

THE FREE FOUNDATION

MAKING A WORLD WITHOUT SCARS A REALITY

THE ANNUAL REPORT & AUDITED ACCOUNTS

31 March 2021

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

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

38-43 Lincoln's Inn Fields, London, WC2A 3PE

Honorary Officers

Professor Sir Bruce Keogh (Chairman)

Mr Richard Collier (Honorary Treasurer)

Professor Peter Weissberg (Research Council Chairman)

Principal Staff

Mr Brendan Eley (Chief Executive)

Ms Amanda McKechnie (Company Secretary & Finance Manager)

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
The Rt Hon the Lord Patten of Barnes
Professor Sir John Temple
Mr Hugh Twiss

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Mr Richard Collier (Honorary Treasurer)
Professor Peter Weissberg (Research Council Chairman)
Mr David Allen
Mr Simon Boadle
Ms Alison Clarke
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Mr Tim Streatfeild
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Bankers

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

Cash Management Platform

Flagstone Investment Management Ltd, 1st Floor, Clareville House, 26-27 Oxendon Street, London, SW1Y 4EL

Investment Managers

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

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

Auditors

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

TRUSTEES REPORT

The Trustees present their report and the audited financial statements for the year ended 31 March 2021.

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 nine are currently filled, as at 7 July 2021.

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 other strategy and policy documents.

Further development opportunities are offered at quarterly Trustees' meetings and have 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 of Monewden 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.

During the year there were no appointments or resignations on the Board of Trustees.

The Board conducts a Governance & Skills Audit every three years, the most recent being completed in 2018. This includes a review of the experiences and skills of the Board. The Foundation is committed to supporting diversity, inclusion and ensuring the lived-experience voice are all represented within the organisation.

Each April the Board of Trustees normally 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. Due to the uncertainty that the pandemic presented, Trustees approved an 'emergency' six-month Management Plan in April 2020, and a further six-month plan in October 2020.

Research strategy is driven by the Research Council which currently meets twice a year and whose Chairman is currently a Trustee. The Scar Free Foundation Chief Scientific Adviser, Professor Paul Stewart, 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 these standing committees.

A Nominations Committee also meets when required, 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, to support various areas which include 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, and the Company Secretary & Finance Manager, 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 are made in respect of the Chief Executive by the HR Consultant and presented to the Board by the Honorary Treasurer. The HR Consultant also conducts a mid-term review in September and is available to be contacted at any time by all members of staff.

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 scientific 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 2020/21, the Foundation continued to focus on the strategic development of the charity. The activities of the charity in 2021/22 will be impacted by the ongoing COVID-19 crisis but 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 Programme of Wound Healing Research, University of Bristol

- b. The Scar Free Foundation/Health and Care Research Wales Programme of Regenerative Medicine, Swansea University
 - 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 Gene Bank and Cohort Study, University of Bristol (also known as The Cleft Collective)
 - f. The BSSH Centre for Evidence-Based Hand Surgery Research at the University of Nottingham
 - 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 gift and driving networked fundraising activity among high net wealth audiences.
2. To revisit and update the Case for Support and Campaign Strategy previously adopted by the Board of Trustees.
3. To recruit suitably qualified members to the Development Board.
4. To implement the agreed three-year Communications Strategy.
5. 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 COVID-19 PANDEMIC

The Coronavirus pandemic and associated lockdowns in the UK significantly disrupted Scar Free activities throughout the year under report. Our research teams adapted to new working conditions as offices and laboratories converted to new COVID-19 secure protocols. Despite this, many of our projects and programmes encountered new challenges that have inevitably resulted in delays to our work. We have provided as much support to our grant-holders as possible and we are enormously grateful to those funders who have appreciated that pre-Coronavirus plans have had to change and have demonstrated much welcomed flexibility in the use and timetabling of their funding.

Research

Early in the year, many of our clinically qualified research staff returned to front-line NHS services and much of our research programme was understandably paused. Meaningful research was able to continue in some areas and by the second half of the year a clearer picture of 'business as usual' began to emerge. Trustees would like to pay special tribute to our research leaders and their teams for their fortitude and commitment to the cause during such difficult times.

We were especially pleased to commence two new major programmes of research during the year. At the University of Bristol, under the leadership of Professors Paul Martin and Beck Richardson, we have launched a five-year programme of basic science research exploring the genetic factors implicated in both good and errant scarring. Using data from cohort studies including The Scar Free Foundation's own Cleft Collective, the team will be working to identify genetic variants implicated in scarring outcomes which will be further explored through mouse and zebrafish models. At Swansea University, in partnership with our long-term research partner Health & Care Research Wales (the Welsh Government), Professor Iain Whittaker is leading a three-year programme of research that includes a pioneering trial into the use of 3D printed biomaterials for use in facial reconstruction following disease and trauma.

Alongside our established range of work across cleft lip and palate, conflict wounds and burn injuries, we end the year with the busiest and most innovative programme of scar free research in our history.

Fundraising

With face-to-face fundraising methods paused during much of 2020/21, our tried and tested methods of engaging with supporters were severely challenged. Nonetheless, we made every effort to keep in touch with our donors with our quarterly newsletter, regular direct communications and our popular, on-line, Annual Update Event in October. This year, more than 100 people were able to join (more than we would normally accommodate in-person) to view presentations prepared by the research teams from Swansea and Birmingham, hear the moving story of Scar Free Ambassador Justyn Hollett, and ask questions of the leadership team. We also tilted our focus to grant making trusts and foundations, appealing to both existing and new supporters with encouraging results. As we emerge from the Coronavirus restrictions, we are busy preparing a diary of future events and initiatives with a focus on rebuilding our high net wealth networks through a qualified and networked Development Board structure.

Management and governance

Through a combination of staff furloughs (using the Government's Job Retention Scheme), minimised activities and other savings, we were able to reduce our running costs for the year considerably. Staff have worked effectively from home and Trustee, Research Council and Finance & Operations Committee meetings have all moved, very effectively, to remote digital platforms, with great success. As we begin the new year, we anticipate staff and volunteers will be able to return to work and meet in the new Scar Free offices located within the rebuilt Royal College of Surgeons in London.

We know that there will be enormous challenges ahead for the charity but we are looking forward to a resumption of near-normal activities during the year. The Foundation remains in a sound financial position; we remain blessed with high quality volunteer support throughout our honorary management structures; our small but expert and experienced staff team remain focused and committed to tasks in hand; we have an exciting, broad and innovative programme of research underway, and we have the support of our Ambassadors, with such compelling and inspirational

stories that underpin our scar free pursuit. As we reported last year, our focus has never changed. There are more than 20 million people living with scarring in the UK today and the needs of people affected by scarring conditions – lost function, reduced mobility, psychological challenges – remain the same throughout and beyond the COVID-19 crisis. We are now busy rebuilding our activities in order to maintain our single-minded focus on the pursuit of scar free healing within a generation.

RESEARCH PROJECTS

The year 2020/21 has seen progress across the Foundation's key areas of research.

THE SCAR FREE FOUNDATION PROGRAMME OF WOUND HEALING RESEARCH

The Scar Free Foundation Programme of Wound Healing Research at the University of Bristol, combines Bristol's established expertise in wound healing biology and population-based cohort studies of human disease, in order to identify scar associated genes. Funding for the programme was initially awarded in January 2020, but due to the COVID-19 pandemic contracting of the programme was halted until the autumn. Work commenced on the programme in October 2020.

The five-year programme comprises the following projects:

Using Large Cohort Studies to Identify Genetic Variants For Mechanistic Testing In Mouse And Zebrafish Models of Wound Healing.

This project seeks to identify the genetic differences which cause better and worse scarring outcomes. The team has been using the ALSPAC data collection that involves families from Bristol and the former county of Avon, in a ground-breaking cohort study offering new population study insights. Using BCG vaccination scars among mothers in the study to measure individual propensity to scarring, the team hope to target the genetic variation implicated in good and errant scarring for further exploration in mice and zebrafish models.

Integrating Human And Animal Studies to Investigate Known Clefing Genes Linked to Wound Healing.

The team has identified a network of genes that are associated with both cleft lip and wound healing, for further investigation to determine their roles in scarring. The project uses the Cleft Collective cohort to investigate cleft lip repair scar severity in patients with variants in chosen genes, compared to non-syndromic patients with different variants.

Project Outputs

Recruitment to the posts funded by the Foundation has been completed. Oscar Pena, an experienced Zebrafish Post-Doc, who will work in the 'Martin Lab' with an agreed start date of 1 July 2021. Kevin Thiessen, who is also an experienced Zebrafish Post-Doc, will start in the 'Richardson Lab' on 5 July 2021. The team was able to start their first PhD student, Tim Byatt, on 1 October 2020, the official commencement date of the programme. Following media coverage associated with the official launch of the grant, the team received several emails from patients, three of whom have agreed to be scar patient advocates. The team has established a patient advocate database and will continue to develop work in this area.

THE SCAR FREE FOUNDATION PROGRAMME OF REGENERATIVE RESEARCH

The Scar Free Foundation Programme of Regenerative Research at the RECONREGEN Centre supported by Health & Care Research Wales is a partnership between Reconstructive Surgery & Regenerative Medicine at Swansea University Medical School and the Welsh Centre for Burns & Plastic Surgery. The primary focus of the new programme is the development and translation of

the team's novel techniques for 3D printing of soft tissue – initially cartilage – for use in facial reconstructive surgery. In addition, the team is developing existing collaborations and research in the area of 'big data' and health informatics to gain a comprehensive understanding of the prevalence, aetiology, impact (both psychological and physical), and outcomes of facial scarring in Wales. Work commenced on the programme on 1 December 2020.

This programme comprises the following projects:

3D BIOFACE - 3D Bioprinting Facial Cartilage Using Human Cartilage Specific Stem/Progenitor Cells and Nanocellulose Bioinks for Facial Reconstruction.

Reconstruction of facial cartilage defects from trauma, burns, skin cancer and congenital conditions, currently relies on using the patient's own cartilage, usually from the ribs. Harvest is associated with donor-site scarring and other complications including chest-contour deformity, pain and lung damage. This project aims to determine the ideal combination of cells to grow new cartilage, optimise nanocellulose bioinks for 3D bioprinting patient-specific cartilage constructs and show that they are safe, non-toxic and well-tolerated by the immune system. This will enable the team to create durable cartilage constructs, which can be safely and effectively implemented in human clinical trials. If successful, the outcomes could revolutionise our ability to reconstruct form and function in patients affected by facial deformities and eliminate donor site scarring and other complications.

AFFECT - Assessing the Burden of Facial Scarring and Associated Mental Health Conditions to Identify Patients at Greatest Risk.

In a society which is pre-occupied with appearance and the pursuit of a "perfect" body image, the consequences of facial scarring can be extensive and may include the onset of psychosocial disorders. The study helps to understand the associated mental health conditions of facial scarring, so that effective healthcare strategies can be developed and appropriately targeted. The team is analysing data that is recorded routinely on all patients when they attend hospital or their general practitioner. The data is held securely in a specialised database, and fully anonymised so that it can be used safely for research. Analysing this data will help them define exactly how many people sustain facial scarring in Wales and determine how many go on to develop anxiety or depression.

Project Outputs

The team is making progress on the various project workstreams, and two papers will shortly be published in the journal *Nanomaterials*. As at 30 June 2021, recruitment is currently ongoing.

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.

Project Output

Despite the significant impact of the COVID-19 pandemic, the team managed to deliver several significant outputs in the reporting year. These include:

Impact of the COVID-19 pandemic on children born with cleft: The team developed a questionnaire, (1,527 responses from 1,200 families) to establish the impact on these children and their families. Preliminary analysis has shown that surgery was delayed for 76% of children who were due to have surgery after the first lockdown was introduced. Many parents expressed concern of the delay to their child's surgery but also explained they understood why the delays were occurring. Exploring free text data from the COVID-19 questionnaire, most concern appeared to be from parents whose child was due to experience an upcoming transition, such as moving from pre-school to reception. Many parents also raised concern over delayed Speech and Language Therapy (SLT). SLT treatment was delayed for 51% of children who were due to continue or start SLT treatment after the first lockdown.

Using Mendelian randomisation and polygenic risk scores to understand the causes and consequences of cleft

Under the supervision of Dr Gemma Sharp, Medical Research Council Integrative Epidemiology Unit, PhD student, Christina Dardani, published a paper in the International Journal of Epidemiology in 2020 showing children born with cleft are unlikely to be genetically predisposed to do less well at school than their peers. The publication was accompanied by a press release that was picked up by several news outlets and generated discussion on social media. In addition, Dr Laurence Howe, previously a PhD student with the team and now post-doc, studied the genetic overlap between cleft and head and neck cancer. He found some evidence of an overlap between the two, which suggested that those born with a cleft might have a small increased risk of developing this cancer in the future. This work was published in Genetic Epidemiology in 2020. An academic clinical fellow from Bristol Dental School, Dr Tom Gill, has been working with Dr Gemma Sharp on a project that uses Mendelian randomisation and LD score regression to assess evidence for the hypothesis that a high genetic predisposition to cleft is associated with better reproductive success (more children and earlier age at first birth) as this might explain why cleft (which would have been associated with infant death in ancestral times) has not been selected out through evolutionary processes. Dr Gill has completed a first draft of a paper on this work, which we aim to submit for publication later this year.

Recruitment

As at 30 June 2021 the total number of participants recruited to the study was 9,392 individuals from 3,355 families. Due to the COVID-19 crisis, data collection to the study was suspended on 19 March 2020, until 7 July 2020. Data collection has now resumed at all 16 participating sites.

Data Collection

All 16 cleft teams were involved in data collection and recruitment. The team continues to see a return rate of 50% for their baseline questionnaires and a 38% return rate for their follow up questionnaires; this is consistent with other years since incentivising with a £10 voucher. Follow up questionnaires are now available online for participants to complete. Early indicators show that these have been well received with no teething problems. Surgical form return rate for first surgery is 92% and forms are also being returned for subsequent operations. As at 30 June 2021, the team currently has 100+ maternity units approved across the UK and have now received 161 samples of cord blood. This provides the opportunity to measure the exposures of the mother and infant with cleft, during pregnancy. The Cleft Collective has now established a large dataset of biological,

psychological, surgical and other clinical data, which contribute uniquely to the Scar Free Foundations' ambitions.

Data Linkage

In the past year the team successfully linked their data to the Cleft Registry and Audit Network (CRANE) database enabling both parties to work on a "one off" collaborative project to validate phenotype data held within the Cleft Collective and CRANE. CRANE acknowledged this work in their annual report, also stating that they hope to be able to work more closely with the Cleft Collective using the strengths of both the Cleft Collective and CRANE to answer questions important to patients and clinicians alike.

Patient and Public Involvement

During the reporting year, the team has worked with the Cleft Lip and Palate Association (CLAPA) to develop a patient and public involvement group, made up of people from our research community. The CLAPA Cleft Collective Patient Consultation Group gives people affected by cleft a chance to feed their own ideas and experiences directly into the project (e.g. in relation to the development of questionnaires, the content of the website, and through conferences). Two virtual meetings were held during the reporting year. The group has provided invaluable assistance on various aspects of the study, including testing online questionnaires.

Genotyping

The team has almost finished generating genotype data. This will be an immensely important resource for future work exploring the genetic and non-genetic causes of cleft and cleft-related outcomes. With a separate Medical Research Council project grant, they have employed a researcher (Dr Garan Jones) to analyse the data.

Advisory Panel

The Cleft Collective Advisory Panel, Chaired by Dr Tim Peakman, Chief Operating Officer of the University of Leeds, met four times via videoconference 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.
- Ms Sarah Kilcoyne, Principal Specialist Speech and Language Therapist, Oxford Craniofacial Unit and Spires Cleft Centre
- Professor Heather Cordell, Professor of Statistical Genetics, Newcastle University

We are extremely grateful to Dr Peakman and all members of the Advisory Panel for their advice and guidance over the past 12 months.

THE SCAR FREE FOUNDATION CENTRE FOR CONFLICT WOUND RESEARCH

The aim of the Centre is to reduce and eventually eradicate the impact of scarring and related loss of function amongst Armed Forces personnel, who sustain critical injuries during their deployment, as well as civilians injured in conflict or terrorism incidents. It will achieve this by supporting a nationally relevant programme of biological and clinical research. The Scar Free Foundation Centre for Conflict Wound Research is supported by the Chancellor using LIBOR funds.

Since the Centre was formally opened by HRH The Countess of Wessex in November 2018, work has been underway on the following projects;

UNITS: Understanding and Addressing the Support Needs of Military Personnel Affected by Visible Difference/ Disfigurement from Conflict Wounds, Professor Di Harcourt, Dr Mary Keeling, Centre for Appearance Research, University of the West of England.

DeSCAR: First in human clinical trial of a bioactive dressing designed to prevent scarring of skin burns, Professor Liam Grover, Dr Richard Williams University Hospitals Birmingham NHS Foundation Trust/ University of Birmingham.

SMOOTH: A prospective randomised controlled trial to examine the efficacy and mechanistic basis of fractional ablative carbon dioxide laser therapy in treating hypertrophic scarring, Professor Naïem Moïemen, Professor Janet Lord, University Hospitals Birmingham NHS Foundation Trust/ University of Birmingham.

Impact of COVID-19

Both the SMOOTH and DeSCAR projects have been significantly impacted by the pandemic. Clinician-researchers working on the two projects were re-deployed to front-line NHS clinical care. Lab access was restricted and some Scar Free Foundation-funded staff working on the SMOOTH project, who were unable to undertake other roles were furloughed. During the first wave of the pandemic, scientific staff continued to work on areas which they could progress from home, such as the preparation of the MHRA regulatory package. As at 30 June 2021, work has resumed in the labs in Birmingham and all staff are again working. The Birmingham team has been given a no-cost extension until August 2023.

The team working on the UNITS project at the University of the West of England were largely unaffected by the pandemic and continued to progress the project from home. Work will conclude on the UNITS project in October 2021.

Project Outputs

UNITS

UNITS is a three-year project aimed at understanding the psychosocial experiences and support needs of military personnel, veterans, and their families, affected by conflict-related appearance altering injuries (e.g. scars from burn injuries, blast injuries or gunshot wounds).

During the reporting year, the team's Literature Review/Gap Analysis paper, *Body image concerns and psychological wellbeing among injured combat veterans with scars and limb loss: A review of the literature* was published in the journal, Military Behavioural Health. Recruitment into the qualitative study was completed and a total of 40 interviews were conducted, transcribed and analysed.

The analysis of these interviews found that veterans, serving personnel and their families reported significant challenges related to the injured personnel/veteran's changed appearance. The issue that was most consistently experienced was unwanted public attention such as staring and unsolicited questions and comments. In addition, the veterans and service personnel reported challenges with confidence, self-esteem, and their appearance acting as a reminder of the traumatic experience of the injury, difficulties with romantic relationships and intimacy, and the impact of their visible difference on their children. Serving personnel, veterans, partners and mothers also described mechanisms

that enabled coping and continuation with life post-injury. Some of the coping mechanisms appeared to be specific to the military, such as the expectation that serious injury might happen due to the nature of their work and being deployed to combat areas, initial recovery taking place among others who had experienced similar injuries, and the veteran-specific informal social support and continued camaraderie. Interviewees also reported an unmet need for appearance-specific support, especially regarding how to manage public attention and how to talk to children about their visible difference.

DeSCAR

This is a phase-one clinical trial to demonstrate the safety and efficacy of a new bioactive dressing, loaded with the protein Decorin, designed to prevent scarring of skin burns.

During the reporting year, the team has gathered additional and very supportive evidence for the safety of Decorin. This finding was a by-product of an additional experiment which demonstrated that Decorin injected into the bloodstream, at doses far higher than would be possible in the human trial (keeping in mind the trial using topical routes administration), does not cause genotoxic effects.

Manufacturing has been moved to the University of Birmingham to help consolidate the supply chain in the current climate and gain greater control over risks to timelines and costs. The team raised £17,000 to pay for the modification to an existing laboratory within their facility and therefore comes at no extra cost to the project. The team has set up a scalable drying process allowing 250 dressings to be manufactured per run and the process is currently being validated. Overall, while a significant change to the approach, the team believes that consolidating activity and level of control, helps removes some uncertainty and will help drive the project forward.

All documents for regulatory submission are in late development and it is hoped the clinical arm of this project can commence in early summer 2021.

SMOOTH

This study examines the efficacy and mechanistic basis of fractional ablative carbon dioxide laser therapy in treating hypertrophic scarring.

The study has two sites, Birmingham and Swansea. Recruitment to the project was ceased in March 2020, resumed briefly in November 2020 and was again suspended in January 2021. The team has received permission to resume the clinical recruitment from 1 July 2021.

Conflict Wound Pilot/Feasibility Projects

During the reporting year funding was committed to three new projects which aim to address the Foundation's Conflict Wound Research Priorities, developed at the Scar Free Foundation Conflict Wound Research Symposium, held in Birmingham in 2019. The Funding was offered through open competition. A total of 14 applications were received and reviewed by external peer reviewers. Mr Simon Weston, the Foundation's Lead Ambassador, acted as a 'lived experience' reviewer of the applications. Lt General Richard Nugee, the Chairman of the Conflict Wound Research Strategy Group, chaired the review and selection process.

The successful projects are as follows:

- *Does major trauma accelerate the ageing process, and can it be alleviated by physical activity?* Professor Janet Lord, Scar Free Foundation Centre for Conflict Wound Research, Birmingham.
- *Novel Haemostatic Medical Devices for Acute Conflict Wound Treatment.* Dr Choon Hwai Yap, Department of Bioengineering, Imperial College London.
- *Revenite: An app to connect and support the rehabilitation needs of veteran amputees.* Professor Alison McGregor, Imperial College London.

Conflict Wound Research Strategy Group

The Foundation also continues to work to promote collaboration in the conflict wound research sphere by convening 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. We are grateful to Lt General Richard Nugee for agreeing to continue in his role as Chairman of this group, despite him retiring from the Armed Forces in early 2021.

THE UK BURNS RESEARCH NETWORK SUPPORTED BY THE VTCT FOUNDATION

The Foundation established the UK Burns Research Network in 2018. 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 supporting longer term research aspirations as laid out in the Scar Free Strategy. It addresses 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.

Project outputs

COSB: Core Outcomes for Burns Research - Short Term Outcomes and Outcome Measures for Use in Burn Efficacy Trials.

Some 130,000 patients with burns require treatment in Emergency Departments each year. Researchers currently use different outcomes to assess care quality and new treatments. This makes it difficult for researchers and clinicians to work out which treatments are best. A Core Outcome Set (COS) is a minimum set of outcomes agreed, defined, measured and reported in a standard way included in all studies of a specific clinical area. The project commenced in January 2019 and aims to develop and understand short-term outcomes for patients recovering from burns. Key outputs in the reporting year include the publication of *Systematic review of international Delphi surveys for core outcome set development: representation of international patients* in BMJ Open.

COHORT: Development of a multicentre cohort of burn injury patients – a feasibility study.

This fourteen-month project commenced in November 2020. Very little is known about the best way to treat burns that will result in the least scarring for patients. We know that if patients have large burns, if the wounds take a long time to heal, or if many operations are needed, scarring will be worse. However, it is also known that patients with similar types of small area scalds still scar differently. It is likely that the patients' genetic make-up (genes) will affect their scarring. If we knew that a patient had genes that would result

in a poor scar, then we could target treatment differently for these patients. Separately, some patients and families struggle to adjust emotionally to scars. If we could understand what predicts this adjustment, we could similarly tailor the support needed.

The team is currently carrying out a smaller study, known as feasibility work, to check that what they do in the large study would be acceptable to patients (i.e. children and parents/carers) and staff, that it is practically achievable and that they have support and involvement from burn care teams across the country. This will include agreeing with patients and staff, when and how to recruit participants, how to keep them engaged with a full study over time, and what is the best way to assess scarring and emotional outcomes. This work will enable us to know if a full study is feasible and practical.

BOSS: Development of a multicentre cohort of burn injury patients – a feasibility study and a prospective study to examine the validity of a panel of objective burn scar measurement tools. Professor Naiem Moiemmen, University Hospitals Birmingham NHS Foundation Trust.

This three-year project commenced in September 2020. Following significant advances in medical science, patients with burns that involve as much as 95% of their total body surface area, can now survive. Unfortunately, research into scarring does not match the tremendous improvement in survival following burn injury, and the quality of studies that have been conducted were hindered by a lack of validated, objective tools used to grade scars. The subjective tools that were used are prone to individual clinician bias, hence findings are not consistent.

The aim of this project is to assess a group of patients from the time of their injury to the time of wound healing and for two years afterwards. The team will measure their scars with a range of objective scar measuring tools that have been shown to work in a previous smaller study alongside subjective questionnaires that look at how the patients view their own scars, and the effect these scars have on their quality of life. The team has recently achieved ethical approval for the study and have been developing patient recruitment literature and the purchase of equipment for the project.

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 the Burns Network. The Panel is chaired by Dr David Mackie, 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. In the reporting year the Panel met twice by videoconference.

Other members of the Burns Research Network Advisory Panel include:

- Professor Mamta Shah, Consultant Burns and Plastic Surgeon, Royal Manchester Children's Hospital, Wythenshawe Hospital and the University of Manchester.
- Professor Peter Dziewulski, Consultant Burns and Plastic Surgeon.
- 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.

We are extremely grateful to the Advisory Panel for their advice and guidance during the reporting year.

THE BSSH CENTRE FOR EVIDENCE-BASED HAND SURGERY RESEARCH AT THE UNIVERSITY OF NOTTINGHAM

Miss Karantana and colleagues are making good progress. In the reporting year, Miss Karantana was given tenure at the University and now has long-term stability in her role. The various trials underway at the Centre has been impacted by the pandemic and the slowness in the resumption of elective hand surgery but have been granted no-cost extensions. A number of high-quality publications has emanated from the Centre in the last twelve months including, *Common hand and wrist conditions: creation of UK research priorities defined by a James Lind Alliance Priority Setting Partnership*, in BMJ Open.

DELIVERING THE SCAR FREE STRATEGY

Work has been underway to 'refresh' the Scar Free Strategy with the aim of creating an interactive, online presentation of the strategy based on the three overarching questions:

- What is a scar?
- How do we prevent scarring?
- How do we live with scarring?

The Foundation has been working with venturethree, the branding agency responsible for the Foundation's rebrand in 2016, on the development of an interactive, online version of the strategy based on the three overarching questions. Work will be completed on the 'refreshed' strategy in early summer 2021.

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 Written Agreement and Terms and Conditions for the award of grants.
- The arrangements to identify and manage potential conflicts of interests.

Research Council

The Research Council is established under the leadership of the Research Council Chairman, who is also a Trustee, to advise the Board of Trustees on the implementation and development of the Scar Free Strategy, which outlines the broad research objectives of the charity.

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.

The main tasks of the Research Council are:

- 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 30 June 2021, 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.
- 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.

Trustees would like to extend our sincere gratitude to Research Council members for their counsel and support over the past year.

Chief Scientific Adviser

The role of Chief Scientific Adviser was established in 2018 to assist in the assessment of new work and the broader pursuit of the Scar Free Strategy and is fulfilled by Professor Paul Stewart, Executive Dean of Health and Medicine at the University of Leeds. Over the past 12 months the thoughtful and pragmatic advice and guidance provided to the Foundation by Professor Stewart has been invaluable. We extend our thanks to him for all his assistance.

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.

Electives Adviser

The role of Electives Adviser was created in 2018, 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.

Although the Electives were not run in the reporting year due to the COVID-19 pandemic, we remain extremely grateful to Mr Martin Mace, a retired Maxillofacial Surgeon and former Trustee of The Scar Free Foundation, for his hard work and valued counsel in the review of Electives application and Final Report assessments.

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

Shortly before the COVID-19 pandemic hit, we were beginning the process of rebuilding our Development Board activities. The 2020 and 2021 lockdowns significantly restricted our abilities to communicate our work through high net wealth networks and this aspect of our fundraising development inevitably paused. Our focus turned instead to maintaining our connection with existing supporters and increasingly engaging with grant making trusts and foundations. Despite the challenges, we were pleased that total income in the year held up at £1,985,844 compared to £1,517,950 in the previous year.

We appreciate that the year ahead is going to be very challenging from a fundraising perspective. Much work we had undertaken in late 2019 and early 2020 towards rebuilding our high net wealth networks did not come to fruition because of the lockdowns. We know that rebuilding the Foundation's presence and support now requires focus, expertise and a very compelling presentation of our cause. We remain cautious but hopeful that as opportunities to engage with donors increase over the coming year, the underlying strength of our case, the conviction of our staff and volunteer fundraisers and the shared objective of a world without scars, will serve us well.

The national news agenda was dominated by COVID-19 throughout the period under report. Consequently, we tilted our communications activity in the year, concentrating more on social media and supporter focused activities including our first, on-line only Update event in October 2020. More than 100 people attended the 90-minute session which included video presentations by research teams from Swansea University and The Scar Free Foundation Centre for Conflict Wound Research. Later in 2020, we were delighted to gain significant national and local media coverage of the launch of our basic science research programme at the University of Bristol, including another detailed segment on BBC Breakfast and across other print and broadcast outlets.

The Scar Free Foundation is registered with the Fundraising Regulator and subscribes to the Code of Fundraising Practice. During the year – and lifetime of the Foundation – no complaints have been received and no relationships were held with any professional fundraisers or commercial participators.

Fundraising performance

Fundraised income for the year totalled £1,918,075 (£1,464,236 in the previous year). Our major gift model remains cost effective with only £293,403 (£378,057 in 2019/20) 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:

- Ms Angelica Kavouni & Mr Lucian Ion
- Professor Vivien Lees
- 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 various zoom calls over the past year, that have included an audience with HRH The Countess of Wessex, Professor Janet Lord and workshops to help with the development of the Ambassador website.

We also extend our gratitude to Tanya Theobald who, despite taking a sabbatical from her busy practice with Squire Patton & Boggs LLP, continues to provide ad hoc, pro bono legal support on contractual matters for the Foundation.

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

During the year, the Foundation took the opportunity presented by the lockdowns and natural restrictions in normal activity, to bring staff, Trustees and other stakeholders together to consider the medium-term strategy of the charity.

The pursuit of scar free healing through the implementation of our Scar Free Strategy remains our central goal. However, we believe that we can relate the Scar Free narrative in even more compellingly in order to engage a new cohort of donors, researchers and people living with scarring, to partner with us in this life changing mission.

Highlights of our Management Plan for the year ahead include;

The presentation of our research strategy – our Scar Free Strategy lays out our research ‘road map’ to scar free healing in a generation. This year, we will publish a ‘digital only’ iteration of that strategy that makes the route to scar free healing even more easy to understand. We believe scar free healing is possible by addressing three simple questions;

- what is a scar?
- how do we stop scars forming? and,
- how can we reduce the negative impact of existing scars?

All Scar Free supported research must address one of these questions and clearly demonstrate how new evidence leads us closer to a scar free future.

The development of our high net wealth networks – informed by our re-presented Scar Free Research Strategy, we will also present a new fundraising Case for Support that will be the cornerstone in our building of new donor networks. We will work hard during the year to identify new and fully engaged volunteer leadership to drive our refreshed fundraising activities.

The lived experience voice lies at the heart of our work – the impact of our work is only measured by the benefits we can deliver, through new treatments and understandings, to people who encounter and live with scarring conditions. In the year ahead, we will invest more time and resource than ever to ensure that the voices and experiences of those with scars, are felt at every level and in every aspect of the charity's work. From governance structures, our communications activities, our fundraising and of course through our research, we will ensure that Scar Free continues to be relevant to and driven by the lived experience.

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 decreased slightly to reflect the pause in some elements of our scar free research programme, from £1,531,760 2019/20 to £1,491,563 in 2020/21.

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 May 2021 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.

The COVID-19 crisis has brought home to us, more than ever, the importance of a prudent reserves policy. With reduced fundraising in 2020/21, our free reserves have been impacted. Looking ahead over the next 12-months, we are confident that we can maintain this reserves policy and anticipate closing the 2021/22 year satisfying this stated policy.

We do not feel that the pandemic should cause us to review our policy, but we will maintain a close watching brief on this during the year as lock down is lifted and income-spend plans become clearer.

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 maintain sufficient unrestricted reserves to cover core costs for a 12-month period and to meet redundancy costs should the Foundation ever have to be closed down.

Unrestricted reserves at the end of March 2021 were £1,005,148 of which £764,540 was in the general funds and constitutes free reserves. The core-costs for 2021/22 are forecast to be approximately £720,000. 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 22% over the financial year 2020/21. This is due to the positive performance in global stock markets. We remain vigilant to a potential volatile market that the pandemic may create and mindful that the funds in Sarasin's are long term investments. As of 30 June 2021, the investments have decreased in value by 14% since 31 March 2021. This is due to crystallising the gain received in the previous year.

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. **Fundraising: shortfall in budgeted income** – we remain cognisant of the difficulty of fundraising particularly for unrestricted monies, which has been exacerbated by the restrictions in force as a result of COVID-19. Nevertheless, we are confident that we can continue to abide by our reserves policy, maintaining sufficient free reserves for core costs for the year ahead.
2. **COVID-19: Pandemic causes major disruption to the running of the Foundation** – as this report demonstrates, the immediate impact of the COVID-19 crisis has been significant and the long-term fall out can still only be estimated. We are confident however that the plans, briefly detailed herein, are sufficient to ameliorate the unavoidable disruption to ensure the Foundation can emerge from the crisis in as strong a position as possible.
3. **Financial Issues: External economic situation impacts on Fundraising** – the long-term economic impact of the COVID-19 crisis will colour all aspects of our operations, especially fundraising and research. Our fundraising has been hit but perhaps not as significantly as some charities reliant on retail or volume driven income sources. Our partnerships with key, high net wealth and grant making trust donors will continue and we will continue to use our unique skillset and tradition to grow and strengthen these relationships still further. The Universities research sector has too been impacted, but we will continue to work with research partners to ensure we maintain the highest standards of quality research.

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.

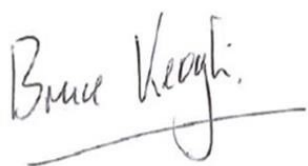
The Trustees

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
Mr Richard Collier (Honorary Treasurer)
Ms Alison Clarke
Lt Gen Richard Nugee
Mr Tim Streatfeild
Mrs Alexandra Thrower
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 2021 was £6 (2020 – £6). The Trustees have no beneficial interest in the charitable company.

Approved by the Trustees on 7 July 2021 and signed on their behalf by

A handwritten signature in dark ink, appearing to read 'Bruce Keogh', with a long horizontal stroke extending from the end of the signature.

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 2021 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 2021 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011, Companies Act 2006, and data protection legislation; and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, inspecting legal correspondence and reviewing trustee meeting minutes.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of trustee meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with HMRC and the Charity Commission.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available 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.

A handwritten signature in black ink, appearing to read 'Katharine Patel'.

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

7 July 2021

The Scar Free Foundation

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

For the year ended 31 March 2021

	Note	Restricted £	Unrestricted £	2021 Total £	Restricted £	Unrestricted £	2020 Total £
Income							
Donations and legacies	2	1,544,370	373,705	1,918,075	1,054,767	409,469	1,464,236
Grants	2	-	14,510	14,510	-	-	-
Investments	3	-	53,259	53,259	-	53,714	53,714
Total income		1,544,370	441,474	1,985,844	1,054,767	463,183	1,517,950
Expenditure	4						
Costs of raising funds		-	293,403	293,403	-	378,057	378,057
<i>Expenditure on charitable activities</i>							
Research programmes		1,265,332	-	1,265,332	1,267,880	-	1,267,880
Research development		-	226,231	226,231	-	263,880	263,880
Total expenditure		1,265,332	519,634	1,784,966	1,267,880	641,937	1,909,817
Net income (expenditure) before gains / (losses) on investments	5	279,038	(78,160)	200,878	(213,113)	(178,754)	(391,867)
Net gains / (losses) on investments	9	-	187,819	187,819	(45,707)	-	(45,707)
Transfers		-	-	-	3,554	(3,554)	-
Net income (expenditure) and net movement in funds		279,038	109,659	388,697	(255,266)	(182,308)	(437,574)
Reconciliation of funds:							
Funds brought forward		3,069,833	895,488	3,965,321	3,325,099	1,077,796	4,402,895
Funds carried forward		3,348,871	1,005,147	4,354,018	3,069,833	895,488	3,965,321

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

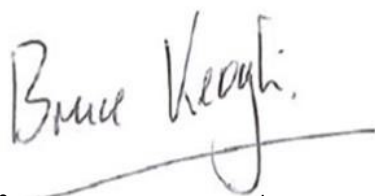
The Scar Free Foundation

Balance Sheet

For the year ended 31 March 2021

	Note	£	2021 £	2020 £
Fixed assets				
Tangible fixed assets	8		1,561	6,525
Investments	9		<u>1,076,167</u>	<u>882,748</u>
			<u>1,077,728</u>	<u>889,273</u>
Current assets				
Debtors	10	4,310		7,126
Short term deposits		3,567,447		2,940,698
Cash at bank and in hand		<u>170,903</u>		<u>194,761</u>
		<u>3,742,660</u>		<u>3,142,585</u>
Liabilities				
Creditors: amounts falling due within one year	11	<u>466,370</u>		<u>66,537</u>
Net current assets			<u>3,276,290</u>	<u>3,076,048</u>
Net assets	12		<u><u>4,354,018</u></u>	<u><u>3,965,321</u></u>
The funds of the charity:				
Restricted funds			3,348,871	3,069,833
Unrestricted funds				
Designated funds		239,047		169,047
General funds		<u>766,100</u>		<u>726,441</u>
			<u>1,005,147</u>	<u>895,488</u>
Total funds	13		<u><u>4,354,018</u></u>	<u><u>3,965,321</u></u>

Approved by the Trustees on 7 July 2021 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 2021

	Note	2021 £	2020 £
Cash flow from operating activities:			
Net cash provided by operating activities	A	<u>555,232</u>	<u>116,842</u>
Cash inflow from investing activities:			
Dividends and interest from investments		53,259	53,714
Purchase of tangible fixed assets		-	(4,829)
Sale / (purchase) of investments		-	10,290
Net cash provided by (used in) investing activities		<u>53,259</u>	<u>59,175</u>
Change in cash and cash equivalents in the year		608,491	176,017
Cash and cash equivalents at 1 April 2020	B	3,135,459	2,959,442
Cash and cash equivalents at 31 March 2021	B	<u>3,743,950</u>	<u>3,135,459</u>

Notes to the statement of cash flows for the year to 31 March 2021

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

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	388,697	(437,574)
Adjustments for:		
Depreciation charge	4,964	6,838
(Gains) losses on investments	(187,819)	45,707
Dividends and interest from investments	(53,259)	(53,714)
Decrease (increase) in debtors	2,816	718,246
Increase (decrease) in creditors	399,833	(162,661)
Net cash provided by operating activities	<u>555,232</u>	<u>116,842</u>

B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	170,903	194,761
Notice deposits (3 - 12 months)	3,567,447	2,940,698
Total cash and cash equivalents	<u>3,738,350</u>	<u>3,135,459</u>

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2021

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 2021.

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 2022, the Trustees have taken into consideration the impact of the COVID-19 pandemic on the charity and have concluded that although there may be some negative consequences and greater risk in relation to the fundraising for the charity's activities, the Trustees believe that the charity is a going concern on the basis detailed within the Trustees' report. 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 2021

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 :	Three years
Office Furniture and Equipment :	Three years

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2021

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, or if it is unclear as to how much will be required for a 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 2021

2a Donations and grants - unrestricted

	2021 £	2020 £
The Chancellor using LIBOR Funds	205,907	189,950
PF Charitable Trust	40,000	50,000
Kavli Trust (UK)	20,000	20,000
Childwick Trust	20,000	-
EACTS Fellowship	15,000	30,000
Harry Hampson	10,000	10,000
Sandhu Charitable Foundation	10,000	-
Charles and Rowena Wilson	10,000	4,000
Richard and Anne Collier	5,000	5,000
The Atkin Charitable Foundation	5,000	5,000
The Lord Hemphill	5,000	-
The Dorus Trust	4,000	4,000
Angelica Kavoni & Lucan Ion	2,500	2,500
Nigel Mercer	1,200	1,300
Professor Jonathan Sandy	1,200	1,200
Professor Vivien Lees	1,000	1,000
The Thousandth Man Charity - Richard Burns Charitable Trust	1,000	500
The Worshipful Company of Tin Plate Workers alias Wire Workers	1,000	1,000
Nancy Moxon (Legacy)	-	42,919
Arbuthnot Banking Group PLC (Sir Henry Angest)	-	10,000
Hintze Family Charitable Foundation	-	5,000
Wyfold Charitable Trust	-	5,000
Dorothy Eades (Legacy)	-	4,268
Marco Compagnoni & Bruce Sansom	-	3,000
Karim Tabet and Alexia Ackermann	-	2,000
Professor Peter Dziewulski	-	200
Gift Aid Claims	7,993	3,268
Sundry Donations	7,905	8,364
Total	<u>373,705</u>	<u>409,469</u>

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2021

2b Donations and grants - restricted

	2021	2020
	£	£
The Chancellor using LIBOR Funds	850,344	668,355
CHEAR Foundation	300,000	300,000
The Garfield Weston Foundation	206,065	-
Health and Care Research Wales	50,000	50,000
Clore Duffield Foundation	43,611	-
The Worshipful Company of Tin Plate Workers alias Wire Workers	37,000	-
The Armed Forces Covenant Fund Trust	33,250	-
Edward Cadbury Charitable Trust	15,000	-
Lady Jenny Rose	5,600	-
Holbeck Charitable Trust	2,500	-
GJW Turner Trust	1,000	-
Eveson Charitable Trust		22,858
The Hobson Charity Ltd		8,000
Andrew Roberts		2,000
BBA		1,800
CFSGBI		1,200
BAPRAS		554
Total	1,544,370	1,054,767

3. Investment income

	Restricted	Unrestricted	2021	Restricted	Unrestricted	2020
	£	£	Total	£	£	Total
			£			£
Income from listed investments	-	21,175	21,175	-	21,768	21,768
Interest receivable	-	32,084	32,084	-	31,946	31,946
Total	-	53,259	53,259	-	53,714	53,714

Notes to the financial statements

For the year ended 31 March 2021

4. Total expenditure 2021

	Costs of raising funds Unrestricted	Research Grants Restricted	Research Development Unrestricted	Support Costs	Governance	2021 Total
	£	£	£	£	£	£
Staff Costs (Note 6)	129,679	-	125,974	114,859	-	370,512
Other Staff Costs	2,800	-	2,720	2,479	-	7,999
Rent	10,105	-	7,686	5,462	-	23,253
Computer and other office costs	19,511	-	14,840	10,546	-	44,897
Consultancy	2,837	-	2,158	1,533	-	6,528
Legal Fees	-	-	-	1,680	-	1,680
Audit and Accountancy Fees	-	-	-	-	15,821	15,821
Staff Travel	30	-	23	16	-	69
Trustees' Travel Expenses	-	-	-	-	-	-
Depreciation	2,158	-	1,641	1,166	-	4,965
Recruitment	382	-	291	207	-	880
Appeal Costs	37,154	-	-	-	-	37,154
Insurance	-	-	-	-	2,480	2,480
Research Programmes						
- Bristol Programme	-	67,515	-	-	-	67,515
- The Cleft Colletive	-	362,349	-	-	-	362,349
- Centre for Conflict Wound	-	460,127	-	-	-	460,127
- Regenerative Research	-	30,000	-	-	-	30,000
- BSSH	-	92,929	-	-	-	92,929
- UK Burns Research Network	-	252,412	-	-	-	252,412
Research Support costs	-	-	3,396	-	-	3,396
Total expenditure	204,656	1,265,332	158,729	137,948	18,301	1,784,966
Support Costs	78,352	-	59,596	(137,948)	-	-
Governance costs	10,395	-	7,906	-	(18,301)	-
2021 total expenditure	293,403	1,265,332	226,231	-	-	1,784,966

Support costs and governance costs have been allocated to each activity on the basis of staff time being 57% to costs of raising funds and 43% to research development.

4. Total expenditure 2020

	Costs of raising funds Unrestricted	Research Grants Restricted	Research Development Unrestricted	Support Costs	Governance	2020 Total
	£	£	£	£	£	£
Staff Costs (Note 6)	128,617	-	124,942	113,918	-	367,477
Other Staff Costs	2,753	-	2,675	2,438	-	7,866
Rent	9,901	-	9,901	6,761	-	26,563
Computer and other office costs	20,811	-	20,811	14,212	-	55,834
Consultancy	4,342	-	4,342	2,965	-	11,649
Audit and Accountancy Fees	-	-	-	-	13,236	13,236
Staff Travel	937	-	937	640	-	2,514
Trustees' Travel Expenses	77	-	77	53	-	207
Depreciation	2,549	-	2,549	1,741	-	6,839
Recruitment	2,445	-	2,445	1,670	-	6,560
Appeal Costs	125,636	-	-	-	-	125,636
Insurance	-	-	-	-	2,344	2,344
Research Programmes						
- The Cleft Collective	-	339,573	-	-	-	339,573
- Centre for Conflict Wound	-	745,757	-	-	-	745,757
- BSSH	-	90,797	-	-	-	90,797
- UK Burns Research Network	-	84,646	-	-	-	84,646
- Support Projects	-	7,107	-	-	-	7,107
Research Support costs	-	-	15,212	-	-	15,212
Total expenditure	298,068	1,267,880	183,891	144,398	15,580	1,909,817
Support Costs	72,199	-	72,199	(144,398)	-	-
Governance costs	7,790	-	7,790	-	(15,580)	-
2020 total expenditure	378,057	1,267,880	263,880	-	-	1,909,817

Support costs and governance costs have been allocated to each activity on the basis of staff time being 50% to costs of raising funds and 50% to research development.

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2021

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

This is stated after charging:

	2021	2020
	£	£
Depreciation	4,964	6,839
Trustees' remuneration	Nil	Nil
Trustees' expenses	-	207
Auditors' remuneration:		
Audit	9,500	9,500
Operating lease rentals:		
Property	23,253	26,563

Trustees' expenses represent that no Trustees were reimbursed for travel costs (2020 : 2).

6. Staff costs and numbers

Staff costs were as follows:

	2021	2020
	£	£
Salaries and wages	299,238	297,552
Social security costs	33,690	31,260
Pension contributions	37,584	38,665
	370,512	367,477

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

	2021	2020
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1

Employer's pension contributions of £17,575 (2020:£17,512 to one employee) were made in respect of the highest paid employee.

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

	2021	2020
	No.	No.
Fundraising and Publicity	2.6	2.1
Research Development	2.0	2.1
Support & Governance Costs	1.4	1.4
	6.0	5.6

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2021

6. Staff costs and numbers (continued)

The average number of employees (headcount) during the year was 6.0 (2020 - 5.6).

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, Company Secretary & Finance Manager. The total remuneration (including taxable benefits and employers pension contributions) of the key management personnel for the year was £196,134 (2020 - £264,682).

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

	Computer equipment and furniture £	Total £
Cost		
At the start of the year	21,311	21,311
Additions in year	-	-
Disposals in year	(723)	(723)
	<hr/>	<hr/>
At the end of the year	20,588	20,588
Depreciation		
At the start of the year	14,786	14,786
Charge for the year	4,964	4,964
Disposals in year	(723)	(723)
	<hr/>	<hr/>
At the end of the year	19,027	19,027
Net book value		
At the end of the year	<hr/> 1,561 <hr/>	<hr/> 1,561 <hr/>
At the start of the year	<hr/> 6,525 <hr/>	<hr/> 6,525 <hr/>

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2021

9. Investments

	2021 £	2020 £
Market value at the start of the year	882,748	938,745
Transfers in	5,600	-
Additions at cost	5,626	-
Disposals (proceeds £5,626 : Realised Gain £13)	(5,613)	(10,290)
Unrealised gains / (losses)	187,806	(45,707)
	<u>182,193</u>	<u>(55,997)</u>
Add		
Market value at the end of the year	<u>1,076,167</u>	<u>882,748</u>
Cost at the year end	<u>747,342</u>	<u>741,751</u>
Investments comprise: Sarasin Alpha CIF for Endowments	1,076,167	882,748

10. Debtors

	2021 £	2020 £
Other debtors	2,000	2,000
Accrued income	-	-
Prepayments	2,310	5,126
	<u>4,310</u>	<u>7,126</u>

11. Creditors: amounts due within 1 year

	2021 £	2020 £
Accruals	451,370	66,537
Deferred Income	15,000	
	<u>466,370</u>	<u>66,537</u>

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2021

12. Analysis of net assets between funds 2021

	Restricted funds £	Designated funds £	General funds £	2021 Total funds £
Tangible fixed assets	-	-	1,561	1,561
Investments	1,076,167	-	-	1,076,167
Net current assets	2,272,704	239,047	764,539	3,276,290
Net assets at the end of the year	<u>3,348,871</u>	<u>239,047</u>	<u>766,100</u>	<u>4,354,018</u>

Analysis of net assets between funds 2020

	Restricted funds £	Designated funds £	General funds £	2020 Total funds £
Tangible fixed assets	-	-	6,525	6,525
Investments	882,748	-	-	882,748
Net current assets	2,187,085	169,047	719,916	3,076,048
Net assets at the end of the year	<u>3,069,833</u>	<u>169,047</u>	<u>726,441</u>	<u>3,965,321</u>

The total unrealised gains at 31 March 2021 constitutes movements on revaluation and are as follows:

	2021 £	2020 £
Unrealised gains included above:		
On investments	328,825	140,997
Total unrealised gains at 31 March 2021	<u>328,825</u>	<u>140,997</u>

12. Reconciliation of movements in unrealised gains (losses)

Unrealised gains at 1 April 2020	140,997	186,704
Gain: in respect to disposals in the year	22	-
	<u>141,019</u>	<u>186,704</u>
Add: net gains (losses) arising on revaluation arising in the year	187,806	(45,707)
Total unrealised gains at 31 March 2021	<u>328,825</u>	<u>140,997</u>

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2021

13. Movements in funds 2021

	At the start of the year £	Income £	Expenditure £	Gains on investments & Transfers £	2021 At the end of the year £
Restricted funds:					
Bristol Programme	554,293	300,000	(67,515)		786,778
Scar Free Projects	750,000	50,000	-	(799,999)	1
The Cleft Collective	760,346	-	(362,349)	-	397,997
Centre for Conflict Wound Research	423,918	1,108,159	(460,127)		1,071,950
BSSH Clinical Academic Post	234,677	-	(92,929)	-	141,748
UK Burns Research Network	346,598	42,600	(252,412)	-	136,786
Regenerative Research	-	43,610.5	(30,000)	800,000	813,611
Student Elective Awards	1	-	-	(1)	-
Total restricted funds	3,069,833	1,544,370	(1,265,332)	-	3,348,871
Unrestricted funds:					
<i>Designated funds:</i>					
Centre for Conflict Wound Research	-	-	-	70,000	70,000
Scar Free Projects	114,849	-	-	-	114,849
Bristol Centre	54,198	-	-	-	54,198
<i>Total designated funds</i>	169,047	-	-	70,000	239,047
General funds	726,441	441,474	(519,634)	117,819	766,100
Total unrestricted funds	895,488	441,474	(519,634)	187,819	1,005,147
Total funds	3,965,321	1,985,844	(1,784,966)	187,819	4,354,018

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2021

13. Movements in funds 2020

	At the start of the year £	Income £	Expenditure £	Gains on investments & Transfers £	2020 At the end of the year £
Restricted funds:					
Scar Free Projects	700,000.00	50,000	-	-	750,000
The Cleft Collective	1,097,919.00	2,000	(339,573)	-	760,346
Centre for Conflict Wound	470,462.00	699,213	(745,757)	-	423,918
The Scar Free Centre	300,000.00	300,000	-	(45,707)	554,293
BSSH Clinical Academic Post	325,474.00	-	(90,797)	-	234,677
UK Burns Research Network	431,244.00	-	(84,646)	-	346,598
Student Elective Awards	-	3,554	(7,107)	3,554	1
Total restricted funds	3,325,099	1,054,767	(1,267,880)	(42,153)	3,069,833
<i>Unrestricted funds:</i>					
<i>Designated funds:</i>					
Medical Elective Awards	4,400	-	-	(4,400)	-
Scar Free Projects	317,311	-	-	(202,462)	114,849
Conflict Wound Centre	-	-	-	54,198	54,198
<i>Total designated funds</i>	<i>321,711</i>	<i>-</i>	<i>-</i>	<i>152,664</i>	<i>169,047</i>
General funds	756,085	463,183	(641,937)	149,110	726,441
Total unrestricted funds	1,077,796	463,183	(641,937)	(3,554)	895,488
Total funds	4,402,895	1,517,950	(1,909,817)	(45,707)	3,965,321

The Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2021

13. Movements in funds 2021

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.

Scar Free Projects

Transfer to Swansea University:

A total of £750,000 (of a £900,000 commitment) 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. As the Project has now started, these funds have been transferred to show the introduction of the start of the new project.

Designation of Funds: The Foundation has a number of potential research projects towards the pursuit of scar free healing. Prior to funding projects under go rigorous evaluation from peer reviewers. Funding of up to £114,849 had been designated in 2020/21, however due to the Coronavirus pandemic funding of additional research was paused. It is hoped that funding new projects can resume in 2021/22 to continue to pursue the key research themes.

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 third and final instalment of £1,056,251 (£208,407 of which was unrestricted) was paid in June 2020. Additional funds have been received in 2020/21 from The Garfield Weston Foundation, The Armed Forces Covenant Fund, Edward Cadbury Trust and The Holbeck Charitable Trust.

Designation of Funds: All projects at The Scar free Foundation Centre for Conflict Wound Research at Birmingham University were impacted due to the coronavirus pandemic, including research staff and clinicians being sent to the front line, and social distancing measures slowing down development. The delayed progression of the project requires a £70,000 contingency fund to ensure the project is able to complete.

The Bristol Programme (formerly The Scar Free Centre)

A total of £900,000 (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.

Designation of funds: £54,198 is required to cover the cost of the full project.

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 Scar Free Foundation

Notes to the financial statements

For the year ended 31 March 2021

13. Movements in funds 2021 (continued)

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.

In addition, Health & Care Research Wales have contributed £20,000 for use towards The Safe-Tea, burn scald prevention Project. The Worshipful Company of Tin Plate Workers alias Wire Workers have donated £37,000 to the Safe-Tea project also.

The Scar Free Foundation Programme of Regenerative Research

A total of £800,000 (of a potential £950,000 commitment) has been donated by Health & Care Research Wales (Welsh Government). The funding is currently for a two year commitment, with the potential to be extended for a further year if funds allow. The Foundation will use its best endeavours to raise money for this important research, however if we don't have sufficient funds to further the development of the project then we will withdraw from the project and our commitments and obligations to run the project cease.

Unrealised Gains

Unrealised gains received from the Sarasin's Investment account in 2020/21 total £187,806. As of 7 July 2021 the full amount has been transferred to unrestricted, due to the uncertainty in both the worlds stock markets and of raising unrestricted funds in 2021/22.

14. Operating lease commitments

The charity had future minimum commitments at 7 July 2021 under operating leases expiring as follows:

	2021 £	2020 £
Payments which fall:		
Within one year	37,968	17,414
Within one to two years	36,590	-
Within two to five years	112,818	-
	<u>187,376</u>	<u>17,414</u>

15. Related party transactions

During the year the charity received donations from Trustees totalling £5,000 (2020 - £5,000). In addition £300,000 (2020 - £300,000) was received from a Foundation of which a Trustee is also a Trustee.