

**RAFT
THE RESTORATION OF APPEARANCE
AND FUNCTION TRUST**

CHARITY No 299811



**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2010**

**RAFT – The Restoration of Appearance and Function Trust
Report and Financial Statements
For the year ended 30 June 2010**

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REPORT OF THE TRUSTEES

The Trustee submits its annual report and the audited financial statements for the year ended 30 June 2010.

Section 1 – Legal and Administrative Details

Registered Charity No.

299811

Registered Address of Charity

The Leopold Muller Building
Mount Vernon Hospital
Northwood
Middlesex
HA6 2RN

Legal Status

The Charity is constituted under a Trust Deed dated 22 July 1988.

Objectives and Principal Aims

RAFT is a charity which carries out primary research and education into reconstructive plastic surgery; all specifically designed to improve the treatment of, often life threatening, burns, wounds and cancers of the skin.

Chief Patron

HRH The Duchess of Kent GCVO

Patrons

Mr John Apthorp OBE
The Lady Ashcroft
Ms Cherie Booth QC
Sir Robin Chichester-Clark
Mr Jim Fitzpatrick MP
Mr Michael Garston OBE LLB
Mrs Patricia Gaynor
Lt Col Steven Jeffery
Lady Kirby Laing MB BS DMRD
The Earl & Countess of Leicester
Mr Frederick Nicolle MChir FRCS
Lady Oliver
Mr David C T Pollock
The Rt Hon Lord Tebbit CH
Professor Ray Waters BSc PhD DSc

Ambassadors

Peter Gordon

REPORT OF THE TRUSTEES

Sian Phillips

Chairman

The Earl Howe (retired 15 May 2010)
Francis Gugen (appointed 22 July 2010)

Trustee

RAFT Trustees Limited
Registered Office:
The Leopold Muller Building
Mount Vernon Hospital
Northwood
Middlesex
HA6 2RN

Board

Ms Lisa Arnold (retired 27 October 2009)
Mr James Carleton
Mrs Hermione Crosfield, OBE (retired 15 September 2009)
Mr Mark Fennell
Mr Francis Gugen
Ms Angela Harkness
Mr Ciaran Healy (appointed 15 September 2009)
Mr James Henderson (retired 21 January 2010)
The Earl Howe (retired 15 May 2010)
Mr Sam Laidlaw
Mr Roger Lambert
Dr Paul Nathan (appointed 22 July 2010)
Mr David Turner (appointed 21 October 2010)
Mr Edward Whitley

Chairman's Committee ("CC")

Mr Mark Fennell
Mr Francis Gugen
Ms Angela Harkness
Dr Paul Nathan MBBS, B.Sc.(Hons), BA, PhD, FRCP
(The Trustees decided at their 22 July 2010 meeting that there was no longer any need for a Chairman's Committee and that thereafter its responsibilities would be undertaken by the Trustees directly)

Research Advisory Committee ("RAC")

Dr Stephen Cook BSc. PhD
Mr Baljit Dheansa FRCS (Plast)
Mr Norbert Kang MB BS FRCS (Eng) MD

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Dr Paul Nathan MBBS B.Sc.(Hons) BA PhD FRCP
Mr Marc Pacifico BSc (Hons) MB BS MD FRCS (Plast.)
Mr Bruce Philp MA(Cantab) BMBCh((Oxon) FRCS

Dr Jose-Luis Diaz Sanchez PhD - Associate RAC Member

Chief Executive Officer

Mrs Leonor Stjepic MBA FCMi FRSA

Senior Research Adviser

Dr Dai Chaplin PhD

Group Leaders

Dr Julian Dye PhD
Dr Rachel Haywood PhD

Bankers

Barclays Bank plc
Ruislip, Pinner and Northwood Branch
Harrow & Ruislip Area
54, High Street
Ruislip
Middlesex
HA4 7AT

Auditors

Nexia Smith & Williamson
Smith & Williamson
1 Bishops Wharf
Walnut Tree Close
Guildford, Surrey
GU1 4RA

Solicitors

Farrer & Co
66 Lincolns Inn Fields
London
WC2A 3LH

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Section 2 – Structure, Governance and Management

RAFT Trustees Limited, the Board and its Committees

RAFT is a registered medical charity established in July 1988. The Trustee of the Charity is RAFT Trustees Limited (company registration 3115825), the directors of which constitute the Board of Trustees (the "Board"), which governs the activities of the Charity. A trust deed sets out the constitution of the Charity and this was last amended in December 1999.

RAFT Trustees Ltd is a company limited by guarantee, with each member being required to contribute up to £1 upon any winding up. The members of RAFT Trustees Ltd are the same as the directors of the Board, each of whom has no other interest, beneficial or otherwise, in the capital of RAFT.

The Board has the ultimate responsibility of ensuring that the Charity pursues its Objects as defined in its trust deed (described further below), remains as far as possible financially stable and uses its resources exclusively in pursuance of the Objects. In addition, the Board is also ultimately responsible for ensuring that RAFT complies with charity law, company law, and any other relevant legislation or regulation.

Skill needs for new members of the Board are identified and members suggest appropriate candidates. Appointments are approved at Board meetings, and new trustees undertake a formal induction and training course. Board service is limited to a maximum of nine years (3 x 3 years).

The Board meets at least four times a year and considers significant matters of policy and management. The Board has established a management committee (called the Chairman's Committee or "CC"), which is comprised of the Deputy Chairman, two Trustees and a member of the Research Advisory Committee (as described further below). The CC has authority to make day-to-day management decisions and monitors finance, research and fundraising performance. Strategic decisions are reserved unto the Board. The Chief Executive, who reports to the CC on a monthly basis, undertakes the day-to-day running of RAFT. The CC reviewed their role, and based on their recommendation, in July 2010 the Board decided that the CC's responsibilities would henceforth be best carried out by the full Board and so the CC was dissolved.

In 2008 a Research Advisory Committee ("RAC") was constituted and is made up voluntary medical and scientific members. The role of the RAC is to advise RAFT's Trustees, Chief Executive and Senior Research Adviser on scientific strategy and the quality and value of RAFT's current and potential future scientific research.

The responsibilities of the RAC are to:

- 1) Help develop and articulate a strategy for science and provide advice on matters such as:
 - a) the principles for evaluating the quality and effectiveness of the science
 - b) identifying uncertainties and their potential impact on research projects
- 2) Monitor and review progress of the current research work, in a way which helps the Senior Research Adviser and the research teams achieve project targets and outcomes.

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- 3) Suggest possible research topics which RAFT could/should be interested in, to keep RAFT at the cutting edge with a pipeline of work which will fulfil RAFT's purpose.
- 4) Triage possibilities and project ideas for research work to establish priorities for evaluation, and ensure that RAC keeps its attention on scientific work to which it is uniquely placed to contribute.
- 5) Suggest suitably qualified persons to carry out peer reviews of project proposals to ensure proper evaluation of each new project; having regard to the demands of related grant applications.

RAFT Enterprises Limited

The Charity's wholly owned trading subsidiary carries out fundraising events for the Charity. During the year, these events included a Clay Pigeon Shoot and an anniversary "999 Dinner" which raised funds as well as celebrating RAFT's 21st anniversary. The net profit from events in the financial year of £123,886 (£53,114 in 2009) will be paid to the Charity by deed of covenant.

Employees

Prior to September 2007, all staff, whether scientific, medical or administrative were employed on NHS contracts adapted for RAFT. Since September 2007, all new staff have been appointed on RAFT contracts. There are currently five members of staff on NHS contracts adapted for RAFT. All other staff are on RAFT contracts.

Irrespective of how staff are appointed, RAFT adopts stringent policies in relation to personnel matters including in particular:

- An Equal Opportunities Policy
- A Volunteers' Policy
- A Health & Safety Policy (with further special Research and Laboratory policies)
- Compliance with NHS Research & Development and Ethics requirements

Risk Management

The Trustee has responsibility for identifying the major risks to which the Charity is exposed, reviewing those risks and ensuring that systems have been established to mitigate those risks.

A comprehensive Risk Register is maintained and is reviewed in detail at least annually.

RAFT's Health and Safety Committee meets at least monthly and the Laboratory Manager makes monthly reports to the Chairman's Committee.

As part of the risk assessment carried out, the Trustee has identified two major risks:

1. Loss of key personnel
2. Impact of economic downturn on reserves and cash-flow

To alleviate the impact of these risks on RAFT's ability to deliver its mission, the Trustees are working with the Fundraising Team to increase reserves to a level that would ensure enough funding to minimise disruption in the case of either 1 or 2.

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Section 3 – Objects and Objectives, Strategies and Public Benefit

Objects

RAFT is a charity which carries out primary research and education into reconstructive plastic surgery; all specifically designed to improve the treatment of, often life threatening, burns, wounds and cancers of the skin.

Aims

The aims of the Trust are:

- 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
- To educate those in training in reconstructive plastic surgery and also those in associated disciplines.

In furtherance of these aims the Trust has powers to promote clinical and scientific research in reconstructive plastic surgery and associated disciplines.

Objectives and Strategies for the year

In a very difficult economic climate, RAFT's main objective has been to ensure that we can continue to focus our income and efforts on delivering good quality research that will make a real impact to those who suffer from burns, wounds and skin traumas.

We feel that it is important to respond to the changing times and we have worked on

Being efficient to weather the recession:

- We have reviewed our operations and administration to reduce costs.
- We invested in improving our IT system to be able to work faster and reduce costs.
- We have embraced new media techniques such as social networking and email.

Showing the impact of our work

Unlike many charities, RAFT does not just fundraise. We carry out our own research in our laboratories that are housed in our own building. This means that we can easily demonstrate to any donor how their donation is spent and how their donation is making and will make a real difference to the lives of those suffering from burns, wounds and other skin traumas.

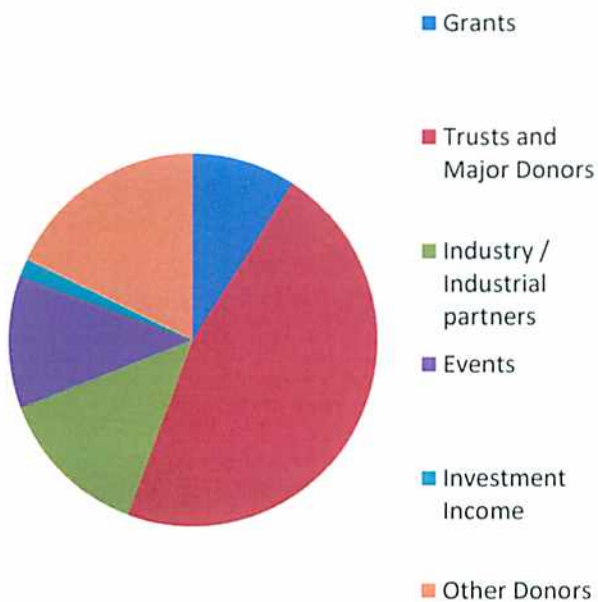
RAFT holds two 'Open Days' per year at which supporters and those interested in our research can come and meet the scientists they are helping to fund. We also hold monthly talks at RAFT given by doctors, surgeons and others with whom we collaborate. These talks are open to invited members of the public as well as other medical and scientific professionals.

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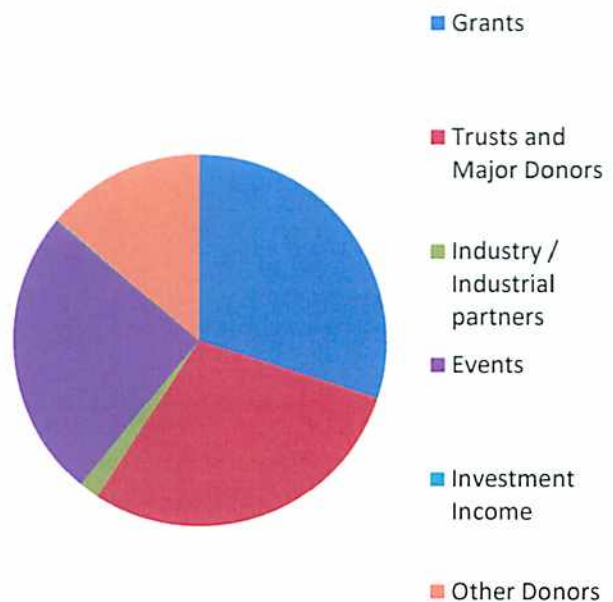
Diversification of resources

Since October 2007 we have diversified our fundraising and we continued to do so in this past financial year. Our income came from

Income Summary FY09



Income Summary FY10



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Volunteers

As well as diversifying our income, we have been increasing the number of volunteers working with us and we have plans to do even more with our wonderful, growing band of volunteers all over the country. Our volunteers assist in all areas; we have scientific volunteers in our laboratories, fundraisers in the office, and marathon runners all over the world.

Another change to how we operate is that we have chosen to partner up with people who can offer us expertise and skills that we lack. We have chosen to do this as partnerships rather than by increasing our salary overhead by employing more staff. A list of our strategic partners is available on our website on www.raft.ac.uk

Prior to the recession, RAFT was already changing the way it operated to become leaner and more open. Through the concentrated efforts of our trustees, staff, strategic partners and volunteers, we believe that because of these changes we will continue to be able to deliver high quality research that makes a difference to patient's lives, despite the economic climate.

During the year, RAFT has focused on two core areas of research:

- Burns and Wound Healing (Artificial Skin)
- Skin Cancer Research

Public Benefit

The direct beneficiaries of the Charity's work are people suffering trauma through burns, accidents, cancers or birth defects.

It is the opinion of the Board that RAFT complies with the Charity Commission guidance on the principles of public benefit, in particular:

- There is an identifiable benefit
- The benefit is to the public.

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Section 4 – Achievements and Activities for the Year

Achievements

The funds donated to RAFT from its supporters have allowed RAFT to achieve the following results:

Project 1 – Burns and Wound Healing (Artificial Skin or Smart Matrix)

- Research:
 - During the past year, Dr Julian Dye and his team have gained detailed preclinical evidence that confirms accelerated and potentially improved wound healing using Smart Matrix, with no evidence of scarring. In all preclinical testing done to date, the Smart Matrix has shown improvements on what is currently available in the market. Critically they have shown that blood vessel formation within the scaffold, that is Smart Matrix, occurs very rapidly and extensively, thus reducing the window of opportunity for infection (one of the biggest problems in wound healing) and allowing the application of a split thickness skin graft (the top skin layer) at the same time as the wound is treated i.e. the patient only needs one operation. Whilst with the products currently on the market it can take between 10 days and three weeks before the scaffold is full of blood cells, with the Smart Matrix we can see blood cells reaching the top of the wound by day 3 and blood capillaries being formed after one week. This is a major breakthrough, which if repeated in clinical conditions in patients, will reduce the number of surgical operations patients need to undergo. This will be a saving in costs but most importantly it will reduce pain and the risk of infection, each of which by itself can and does cost patient lives.
 - After much experimentation, the team has now been able to establish the optimal formulation for use in patients.
 - Additionally, important evidence has been gained suggesting that the Smart Matrix is conducive to low scar-formation. This is important not just aesthetically but because scar-formation often severely inhibits movement, particularly around joints; sometimes by as much as 70%. This is particularly relevant for children who often suffer years of operations, which as they grow are needed to break open constricting scars. In the UK, 60% of burns victims are children.
- Manufacturing techniques – RAFT has identified ways of reducing the cost of manufacturing the Smart Matrix and believes it can be produced at a lower cost than is possible for similar products currently available. In an innovative project in collaboration with others, RAFT has developed an automated device that can carry out the manufacture of the Smart Matrix in an effective, time efficient and critically consistent fashion. This device has been designed to be duplicated at reasonable cost, which will enable larger quantities of the Smart Matrix to be manufactured consistently and safely for use in patients.
- Product classification for regulatory purposes – Getting the product classified has been a challenge over the last two years. However, we have recently been

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fortunate in securing the pro bono services of specialist lawyers, Covington & Burling to help us with this process. In the last year RAFT has held discussions with the Medical and Healthcare products Regulatory Agency (MHRA), the British Standards Institute (BSI) which is the Notified Body and is currently approaching the USA Food and Drug Administration so that we can comply with both European and USA regulations. This process is expected to complete satisfactorily as regards Europe in the early part of 2011.

- Intellectual property rights – RAFT first submitted a patent application covering the Smart Matrix in 2006. The first substantive Examination was conducted by the European Patent Office in June 2009, and RAFT's response was filed in March 2010. The patent has yet to undergo examination by the US Patent and Trademark Office and we await their comments in due course.

The success of the Smart Matrix has encouraged us to think about other ways in which the Smart Matrix could be used. When we first started the project we were considering using it solely for severe burns. However given the robustness and efficacy of the Smart Matrix we are now working to produce Smart Matrix 2 – for use in military wounds and Smart Matrix 3 – for use in treating chronic wounds.

Smart Matrix 2: Military casualties tend to experience complex, penetrating wounds from gunshot or explosives. The severity of the damage and the increased level of penetration into the wound of foreign bodies (e.g. sand, mud, etc) means that infection has to be controlled before any reconstructive surgery can be carried out. In addition, the conditions where military personnel are wounded are also usually not ideal from a clinical perspective. We believe that the Smart Matrix could be adapted to be used in military conditions and thus provide quicker healing for those injured. Members of RAFT's team met with the Surgeon General at the MOD to present our work. We continue to forge links with the military and are delighted that Lt Col Steve Jeffery has agreed to become a Patron of RAFT. Lt Col Steven Jeffery belongs to Royal Army Medical Corps and is a Burns & Consultant Plastic Surgeon at Selly Oak Hospital where he treats injured military personnel returning from Afghanistan.

Smart Matrix 3: Chronic wounds i.e. wounds that have prolonged healing times, may not heal completely or can recur frequently, and are a growing problem and often require hospitalisation which can bring additional problems for those that are already vulnerable. It is estimated that 100 amputations occur *every minute* in the Western world due to chronic wounds and that up to 10% of all patients admitted to hospital will develop pressure sores. We have started work to adapt the Smart Matrix to be used in the treatment of these wounds and are working closely with both the medical profession and patients through our new charity partnership with the Lindsay Leg Club.

In the next 12 months, we will be seeking additional funding to move the current Smart Matrix from the laboratory to a first clinical trial. The process to be followed is one outlined by the regulatory authorities and includes:

- An independent safety assessment by an external expert.
- Manufacture of enough Smart Matrix for a clinical trial following a set GMP (Good Manufacturing Process) path. We believe the most cost-effective way to do this is by contracting it out to a manufacturer with the necessary facilities.

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- Organising a clinical trial within a hospital.

Once we have obtained the funding, we plan to have the Smart Matrix in clinical trial within 24 months.

Project 2 – Skin Cancer Research

Dr Rachel Haywood and her team have been studying two areas relating to this subject:

- **The effectiveness of current sunscreens**

Tests during the past year have shown that, when using protein radicals to measure skin damage, the true protection currently offered by even the best sunscreens with a higher UVA protection (3-5) still do not provide complete protection when applied at the recommended amounts and without rubbing in. RAFT hosted a meeting with all the major sunscreen manufactures in the UK to present its findings. As a result, Croda, one of the main suppliers of filters to the sunscreen industry, seconded one of its scientists to RAFT and is now incorporating RAFT's findings into its own product development. Raft's objective is to ensure that its research translates to patients as quickly and widely as possible. This goal has now been achieved with regard to this research and so this project is now considered complete.

- **Investigation of the true damage to skin from UVA (part funded by CRUK)**

The team continued its studies into the effects of UVA irradiation on the cells that produce melanin. RAFT has shown that melanin is a good sunscreen when it appears in very high concentrations such as with Afro-Caribbean skin. However, when melanin appears in low concentrations, such as Caucasian skin, it can potentially contribute to rather than protect against skin damage. This research is being carried out on RAFT's own ESR machine – a machine that 'recreates' sunlight of different intensities which allows us to witness the actual damage taking place in cells as it occurs. Early results have shown a marked difference between the cells which produce melanin compared to those which do not. In addition, preliminary indications are that the cell damage recorded by the ESR is directly affecting DNA. This work is being done in collaboration with Professor Mark Birch-Machin of Newcastle University. The project is due to end in March 2011 and we hope to scientifically prove that sunlight can damage DNA.

As an independent expert in the field of sunlight damage, RAFT has been called upon by the media to give its expert opinion on issues such as sun bed damage, staying safe in the sun and the optimum way of using sunscreens.

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Communication:

Disseminating the results of our research in order to provide impartial, lay information to the public is an important role for RAFT. By producing information on our research, we have been able, for example, to give accurate information to the public on how to stay safe in the sun and, in the case of the Smart Matrix, have given patients hope that there will be an improved treatment for their injuries in the future. During the year Raft has also communicated as follows:

- RAFT's Smart Matrix and Skin Cancer Research work has been featured in the national media.
- The RAFT website was revamped to make it more user friendly.
- A RAFT facebook page was set up.
- The cost of the annual review and newsletters has been reduced.
- In December 2009, the RAFT email bulletin was launched and is now sent out regularly.
- RAFT is now on Twitter and has a blog.
- Research papers: During the year RAFT and its researchers published 2 major papers; as listed in more detail in the section below. Most of the work carried out by RAFT's scientists in this year is subject to patent restrictions.
- Major conference invitations:
 - Dr Rachel Haywood was invited to speak at the BIT Life Sciences Third World Cancer Congress, held in Singapore in June 2010.
 - Dr Rachel Haywood and Arsen Volkov presented at the ESR Group meeting of Royal Society of Chemistry held in Cardiff in March 2010.
 - Drs Julian Dye and Sophie Dann presented at the European Plastic Surgery Research Council, held in Hamburg in August 2009. They also presented at the European Conference of Scientists and Plastic Surgeons, held in Rotterdam in September 2009.
 - Dr Julian Dye and Amir Taheri presented at the Tissue Engineering and Regenerative Medicine Conference, held in Galway in May 2010.
- Awards:
 - Winners of the Third Sector category at the Health Investor 2009 awards. The awards were to promote excellence, innovation and outstanding achievement in the healthcare industry and were judged by a panel of leading figures in healthcare such as; Patricia Hewitt - Former Health Secretary, Kevin Barron – Chairman of the House of Commons Select Committee on Health and Bob Ricketts – Department of Health.

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- RAFT's Surgical Research Fellow, Dr Sophie Dann received £5,000 as part of the Healing Foundation AB Wallace Memorial Award.

Fundraising:

In a time of recession, we are very grateful to those loyal and generous supporters who continue to give donations and raise funds for RAFT. Our 11th Annual Clay Pigeon Shoot, held in memory of Alan Gaynor, raised a tremendous £58,000 to be expended on our burns and wound healing research.

We recognise that in a recession it is important to adopt innovative ways to raise income. Just one example of such new approaches is the Fundraising Team having secured approved AAP (Approved Activity Provider) under the Duke of Edinburgh's Award Scheme. This means that young people aiming to achieve a Duke of Edinburgh's Award are able to fundraise for RAFT as part of the volunteering section of the Award. Another example is the Fundraising Team continuing to work with its donors and new donors to help expand its community fundraising programme.

On a more strategic level, we are investigating ways in which our Smart Matrix project can be commercialised and how future income from this potential commercialisation might be reinvested in research at RAFT. Commercialisation of the Smart Matrix will require a significant investment in getting it through the development stage. With the support of the Trustees and Julian Metherell of Goldman Sachs, as chair of a special purpose commercialisation and funding committee, we are looking at venture philanthropy as a new model for raising the income required to fund the development stage.

Papers Published

* RAFT staff.

** RAFT ex-employees who contributed to the research that resulted in the paper

The effect of epigallocatechin-3-gallate, a constituent of green tea, on transforming growth factor-beta1-stimulated wound contraction.

2010 **Klass BR, Branford OA, Grobbelaar AO, **Rolfe KJ

Wound Repair Regen. 2010 Jan-Feb;18(1):80-8. Epub 2009 Dec 11.

The use of glandular-derived stem cells to improve vascularization in scaffold-mediated dermal regeneration.

2009 - **Egaña JT, Danner S, Kremer M, Rapoport DH, Lohmeyer JA, *Dye JF, Hopfner U, Lavandero S, Kruse C, Machens HG. Biomaterials. 30(30): 5918-26. Epub 2009 Aug 3.

The majority of RAFT's current work is or is to be patented and therefore, for the present, papers have not been published so as to protect intellectual property rights.

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Section 5 – Financial Review

The Statement of Financial Activities for the year is set out in the financial statements. A summary of the financial results and work of the Charity is set out below.

Income Generation

The Charity's consolidated income decreased to £835,593 from £899,135 last year as a result of the currently adverse economic climate.

The financial statements include a table of the specific projects for which funding has been received and a breakdown of the funding sources. The principal funding sources were: trusts and major donors £225,400 (2009 - £418,863), commercial partners £14,863 (2009 - £120,400) and government grants £256,174 (2009 - £81,822). The remainder was raised through gifts and fund-raising events. These funds have been expended in furtherance of the Charity's aims.

Fundraising Costs

The fundraising costs decreased slightly from £163,693 in 2009 to £159,133 this year. In response to the current climate, RAFT has been seeking more innovative and diverse ways of fundraising and organised two major events. This is in addition to the huge number of personal fundraising events organised by RAFT volunteers. The Board and staff of RAFT are hugely indebted to the many people who ran marathons, organised events and challenged themselves to carry out activities to raise funds for RAFT.

Charitable Activities

The amount expended on charitable activities was £591,355 (2009 - £1,042,265). The decrease is due to the successful conclusion and handover last year of the Skin Regeneration and Anti-scarring projects.

Net Outgoings / Incomings

As a result of the above, in 2010, there was a net surplus for the year, after costs of charitable activities. This is the first time that the charity has had a surplus for four years. The surplus was £1,199 (2009 – net deficit of £351,111).

Reserves

In line with common practice for charities, the Trustee seeks not to allow reserves to fall below a minimum level. In RAFT's case this is considered to be approximately three months of total resources expended. The Charity has a medium term target to raise this level to six months to safeguard the on-going work of the scientists. The total unrestricted funds held at 30 June 2010 amounts to £218,450 (2009 - £232,389), which represents approximately three months of total resources expended (2009 – three months).

Unrestricted income is expendable at the discretion of the Trustee in the furtherance of the objects of the Charity and may be held to finance both working capital and capital investment. All other funds are specifically restricted to current on-going projects.

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Investment Policy

The Trustee is mindful that it is fundamental that cash be available to meet contingencies. Monies are therefore invested where best interest and best security may be secured whilst not affecting the ready availability of funds. It is, therefore, normal investment policy of the Trustee that all restricted and general funds are held either:

- on deposit with the COIF (Charities Official Investment Fund), or
- with Barclays Bank in an interest earning account.

There has been no change in policy during the last twelve months and such investments brought in £729 of interest during the year (2009 - £15,287) and this sum is included in the General Fund. The Trustee reviews the performance of the investments regularly and considers whether changes should be made.

Leasehold Building

The estimated value of the Leasehold Building, free from any onerous restrictive covenants, but subject to the terms of the lease, is £1.4 million, based on an independent valuation carried out in February 2007.

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Section 6 - Plans for the future

Appreciation and Thanks

We are grateful to the following people who have retired from the Board of the Charity and would like to thank them for their hard work and dedication to RAFT:

- Lord Howe retired as Trustee and Chairman in May 2010, following his appointment as Parliamentary Under Secretary of State to the Department of Health. Lord Howe was an inspiration to us all. His unstinting enthusiasm for RAFT's work and calm leadership was a great source of strength for RAFT in difficult economic times. His warmth, encouragement and support will be greatly missed.
- Lisa Arnold retired as Trustee in October 2009. Lisa has supported RAFT for many years, donating her valuable expertise. Lisa's expertise in the pharmaceutical industry has allowed her to contribute meaningful advice on the future direction of some of RAFT's projects.
- James Henderson retired as Trustee in January 2010. RAFT was extremely fortunate to have the benefit of James's vast experience in the field of Public Relations, and James has been instrumental in improving the image of RAFT in the public arena.

Future Plans

The next four years will take RAFT to its 25th anniversary and so this year was an appropriate time for us to consider what RAFT should be achieving by then and what position it should then hold within the medical research world. During this financial year, we created a strategic plan that outlined what we wanted to achieve within the next four years.

On our 20th anniversary we spent some time working on the vision for the future and the proposals in this four year strategic plan are aimed at meeting the objectives outlined in our vision:

- Make a real impact on the understanding and treatment of traumas of the skin and skin cancers.
- Concentrate on research with practical benefits for patients and the wider public.
- Aim to meet goals by collaborating with commercial and professional partners, both nationally and internationally.
- Always seek to establish an end point to research on a project- by- project basis.
- Encourage the training and development of those engaged in RAFT's areas of activity.

During the next four years, we intend building on our core strengths of flexibility, collaboration and independence.

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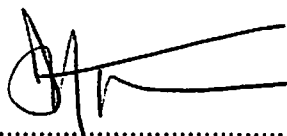
Our goals for the next four years are to see the following being in place by 30 June 2014:

- Annual income of £5m.
- Stronger and more effective Surgical Research Fellow programme which is focussed (as now) on delivering RAFT's research goals.
- Increased number of talented scientists with stronger publications records and successful grants.
- Effective commercial partners.
- Stronger medical links.
- Collaborations with other charities, hospitals and academic bodies.
- An annual scientific symposium held at RAFT.
- Awareness of RAFT as a brand within the public and medical communities.
- Two further projects established at RAFT following a clear and systemic process of selection.
- RAFT seen as a 'spokesman' on skin trauma issues in the media.
- The Smart Matrix at clinical trial stage.
- Two Smart Matrix follow on projects heading towards clinical trial.

The Board of Trustees approved this report on 15/11/2010



.....
F Gugen



.....
D Turner

Nexia Smith & Williamson

Independent auditors' report to the trustees of RAFT – The Restoration of Appearance and Function Trust

We have audited the financial statements of RAFT – The Restoration of Appearance and Function Trust for the year ended 30 June 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Company Balance Sheets, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 49A of the Charities Act 1993 and regulations made under Schedule 5A of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the Company for the purposes of Company Law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006 and the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees' Annual Report is not consistent with the financial statements, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the charitable parent company's affairs as at 30 June 2010 and of the group's incoming resources, application of resources and movement in total resources for the year then ended;
- the financial statements have been prepared in accordance with the Charities Act 1993.

Nexia Smith & Williamson

Nexia Smith & Williamson
Chartered Accountants
Statutory Auditors

No 1 Bishops Wharf
Walnut Tree Close
Guildford
Surrey GU1 4RA

Date: *24 November 2010*

RAFT - The Restoration of Appearance and Function Trust
Consolidated Statement of Financial Activities
For the year ended 30 June 2010

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Incoming Resources					
Incoming resources from generated funds					
Voluntary income		545,024	111,187	656,211	806,068
Activities for generating funds	11	-	178,653	178,653	77,780
Interest receivable	3	-	729	729	15,287
Total Incoming Resources	2	545,024	290,569	835,593	899,135
Resources Expended					
Cost of generating funds:					
Cost of generating voluntary income	6	-	(159,133)	(159,133)	(163,693)
Fundraising trading costs	11	-	(66,767)	(66,767)	(24,665)
Charitable Activities	7	(591,355)	-	(591,355)	(1,042,265)
Governance Costs	9	-	(17,139)	(17,139)	(19,623)
Total Resources Expended		(591,355)	(243,039)	(834,394)	(1,250,246)
Net (Outgoing)/Incoming Resources from Operations before Transfers	4	(46,331)	47,530	1,199	(351,111)
Transfer between funds	14	61,469	(61,469)	-	-
Net (Outgoing)/Incoming Resources for the Year		15,138	(13,939)	1,199	(351,111)
Total funds brought forward at 1st July 2009		24,000	232,389	256,389	607,500
Total funds carried forward at 30th June 2010		39,138	218,450	257,588	256,389

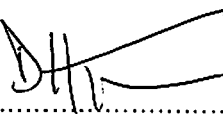
All activities for the current and preceding year derive from continuing operations.

RAFT - The Restoration of Appearance and Function Trust
Balance Sheet at 30 June 2010

	Note	2010 £	2009 £
Fixed Assets			
Tangible fixed assets	10	160,180	181,980
Investment in subsidiary company	11	<u>4</u>	<u>4</u>
		<u>160,184</u>	<u>181,984</u>
Current Assets			
Debtors	12	50,692	82,480
Short term deposits		75,000	115,000
Cash at bank and in hand		<u>60,024</u>	<u>131,460</u>
		185,716	328,940
Creditors: Amounts falling due within one year	13	<u>(88,312)</u>	<u>(254,535)</u>
Net Current Assets		<u>97,404</u>	<u>74,405</u>
Total Assets less Current Liabilities		<u><u>257,588</u></u>	<u><u>256,389</u></u>
Funds			
Unrestricted funds:			
General funds	15	218,450	232,389
Restricted funds	14	<u>39,138</u>	<u>24,000</u>
Total Funds		<u><u>257,588</u></u>	<u><u>256,389</u></u>

These financial statements were approved by the Trustee on 15/11/10

Signed on behalf of the Trustee

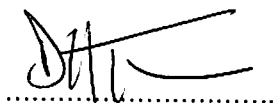


RAFT - The Restoration of Appearance and Function Trust
Consolidated Balance Sheet at 30 June 2010

	Note	2010 £	2009 £
Fixed Assets			
Tangible fixed assets	10	<u>160,180</u>	<u>181,980</u>
		<u>160,180</u>	<u>181,980</u>
Current Assets			
Debtors	12	12,800	58,751
Short term deposits		75,000	115,000
Bank and cash		<u>100,564</u>	<u>160,107</u>
		188,364	333,858
Creditors: Amounts falling due within one year	13	<u>(90,956)</u>	<u>(259,449)</u>
Net Current Assets		<u>97,408</u>	<u>74,409</u>
Total Assets less Current Liabilities		<u><u>257,588</u></u>	<u><u>256,389</u></u>
Funds			
Unrestricted funds:			
General funds	15	218,450	232,389
Restricted funds	14	<u>39,138</u>	<u>24,000</u>
Total Funds		<u><u>257,588</u></u>	<u><u>256,389</u></u>

These financial statements were approved by the Trustee on 15/11/10

Signed on behalf of the Trustee



RAFT - The Restoration of Appearance and Function Trust

Notes to the Financial Statements

For the year ended 30 June 2010

1 Accounting Policies

Basis of Preparation

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005 and applicable accounting standards.

Accounting Convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments to market value.

Group Financial Statements

These Financial Statements consolidate the results of the Charity and its wholly owned subsidiary Raft Enterprises Limited. The full consolidation method is used.

The investment in Raft Enterprises Ltd is stated at historical cost.

Fund Accounting

The Charity maintains various types of funds as follows:

Restricted funds

Restricted funds represent donations and legacies received which are allocated by the donor for specific purposes.

General funds

These represent unrestricted income which is expendable at the discretion of the Trustee in the furtherance of the objects of the Charity. Such funds may be held in order to finance both working capital and capital investment.

Incoming Resources

All incoming resources are recognised in the statement of financial activities when 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.

Activities for generating funds relates to the activities of the subsidiary company, Raft Enterprises Ltd (see Note 11).

Bank interest is accounted for when receivable.

Resources Expended

All expenditure has been accounted for on an accruals basis.

Allocation of Costs

The Charity's operating costs include staff and other related costs. Such costs are allocated between expenditure for charitable purposes (including research), fundraising & publicity, fundraising trading costs, and governance. Staff costs are allocated according to the costs of staff working directly in the relevant departments.

Cost of generating voluntary income

Fundraising and publicity costs relate to expenditure incurred in motivating individual supporters and trusts to donate to the work of RAFT and consist of the salary and related costs of the fundraising department.

Fundraising Trading Costs

Relates to the activities of the subsidiary company, Raft Enterprises Ltd (see note 11).

Charitable Activities

Charitable activities includes all expenditure directly relating to the objects of the Charity, including support costs.

Support costs for charitable activities relate to expenditure incurred in the management of the Charity's assets, organisational administration, research and laboratory administration and compliance with constitutional and statutory requirements. It should be noted that the Charity is not a grant giver but supports the research in its own laboratories and therefore incurs costs related to the administration of the research staff and laboratories.

RAFT - The Restoration of Appearance and Function Trust
Notes to the Financial Statements
For the year ended 30 June 2010 (Continued)

1 Accounting Policies (Continued)

Governance Costs

These costs include external audit and strategic governance costs.

Pension Scheme

The Charity makes contributions to the NHS Pension Scheme for employees on NHS contracts. This is a defined benefit multi-employer scheme, whose assets and liabilities are not allocated to participating employers. There is no available information as to the surplus or deficit of this fund. The contribution for pension costs by RAFT is 14%.

Patent Costs

All expenditure on development is written off during the year in which it is incurred as the Trustee does not consider further revenues generated will exceed expenditure in the near future.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation which is provided in equal annual instalments over the estimated useful lives of the assets. Only items over a value of £1,000 are capitalised.

The rates of depreciation applied to assets are:

Leasehold building	4% per annum on cost
Laboratory equipment	33 1/3% per annum on cost
Office equipment	33 1/3% per annum on cost

Donated assets are capitalised at fair market value.

2 Incoming Resources

The income is attributable to the principal research activities of the Charity.

	2010	2009
	£	£
Grant Bodies	256,174	81,822
Trusts and major donors	225,400	418,863
Industry	14,863	120,400
RAFT events	36,836	25,205
Other	122,938	159,778
Raft Enterprises Ltd events (note 11)	178,653	77,780
Investment income (note 3)	729	15,287
	<u>835,593</u>	<u>899,135</u>

3 Interest Receivable

	2010	2009
	£	£
Bank interest	729	15,287
	<u>729</u>	<u>15,287</u>

4 Net Incoming Resources from Operations before Transfers

	2010	2009
	£	£
Net incoming resources for the year is stated after charging:		
Auditors' remuneration	5,627	6,502
Depreciation of tangible fixed assets	26,694	38,387
	<u>32,321</u>	<u>44,889</u>

RAFT - The Restoration of Appearance and Function Trust
Notes to the Financial Statements
For the year ended 30 June 2010 (Continued)

5 Information regarding Employees and Trustees	2010	2009
	£	£
Employee costs during the year:		
Wages and salaries	397,129	637,421
Social security costs	33,920	51,453
Pension	23,722	51,286
	<u>454,771</u>	<u>740,160</u>
Exceptional employee costs	-	91,382
Total Employee costs for the year	<u><u>454,771</u></u>	<u><u>831,542</u></u>

The average number of full-time equivalent persons funded by RAFT during the year was:

	2010	2009
	Number	Number
Projects	6	12
Laboratory	1	1
Fundraising	3	3
Administration	2	3
	<u>12</u>	<u>19</u>

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.

No employee was paid above £60,000 during the year (2008 - none).

6 Cost of generating voluntary income	2010	2009
	£	£
Salaries	124,349	122,738
Brochures and publicity	12,684	15,378
Costs re special events	4,457	8,161
Sundry	17,643	17,416
	<u>159,133</u>	<u>163,693</u>

RAFT - The Restoration of Appearance and Function Trust
Notes to the Financial Statements
For the year ended 30 June 2010 (Continued)

7 Charitable Activities	2010	2009
Research Costs	£	£
Research Salaries	208,931	451,330
Voluntary Research Staff	6,154	-
Laboratory Salaries	56,621	74,450
Research Support salaries	23,710	33,492
Consultancy Fees	53,686	23,690
Materials	35,754	92,877
Repairs and maintenance	15,097	22,290
Depreciation	25,448	36,540
Patents	1,499	26,079
Research Exceptional Expenditure	-	98,645
Miscellaneous	57,768	50,748
	<u>484,668</u>	<u>910,141</u>
Support Costs allocated to research costs (note 8)	<u>106,687</u>	<u>132,124</u>
	<u><u>591,355</u></u>	<u><u>1,042,265</u></u>
8 Support Costs	2010	2009
	£	£
Administration salaries	41,161	61,396
Depreciation	1,846	1,846
Computer costs	29,662	15,801
Insurance	8,450	15,830
Legal fees	14,958	22,969
Miscellaneous	10,610	14,282
	<u>106,687</u>	<u>132,124</u>
	<u><u>106,687</u></u>	<u><u>132,124</u></u>
9 Governance Costs	2010	2009
	£	£
Audit and taxation fees	5,627	6,502
Strategic planning costs	11,512	13,121
	<u>17,139</u>	<u>19,623</u>
	<u><u>17,139</u></u>	<u><u>19,623</u></u>

RAFT - The Restoration of Appearance and Function Trust
Notes to the Financial Statements
For the year ended 30 June 2010 (Continued)

10 Tangible Fixed Assets

Charity and Group	Leasehold Building £	Laboratory Equipment £	Office Equipment £	Total £
Cost				
At 1st July 2009	468,123	523,299	45,555	1,036,977
Additions	-	5,494	-	5,494
Disposals	-	-	-	-
At 30th June 2010	<u>468,123</u>	<u>528,793</u>	<u>45,555</u>	<u>1,042,471</u>
Accumulated Depreciation				
At 1st July 2009	296,722	520,403	37,872	854,997
Disposals	-	-	-	-
Charge for the year	18,725	4,728	3,841	27,294
At 30th June 2010	<u>315,447</u>	<u>525,131</u>	<u>41,713</u>	<u>882,291</u>
Net Book Value				
At 30th June 2010	<u>152,676</u>	<u>3,662</u>	<u>3,842</u>	<u>160,180</u>
At 30th June 2009	<u>171,401</u>	<u>2,896</u>	<u>7,683</u>	<u>181,980</u>

11 Subsidiary Company

RAFT Enterprises Limited - Shareholding £4. Net assets £4 (2008 - £4). The Company is registered in England and Wales and is a wholly owned subsidiary of RAFT. The objects of the company are to carry on trading activities for the benefit of RAFT.

The trading results for the year are as follows.

	2010 £	2009 £
Income from activities	178,653	77,780
Costs of activities	<u>(62,465)</u>	<u>(21,536)</u>
Gross profit	116,188	56,244
Administrative costs	<u>(4,302)</u>	<u>(3,130)</u>
Profit to be transferred to RAFT under Gift Aid rules	<u>111,886</u>	<u>53,114</u>

The FRS 8 exemption has been taken to remove the requirement to disclose transactions with the subsidiary.

12 Debtors

	Group 2010 £	Charity 2010 £	Group 2009 £	Charity 2009 £
Grants and donations receivable	5,000	5,000	38,470	38,470
Prepayments and accrued income	7,800	6,419	20,281	2,283
Amounts owed by subsidiary undertaking	-	39,273	-	41,727
	<u>12,800</u>	<u>50,692</u>	<u>58,751</u>	<u>82,480</u>

RAFT - The Restoration of Appearance and Function Trust
Notes to the Financial Statements
For the year ended 30 June 2010 (Continued)

13 Creditors: Amounts due within one year	Group 2010 £	Charity 2010 £	Group 2009 £	Charity 2009 £
Trade creditors	28,049	28,049	31,318	31,318
Accruals	62,907	60,263	228,131	223,217
	<u>90,956</u>	<u>88,312</u>	<u>259,449</u>	<u>254,535</u>

14 Restricted Funds

	Balance 1st July 2009 £	Funding Receivable £	Research Expenditure £	Support Expenditure £	Transfers £	Balance 30th June 2010 £
Smart Matrix (Wound Healing)	-	363,857	(302,972)	(71,722)	10,837	-
Skin Cancer Prevention	-	57,623	(60,540)	(18,632)	21,549	-
Malignant Melanoma	-	1,426	(4,185)	-	2,759	-
Sun Damage	-	42,476	(64,790)	(16,333)	38,647	-
Anti-scarring	-	35,000	(36,699)	-	1,699	-
Keloid Cure	24,000	(24,000)	-	-	-	-
Education	-	-	(15,482)	-	15,482	-
Alan Gaynor Fund	-	49,975	-	-	(10,837)	39,138
Laboratory	-	18,480	-	-	(18,480)	-
Alan Henderson Fund	-	187	-	-	(187)	-
Total	<u>24,000</u>	<u>545,024</u>	<u>(484,668)</u>	<u>(106,687)</u>	<u>61,469</u>	<u>39,138</u>

Alan Gaynor Fund

Established when Mr Gaynor tragically died from burn injuries in 2001. Donations were received from his family and friends to support research in the burns field including tissue repair. The profits from the annual Clay Pigeon Shoot are included in this income. The fund is used to support Burns/Tissue Repair research.

RAFT - The Restoration of Appearance and Function Trust
Notes to the Financial Statements
For the year ended 30 June 2010 (Continued)

Laboratory Fund

Given for use in laboratory overheads, which have been allocated to the projects in Research Expenditure.

Alan Henderson Fund

Established in lieu of a leaving gift when Alan Henderson retired from the Board of Trustees on June 30th 2009. To be used for Support Expenditure.

Transfers from Restricted Funds

The following transfers have been made from Restricted Funds:

- a) £10,837 from Alan Gaynor Fund to Artificial Skin in accordance with fund conditions.
- b) £118,480 from Laboratory to Laboratory Research in accordance with donor instructions.
- c) £187 from Alan Henderson Fund to Support in accordance with fund provisions.

The net result of these transfers was that £61,469 was transferred from General Funds to offset the remaining project deficits.

Funding Receivable - Repayments

RAFT decided not to proceed with the Keloid Cure project, and so the £24,000 that had been received in 2009 will be repaid to the donor, Stanley Thomas Johnson Foundation, in the next financial year. Accordingly, at the balance sheet date, this liability to repay is reflected in Creditors - Accruals.

15 General Unrestricted Funds (Charity)

	2010	2009
	£	£
Balance at 1st July 2009	232,389	420,235
Net incoming resources	47,530	10,687
	279,919	430,922
Transfers to restricted funds	(61,469)	(198,533)
Balance at 30th June 2010	218,450	232,389

16 Analysis of Assets and Liabilities

	Restricted Funds	General Fund	Total 2010	Total 2009
	£	£	£	£
<i>Fixed assets</i>				
Tangible fixed assets	-	160,180	160,180	181,980
Investments	-	4	4	4
<i>Current assets</i>				
Debtors	5,977	44,715	50,692	82,480
Cash inc short term deposits	-	135,024	135,024	246,460
<i>Current liabilities</i>	(60,263)	(28,049)	(88,312)	(254,535)
	(54,286)	311,874	257,588	256,389

17 Taxation

RAFT is a registered charity and therefore exempt from taxation under ICTA 1985 to the extent that funds are applied for charitable purposes.

18 Trustees' Expenses

There were no expenses reimbursed to trustees during the year (2009 - none).