve** – representing the difference between the historical costs and the valuation less depreciation.
- **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	2019	2018
	£	£	£	£
Trusts and foundations	122,770	157,500	280,270	505,210
Donations by individuals	19,954	160	20,114	17,289
Gift Aid	3,094	41	3,135	2,599
Corporate sponsors	101	931	1,032	76,045
Donated services	140,000	-	140,000	70,000
	£285,919	£158,632	£444,551	£671,143

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

RAFT - Restoration of Appearance and Function Trust
Annual Report and Accounts for year ended 30 June 2019
NOTES TO THE ACCOUNTS

3. Fundraising events	2019	2018
	£	£
Events income	27,415	50,688
Less: events expenditure	(6,022)	(40,645)
Net contribution from fundraising events	£ 21,393	£10,043

4. RAFT Enterprises Limited: - trading activities	2019	2018
	£	£
Income from research services	133,845	229,908
Income from other services	-	248
	133,845	230,156
Less: research services expenditure	(125,963)	(214,516)
Gross income	7,882	15,640
Less: administration and management costs	(940)	(1,920)
Plus: realised gain on investments in the year	299,416	94,800
Realised profit for the year	306,358	108,520
Less: profits donated to parent company by gift aid	(506,642)	(278,940)
Plus: unrealised gain on investments net of tax provision (2018: release of tax provision)	108,458	34,088
Net deficit for the year including revaluation	£ (91,826)	£ (136,332)

Smart Matrix Intellectual Property Limited and RAFT Ventures Limited were dormant throughout the year, and in 2018.

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

	2019	2018
	£	£
Fixed asset investments	271,700	386,583
Current assets	105,873	40,629
Current liabilities	(2,493)	(3,493)
Inter-company balances with parent charity	(105,095)	(38,833)
Long-term liabilities – deferred tax on revaluation	(54,336)	(77,296)
Net assets	£ 215,649	£307,950

RAFT Enterprises Limited's object is to carry on trading activities for the benefit of RAFT. Smart Matrix Intellectual Property Limited'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 2019
NOTES TO THE ACCOUNTS

5. Investment income	2019	2018
	£	£
Bank interest	263	102

6. Fundraising costs	2019	2018
	£	£
Staff costs	90,219	115,052
Consultancy and external services	8,510	22,403
Other costs	519	18,804
	£99,248	£156,259

7. Research, research services and other costs	2019	2018
	£	£
Research staff	259,318	254,660
Support staff	74,304	171,513
Tuition fees and conferences	12,392	14,097
Scientific materials and equipment costs	13,524	21,519
External scientific services	73,378	97,746
Communication costs	5,657	39,625
IT costs	30,207	33,580
Office costs	5,248	18,003
Travel costs	16,521	13,814
Other costs	5,703	26,838
Insurance	14,611	18,184
Depreciation	53,400	52,484
Intellectual property costs	70,390	72,898
Other professional fees	10,196	6,690
Donated professional services	140,000	70,000
Rationalisation costs	56,600	-
Provision for property outgoings (see below)	730,000	
Governance costs (Note 8)	9,929	35,961
	£1,581,378	£947,612

Shown as:	2019	2018
	£	£
Research	725,415	733,096
Research services	125,963	214,516
Provision for property outgoings	730,000	-
	£1,581,378	£ 947,612

RAFT - Restoration of Appearance and Function Trust
Annual Report and Accounts for year ended 30 June 2019
NOTES TO THE ACCOUNTS

7. Research, research services and other costs (continued)

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, the claim had neither been withdrawn nor actively pursued. As part of the strategic view after the year end it became apparent that the leasehold building interest was no longer fit for purpose and surplus to requirements. During the disposal discussions it was recognised that it would not be possible to dispose of the leasehold interest without having regard to historic property outgoing. Accordingly, a provision of £730,000 has been included in these accounts.

8. Governance costs	2019	2018
	£	£
Independent Examination	3,500	-
Audit fees: current year	-	10,250
prior periods	5,011	2,521
Fees paid to company related to the independent examiner/auditor	940	3,040
Other trustee costs	478	20,150
	£9,929	£35,961

9. Net gain on investments			2019	2018
	Disposal	Revaluation	£	£
	£	£		
Surplus on disposal	249,345	-	249,345	94,800
Surplus on revaluation	-	135,573	135,573	-
Movement on taxation provision	50,075	(27,119)	22,956	34,088
	£299,420	£108,454	£407,874	£128,888

10. Information regarding directors and employees	2019	2018
	£	£
(a) Staff costs during the period were		
Wages and salaries	381,972	482,456
Social security costs	38,018	50,045
Other pension costs	3,851	8,725
	£423,841	£541,226

One member of staff received emoluments between £60,000 and £69,999 (2018: one).

(b) Average number of persons employed		
Research	6	6
Fundraising	2	3
Administration	2	3
	10	12

(c) Executive remuneration

Total compensation received by the three members of the Executive Team amounted to £152,683 (2018: £193,705). More details of the executive remuneration can be found in the Trustees report.

RAFT - Restoration of Appearance and Function Trust
Annual Report and Accounts for year ended 30 June 2019
NOTES TO THE ACCOUNTS

10. Information regarding directors and employees (continued)

(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 (2018: none). £472 of expenses were reimbursed to one trustee for meeting expenses (2018: two trustees - £377).

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.

12. Fixed assets

Group and charity

	Long Leasehold building £	Laboratory equipment £	Office equipment £	Total £
Cost or valuation:				
At 1 July 2018	1,185,000	256,119	6,654	1,447,773
Additions	-	1,000	-	1,000
Disposals	-	(238,035)	(3,494)	(241,529)
At 30 June 2019	£1,185,000	£19,084	£3,160	£1,207,244
	Long Leasehold building £	Laboratory equipment £	Office equipment £	Total £
Depreciation:				
At 1 July 2018	47,400	243,119	6,654	297,173
Charge for the period	47,400	6,000	-	53,400
Disposals	-	(238,035)	(3,494)	(241,529)
At 30 June 2019	£94,800	£11,084	£3,160	£109,044
Net book value:				
At 30 June 2019	£1,090,200	£8,000	£ -	£1,098,200
<i>At 30 June 2018</i>	<i>£1,137,600</i>	<i>£13,000</i>	<i>£ -</i>	<i>£1,150,600</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. The leasehold interest of the building was surrendered in April 2020.

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 (2018 £Nil).

RAFT - Restoration of Appearance and Function Trust
Annual Report and Accounts for year ended 30 June 2019
NOTES TO THE ACCOUNTS

13. Investments	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
At 1 July 2018	386,482	556,920	4	4
Disposals	(250,355)	(170,438)	-	-
Movement in fair value	135,573	-	-	-
At 30 June 2019	£271,700	£386,482	£4	£4

The group investment is in Smart Matrix Limited. The Charity investment is in its wholly owned subsidiary, RAFT Enterprises Limited. At 30 June 2019 the Group holds 286 'B' shares in Smart Matrix Limited, representing 16% of the B shares issued. The investments are recognised at fair value in accordance with FRS102 after due consideration by the Trustees.

14. Trade and other debtors	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	-	30,553	1,243	-
VAT	2,012	6,488	1,982	6,942
Amount due from subsidiary company	-	-	105,095	38,833
	£2,012	£37,041	£108,320	£45,775

15. Other creditors	Group		Charity	
including tax and social security	2019	2018	2019	2018
	£	£	£	£
PAYE	12,919	11,445	12,919	11,445
	£12,919	£11,445	£12,919	£11,445

16. Provisions for liabilities	Group		Charity	
	Other	Deferred	Total	Other
	provisions	taxation		provisions
	£	£	£	£
Balance brought forward	-	77,296	77,296	-
Charged to income and expenditure	786,600	27,119	813,719	786,600
Released on disposals	-	(50,075)	(50,075)	-
	£ 786,600	£54,340	£840,940	£ 786,600

RAFT - Restoration of Appearance and Function Trust

Annual Report and Accounts for year ended 30 June 2019

NOTES TO THE ACCOUNTS

16. Provisions for liabilities (continued)

In light of the rationalisation programme planned for the latter part of 2019 it is appropriate that provision is made to cover abnormal costs relating to staff, including redundancy costs, as well as costs to decommission office and laboratory premises. These amount to £56,600 and are expected to be utilised in the year to 30 June 2020.

As detailed in note 7, a number of years ago the charity was notified of a claim under the terms of its property lease, which had neither been withdrawn nor actively pursued. As part of the rationalisation and transition considerations, it was recognised that it would not be possible to dispose of the leasehold interest without having regard to historic property outgoings. Accordingly, a provision of £730,000 has been included in these accounts.

17. Movements in funds	Balances 1 July 2018	Income	Expenditure	Transfers	Investment gain	Balances 30 June 2019
	£	£	£	£	£	£
Unrestricted funds:						
General funds	798,829	451,702	(1,158,508)	(325,734)	407,874	174,163
Revaluation reserve	669,476	-	(47,400)	-	-	622,076
Total unrestricted funds:	1,468,305	451,702	(1,205,908)	(325,734)	407,874	796,239
Restricted funds:						
Wound healing and Chronic wounds	-	1,044	(127,102)	126,058	-	-
Keloids	-	8,000	(18,389)	10,389	-	-
Bionic limb	55,593	88	(48,418)	-	-	7,263
Adipose breast reconstruction	53,044	86,000	(130,410)	66,366	-	75,000
3D printing for facial	-	10,000	(34,006)	24,006	-	-
Bone regeneration	-	53,500	(122,415)	98,915	-	30,000
Total restricted funds	108,637	158,632	(480,740)	325,734	-	112,263
Total funds:	1,576,942	610,334	(1,686,648)	-	407,874	£ 908,502

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.

18. Analysis of group net assets by fund

	Unrestricted funds £	Restricted funds £	Total 30 June 2019 £
Tangible fixed assets	1,098,200	-	1,098,200
Investments	271,700	-	271,700
Net current assets	267,279	112,263	379,542
Provisions	(840,940)	-	(840,940)
	£796,239	£112,263	£908,502

RAFT - Restoration of Appearance and Function Trust

Annual Report and Accounts for year ended 30 June 2019

NOTES TO THE ACCOUNTS

19. Related party transactions

The charity sold £125,963 (2018: £214,516) of services to its subsidiary RAFT Enterprises Limited (REL) during the year. As at 30 June 2019, the charity is owed £105,095 by REL (2018: £38,833). Pursuant to a Deed of Covenant REL transferred realised profits of £506,642 (2018: £278,940) 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 £133,845 (2018: £229,909). At 30 June 2019 Smart Matrix owed RAFT Group £nil (2018: £30,553).

RAFT Enterprises Limited holds 286 'B' shares in Smart Matrix Limited.

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

	At the later of 1 July 2018 or date of appointment		At the earlier of date of resignation or 30 June 2019	
	Ordinary Shares	% of Total	Ordinary Shares	% of Total
Rob Pinchbeck * <i>(resigned 23.1.2019)</i>	140	0.9%	140	0.8%
Mick Jackson <i>(appointed 26.9.2018)</i>	176	1.1%	176	1.0%

* No longer a Director

Mick Jackson continues to hold 176 shares, and as Smart Matrix are issuing new shares his percentage holding will be less than that at 30 June 2019.

20. 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.

21. Subsequent events

In April 2020, the Group surrendered its leasehold interest in the Leopold Muller Building for a net cash consideration of £350,000 having regard to the property value and past property outgoings, for which provision have been made in these accounts. This follows on from the relocation of the principal research projects to be managed by RAFT at other institutions and reducing other administration functions in line with the current strategy of the Group.

Subsequent to the year end a coronavirus pandemic emerged. At the time of the approval of these accounts there is still uncertainty around how long the effects of this will last and it has not been possible to quantify the financial impact of the pandemic on the Charity.

RAFT - Restoration of Appearance and Function Trust
Annual Report and Accounts for year ended 30 June 2019
NOTES TO THE ACCOUNTS

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

	Unrestricted funds	Restricted funds	Total 2018
	£	£	£
Income and endowments from:			
Donations and legacies	245,466	425,677	671,143
Charitable activities:			
Grants and contracted income	-	-	-
Fundraising events	50,688	-	50,688
Other trading activities:			
Research services	230,156	-	230,156
Investments	102	-	102
Total income	526,412	425,677	952,089
Expenditure on:			
Raising funds	85,338	70,921	156,259
Charitable activities:			
Fundraising events	40,645	-	40,645
Research	426,084	307,012	733,096
Other trading activities:			
Research services	214,516	-	214,516
Total expenditure	766,583	377,933	1,144,516
Net gain on investments	128,888	-	128,888
Net income/(expenditure) for the year	(111,283)	47,744	(63,539)
Other recognised gains:			
Revaluation of fixed assets	-	-	-
Net movement in funds:	(111,283)	47,744	(63,539)
Total funds brought forward:	1,579,588	60,893	1,640,481
Total funds carried forward	£1,468,305	£108,637	£1,576,942