

THE FREE FOUNDATION

MAKING A WORLD WITHOUT SCARS A REALITY

THE ANNUAL REPORT & AUDITED ACCOUNTS

31 March 2019

Chairman of the Board of Trustees
Professor Sir Bruce Keogh

The Scar Free Foundation
The Royal College of Surgeons of England
35-43 Lincoln's Inn Fields
London WC2A 3PE

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OUR VISION

A world without scarring

OUR MISSION

To achieve scar free healing within a generation and transform
the lives of those affected by disfiguring conditions

REFERENCE AND ADMINISTRATIVE DETAILS

Status

The organisation is a charitable company limited by guarantee, incorporated on 25 August 1999 and registered as a charity on 17 December 1999.

Governing Documents

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

Summary of Investment Powers

To invest and deal with any money not immediately required for its objects in or upon any investments, securities, or property.

Company Number

03831398

Charity Number

1078666

Registered office and operational address

35-43 Lincoln's Inn Fields, London, WC2A 3PE

Honorary Officers

Professor Sir Bruce Keogh (Chairman)
Mr Simon Boadle (Hon Treasurer)
Professor Peter Weissberg (Chairman, Research Council)

Principal Staff

Mr Brendan Eley (Chief Executive)
Ms Charlotte Coates (Head of Research Funds)
Ms Amanda McKechnie (Finance Manager & Company Secretary)
Mr Kane Moore (Head of Development)

Founding Principal Member of The Scar Free Foundation

British Association of Plastic Reconstructive and Aesthetic Surgeons (BAPRAS)

Principal Members of The Scar Free Foundation

British Association of Aesthetic Plastic Surgeons (BAAPS)
British Burn Association (BBA)
British Psychological Society (BPS)
British Society for Surgery of the Hand (BSSH)
Craniofacial Society of Great Britain & Ireland (CFSGB&I)

Patron

HRH, The Countess of Wessex

President

The Lord Rose of Monewden

Vice Presidents

Dr Geraldine Brough
Professor Sir Kenneth Calman
General Sir Nicholas Carter
Sir David Jones
The Rt Hon the Lord Patten of Barnes
Professor Sir John Temple
Mr Hugh Twiss

Board of Trustees

Professor Sir Bruce Keogh (Chairman)
Mr Simon Boadle (Honorary Treasurer)
Professor Peter Weissberg (Research Council Chairman)
Mr David Allen
Lord James Bethell
Ms Alison Clarke
Mr Richard Collier
Lt Gen Richard Nugee
Mr Tim Streatfeild
Mrs Alexandra Thrower

Bankers

CAF Bank Ltd, 25 King's Hill Avenue, West Malling, Kent, ME19 4JQ
Clydesdale Bank, 2nd Floor, 35 Regent Street, London, SW1Y 4ND
Metro Bank, One Southampton Row, London, WC1B 5HA
Santander, 4th Floor, 100 Ludgate Hill, London, EC4M 7NS
Shawbrook Bank Limited, Lutea House, The Drive Great Warley, Essex, CM13 3BE

Solicitors

Paris Smith LLP, Number 1 London Road, Southampton, SO15 2AE
Bates Wells & Braithwaite LLP, Cheapside House, 138 Cheapside, London, EC2E 6BB
Squire Patton Boggs (UK) LLP, 7 Devonshire Square, London, EC2M 4YH

Investment managers

Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU

Auditors

Buzzacott LLP, 130 Wood Street, London, EC2V 6DL

The Trustees present their report and the audited financial statements for the year ended 31 March 2019.

Reference and administrative information set out on pages 3 and 4 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

The organisation is a charitable company limited by guarantee, incorporated on 25 August 1999 and registered as a charity on 17 December 1999. The company was established under a Memorandum of Association which sets out the objects and powers of the charitable company and it is governed under its Articles of Association.

Trustee Recruitment, Appointment and Induction

There are a maximum of fifteen places on the Board of Trustees of which 10 are currently filled (as at 10 July 2019).

On appointment, all Trustees undergo an induction consultation, usually with the Chief Executive and Honorary Treasurer, where their responsibilities and duties as a Trustee are formally outlined and an update on current business is provided. Charity Commission materials are provided offering further information as well as all copies of relevant documents such as the Memorandum & Articles of Association, the Management Plan, the Staff Handbook, the Financial Controls & Procedures Manual, the Manual for the Management of Research and the Appeal Strategy.

Further training is offered at quarterly Trustees' meetings and has previously included training in major donor fundraising, marketing and communications, governance and charity regulation, and regular presentations by the charity's grant-holders about work funded by the charity.

Organisational structure

The Patron of The Scar Free Foundation is HRH, The Countess of Wessex. Lord Rose is the President of the Foundation. Trustees are deeply grateful for the continued interest and support of all our Vice Presidents, the commitment and counsel of our President and the active, supportive engagement of our Patron. Although the Patron, President and Vice Presidents serve no constitutional function, their role is much valued.

In January 2019, the Chief of the Defence Staff, Sir Nicholas Carter, kindly accepted the Trustees' invitation to become a Vice President of the charity. Commenting on his appoint, Sir Nick said, "I am honoured and humbled to be associated with The Scar Free Foundation. The military has long been associated with technological and medical innovation. The Scar Free Foundation will make a real difference to the lives of the millions of people living with scars and the associated emotional impact, including our servicemen and servicewomen wounded in service to their nation and those who suffer terror-related acts of violence. I welcome the bold ambition to achieve scar free healing within a generation and believe it is achievable, especially if the nation gets behind it." Sir Nick has already been very generous with his time and energies and will be hosting a Scar Free reception for donors and supporters, later in 2019.

During the year, six Trustees stepped down from the Board in line with amendments made to the Articles of Association in May 2018. This meant that Trustees previously nominated by Principal Member organisations demitted from the Board. These changes were agreed by Trustees to support the growth of the charity, remove potential conflicts and allow for a more diverse Board membership. Trustees are enormously grateful to the selfless and sometimes extended periods of service from the following:

- Mr Douglas McGeorge (BAAPS) - 2004 to 2018
- Professor Nichola Rumsey (BPS) - 2005 to 2018
- Mr Naiem Moiemmen (BBA) - 2009 to 2018
- Professor Jonathan Sandy (CFSGB&I) - 2012 to 2018
- Mr Nicholas James (BAPRAS) - 2015 to 2018
- Professor Tim Davis (BSSH) - 2017 to 2018

The Board have also responded to the Governance & Skills Audit conducted in 2018 and appointed two new Trustees. These are Mrs Alexandra Thrower and Mr Richard Collier.

Each April the Board of Trustees approves the Management Plan which is made up of three year and more specific one-year Corporate Objectives. The Management Plan includes the annual budget.

Research strategy is driven by the Research Council which currently meets three times a year and whose Chairman is currently a Trustee. The Scar Free Foundation Chief Scientific Adviser, Professor Paul Stewart, who was appointed during the year, provides strategic research advice to the charity and is involved in the assessment of all new research awards. The day to day management of research activity is managed by expert 'Advisory Panels' reporting directly to the Board of Trustees through the Research Council Chairman. Financial and general management matters are overseen by the Finance & Operations Committee, which meets quarterly and is chaired by the Honorary Treasurer (also a Trustee). All decisions are made by the Board of Trustees guided by the recommendations made by any of these standing committees.

A Nominations Committee also stands, chaired by the Chairman and whose membership consists of the nominated Honorary Officers plus the Chief Executive. This Committee meets on an ad hoc basis, at least three times during the year, to support the recruitment of senior volunteers to serve on the Board of Trustees, Finance & Operations Committee and Research Council.

No Trustee receives, or has received during the year being reported, payments other than incidental expenses incurred for attending meetings.

Key management personnel

The Trustees consider that they, together with the Chief Executive, the Head of Research Funds, the Finance Manager & Company Secretary and the Head of Development, comprise the key management in charge of running the charity on a day to day basis. Trustees delegate specific power to the key management personnel, which is documented and supervised. Each year, following internal staff appraisals and objective setting, staff meet one to one with the Foundation's retained Human Resources (HR) consultant to discuss, confidentially, their work and aspirations with the charity. The HR Consultant, with the Chief Executive, provides a report and recommendation on salary levels for consideration by the Finance & Operations Committee who then make a recommendation to the Board of Trustees at their April meeting. This includes a market benchmarking exercise (comparing the salaries available for similar jobs in similar organisations) and a 'cost of living' recommendation based on, but not tied to, the Consumer Price Index. A similar report and recommendation is made in respect of the Chief Executive by the HR Consultant and presented to the Board by the Honorary Treasurer.

OBJECTS AND AIMS OF THE CHARITY

The objects of The Scar Free Foundation are the relief of sickness and the protection and preservation of public health by:

- Carrying out and funding research into the improvement of treatments for the benefit of people who suffer from physical, psychological, social, or emotional disadvantage as a result of physical disfigurement or functional impairment present at birth or acquired through accident, disease, or illness and into the prevention of accidents which may cause such conditions; and
- Disseminating the useful results of such research and to help train health workers in appropriate treatments throughout the world; and
- Informing people about the availability of such treatments.

Trustees are pleased to report that they have referred to the Charity Commission's guidance on public benefit in their annual review of aims and objectives and in all future planning of the charity's activities. We believe these benefits – to a broad 'public' of people and their families affected by scarring, hard to heal wounds and disfigurement both now and in the future – are clearly represented in our determination to deliver better understanding and improved treatments, through research. These benefits will be greatly enhanced through work supported by the

Foundation, for example, in burns, cleft, conflict wound research and our pursuit of scar free healing where the findings of our work could result in fewer incidents of serious accident or birth abnormality, as well as scar free outcomes.

The vision of The Scar Free Foundation is **A WORLD WITHOUT SCARRING**. The charity's mission is to **ACHIEVE SCAR FREE HEALING WITHIN A GENERATION AND TRANSFORM THE LIVES OF THOSE AFFECTED BY DISFIGURING CONDITIONS**. Our aim is to fundraise in the most targeted and cost-effective way possible; to fund and manage research of the very highest quality in the UK and Ireland for the benefit of people and their families living with scarring; and to manage the charity in a business-like and professional way.

OBJECTIVES FOR THE YEAR

During the financial year 2018/19, the Foundation continued to focus on the strategic development of the charity which had previously been outlined in the Strategic Review 2013. The activities of the charity in 2019/20 will remain focused on the accomplishment of key objectives across research, fundraising and financial management. These are:

Research

To implement the Scar Free Strategy.

Fundraising

Through the Scar Free Appeal, to raise the budgeted appeal target for the year.

Financial management and corporate governance

To support and develop high quality governance and administration processes that underpin the work and growth of the charity.

STRATEGIES

The strategies to achieve these objectives can be summarised as follows:

Research

1. To manage new and forthcoming research projects and programmes in line with the Foundation's due processes, outlined in the Manual for the Management of Research, namely:
 - a. The Scar Free Foundation Centre for Discovery Science, University of Bristol
 - b. The Scar Free Foundation RECONGEN Centre, University of Swansea
 - c. The Scar Free Foundation Centre for Conflict Wound Research, Birmingham and Bristol
 - d. The Scar Free Foundation UK Burns Research Network supported by the VTCT Foundation
 - e. The Scar Free Foundation Cleft Collective, University of Bristol
 - f. The BSSH Clinical Academic Post in Hand Surgery
 - g. Other Scar Free Foundation Centres of Research as funds allow.
2. In support of this activity, the Foundation will ensure appropriate Research Management and Strategic processes are devised and maintained.

Fundraising

1. To recruit a suitably qualified business leader to the Development Board, who is capable of making a lead gift and driving networked fundraising activity among high net wealth audiences.
2. To revisit and update the Campaign Strategy previously adopted by the Board of Trustees, to include distinct strategies for current and future Scar Free Centres.
3. To recruit suitably qualified members to the Development Board.
4. To implement an agreed three-year Communications Strategy.
5. To continue to develop the Case for Support in accordance with the strategic plans and to produce accompanying materials relating to key Scar Free Centres and major programmes of research.
6. To explore the implementation of broader, volume and profile driven fundraising to be implemented at an appropriate stage of the Campaign.
7. To raise the budgeted appeal target for the year.

Financial management and corporate governance

1. To maintain and support The Scar Free Foundation's Honorary Management structure and associated activities.
2. To maintain and review effective financial control processes, including The Scar Free Foundation's policies on investment and reserves.
3. To retain, manage and lead the executive team.
4. To ensure the Foundation continues to support, develop and retain the right mix of people, processes and premises to support its plans for the year.

ACHIEVEMENTS AND PERFORMANCE

The year 2018/19 has seen progress in all the Foundation's key areas of research and fundraising.

RESEARCH PROJECTS

The Cleft Collective

The Scar Free Foundation Cleft Gene Bank and Cohort Study at the University of Bristol continues to make excellent progress. The major long-term goals of the Cleft Collective are to prevent clefts and cleft-related physical, functional and emotional scarring. To this end, the study aims to address three key questions;

- a. what causes a cleft lip and/or palate?
- b. what are the best treatments for those born with a cleft?
- c. what are the long-term impacts for those born with cleft?

The study has a bank of biological samples (blood, cleft tissue or saliva) collected from around 80% of participants.

As at April 2019, the total number of participants recruited to the study was 7,910 individuals from 2,812 families. A no-cost extension has been granted to the research team to ensure the original recruitment target of 9,800 participants can be achieved by September 2020.

During the reporting year, thanks to the generous support of The Garfield Weston Foundation, the Foundation awarded additional funding of £293,760 to undertake the project *Genotyping the Cleft Collective*. The aim of this proposal is to "map" the genotype of as many participants as possible within the Cleft Collective. The project is 12 months in duration and will enable the team to develop a better understanding of both the genetic and non-genetic (environmental) factors that cause clefts and the psychological, social and health issues children born with a cleft might experience.

All sixteen UK cleft teams have now joined the study and are actively recruiting. The team are continuing to engage in ongoing patient, participant and public engagement activities (e.g. in relation to the development of questionnaires, the content of the website, through conferences, social media, participant feedback and newsletters). As part of their efforts to involve people personally affected by cleft throughout the development of their research, the Cleft Collective have worked with the Cleft Lip and Palate Association to put together a consultation group made up of people from the cleft community.

A number of high impact journal publications have been made throughout the reporting year including the paper, *Cleft lip/palate and educational attainment: Cause, consequence or correlation*, which presents genetic evidence that challenges previously held theories about educational attainment in children with a cleft.

The data resource has now been opened up to external researchers in line with the Foundation's long-term plans for the cohort. The team have developed data-access request protocols and have received approaches from various national and international cleft researchers. The team are preparing to ensure the long-term continuation of the gene bank resource and are developing funding applications which will allow them to expand the data set and address clinically relevant research questions following the current period of Scar Free Foundation funding.

The Cleft Collective Advisory Panel Chaired by Dr Tim Peakman, Chief Operating Officer of the University of Leeds met twice during the reporting year.

The Panel comprises the following membership:

- Ms Rona Slator, Consultant Cleft Lip and Palate Surgeon, Birmingham Women's and Children's Hospital NHS Foundation Trust.
- Mrs Ana Hobbs, lived experience of Cleft Lip and Palate.
- Dr Liz Albery, retired Speech and Language Therapist.
- Dr Karine Latter, Lead for Nursing Research and Practice Development CAS Division, University Hospital Nottingham NHS Trust.

Dr Latter demitted from the Panel in 2019. We would like to thank her and all the other members of the Cleft Collective Advisory Panel for giving up their time to provide advice and guidance to the Cleft Collective researchers and The Scar Free Foundation.

The Scar Free Foundation Centre for Conflict Wound Research

The Centre was formally opened by The Foundation's Patron, HRH The Countess of Wessex in November 2018. Work is now underway on the following projects;

- *Understanding and Addressing the Support Needs of Military Personnel Affected by Visible Difference/ Disfigurement from Conflict Wounds, (UNITS)* Professor Di Harcourt, Dr Mary Keeling, Centre for Appearance Research, University of the West of England.
- *First in human clinical trial of a bioactive dressing designed to prevent scarring of skin burns (Decorin)*, Professor Liam Grover, Dr Richard Williams University Hospitals Birmingham NHS Foundation Trust/ University of Birmingham.
- *A prospective randomised controlled trial to examine the efficacy and mechanistic basis of fractional ablative carbon dioxide laser therapy in treating hypertrophic scarring (Lasers)*, Professor Naiem Moimen, Professor Janet Lord, University Hospitals Birmingham NHS Foundation Trust/ University of Birmingham.

All projects are currently progressing on schedule and within their allocated budgets.

The Scar Free Foundation Conflict Wound Research Symposium

On May 16 and 17 2019, The Foundation held a Conflict Wound Research Symposium aimed at sharing current work in this area and determining future research priorities. The following themes were discussed:

- Acute wound care and diagnosis.
- The biology of scarring.
- Life-long scar impact, revision, and rehabilitation.

Participants included representatives from UK Defence Medical Services, the Defence Science Technology Laboratory and the US Air Force Combat Casualty Care Research Programme. In summer 2019, The Foundation will launch a grant call for pilot projects which address the priority areas.

Patient and Public Involvement

The Foundation and researchers at The Scar Free Foundation Centre for Conflict Wound Research continue to work with the CASEVAC Wounded Veterans' Club who provide Patient and Public Involvement input into the projects and activities of the Centre. The CASEVAC Club are participating in the LASERS project and are also helping drive recruitment to the UNITS psychological project.

Conflict Wound Research Strategy Group

The Foundation also continues to work to promote collaboration in the conflict wound research sphere through the Conflict Wound Research Strategy Group. The aim of the Group is to facilitate supportive working and the sharing of ideas and resources in medical and psychological research relevant to the acute care, wound biology and life-time rehabilitation of severely injured Armed Forces personnel and 'civilian conflict' survivors. Members are drawn from universities, hospitals, charities, government, patient/survivor groups, either funding, undertaking, participating in or likely to benefit from research in the conflict wound sphere. The group met once in the reporting year.

The Scar Free Foundation Centre for Conflict Wound Research Advisory Panel

As at July 2019, The Foundation is in the process of establishing an Advisory Panel to provide oversight and management of the research projects underway at the Centre. The first meeting of this group will be held in autumn 2019.

The UK Burns Research Network supported by the VTCT Foundation

The Foundation has established the UK Burns Research Network. The 'Network' is a collaborative, coordinated programme of burns research aimed at delivering tangible care and treatment benefits to those encountering serious thermal injuries, and to support longer term research aspirations as laid out in the Scar Free Strategy. It will address a series of research priorities drawn from the Scar Free Strategy and identified as short and medium-term funding imperatives by attendees at the Scar Free Symposium, *Scar Free Healing: Clinical Needs and Practice*, which was held in London in 2017.

In the last twelve months the Foundation has initiated the following Burns Research Network projects:

- *Core Outcomes for Burn Care Research: short-term outcomes and outcome measures for use in burn care efficacy trials.* Dr Amber Young, University of Bristol.
- *Detecting changes in patient reported outcomes over time following a burn injury: testing the responsiveness of the CARE Burn Scales.* Professor Diana Harcourt, University of the West of England.

Both projects are now underway and are on schedule. Further Burns Research Network projects are currently under review and it is hoped they will be confirmed during the course of summer 2019.

The UK Burns Research Network Advisory Panel

The Foundation has established an Advisory Panel to advise on the prioritisation, funding and management of research projects in burns. The Panel is chaired by Dr David Mackie, the former Secretary of the International Society of Burn Injury and a retired Burns Anaesthesiologist. Membership is composed of UK and European clinicians and academics working in burn care and treatment and 'lived experience' volunteers. The first meeting of the Panel was in March 2019.

The Burns Research Network Advisory Panel comprises the following members:

- Professor Mamta Shah, Consultant Burns and Plastic Surgeon, Royal Manchester Children's Hospital, Wythenshawe hospital and the University of Manchester.
- Professor Peter Dziejewski, Consultant Burns and Plastic Surgeon, St Andrews Centre for Burns and Plastic Surgery, Broomfield Hospital, Chelmsford.
- Mr John Gibson, Plastic Surgery Trainee and Clinical Lecturer in Reconstructive Surgery and Regenerative Medicine, Swansea University and Morriston Hospital Swansea. Lived experience of burns.
- Dr Sophie Dix, lived experience of burns.
- Professor Esther Middelkoop, Burns and Wound Healing Scientist, VUMC Medical Centre, Amsterdam, the Netherlands.
- Professor Nichola Rumsey, Trustee, The VTCT Foundation.
- Professor Folke Sjöberg, Professor of Burn Surgery and Critical Care at Linköping University, Sweden.
- Dr Lisa Williams, Consultant Clinical Psychologist, Chelsea and Westminster Hospital, London.

The 'SAFE TEA' Project

'SAFE TEA' is a national, public health campaign aimed at reducing the incidence of childhood hot drink scalds and is generously supported by The Worshipful Company of Tin Plate Workers alias Wire Workers. The project was developed as part of The Scar Free Foundation Centre for Children's Burns Research at the Universities of Bristol, Bath and Cardiff. The Foundation continues to provide 'in kind' support to the project and will assist with administration and web posting when the campaign is launched in October 2019 to coincide with National Burns Awareness week.

The BSSH Clinical Associate Professor in Hand Surgery managed by The Scar Free Foundation

Miss Alexia Karantana continues to make good progress in her role as Clinical Associate Professor of Hand Surgery at the Centre for Evidence-Based Hand Surgery at the University of Nottingham. During the reporting year, Miss Karantana has been successful in securing significant external funding to enable her to undertake a large-scale randomised control trial, thus fulfilling one of the major objectives set by the BSSH when creating this award. The Foundation visited Miss Karantana to review progress at the Centre in September 2018.

DELIVERING THE SCAR FREE STRATEGY

A number of research programmes and initiatives which directly address the Scar Free Strategy are now in development. The Foundation is currently in discussion with several UK universities to ascertain their response to the strategy.

As at July 2019, the Foundation is in receipt of two Centre grant funding applications. Following a generous gift from the CHEAR Foundation restricted to support research undertaken at the University of Bristol, Bristol have submitted an application for funding which addresses wound healing biology in population based cohort studies of human disease in order to identify novel scar associated genes and to investigate whether they are causal of wound scarring.

The Foundation was fortunate to enter into a collaborative, match-funded agreement with the Welsh Government to support research undertaken in Wales. As a result of this, the RECONREGEN Research Group at Swansea University have submitted an application which aims to identify, quantify and eradicate scarring in the United Kingdom using cutting edge technologies. The study proposes to investigate the prevention of scarring at donor sites using 3D printed soft tissues and quantify and reduce the morbidity of scarring via the use of Big Data and Patient Reported Outcome Measures. As at July 2019, both applications are being externally peer reviewed.

THE MANAGEMENT OF RESEARCH

Research is the core business of The Scar Free Foundation. The Foundation has policies for the management of research, which comply with the guidelines set by the Association of Medical Research Charities (AMRC). They include:

- The structure to manage the process, which is provided by Advisory Panels, the Research Council, Chief Scientific Adviser and the Board of Trustees.
- The arrangements for the development, review and maintenance of our research strategy.
- The provision of open and fair arrangements for the application and selection process for funding research projects, including the essential requirement of independent peer review by appropriately qualified professionals.
- The Foundation's Rules and Conditions for the award of grants.
- The arrangements to identify and manage potential conflicts of interests.

Over the past 12 months, several changes in the Foundation's research governance processes have been made to enhance our assessment and management of research. A number of changes have been made to enable Research Council to undertake a more strategic role.

A new Terms of Reference for the Research Council were agreed by Council at their meeting in October 2018. The objectives of the Research Council are:

- To advise the Board of Trustees on the pursuit of the broad strategic research goals of the charity as articulated in the Scar Free Strategy.

- To ensure that Scar Free Foundation research activity is undertaken in line with all legal and best practice guidance.

To fulfil their new objectives, the Research Council undertake the following main tasks:

- To maintain a strategic oversight of the Scar Free Strategy and identify the gaps in the research strategy that should be addressed in the Foundation's research programme.
- To horizon scan the global scarring and wound healing research landscape and identify emerging research technologies and potential research leaders with whom the Foundation should interact in the UK and overseas.
- To maintain an awareness of the relevance of the Scar Free Strategy in a changing clinical and scientific landscape and ensure the involvement of patients and the public in the delivery of the strategy and the setting of priority areas.

Research Council members normally serve on Council for three-years, although the Board may extend the appointment for a second term. No member serves longer than six years on the Council.

As at July 2019, membership of the Scar Free Foundation Research Council is as follows:

- Chair, Professor Peter Weissberg, Research Council Chairman and Trustee.
- Mr Simon Withey, Consultant Plastic Surgeon, Royal Free Hospital London, Representative of the British Association of Aesthetic Plastic Surgeons.
- Mr Baljit Dheansa, Consultant Burns and Plastic Surgeon, Queen Victoria Hospital, East Grinstead. Representative of the British Association of Plastic, Reconstructive and Aesthetic Surgeons.
- Mr Henk Giele, Consultant Plastic, Reconstructive and Hand Surgeon, Oxford University Hospitals NHS Trust. Representative of the British Association of Plastic, Reconstructive and Aesthetic Surgeons.
- Mr Adam Reid, Academic Consultant Plastic Surgeon, University Hospital South Manchester. Representative of the British Association of Plastic, Reconstructive and Aesthetic Surgeons.
- Mrs Yvonne Wilson, Consultant Burns and Plastic Surgeon, Birmingham Women's and Children's Hospital. Representative of the British Burn Association.
- Mr Bruce Richard, Consultant Plastic and Cleft Lip and Palate Surgeon, Birmingham Women's and Children's Hospital NHS Foundation Trust. Representative of the Craniofacial Society of Great Britain and Ireland.
- Professor Dominic Furness, Associate Professor, Nuffield Department of Orthopaedics, Rheumatology and Musculoskeletal Sciences. Representative of the British Society for Surgery of the Hand.
- Professor Diana Harcourt, Director, The Centre for Appearance Research, University of West England. Representative of the British Psychological Society.
- Mrs Rachel McDermott, Invited Member, Lived experience of Cleft Lip and Palate.
- Dr Yvonne Wren, Invited Member, Allied Health Professional, Director of Bristol Speech and Language Therapy Research Unit.
- Dr Amber Young, Invited Member, Children's Burns Medicine and Care, Consultant Paediatric Anaesthetist, Royal Bristol Hospital for Children.
- Professor David Abraham, Invited Member, Professor of Cell and Molecular Biology, University College London.
- Professor Jane Nixon, Invited Member, Deputy Director of the Clinical Trials Research Unit, University of Leeds.

During 2018-2019, the following members demitted from the Research Council; Professor Andy Hart, Vice Admiral Alisdair Walker and Dr Felicity Mehendale.

The Foundation would like to extend our thanks to Research Council members for their counsel and support over the past year.

Chief Scientific Adviser

The Foundation has also created the new role of Chief Scientific Adviser to assist in the assessment of new work. The Foundation is delighted that Professor Paul Stewart, Executive Dean of Health and Medicine at the University of Leeds has agreed to undertake the role. The primary objectives of the Chief Scientific Adviser are:

- To receive and review independent reviews (expert, patient and public) of Scar Free Foundation Centre Award submissions.
- To evaluate and summarise reviewers' comments and where necessary, recommend clarifications or amends, for return and response by the applicant University/host.
- To make a funding recommendation to the Research Council Chairman, for onward consideration by the Board of Trustees.

The management of existing research is now overseen by expert Advisory Panels for each of the Foundation's research areas. Advisory Panel Chairs now recommend on progress of projects directly to the Research Council Chairman and Board of Trustees.

Electives Adviser

The Foundation has also created the role of Electives Adviser, to oversee the assessment of Electives applications and Final Reports. The Electives Adviser also reports directly to the Research Council Chairman and Board of Trustees and has the following objectives:

- The triage of applications for review.
- With relevant review support, to recommend 'fundable' projects to the Board of Trustees.
- With relevant review support, to assess and recommend on the acceptance of Final Reports to the Board of Trustees.

We are extremely grateful to Mr Martin Mace, a retired Maxillofacial Surgeon and former Trustee of The Scar Free Foundation for agreeing to undertake this role for an initial period of three years.

The Application and Selection Process

As a member of The Association of Medical Research Charities (AMRC), the Foundation is committed to an open, independent and professionally administered peer review and selection process. Research priorities, recommended by the Research Council, are approved by the Board. When funding becomes available for a project, the Foundation will aim to undertake an open research call. An 'application pack' is drawn up and approved by the Research Council Chairman with advice from the Chief Scientific Adviser. At the same time, an application and selection timetable is agreed and the project is advertised as widely as possible within the relevant research community. In preparation, a suitably qualified Assessment Panel is assembled, often of international standing, if the area of work so demands.

After the closing date for applications, submissions will be sent for external peer review. If the Foundation receives a large number of applications, the Chief Scientific Adviser, Research Chairman and/or Assessment Panel will triage applications to eliminate any proposals which fall outside the Foundation's charitable objects and/or endorsed areas of interest.

Following assessment by External Peer Reviewers, the subsequent "long list" of candidate applications is then considered by the Chief Scientific Adviser and Research Council Chairman who consider the scientific and strategic relevance of each application. Where appropriate, an interview panel and/or site visit is undertaken. Suitable safeguards have also been made to ensure impartiality, through the rotation of the Research Council Chairman, Chief Scientific Adviser and Peer Reviewers, and no member takes part in the review of projects where a potential conflict of interest exists.

For major awards, following discussion and consideration of the peer review assessments by the Chief Scientific Adviser, Research Council Chairman and/or Assessment Panel, a recommendation for funding is made to the Board of Trustees by the Research Council Chairman. The Board of Trustees then approve an award for research, subject to funding and the Foundation's established Rules and Conditions.

Ensuring Value in Research

In 2017, The Scar Free Foundation joined The Ensuring Value in Research (EViR) International Funders' Collaboration and Development Forum. A joint initiative by the health research organisations NIHR (UK), PCORI (USA) and ZonMW (Netherlands), the Forum is a group of international health related research funders and associated bodies, committed to advancing the practices of health-related research funding. As a member of the Forum, the Foundation has signed the following 'Consensus Statement';

"As organisations that fund health-related research, represent funders, or set funding policy, we believe that we have a responsibility not just to seek to advance knowledge, but also to advance the practices of health-related research and research funding. Therefore, we commit to working together and with our respective research communities to share current and develop new approaches to increase the value of health-related research. We commit to transparency in this process, including evaluating our progress and the impact of our efforts. This will contribute to improvement in the health and lives of all peoples, everywhere.

Along with other relevant activity in the wider research landscape (e.g., the REWARD statement), we understand that as funders we will maximise the value of research we fund when:

- we set justifiable research priorities;
- we require robust research design, conduct and analysis;
- we seek to ensure that research regulation and management are proportionate to risks;
- we seek to ensure that complete information on research methods and findings from studies is accessible and usable.

Increasing value will require collaborative efforts among funders, regulators, commercial organisations, publishers, editors, researchers, research organisations, research users and others".

The Foundation also subscribes to the pursuit of the '10 Guiding Principles' of the Funders' Forum which are now published on the Foundation's website. These principles, each geared to ensuring that the best possible value for money is achieved from all our research spend, are already guiding our strategic, grant selection and award process. We look forward to continuing to play an active part in the work of the EViR Forum.

FUNDRAISING & COMMUNICATIONS

During the 2018/19 financial year the Foundation continued to direct its fundraising efforts to the Scar Free Appeal. With the support of the Board of Trustees and other senior volunteers, we have continued to expand our networks and encourage new gifts through directed applications and approaches to new and existing grant-making trusts.

The end of the year saw a major commitment of £950,000 (which included an in-year contribution of £750,000) from Health & Care Research Wales (Welsh Government) towards the establishment of a new Scar Free Centre in Swansea, with a further £20,000 committed to the Safe Tea burns prevention campaign. These contributions, alongside others, mean that we have to date secured £9.8 million in commitments against our £24 million Scar Free Appeal target. Notable gifts in the year included: £1,080,744 from the Chancellor (LIBOR funds), £300,000 from The CHEAR Foundation, £150,000 from The Stephen Forrest Charitable Trust and further £100,000 from the VTCT Foundation.

We have held two cultivation and fundraising events during 2018/19, both generously hosted by the Foundation's President The Lord Rose of Monewden. These were a dinner at the House of Lords in April 2018 and a drinks reception in London, in February 2019. We are also very grateful to our Patron HRH The Countess of Wessex, for formally opening The Scar Free Foundation Centre for Conflict Wound Research in November 2018, and to HRH The Duke of Sussex for visiting the Centre in March. Both occasions were used to engage donors and supporters as well as broaden the Foundation's public profile still wider. We remain indebted to members of the Board of Trustees who support our fundraising, through engaging donors, supporting events, and introducing their contacts to the charity's work.

2018/19 has seen a major growth in the profile of the Foundation. Working with communications agency Barley Communications, the Foundation has received excellent press and media coverage around the Royal Opening of the Centre for Conflict Wound Research and the subsequent visit by HRH The Duke of Sussex. The Centre's opening was reported in 25 different media outlets with a potential outreach of 215.7 million. Media highlights of the day included interviews on BBC Radio 4's Today Programme, BBC Breakfast and ITV News. The Duke's visit was mentioned in 45 media outlets to a potential outreach of 210 million people and was again featured on BBC Radio 4's Today Programme. Our quarterly e-newsletter for donors and stakeholders has grown from 195 recipients when it first launched to over 500 and continues to have a strong open rate of 60%. Fellow Trustee, Alison Clarke, has assisted the Executive Team on our Communications Strategy and we once again worked with our branding agency, venturethree, to help us revitalise our Case for Support materials. We have now formally engaged with Barley Communications to develop and support the implementation of a new Communications Strategy for the charity aimed at raising the profile of key messages amongst priority audiences.

The Scar Free Foundation is registered with the Fundraising Regulator and subscribes to the Code of Fundraising Practice. During the year, no relationships were held with any commercial participators or professional fundraisers and the Foundation. In adopting best practice as laid out by the Fundraising Regulator, Trustees and staff are sensitive to the issues of fundraising from people in vulnerable circumstances. Our core fundraising strategy, built on one-to-one, peer-driven personal approaches, lends itself to the identification and appropriate management of such issues.

Fundraising performance

Fundraised income for the year grew to £2,721,863 from £839,838 the previous year (a 300% increase). This was due, principally, to several major grants – notably those from the Chancellor using LIBOR funds, the CHEAR Foundation and Health & Care Research Wales. Despite the growth in fundraised income, our major gift model remains very cost effective with only £319,860 (£195,415 in 2017/18) expended on fundraising.

Principal Patrons

We would like to thank our Principal Patrons; surgeons and clinicians who so generously support our work through an ongoing annual gift. A Principal Patron's commitment is so very important, underpinning the vital work that we do. During the year, we were fortunate to benefit from the support of the following:

- Professor Peter Dzielwski
- Ms Angelica Kavouni & Mr Lucian Ion
- Professor Vivien Lees
- Mr Douglas McGeorge
- Mr Naiem Moiem
- Mr Nigel Mercer
- Professor Jonathan Sandy

Volunteer help

The Scar Free Foundation relies on the help of volunteers in all aspects of its activities. This support is provided principally by members of the Board of Trustees, the Research Council and Research Advisory Panels who all give their time freely. We are also very grateful to our Scar Free Ambassadors, volunteers with lived experience of scarring, who help communicate the scar free ambition and ensure that a patient perspective is at the heart of our research; their stories convey more powerfully than anything else, the need for more research and activity in this area. We are grateful to all Ambassadors who gave up their time to attend our first engagement event at the Ministry of Defence in June 2018, kindly hosted by Lieutenant General Richard Nugee. We are particularly indebted to Andy Helliwell and Jaco Nel for fundraising on behalf of the charity and to Lois Collier for fundraising and raising awareness of the Foundation through her Scar Family network.

Finally we are grateful to the CASEVAC Club of injured veterans from recent conflicts in Iraq and Afghanistan, and its co-founders David Wiseman and Dave Henson MBE for partnering with the Foundation on the Centre for Conflict Wound Research and our wider ambitions in this area.

PLANS FOR FUTURE PERIODS

The Scar Free Foundation has ambitious plans to support more research in order to deliver greater medium to long-term benefit for people affected by scarring. This includes two major Centres of research at the University of Bristol and Swansea University.

We will continue to build on our 'major gift' success of 2019 by strengthening still further our volunteer driven fundraising programme at the highest and most influential levels. Work already underway with Barley Communications to build the Foundation's profile amongst target audiences will support this work throughout 2019/20.

The Charity Governance Code has been adopted by the Foundation and the Code's principles are regularly revisited by the Chief Executive and the Board.

FINANCIAL REVIEW

During the year, our spend on research increased as new elements of our scar free research programme came on line, from £985,139 in 2017/18 to £1,114,784. This is the largest annual spend on research for the charity since it was founded in 1999.

Restricted expenditure in the year was more than restricted income as it includes the expenditure on projects that had been financed in previous years.

A review of the commitment schedule for project expenditure is reviewed during the year, comparing original commitments against available restricted and designated funds, by our auditors Buzzacott. The latest review conducted in June 2019 confirmed the Foundation's position that all commitments are adequately provided for.

We end the year carrying forward reserves that both match our stated policy to provide sufficient, but not excessive, core funding, and the reassurance that all research commitments can be fully funded through existing restricted and designated funds.

RESERVES POLICY

The Scar Free Foundation has restricted funds which have been, and will be, generated through fundraising. Depending on the specified restriction, these will be either used to generate further funding to establish and maintain our major research programmes or used directly on particular research projects.

We continue to retain sufficient unrestricted funds to meet on-going core costs. The aim is to set aside sufficient unrestricted reserves to cover core costs for a twelve-month period and to meet redundancy costs should the Foundation ever have to be closed down.

Unrestricted reserves at the end of March 2019 were £1,077,796 of which £756,085 was in the general funds and constitutes free reserves. The core costs for 2019/20 are forecast to be approximately £650,000. The free reserves are therefore in line with the target set out above.

INVESTMENT POLICY

Investments are managed by Sarasin Partners LLP, our investment manager and adviser, through their Alpha range of Common Investment Funds.

The Trustees have established an overall investment policy, which involves the Foundation's available funds being categorised in one of two ways, for each of which there is an appropriate investment policy, namely:

Short term - in this category are funds which are budgeted for spending within a two-year period. These will be held in appropriate bank accounts, term deposits or liquidity funds, with the maturity of the deposits being managed to match both the liabilities and maximise the interest earned on them.

Medium and long term - Most of the funds in this category are not required within five years, but some of which will be spent between two and five years from now. They are invested in the

Alpha Common Investment Fund for Endowments. This fund seeks long-term capital and income growth from a broadly diversified portfolio, of which 70% would normally be in shares with the balance in bonds, cash, property and alternative assets.

The use of Common Investment Funds enables the Foundation to access asset classes which might otherwise be closed to it and to achieve appropriate diversification and a broad spread of risk. These Common Investment Funds are charities in their own right, pooling the funds of other charities with these similar objectives.

The Alpha funds will make substantial asset allocation changes when necessary to protect capital, reduce volatility and enhance long-term returns. The selection of individual shareholdings is guided by a global, thematic research process which incorporates an ethical screening process. The Trustees regularly review with Sarasin Partners the Foundation's Investment Policy and the performance of these funds and make any appropriate changes in light of the Foundation's development, changes in markets or any other relevant factors.

Our investments increased in value by 35% mostly due to a transfer of funds from the short-term deposit CAF Cash Account.

RISK ASSESSMENT

The Board maintains a risk assessment system which is based on a numerical assessment of risk, with an accompanying management commentary, and Trustees consider these reports each quarter. The aim is to highlight and measure potential risks to the success of an activity or process, assess the impact and put in place appropriate management action.

Accordingly, we can confirm that the major risks to which the Foundation is exposed have been reviewed and actions are in place to mitigate those risks.

Current risks of greatest concern (i.e. the risks with greatest combined 'impact' and 'likelihood' score in the Trustees' quarterly risk assessment exercise) include:

1. **Shortfall in budgeted income** – we remain cognisant of the difficulty of fundraising particularly for unrestricted monies. We are pleased to report a record amount committed in this area for 2018/19 and will continue to focus our efforts on this important type of support. We will also continue to abide by our reserves policy that seeks to maintain sufficient free reserves for core costs.
2. **Delay in recruiting key staff** – the Foundation's development, particularly through increased and broader income sources, will depend upon our ability to appoint high calibre staff dedicated to our cause. For a small organisation in a highly competitive market this will be challenging but we believe that with our clear vision and mission, our reputation for high quality work and our rewarding and supportive employment setting, this is a challenge we can face with confidence.
3. **Loss of or failure to recruit key trustees/volunteers** – our Trustees and other senior volunteers are crucial to the growth and management of the charity. The appointment of new Trustees, and securing suitably qualified members of our Research Council will set the direction and ensure success for the charity over the coming years. We believe that volunteers, properly supported and fully engaged in the mission and strategic management of the charity, are more likely to join us, stay with us, contribute and assist in the recruitment of new Trustees and volunteers in the future.

RESPONSIBILITIES OF THE TRUSTEES

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the income or expenditure of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102).
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice) have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the “going concern” basis unless it is inappropriate to assume that the company will continue in operation.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company’s transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company’s website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Each of the Trustees confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditors are unaware. Each of the Trustees also confirms that he/she has taken all necessary steps to ensure that he/she is aware of all relevant audit information and that this information has been communicated to the auditors.


The Trustees

Trustees, who are also Directors under company law, who served during the year and up to the date of this report were as follows:

Professor Sir Bruce Keogh (Chairman)
Mr David Allen
Mr Simon Boadle (Honorary Treasurer)
Lord James Bethell
Mr Richard Collier (*joined 16 April 2019*)
Ms Alison Clarke
Professor Tim Davis (BSSH) (*resigned 10 October 2018*)
Lt Gen Richard Nugee
Mr Nicholas James (BAPRAS) (*resigned 10 October 2018*)
Mr Douglas McGeorge (BAAPS) (*resigned 10 October 2018*)
Mr Naiem Moiem (BBA) (*resigned 10 October 2018*)
Professor Nichola Rumsey (BPS) (*resigned 10 October 2018*)
Professor Jonathan Sandy (CFSGB&I) (*resigned 10 October 2018*)
Mr Tim Streatfeild
Mrs Alexandra Thrower (*joined 16 April 2019*)
Professor Peter Weissberg (Research Council Chairman)

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 March 2019 was £6 (2018 - £6). The Trustees have no beneficial interest in the charitable company.

Approved by the Trustees on 10 July 2019 and signed on their behalf by

A handwritten signature in black ink, appearing to be 'B. Keogh', written over the printed name.

Professor Sir Bruce Keogh
Chairman

Independent auditor's report to the members of The Scar Free Foundation

Opinion

We have audited the financial statements of The Scar Free Foundation (the 'charitable company') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date : 10 July 2019

The Scar Free Foundation

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2019

	Note	Restricted £	Unrestricted £	2019 Total £	Restricted	Unrestricted	2018 Total £
Income							
Donations and legacies	2	1,956,632	765,231	2,721,863	470,341	369,497	839,838
Investments	3	-	50,311	50,311	-	34,373	34,373
Total income		1,956,632	815,542	2,772,174	470,341	403,870	874,211
Expenditure	4						
Costs of raising funds		-	319,860	319,860	-	195,415	195,415
<i>Expenditure on charitable activities</i>							
Research programmes		891,905	-	891,905	741,044	-	741,044
Research development		-	222,879	222,879	-	244,095	244,095
Total expenditure		891,905	542,739	1,434,644	741,044	439,510	1,180,554
Net income (expenditure) before gains (losses) on investments	5	1,064,727	272,803	1,337,530	(270,703)	(35,640)	(306,343)
Net gains (losses) on investments	9	-	17,311	17,311	(3,599)	-	(3,599)
Transfers	13	(16,122)	16,122	-	309,818	(309,818)	-
Net income (expenditure) and net movement in funds		1,048,605	306,236	1,354,841	35,516	(345,458)	(309,942)
Reconciliation of funds:							
Funds brought forward		2,276,494	771,560	3,048,054	2,240,978	117,018	3,357,996
Funds carried forward		3,325,099	1,077,796	4,402,895	2,276,494	771,560	3,048,054

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

The Scar Free Foundation

Balance Sheet

For the year ended 31 March 2019

	Note	£	2019 £	2018 £
Fixed assets				
Tangible fixed assets	8		8,534	3,189
Investments	9		<u>938,745</u>	<u>696,987</u>
			<u>947,279</u>	<u>700,176</u>
Current assets				
Debtors	10	725,372		32,561
Short term deposits		2,550,469		1,878,934
Cash at bank and in hand		<u>408,973</u>		<u>612,472</u>
		<u>3,684,814</u>		<u>2,524,237</u>
Liabilities				
Creditors: amounts falling due within one year	11	<u>229,198</u>		<u>176,359</u>
Net current assets			<u>3,455,616</u>	<u>2,347,878</u>
Net assets	12		<u>4,402,895</u>	<u>3,048,054</u>
The funds of the charity:				
Restricted funds			3,325,099	2,276,494
Unrestricted funds				
Designated funds		321,711		148,600
General funds		<u>756,085</u>		<u>622,960</u>
			<u>1,077,796</u>	<u>771,560</u>
Total funds	13		<u>4,402,895</u>	<u>3,048,054</u>

Approved by the Trustees on 10 July 2019 and signed on their behalf by


Professor Sir Bruce Keogh

Company Registration Number 03831398 (England and Wales)

The Scar Free Foundation

Statement of Cash Flows

For the year ended 31 March 2019

	Note	2019 £	2018 £
Cash flow from operating activities:			
Net cash provided by operating activities	A	<u>652,476</u>	<u>166,812</u>
Cash inflow from investing activities:			
Dividends and interest from investments		50,311	34,373
Purchase of tangible fixed assets		(10,574)	(4,465)
Purchase of investments		(224,447)	-
Net cash (used in) provided by investing activities		<u>(184,710)</u>	<u>29,908</u>
Change in cash and cash equivalents in the year		467,766	196,720
Cash and cash equivalents at 1 April 2018	B	2,491,676	2,294,956
Cash and cash equivalents at 31 March 2019	B	<u>2,959,442</u>	<u>2,491,676</u>

Notes to the statement of cash flows for the year to 31 March 2019

A Reconciliation of net movement in funds to net cash provided by (used in) operating activities

	2019 £	2018 £
Net movement in funds (as per the statement of financial activities)	1,354,841	(309,942)
Adjustments for:		
Depreciation charge	5,229	7,886
Losses (gains) on investments	(17,311)	3,599
Dividends and interest from investments	(50,311)	(34,373)
Decrease (increase) in debtors	(692,811)	434,020
Increase (decrease) in creditors	52,839	65,622
Net cash provided by operating activities	<u>652,476</u>	<u>166,812</u>

B Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	408,973	612,742
Notice deposits (less than three months)	2,550,469	1,878,934
Total cash and cash equivalents	<u>2,959,442</u>	<u>2,491,676</u>

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

a) Basis of preparation

These accounts have been prepared for the year to 31 March 2019.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

b) Critical accounting estimates and areas of judgement

Preparation of the accounts requires the Trustees and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- “ the allocation of staff and support costs;
- “ estimating the useful economic life of tangible fixed assets.

c) Assessment of going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The Trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The Trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 March 2020, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the Trustees' report for more information).

d) Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Voluntary income is received by the way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. Intangible income and gifts in kind are not included unless they represent goods or services which would have otherwise been purchased, in which case they are valued and brought in as income and the appropriate expenditure.

Revenue grants are credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless they relate to a specific period, in which case they are deferred.

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

1. Accounting policies (continued)

d) Income recognition (continued)

Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the Charity's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the Charity can meet such conditions the incoming resource is deferred.

Grants for the purchase of fixed assets are credited to restricted income when receivable. Depreciation of fixed assets purchased with such grants is charged against the restricted funds.

Interest on term deposits is recognised on an accruals basis, so that the appropriate proportion is included in each year's financial statements.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

e) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure includes attributable VAT that cannot be recovered.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the costs of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, are apportioned between activities as described in note 4.

The costs of generating funds relate to the costs incurred by the charity in raising funds for the charitable work.

Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities.

Grants payable are charged to the Statement of Financial Activities in the year in which the offer is conveyed to the recipient, except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Governance costs include the management of the charity's assets, organisational management and compliance with constitutional and statutory requirements.

f) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life. The depreciation rates in use are as follows:

Leasehold Improvements :	Over the life of the lease
Computer Equipment :	3 years
Office Furniture and Equipment :	3 years

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

1. Accounting policies (continued)

g) Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

h) Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

i) Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

j) Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities in the year in which they fall due.

k) Pension contributions

The charitable company makes contributions on behalf of its employees into their personal pension funds. The amounts charged in the Statement of Financial Activities represent the contributions payable to the funds in respect of the accounting period. Outstanding pension contributions at the year end are included in creditors.

l) Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

m) Fund structure

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria are charged to the fund together with a fair allocation of management and support costs.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

Transfers are made from unrestricted funds to establish designated funds, which are in turn used to cover the cost of Research Projects. These designations are agreed annually by the Board of Trustees. Transfers are made from designated funds to restricted funds where restricted funding is not sufficient to cover a particular project. Transfers from restricted funds to unrestricted funds are made with the prior consent of the donor.

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

2a Donations and grants - unrestricted

	2019 £	2018 £
The Chancellor using LIBOR Funds	269,970	-
The Stephen Forrest Charitable Trust	150,000	125,000
VTCT Foundation	100,000	-
Dorothy Eades (Legacy)	70,000	-
PF Charitable Trust	50,000	100,000
Kavli Trust (UK)	20,000	20,000
Childwick Trust	15,000	-
The Gosling Foundation	10,000	-
Douglas McGeorge	10,000	-
Harry Hampton	10,000	5,000
Anthony Watson (Legacy)	5,000	-
Holbeck	5,000	-
Simon and Julia Boadle	5,000	-
Atkin Foundation	5,000	5,000
Next PLC	5,000	-
Scar Family	4,739	-
The Dorus Trust	4,000	4,000
Marco Compagnoni & Bruce Sansom	3,200	-
Angelica Kavoni & Lucan Ion	2,500	2,500
Karim Tabet and Alexia Ackermann	2,000	-
The Worshipful Company of Tin Plate Workers alias Wire Workers	2,000	-
Professor Peter Dziejewski	1,200	1,200
Professor Jonathan Sandy	1,200	1,200
Nigel Mercer	1,200	1,100
Professor Vivien Lees	1,000	1,000
Dominic Johson	1,000	-
BAPRAS	-	25,000
Lord Wolfson	-	25,000
Sandhu Charitable Trust	-	25,000
Professor Naiem Moiemman	-	10,000
Enders Analysis	-	5,000
Deirdre Donegan	-	1,000
BAAPS	-	923
Gift Aid Claims	6,457	4,787
Sundry Donations	4,765	6,787
Total	<u>765,231</u>	<u>369,497</u>

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

2b Donations and grants - restricted

	2019 £	2018 £
The Chancellor using LIBOR Funds	810,774	-
Health and Care Research Wales	720,000	-
CHEAR Foundation	327,941	367,057
The J P Moulton Foundation	60,000	-
Edward Cadbury Charitable Trust	20,000	30,000
Lady Jenny Rose	10,290	-
GJW Turner Trust	2,000	-
BBA	1,800	1,765
BSSH	1,800	-
CFSGBI	1,427	-
BAPRAS	600	17,560
Eveson Charitable Trust	-	10,000
Ana Leaf Foundation	-	10,000
BAAPS	-	22,150
Holbeck Charitable Trust	-	5,000
Andrew Robson	-	5,000
Mr Rajiv Grover	-	1,000
Sundry donations	-	809
Total	<u>1,956,632</u>	<u>470,341</u>

3. Investment income

	Restricted £	Unrestricted £	2019 Total £	Restricted £	Unrestricted £	2018 Total £
Income from listed investments	-	23,096	23,096	-	22,910	22,910
Interest receivable	-	27,215	27,215	-	11,463	11,463
2019 Total	<u>-</u>	<u>50,311</u>	<u>50,311</u>	<u>-</u>	<u>34,373</u>	<u>34,373</u>

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

4. Total expenditure

	Costs of raising funds Unrestricted	Research Grants Restricted	Research Development Unrestricted	Support Costs	Governance	2019 Total
	£	£	£	£	£	£
Staff Costs (Note 6)	119,867	-	116,442	106,168	-	342,477
Other Staff Costs	2,360	-	2,292	2,089	-	6,741
Rent	11,688	-	7,438	7,438	-	26,564
Computer and other office costs	32,303	-	20,557	20,557	-	73,417
Consultancy	605	-	385	385	-	1,375
Legal Fees	-	-	-	11,495	-	11,495
Audit and Accountancy Fees	-	-	-	-	11,215	11,215
Staff Travel	865	-	550	550	-	1,965
Trustees' Travel Expenses	230	-	146	146	-	522
Depreciation	2,301	-	1,464	1,464	-	5,229
Recruitment	1,760	-	1,120	1,120	-	4,000
Appeal Costs	47,066	-	-	-	-	47,066
Insurance	-	-	-	-	2,342	2,342
Research Programmes						
- Chair of Tissue Regeneration	-	27,941	-	-	-	27,941
- Cleft Lip	-	314,378	-	-	-	314,378
- Centre for Conflict Wound	-	402,312	-	-	-	402,312
- Aesthetic Research	-	14,035	-	-	-	14,035
- BSSH	-	67,526	-	-	-	67,526
- VTCT Burns Network	-	49,460	-	-	-	49,460
- Support Projects	-	11,253	-	-	-	11,253
Research Support costs	-	5,000	8,331	-	-	13,331
Total expenditure	219,045	891,905	158,725	151,412	13,557	1,434,644
Support Costs	92,530	-	58,882	(151,412)	-	-
Governance costs	8,285	-	5,272	-	(13,557)	-
2019 total expenditure	319,860	891,905	222,879	-	-	1,434,644

Support costs and governance costs have been allocated to each activity on the basis of staff time being 61% to costs of raising funds and 39% to research development.

4. Total expenditure for the year end 31 March 2018

	Costs of raising funds Unrestricted	Research Grants Restricted	Research Development Unrestricted	Support Costs	Governance	2018 Total
	£	£	£	£	£	£
Staff Costs (Note 6)	89,481	-	107,377	101,411	-	298,269
Other Staff Costs	2,212	-	2,654	2,505	-	7,371
Rent	9,760	-	11,387	11,387	-	32,534
Computer and other office costs	8,577	-	10,006	10,006	-	28,589
Consultancy	218	-	254	254	-	726
Legal Fees	-	-	-	10	-	10
Audit and Accountancy Fees	-	-	-	-	11,000	11,000
Staff Travel	853	-	995	995	-	2,843
Trustees' Travel Expenses	160	-	186	186	-	532
Depreciation	2,366	-	2,760	2,760	-	7,886
Recruitment	480	-	560	560	-	1,600
Appeal Costs	15,135	-	-	-	-	15,135
Insurance	-	-	-	-	2,301	2,301
Research Programmes						
- Chair of Tissue Regeneration	-	67,057	-	-	-	67,057
- Chair of Burn Injury	-	202,324	-	-	-	202,324
- Cleft Lip	-	315,937	-	-	-	315,937
- Aesthetic Research	-	40,242	-	-	-	40,242
- Hand	-	62,099	-	-	-	62,099
- Support Projects	-	53,385	-	-	-	53,385
Research Support costs	-	-	30,714	-	-	30,714
Total expenditure	129,242	741,044	166,893	130,074	13,301	1,180,554
Support Costs	60,034	-	70,040	(130,074)	-	-
Governance costs	6,139	-	7,162	-	(13,301)	-
2018 total expenditure	195,415	741,044	244,095	-	-	1,180,554

Support costs and governance costs have been allocated to each activity on the basis of staff time being 46% to costs of raising funds and 54% to research development.

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

5. Net expenditure for the year before losses (gains) on investments

This is stated after charging:

	2019 £	2018 £
Depreciation	5,229	7,886
Trustees' remuneration	Nil	Nil
Trustees' expenses	522	532
Auditors' remuneration:		
Audit	9,500	9,500
Operating lease rentals:		
Property	26,563	32,533

Trustees' expenses represent the reimbursement of travel costs to one (2018 : 1) member relating to attendance at meetings of the Trustees, and carrying out other duties relating to the activities of the Foundation.

6. Staff costs and numbers

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	278,528	247,569
Social security costs	29,675	26,266
Pension contributions	34,274	24,434
	<u>342,477</u>	<u>298,269</u>

The number of employees whose emoluments exceed £60,000 are:-

	2019	2018
£110,001 - £120,000	<u>1</u>	<u>1</u>

Employer's pension contributions of £17,299 (2018:£10,338 to one employee) were made in respect of the highest paid employee.

The full-time equivalent of employees during the year was as follows:

	2019 No.	2018 No.
Fundraising and Publicity	2.2	1.2
Research Development	1.4	1.4
Support & Governance Costs	1.4	1.4
	<u>5.0</u>	<u>4.0</u>

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

6. Staff costs and numbers (continued)

The average number of employees (headcount) during the year was 5 (2018 - 4).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Trustees together with the Chief Executive, Head of Research Funds and Head of Development. The total remuneration (including taxable benefits and employers pension contributions) of the key management personnel for the year was £267,275 (2018 - £250,549).

7. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

8. Tangible fixed assets

	Leasehold improvements £	Computer equipment and furniture £	Total £
Cost			
At the start of the year	15,301	22,042	37,343
Additions in year	-	10,574	10,574
Disposals in year	(15,301)	(5,732)	(21,033)
At the end of the year	-	26,884	26,884
Depreciation			
At the start of the year	15,301	18,853	34,154
Charge for the year	-	5,229	5,229
Disposals in year	(15,301)	(5,732)	(21,033)
At the end of the year	-	18,350	18,350
Net book value			
At the end of the year	-	8,534	8,534
At the start of the year	-	3,189	3,189

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

9. Investments

	2019 £	2018 £
Market value at the start of the year	696,987	700,586
Additions	224,447	-
Realised gain on disposals in the year	-	-
Net unrealised gains / (losses)	17,311	(3,599)
	<u>17,311</u>	<u>(3,599)</u>
Market value at the end of the year	<u>938,745</u>	<u>696,987</u>
Cost at the year end	<u>752,041</u>	<u>527,721</u>
Investments comprise: Sarasin Alpha CIF for Endowments	928,405	693,388

10. Debtors

	2019 £	2018 £
Other debtors	372	21,427
Accrued income	720,000	5,588
Prepayments	5,000	5,546
	<u>725,372</u>	<u>32,561</u>

11. Creditors: amounts due within 1 year

	2019 £	2018 £
Other creditors	-	-
Accruals and deferred income	229,198	176,359
	<u>229,198</u>	<u>176,359</u>

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

12. Analysis of net assets between funds 2019

	Restricted funds £	Designated funds £	General funds £	2019 Total funds £
Tangible fixed assets	-	-	8,534	8,534
Investments	938,745	-	-	938,745
Net current assets	2,386,354	321,711	747,551	3,455,616
Net assets at the end of the year	3,325,099	321,711	756,085	4,402,895

Analysis of net assets between funds 2018

	Restricted funds £	Designated funds £	General funds £	2018 Total funds £
Tangible fixed assets	-	-	3,189	3,189
Investments	696,987	-	-	696,987
Net current assets	1,579,507	148,600	619,771	2,347,878
Net assets at the end of the year	2,276,494	148,600	622,960	3,048,054

The total unrealised gains at 31 March 2019 constitutes movements on revaluation and are as follows:

	2019 £	2018 £
Unrealised gains included above:		
On investments	186,704	169,266
Total unrealised gains at 31 March 2019	186,704	169,266

13. Reconciliation of movements in unrealised gains (losses)

Unrealised gains at 1 April 2018	169,266	172,865
Less: in respect to disposals in the year	127	-
	169,393	172,865
Add: net gains (losses) arising on revaluation arising in the year	17,311	(3,599)
Total unrealised gains at 31 March 2019	186,704	169,266

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

13. Movements in funds 2019

	At the start of the year	Income	Expenditure	Gains on investments & Transfers	2019 At the end of the year
	£	£	£	£	£
Restricted funds:					
Tissue Regeneration Centre	-	27,941	(27,941)	-	-
Scar Free Projects	-	700,000	-	-	700,000
The Cleft Collective	1,412,297	-	(314,378)	-	1,097,919
Centre for Conflict Wound Research	-	872,774	(402,312)	-	470,462
The Scar Free Centre	-	300,000	-	-	300,000
BSSH Clinical Academic Post	393,000	-	(67,526)	-	325,474
UK Burns Research Network (formerly Scar Free Healing)	430,414	50,290	(49,460)	-	431,244
National Institute of Aesthetic Research	34,969	-	(14,035)	(20,934)	-
Student Elective Awards	814	5,627	(11,253)	4,812	-
Management - Restricted	5,000	-	(5,000)	-	-
Total restricted funds	2,276,494	1,956,632	(891,905)	(16,122)	3,325,099
Unrestricted funds:					
<i>Designated funds:</i>					
Medical Elective Awards	8,600	-	-	(4,200)	4,400
Scar Free Projects	140,000	-	-	177,311	317,311
<i>Total designated funds</i>	<i>148,600</i>	<i>-</i>	<i>-</i>	<i>173,111</i>	<i>321,711</i>
General funds	622,960	815,542	(542,739)	(139,678)	756,085
Total unrestricted funds	771,560	815,542	(542,739)	33,433	1,077,796
Total funds	3,048,054	2,772,174	(1,434,644)	17,311	4,402,895

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

13. Movements in funds 2018

	At the start of the year £	Income £	Expenditure £	Gains on investments & Transfers £	2018 At the end of the year £
Restricted funds:					
Research Projects - Chair of Tissue	-	67,057	(67,057)	-	-
Research Projects - Burns Research	-	40,000	(202,324)	162,324	-
Research Projects - Cleft Research	1,283,199	305,000	(315,937)	140,035	1,412,297
Research Projects - National Institute of Aesthetic Research	36,120	39,150	(40,242)	(59)	34,969
Research Projects - Hand	455,805	-	(62,099)	(706)	393,000
Medical Elective Awards	813	4,134	(9,467)	5,334	814
Scar Free Healing	421,123	10,000	-	(709)	430,414
Management - Restricted	-	5,000	-	-	5,000
BBA Margaret Miller Burn Prevention Awards	43,918	-	(43,918)	-	-
Total restricted funds	2,240,978	470,341	(741,044)	306,219	2,276,494
Unrestricted funds:					
<i>Designated funds:</i>					
Fellowships	-	-	-	-	-
Medical Elective Awards	8,600	-	-	-	8,600
The Scar Free Foundation	120,000	-	-	20,000	140,000
Burns Research Programme	380,000	-	-	(380,000)	-
<i>Total designated funds</i>	508,600	-	-	(360,000)	148,600
General funds	608,418	403,870	(439,510)	50,182	622,960
Total unrestricted funds	1,117,018	403,870	(439,510)	(309,818)	771,560
Total funds	3,357,996	874,211	(1,180,554)	(3,599)	3,048,054

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

13. Movements in funds 2019

Research Projects

During the year, The Scar Free Foundation continued to pursue a number of key research themes. These have been funded as monies become available. The money may be restricted by the donor or where it is not, the Foundation will designate funds to particular projects.

The University of Manchester - Tissue Regeneration

Two PhD Studentships, supported by The Scar Free Foundation with funds from the CHEAR Foundation in Manchester, completed their project in September 2018. Final reports are anticipated in 2019/20 but funding to these projects has now come to an end.

Scar Free Projects

£700,000 has been contributed by Health and Care Research Wales (Welsh Government) towards research to be undertaken in pursuit of the Scar Free Strategy at Swansea University. Final confirmation of this programme of work and a written agreement between the Foundation and Swansea University will be completed in 2019/20 for a five year award.

The Cleft Collective

Funds previously held for this major research programme have been contributed by various donors.

The Scar Free Foundation Centre for Conflict Wound Research

The Chancellor using LIBOR funds, has awarded a grant of £2,995,300 to the Foundation to support The Scar Free Foundation Centre for Conflict Wound Research. The grant will be paid in three annual instalments. The first instalment of £1,080,744 (£269,970 of which was unrestricted) was paid in June 2018.

The Scar Free Centre

£300,000 (of a £1,500,000 commitment) has been donated by the CHEAR Foundation towards research to be undertaken in pursuit of the Scar Free Strategy.

The BSSH Clinical Academic Post in Hand Surgery Research managed by The Scar Free Foundation

The British Society for Surgery of the Hand contributed a total of £500,000 towards the costs of a major programme of hand surgery research at the University of Nottingham.

The UK Burns Research Network supported by the VTCT Foundation (formerly Scar Free Healing Research)

Some £400,000 (of a £1,000,000 commitment) has been donated by the VTCT Foundation towards funding a Burns Research Network.

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

13. Movements in funds 2019 (continued)

The National Institute of Aesthetic Research

The NIAR Fellowship at The University of Manchester concluded in September 2018.

Income generated through funds held and unrealised gains received over the course of the Aesthetic Fellowship awards total £20,934. The Foundation will not be continuing to support the research awards, therefore the interest received will be transferred to unrestricted funding on 1 April 2019.

Student Elective Award

In 2018-19 The Scar Free Foundation again made Student Elective Awards in partnership with BAPRAS, BBA, BSSH and CFSGB&I. These are small project grants available to undergraduate and postgraduate students.

Management Costs

A donation of £5,000 from Holbeck Charitable Trust has been made specifically to support the costs associated with the administration and management of research.

Unrealised Gains

Unrealised gains received from the Sarasins Investment account in 18/19 total £17,311. The full amount has been transferred to unrestricted, trustees have then designated to Scar Free Projects.

14. Operating lease commitments

The charity had future minimum commitments at 31 March 2019 under operating leases expiring as follows:

	2019 £	2018 £
Payments which fall:		
Within one year	18,997	18,997
Within one to two years	22,163	18,997
Within two to five years	-	22,163
	<u>41,160</u>	<u>60,157</u>

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2019

15. Related party transactions

The Conflict Wound Centre in Birmingham received £329,838 in (2018 - £0) during the year ended 31 March 2019 from the Foundation. Professor Naiem Moiemem was a Trustee of The Scar Free Foundation (until October 2018) and is the acting Director of the Centre for Conflict Wound Research. He took no part in the decision to award the monies and does not benefit personally from the arrangement.

The Bristol Cleft Collective received £312,945 (2018 - £310,463) during the year ended 31 March 2019 from the Foundation. Professor Jonathan Sandy was a Trustee of the Scar Free Foundation (until October 2018) and is the Director of the Cleft Collective. He took no part in the decision to award the monies and does not benefit personally from the arrangement.

The British Society for Surgery of the Hand (BSSH) received £49,026 (2018 - £62,099) during the year ended 31 March 2019 from the Foundation. Professor Tim Davies was a Trustee of the Scar Free Foundation (until October 2018) and is involved in the BSSH Clinical Academic Professorship and is employed by The University of Nottingham where the post takes place. He took no part in the decision to award the monies and does not benefit personally from the arrangement.

During the year the charity received donations from Trustees totalling £16,200 (2018 - £12,400). In addition £327,941 (2018 - £361,067) was received from a Foundation on which a Trustee is also a Trustee.