



THE HEALING FOUNDATION

Rebuilding the bodies, minds and lives of people with disfigurements

THE ANNUAL REPORT & AUDITED ACCOUNTS

31 March 2007

Chairman of the Board of Trustees
The Rt Hon the Lord Patten of Barnes

*The Healing Foundation
at The Royal College of Surgeons of England
35-43 Lincoln's Inn Fields
London WC2A 3PE*

Registered Charity No. 1078666

Registered Company No. 3831398

The Healing Foundation

Reference and administrative details

For the year ended 31 March 2007

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 Document

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

3831398

Charity Number

1078666

Registered office and operational address

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

Honorary Officers

The Rt Hon the Lord Patten of Barnes (Chairman)

Mr Hugh Twiss (Hon Treasurer)

Professor Sir John Temple (Chairman, Research & Development Council)

Principal Staff

Mr Brendan Eley (Chief Executive)

Mrs Karla Conway (Development Manager)

Dr Wendy Edwards (Research & Training Manager)

Miss Jasbeer Kaur (Company Secretary)

Principal Members of the Healing Foundation

British Association of Plastic Reconstructive and Aesthetic Surgeons (BAPRAS)

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

The Healing Foundation

Reference and administrative details

For the year ended 31 March 2007

Vice Presidents

Dr Geraldine Brough
Professor Sir Kenneth Calman
Sir Ronnie Flanagan, HM Chief Inspector of Constabulary
Mr David Jones, former Appeal Chairman
Mr Jeff Ord, HM Chief Inspector of Fire Services (Scotland)
Sir Graham Meldrum, HM Chief Inspector of Fire Services (England, Wales & N Ireland)

Board of Trustees

The Rt Hon Lord Patten of Barnes (Chairman)	Mr Hugh Twiss (Hon Treasurer)
Mr David Allen	Mr Michael Brennen (BSSH)
Mr Peter Dziejwski (BBA)	Mr Roger Green (BAPRAS)
Mr Douglas McGeorge (BAAPS)	Air Marshal David Pocock
Mr David Roodyn	Mrs Jenny Rose
Professor Nichola Rumsey (BPS)	Mr Jagtar (Jack) Singh
Mr Tim Streatfeild	Mr Adrian Sugar (CSGB&I)
Professor Sir John Temple	

Appeal Chairman

Mr Stuart Rose Chief Executive, Marks & Spencer plc

The Executive Appeal Team

Mr David Allen – Chairman DHL UK
The Rt Hon the Lord Patten of Barnes
Mr David Kershaw - Chief Executive, M&C Saatchi plc
Mr David Roodyn – Roodyn Manski Solicitors
Mrs Jenny Rose
Mr William Rucker – Chief Executive, Lazard UK

Bankers

Coutts & Co, St Martin's Office, 440 Strand, London, WC2R 0QS
Cater Allen Ltd, 2 Triton Square, Regent's Place, London, NW1 3AN

Solicitors

Bates Wells & Braithwaite, Cheapside House, 138 Cheapside, London EC2E 6BB

Auditors

Sayer Vincent, Chartered Accountants, Registered Auditors, 8 Angel Gate, City Road, London EC1V 2SJ

The Healing Foundation

Report of the trustees

For the year ended 31 March 2007

The trustees present their report and the audited financial statements for the year ended 31 March 2007.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities (issued in March 2005).

Structure, governance & 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 established the objects and powers of the charitable company and is governed under its articles of association.

Trustee Recruitment, Appointment and Induction

There are fifteen places on the Board of Trustees all of which are currently filled. Each of the six 'Principal Member' organisations of the Healing Foundation (British Association of Plastic Surgeons, British Association of Aesthetic Plastic Surgeons, British Burn Association, British Psychological Society, British Society for Surgery of the Hand, Craniofacial Society of Great Britain and Ireland) nominates one of their members to serve on the Board (these are known as Nominated Trustees). The Armed Forces also recommends a representative (currently and usually the Deputy Chief of the Defence Staff – Personnel) and a representative of the Fire Services (recommended by HM Chief Inspector of Fire Services) also serves on the Board. The remaining seven places on the Board are 'co-opted' members nominated and elected by the Board. This includes the Chairman, the Honorary Treasurer and the Chairman of the Research & Development Council.

On appointment, all Trustees undergo an induction interview, 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 Organisation Manual, Personnel Policy, the Financial Controls & Procedures Manual, the Manual for the Management of Research and Development and the Appeal Strategy.

Further training is offered at quarterly Trustees' meeting and has included training in Major Donor fundraising and regular presentations by Healing Foundation grant-holders about work funded by the charity.

Organisational structure

The Patron of the Healing Foundation is HRH, The Countess of Wessex and a small number of individuals serve as Vice Presidents. The Patron and Vice Presidents serve no constitutional function.

Only representatives of the six Principal Members of the Healing Foundation can vote at General Meetings of the charity.

The Healing Foundation

Report of the trustees

For the year ended 31 March 2007

Each year (usually in April) the Board of Trustees approves the Management Plan which is made up of three year and one year Corporate Objectives, Enabling Objectives and identifies Critical Success Factors. The Management Plan includes the annual budget.

Research activity is managed by the Research & Development Council which meets twice a year and whose Chairman is a Trustee. Financial and general management matters are overseen by the Finance & General Purposes Sub-Committee, which meets at least quarterly and is chaired by the Honorary Treasurer (also a Trustee). The Executive Appeal Team, two members of which are also serving Trustees, drives fundraising activity. All decisions are made by the Board of Trustees following recommendations by any of these standing committees.

Objectives and activities

Objects and Aims of the charity

The objects of the charity are the relief of sickness and the protection and preservation of public health by;

- 1 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
- 2 Disseminating the useful results of such research and to help train health workers in appropriate treatments throughout the world, and
- 3 Informing people about the availability of such treatments

The vision of the Healing Foundation is of a society where physical and emotional scarring is minimised, physical dexterity is maximised and no one is excluded because of their appearance. The charity's mission is to champion the cause of people living with disfigurement and visible loss of function by funding research into pioneering surgical and psychological healing techniques and, through research, raise awareness and provide information about the cause and sources of support available. 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 Republic of Ireland for the benefit of people and their families living with disfigurement and visible loss of function; and to manage the charity in a business-like and professional way.

The Healing Foundation

Report of the trustees

For the year ended 31 March 2007

Objectives for the year

The charity's objectives for the year can be broken down into three key areas and are;

The Appeal

To continue the Healing Foundation Appeal, under the new Chairmanship of Mr Stuart Rose, to raise £12 million, focusing on 'major donor' support from individuals, grant-makers and companies, developing long term relations to provide consolidated future income.

Research

To establish, manage and deliver research projects initially identified in the 'Research Strategy 2002' and further developed in the new 'Research Strategy 2006'.

Financial management and corporate governance

To maintain a professionally led, efficiently run and financially sound organisation in support of all charitable activity.

Strategies

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

The Appeal

- (1) To maintain the primary fundraising focus on major support from high net worth individuals through the networks of the Executive Appeal Team (EAT).
- (2) To support and steward existing donors and to engage further, high-level, committed, individual, trust and corporate donors.
- (3) To support fundraising activity with a professional, targeted Communications Strategy aimed at increasing the charity's reputation and developing an appropriate profile among target audiences.

Research

- (1) To implement the approved plans to manage research through the Research & Development Council.
- (2) The primary strategic research objective is to fund, establish and monitor projects within the research strategy, as funds become available.
- (3) To apply funds which become available outside the constraints of the appeal, to selected areas of research or training.

Financial management and corporate governance

- (1) To maintain and support the Healing Foundation's Honorary Management structure and associated activities.
- (2) To maintain and review effective financial control processes, including the Healing Foundation's policies on investment and reserves.
- (3) To retain, manage and direct the executive team.

The Healing Foundation

Report of the trustees

For the year ended 31 March 2007

Significant activities

The year 2006-07 has seen progress in all of the Healing Foundation's key areas of fundraising and research.

Fundraising

The Healing Foundation continues to pursue a comprehensive and proven strategy built on the firm foundations of major donor fundraising at the highest level.

During the year, Mr David Jones, who had served as Appeal Chairman since 2002, stepped down from his role of leading the Foundation's fundraising. David's contribution to the charity has been extraordinary. His personal generosity has been exemplary. The passion and commitment with which he has led the Foundation's 'major donor' focused fundraising has been humbling. We are privileged to have enjoyed the support of such a uniquely gifted and compassionate person and we are delighted that, following his retirement, he accepted our invitation to stay involved with our work as a Vice President.

We are delighted that Stuart Rose, Chief Executive of Marks and Spencer plc, agreed during the year to combine his busy corporate life with a commitment to complete the Healing Foundation appeal as our new Appeal Chairman. Stuart has been a longstanding and generous supporter of the Foundation's work and we have every faith that he will bring his customary levels of energy, passion and labour to the exacting task of raising the remaining £6 million we need.

The Executive Appeal Team in addition, now includes;

- Mr David Allen – Chairman DHL UK
- The Rt Hon the Lord Patten of Barnes
- Mr David Kershaw – Chief Executive, M&C Saatchi
- Mr David Roodyn – Roodyn Manski Solicitors
- Mrs Jenny Rose
- Mr William Rucker – Chief Executive, Lazard UK

The work of Stuart Rose and his team, in line with our strategy, is to identify other individuals of wealth and influence and engage them in the cause of the Healing Foundation through carefully planned one-to-one approaches, visits to plastic surgery units and meetings with Ambassadors.

During the year, the Vocational Training Charitable Trust (VTCT) – the largest Government-approved, specialised Awarding Body in the field of Beauty Therapy – committed £1 million towards the Healing Foundation UK Centre for Burns Research. This generous pledge will provide salary and support costs, for ten years, for the VTCT Professor of Burn Injury Study, the academic lead for the UK's first major academic centre of burns research to be established in South Wales. We are grateful for the generous foresight of the Trustees of the VTCT and look forward to working with them in delivering benefit for people affected by burns, worldwide.

The Healing Foundation

Report of the trustees

For the year ended 31 March 2007

Research

The Healing Foundation continues to fund some of the major research projects identified in the appeal target and our arrangements for the management of this research have been tested and independently verified by the Association of Medical Research Charities as excellent.

Research Projects

The Research Council, guided by fundraising imperatives, continues to oversee the implementation of the Foundation's approved Research Strategy.

The Chair of Tissue Regeneration

Throughout 2006/07, Professor Enrique Amaya, the Healing Foundation Professor of Tissue Regeneration, has continued to build his research team within the Healing Foundation Centre at the University of Manchester. In September 2006, Miss Yayao Chen joined Professor Amaya as the first Healing Foundation PhD Student and is already making significant progress in her research on the specification of primitive myeloid cells in *Xenopus* embryos supervised by Dr Ricardo Costa. Dr Costa was also successful during the year in his application to the Foundation for funding to support a three year programme of research into primitive myeloid lineage and embryonic wound healing.

Plans to appoint a second Professor to the Centre as part of the University of Manchester's match funding commitment, were amended during the year, to allow for the recruitment of two senior positions, principal investigators, to the Centre. Following an international selection process, two highly regarded specialists in this field from the UK and the USA, will join Professor Amaya's team over the course of the next year. Each will bring new expertise and the advantage of familiarity with different animal models to the Centre.

The Healing Foundation is particularly grateful to the University of Manchester for the cooperation, shared vision and commitment to this important area of our work.

The Chair of Burn Injury Study

In April 2006, following a 6 month consultation and application period, five submissions were received from UK universities (each in partnership with leading clinical burns centres), to host the Healing Foundation Chair of Burn Injury Study. An eminent, international peer review panel was formed and, along with the expert input from our own Research & Development Council, three applications were short-listed for site visit and interview.

Professor Sir John Temple chaired the formal Selection Panel which included Professor Sir Peter Morris (Emeritus Nuffield Professor of Surgery and Chairman of the Department of Surgery at the University of Oxford, and a past President of the Royal College of Surgeons of England), Dr Jacques Latarjet (Vice President of the International Association for the Study of Burn Injuries and former president of the European Burn Association), Dr. David Mackie (former President of the European Burns Association and currently Secretary of the International Society for Burn Injuries) and Dr. Peter Shakespeare (among other things, Editor of BURNS, the Journal of the International Society for Burn Injury from 1996 to November 2005).

The Healing Foundation

Report of the trustees

For the year ended 31 March 2007

Site visits to the short-listed institutions were conducted and final interviews held at the Royal College of Surgeons of England, in November 2006. The unanimous recommendation of the Panel, endorsed by the Research Council and approved by the Board of Trustees, was to award the Chair to the consortium led by Cardiff University which includes Swansea NHS Trust (Morriston Hospital) and Swansea University. The academic track record of Cardiff University in the important field of immunology and inflammation, coupled with strong links to the first class burns unit in Swansea and the support of Swansea University, was compelling.

Subsequently, as detailed above, the Vocational Training Charitable Trust has generously committed £1 million over the next 4 years to underwrite the costs associated with the appointment of the lead academic, with support costs, for the next ten years. The recruitment of the VTCT Professor of Burn Injury Studies is now in hand. This individual will play a key part in advancing our understanding of burns survival, long-term treatment and prevention across the three South Wales sites, and will be supported by significant capital investment and infrastructure support from each 'host institution' as well as the express support of the Welsh Assembly Government.

The Lead Psychological Research Project

This multi-centred project, valued at £500,000 over three years, began in September 2005. The University of the West of England, led by Professor Nichola Rumsey are leading the research.

This is the largest project of its type in our area of interest. It sets out to 'identify the factors that predict successful psychological adjustment in people with disfigurement and visible loss of function'. Approximately half way through the study, good progress has been made in the recruitment of participants into the main study.

The 'Annual Site Visit' to the project, hosted by the University of the West of England and Chaired by the Healing Foundation's Research & Development Council Vice-Chairman Mr Tony Watson, was held in March 2007. A formal report to the Board of Trustees, records excellent progress and good management of the project. Findings from this study are expected later in 2008.

The Patient Information Project

This three-year project, generously supported by the GUS Charitable Trust, will conclude with the publication of its findings in June 2007.

The Healing Foundation Research & Development Council has, in preparation, convened a Working Group Chaired by Dr Richard Maxwell, to consider the report, its recommendations and to advise the Healing Foundation on its response.

Continuing Fellowship Programmes

The Healing Foundation continues to enjoy research partnerships with a number of key organizations including, the Royal College of Surgeons of Edinburgh, the Royal College of Surgeons of England, the British Association of Plastic, Reconstructive and Aesthetic Surgeons (BAPRAS), the British Association of Aesthetic Plastic Surgeons (BAAPS), the British Society for Surgery of the Hand (BSSH) and the Wales Office for Research & Development (WORD).

The Healing Foundation

Report of the trustees

For the year ended 31 March 2007

During the year, a number of research programmes were active. This included our award to Mr Darryl Dunn, the first Healing Foundation Michael Brough Research Fellow, who continues his important work into the spread of malignant melanoma at the University of Bristol, generously co-funded by BAPRAS. Over £292,263 in donations and pledges has now been committed to the fund established in memory of Michael Brough, the plastic surgeon instrumental in the establishment of the Healing Foundation. Approximately £142,213 of this had been received by March 2007 (both in the general Michael Brough Research Fund and specifically in support of the first Michael Brough Research Fellow).

Management of Research

Research is the core business of the Healing Foundation. The Foundation has policies for the management of research and training, 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 the Research & Development Council.
- The arrangements for the development, review and maintenance of our research strategy, which is currently the projects in our appeal target.
- The provision of open and fair arrangements for the application and selection process for funding research projects, including the essential requirement of independent peer review by appropriately qualified professionals.
- The Foundation's Rules and Conditions for the award of grants.
- The arrangements to identify and manage potential conflicts of interests.

The Application and Selection Process

As a member of the Association of Medical Research Charities (AMRC), the Healing Foundation is committed to an open, independent and professionally administered peer review and selection process. A priority for projects to be funded, recommended by the Research & Development Council, has been approved by the Board in our 'Research Strategy 2006'. When funding becomes available for an approved project, an 'application pack' is drawn up and approved by the Research Council. 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 Peer-Review Panel is assembled, often of international standing, if the area of work so demands.

After the closing date for applications, the Management Group of the Research Council considers all applications to eliminate any proposals which fall outside the Foundation's charitable objects and/or endorsed areas of interest.

Following assessment by the external independent peer reviewers, the subsequent "long list" of candidate applications is then considered by the Research Council. Members of the Research Council consider the scientific and management merits of each application. Where appropriate, an interview panel is considered. Suitable safeguards have also been made to ensure impartiality, through the rotation of both Council members and Peer Reviewers, and no member takes part in the review of projects where a potential conflict of interest might exist.

The Healing Foundation

Report of the trustees

For the year ended 31 March 2007

For major awards, following Research Council discussion and consideration of the peer review assessments, a recommendation for funding is then made by the Research Council, to the Board of Trustees who approve an award for research or training, subject to the Foundation's established Rules and Conditions. For fellowships, the Board of Trustees delegates the selection of the successful candidates to the Research & Development Council.

Volunteer help

The Healing Foundation relies on the help of volunteers in all aspects of its activities. This support is provided by members of the Board of Trustees, the Research & Development Council and the Executive Appeal Team who all give their time freely. The Foundation is also especially grateful for the continued support and advice of staff from Huntsworth plc, Trimedia Communications UK, Mr Stuart Field, Marks & Spencer plc, Redwood Publishing Ltd, and avenuehkm.

Achievements and performance

Fundraising performance

In May 2006, after four years of dedicated support, David Jones stepped down as the Healing Foundation Appeal Chairman, through ill-health. At the same time, the Foundation was without a full-time fundraiser until later in the year, following the departure in January 2006 of our Development Manager (head hunted to another, international disfigurement charity). In June 2006, Mrs Karla Conway joined the team as Development Manager following a number of years in major donor fundraising with another charity. In August, Mr Stuart Rose, Chief Executive of Marks & Spencer plc, agreed to assume the role of Appeal Chairman and to work to complete our Appeal.

Although voluntary income has inevitably been affected by the temporary 'vacuum' of such key personnel, Mr Rose has tackled his challenge with customary vigour and single-mindedness and we are more confident than ever of the Foundation's ability to reach fundraising targets and to sustain income over the years ahead.

Plans for future periods

The immediate priority of the Trustees is to continue and conclude the fundraising appeal in order that all projects identified within the original research strategy can be established.

Beyond this however, Trustees have already considered research priorities beyond the current programme of appeal-related projects. A new Research Strategy has been approved by the Board. This strategy identifies new areas of research and support where future Healing Foundation activity, especially fundraising, will be focussed.

These new challenges will call for a review of our fundraising strategy to ensure that the charity's senior volunteer fundraisers remain engaged and enthused in supporting the charity's work through their own donations and introductions to others. In this regard, with the generous support of Mrs Johanna Waterous a Director of McKinsey & Company, we have begun a review of our medium to long term organisation, fundraising and communications strategies which will conclude in FY 2007/08.

The Healing Foundation

Report of the trustees

For the year ended 31 March 2007

Financial review

Reserves policy

The Healing Foundation has restricted funds which have been, and will be, generated in the appeal. These will be retained for use, depending on the specified restriction, either to create funding to establish and maintain the two Chairs in the appeal, or used directly, to fund particular research projects. Where it is considered prudent, funds will be retained until sufficient money is available to fund these specific projects in full, unless there is considered to be a satisfactory prospect of obtaining funds to meet any shortfall within the timeframe of a particular project. Any unrestricted funds, which are not required to meet short-term core-cost requirements or are dedicated to reserves, will be considered for designation to a particular project.

We continue to develop and retain sufficient unrestricted funds to meet ongoing core costs. The intention is to set aside sufficient unrestricted reserves to meet any potential shortfall in income to cover core costs – providing a six-month cushion against unforeseen contingencies – and to meet redundancy costs should the Foundation ever have to be closed down.

Investment policy

Arrangements for investment management are established with Sarasin Chiswell as our investment manager and advisor and utilizes, as appropriate, 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 three ways, for each of which there is an appropriate investment policy. Namely:

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

Medium term - represents funds not needed within an eighteen month period, but available for spending within five years. They will be invested in the Alpha Common Investment Fund for Income and Reserves, whose portfolio combines Government and Corporate Bonds with about 20% in ordinary shares and has the aim of generating above average levels of immediate income, with a degree of capital appreciation and limited short to medium-term risk of capital loss.

Long term – represents the endowment funds, which are not required within five years. They will be 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 central assumption here is that growth in dividends generates capital growth and that ordinary shares represent the best long-term store of value.

The Healing Foundation

Report of the trustees

For the year ended 31 March 2007

The use of Common Investment Funds enables the Foundation to access asset classes which might otherwise be closed to it at this stage of its development 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 Chiswell 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.

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 regularly. 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. The system encompasses all areas of our activities, although, the continuing increased activity in research and development, marks this area out for ongoing development.

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

RESPONSIBILITIES OF THE TRUSTEES

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the year then ended.

In preparing these financial statements which give a true and fair view, the Trustees should follow best practice and:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the "going concern" basis unless it is inappropriate to assume that the company will continue on that basis.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy, at any time, the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985.

The Healing Foundation

Report of the trustees

For the year ended 31 March 2007

The Trustees 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 confirm that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware. The trustees also confirm that they have taken all necessary steps to ensure that they themselves are 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:

The Rt Hon the Lord Patten of Barnes (<i>Chairman</i>)	Mr David Allen
Mr Michael Brennen (BSSH)	Mr Peter Dziejwski (BBA)
Mr Bob Page (BAPRAS)	Mr Douglas McGeorge (BAAPS)
<i>(resigned December 2006)</i>	
Mr Roger Green (BAPRAS)	Air Marshal David Pocock
<i>(appointed January 2007)</i>	
Mr David Roodyn	Mrs Jenny Rose
	<i>(appointed November 2006)</i>
Professor Nichola Rumsey (BPS)	Mr Jagtar (Jack) Singh
Mr Tim Streatfeild	Mr Adrian Sugar (CSGB&I)
Professor Sir John Temple	Mr Hugh Twiss (<i>Hon Treasurer</i>)

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 2007 was 16 (2006 – 15). The Trustees have no beneficial interest in the charitable company.

AUDITORS

Sayer Vincent were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the Trustees on 28 June 2007 and signed on their behalf by

The Rt Hon the Lord Patten of Barnes, CH

Independent auditors' report

To the members of

The Healing Foundation

We have audited the financial statements of The Healing Foundation for the year ended 31 March 2007 which comprise the statement of financial activities, balance sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

Respective responsibilities of the trustees and auditors

The responsibilities of the trustees (who are also the directors of The Healing Foundation for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), are set out in the statement of responsibilities of the trustees.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the annual report of the trustees is consistent with the financial statements. In addition, we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the trustees' remuneration and other transactions is not disclosed.

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

Basis of opinion

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

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

Independent auditors' report

To the members of

The Healing Foundation

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the charitable company's state of affairs as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the report of the trustees is consistent with the financial statements.

5 July 2007

SAYER VINCENT
Chartered accountants & registered auditors
London

The Healing Foundation

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

For the year ended 31 March 2007

	Note	Restricted £	Unrestricted £	2007 Total £	2006 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	160	113,846	114,006	365,183
Investment income		83,142	38,657	121,799	66,535
<i>Incoming resources from charitable activities</i>					
Research programmes	3	552,164	-	552,164	536,617
Total incoming resources		635,466	152,503	787,969	968,335
Resources expended					
<i>Costs of generating funds:</i>					
Costs of generating voluntary income	4	-	135,093	135,093	128,789
<i>Charitable activities</i>					
Research programmes		285,879	161,619	447,498	148,464
Research development		-	135,985	135,985	123,159
Governance		-	36,548	36,548	36,340
Total resources expended		285,879	469,244	755,124	436,752
Net incoming resources		349,587	(316,741)	32,846	531,583
Funds at 1 April 2006		1,527,453	819,525	2,346,978	1,815,395
Funds at 31 March 2007		1,877,040	502,784	2,379,824	2,346,978

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 12 to the financial statements.

The Healing Foundation

Balance sheet

31 March 2007

	Note	£	2007 £	2006 £
Tangible fixed assets	8		1,553	1,517
Current assets	9			
Debtors		5,639		23,007
Short term deposits		2,441,201		2,157,659
Cash at bank and in hand		30,141		216,141
		2,476,981		2,396,807
Creditors: amounts falling due within one year				
	10	98,710		51,346
Net current assets			2,378,271	2,345,461
Net assets	11		2,379,824	2,346,978
Funds				
Restricted funds			1,877,040	1,527,453
Unrestricted funds				
Designated funds			223,177	599,596
General funds			279,607	219,929
Total funds	12		2,379,824	2,346,978

Approved by the trustees on 28 June 2007 and signed on their behalf by

The Rt Hon the Lord Patten of Barnes, CH

The Healing Foundation

Notes to the financial statements

For the year ended 31 March 2007

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005).
- b) 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.
- c) 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.
- d) Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation of fixed assets purchased with such grants is charged against the restricted funds.
- e) 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.
- f) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- g) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT, which 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.

- h) The costs of generating funds relate to the costs incurred by the charity in raising funds for the charitable work.
- i) Management and administration costs include the management of the charity's assets, organisational management and compliance with constitutional and statutory requirements.

The Healing Foundation

Notes to the financial statements

For the year ended 31 March 2007

1. Accounting policies (continued)

- j) 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:

Computer Equipment :	3 years
Office Furniture and Equipment :	4 years

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.

- k) 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.
- l) 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.
- m) 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.

The Healing Foundation

Notes to the financial statements

For the year ended 31 March 2007

2. Donations

	Restricted	Unrestricted	2007 Total	2006 Total
	£	£	£	£
PF Charitable Trust	-	20,000	20,000	25,000
Aggregate Industries	-	20,000	20,000	20,000
Mr Ian Rushbrook	-	6,000	6,000	-
Mr Tom Farmer	-	15,500	15,500	-
Mr Alan Parker	-	10,000	10,000	-
Mr Charles Martyn Hemphill	-	5,000	5,000	5,000
Association of British Ports	-	5,000	5,000	-
Mrs Jane Garrett	-	5,000	5,000	-
Lord Harris of Peckham	-	-	-	30,950
Sir Michael Bishop	-	-	-	20,000
Mr William Rucker	-	-	-	20,000
Mr Joseph Hotung	-	-	-	25,000
Anonymous	-	-	-	50,000
Mrs Celia Atkin	-	-	-	7,000
Cayo Foundation	-	-	-	5,000
Anonymous	-	-	-	100,000
Anonymous	-	10,000	10,000	-
Anonymous	-	5,000	5,000	-
Gift Aid Claims	-	2,282	2,282	33,451
Sundry Donations	160	10,064	10,224	23,782
	<hr/>	<hr/>	<hr/>	<hr/>
Total	160	113,846	114,006	365,183
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Healing Foundation

Notes to the financial statements

For the year ended 31 March 2007

3. Activities in furtherance of the charity's objects: Research Programmes

	2007	2006
	Total	Total
	£	£
Anonymous	380,000	300,000
National Assembly for Wales	7,142	98,848
Michael Brough Research Fund	80,090	27,769
BAAPS	25,000	-
Mr Desmond Farmer	40,000	-
Mr Charlie Miller	8,682	-
The Worshipful Company of Tin Plate Workers	11,250	-
ICAP Plc	-	110,000
	<hr/>	<hr/>
Total	<u>552,164</u>	<u>536,617</u>

The Healing Foundation

Notes to the financial statements

For the year ended 31 March 2007

4. Total resources expended

	Fundraising & Publicity	Research Grants	Research Development	Support Costs	Governance	2007 Total	2006 Total
	£	£	£	£	£	£	£
Staff Costs (Note 6)	61,496	-	81,994	40,997	20,499	204,986	190,940
Other Staff Costs	575	-	767	384	192	1,918	2,514
Rent	6,298	-	8,397	4,198	2,099	20,992	20,744
Meeting Costs	294	-	392	196	98	980	812
Computer Costs	2,902	-	3,870	1,935	967	9,674	13,300
Consultancy	-	-	-	-	825	825	2,145
Photocopying	2	-	3	2	1	8	452
Postage	401	-	534	267	134	1,336	1,126
Printing	425	-	566	283	142	1,416	2,390
Other Office Costs	1,448	-	1,930	965	483	4,826	1,766
Stationery	990	-	1,320	660	330	3,300	2,420
Telephone/Fax	245	-	326	163	82	816	976
Legal Fees	-	-	-	-	-	-	1,154
Audit and Accountancy Fees	-	-	-	-	6,828	6,828	5,968
Conference & Seminar Fees	631	-	841	420	210	2,102	-
Professional Association Fees	290	-	386	193	97	966	688
Staff Travel	2,264	-	3,018	1,509	755	7,546	1,498
Trustees' Travel Expenses	276	-	368	184	92	920	624
R & D Council travel & subsistence	677	-	902	451	226	2,256	2,960
Depreciation	530	-	706	353	177	1,766	1,758
Recruitment	-	-	-	6,169	-	6,169	1,351
Appeal Costs	25,684	-	-	-	-	25,684	30,126
Insurance	-	-	-	-	2,311	2,311	2,576
Research Programmes							
- Burn Care Grants	-	15,000	-	-	-	15,000	61,029
- Burn Care Support Costs	-	-	-	-	-	-	-
- Chair of Tissue Regeneration	-	149,909	-	-	-	149,909	-
- Lead Psychological Project	-	95,942	-	-	-	95,942	12,849
- Appeal Support Projects	-	153,680	-	-	-	153,680	-
- Malignant Melanoma Project	-	-	-	-	-	-	9,932
- Patient Information Project	-	21,829	-	-	-	21,829	55,141
Research Support costs	-	-	-	11,138	-	11,138	9,513
Total resources expended	105,428	436,360	106,320	70,467	36,548	755,123	436,752
Support Costs	29,665	11,138	29,665	(70,467)	-	-	-
Total resources expended	135,093	447,498	135,985	-	36,548	755,123	436,752

Support costs have been allocated to each activity on the basis of staff time being 50% to fundraising and publicity and 50% to research.

The Healing Foundation

Notes to the financial statements

For the year ended 31 March 2007

5. Net incoming resources for the year

This is stated after charging / crediting:

	2007	2006
	£	£
Depreciation	1,766	1,758
Trustees' remuneration	-	-
Trustees' reimbursed expenses	920	624
Trustees' indemnity insurance	600	525
Auditors' remuneration:		
▪ Audit	5,728	5,968
Operating lease rentals:		
▪ Property	20,992	20,744
	<u>20,992</u>	<u>20,744</u>

6. Staff costs and numbers

Staff costs were as follows:

	2007	2006
	£	£
Salaries and wages	171,533	156,775
Social security costs	17,553	17,602
Pension contributions	15,900	16,563
	<u>204,986</u>	<u>190,940</u>

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

	2007	2006
£60,001 - £70,000	<u>1</u>	<u>1</u>

Employer's pension contributions of £6,658 (2006:£6,502) were made in respect of this employee.

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2007	2006
	No.	No.
Fundraising and Publicity	1.70	1.7
Research Development	1.50	1.3
Support Costs	0.80	0.8
Governance	0.50	0.5
	<u>4.50</u>	<u>4.30</u>

The Healing Foundation

Notes to the financial statements

For the year ended 31 March 2007

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 £	Total £
Cost		
At the start of the year	15,884	15,884
Additions in year	1,802	1,802
	<hr/>	<hr/>
At the end of the year	17,686	17,686
Depreciation		
At the start of the year	14,367	14,367
Charge for the year	1,766	1,766
	<hr/>	<hr/>
At the end of the year	16,133	16,133
Net book value		
At the end of the year	<u>1,553</u>	<u>1,553</u>
At the start of the year	<u>1,517</u>	<u>1,517</u>

9. Debtors

	2007 £	2006 £
Other debtors	3,040	20,627
Prepayments	2,599	2,380
	<hr/>	<hr/>
	<u>5,639</u>	<u>23,007</u>

The Healing Foundation

Notes to the financial statements

For the year ended 31 March 2007

10. Creditors: amounts due within 1 year

	2007	2006
	£	£
Other creditors	-	13,582
Accruals	<u>98,710</u>	<u>37,764</u>
	<u><u>98,710</u></u>	<u><u>51,346</u></u>

11. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	-	-	1,553	1,553
Net current assets	<u>1,877,040</u>	<u>223,177</u>	<u>278,054</u>	<u>2,378,271</u>
Net assets at the end of the year	<u><u>1,877,040</u></u>	<u><u>223,177</u></u>	<u><u>279,607</u></u>	<u><u>2,379,824</u></u>

The Healing Foundation

Notes to the financial statements

For the year ended 31 March 2007

12. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
Restricted funds:					
Research Projects - Burn Care	10,437	5,018	(15,455)	-	-
Research Projects - Patient Information	18,420	4,071	(22,491)	-	-
Research Projects - Chair of Tissue	1,207,662	418,663	(153,313)	-	1,473,012
Research Projects - Chair of Burn Injury	-	4,397	-	-	4,397
Research Projects - Lead Psychological Project	-	11,250	-	-	11,250
Research Projects - Aesthetic Plastic Surgery	116,776	32,000	-	-	148,776
Research Projects - Wales Office for R & D	105,623	14,142	(40,859)	-	78,906
Support Projects - RCSEng Fellowship	-	5,000	(5,000)	-	-
Support Projects - RCSEd Fellowship	-	55,682	-	-	55,682
Michael Brough Malignant Melanoma Fund	15,068	5,000	(48,761)	28,693	-
Michael Brough Research Fund	53,467	80,243	-	(28,693)	105,017
Total restricted funds	1,527,453	635,466	(285,879)	-	1,877,040
Unrestricted funds:					
<i>Designated funds:</i>					
Chair Burn Injury Study	100,000	-	-	(100,000)	-
Fellowships	290,000	-	(63,712)	(81,351)	144,937
Lead Psychological Project	209,596	-	(97,907)	(33,449)	78,240
<i>Total designated funds</i>	599,596	-	(161,619)	(214,800)	223,177
General funds	219,929	152,503	(307,625)	214,800	279,607
Total unrestricted funds	819,525	152,503	(469,244)	-	502,784
Total funds	2,346,978	787,969	(755,123)	-	2,379,824

The Healing Foundation

Notes to the financial statements

For the year ended 31 March 2007

13. Operating lease commitments

The charity had annual commitments at the 31 March 2007 under operating leases expiring as follows:

	Property	
	2007	2006
	£	£
2 - 5 Years	<u>20,992</u>	<u>20,744</u>
	<u><u>20,992</u></u>	<u><u>20,744</u></u>