

KERATEC

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 2003

MOORE STEPHENS
Chartered Accountants
Abbotsbury House
156 Upper New Walk
Leicester
LE1 7QA

Contents	Page
Legal and administrative information	1
Report of the directors	2 – 3
Accountants' report	4
Statement of financial activities	5
Balance sheet	6
Notes forming part of the financial statements	7 – 10

Legal and administrative information

Charity registration number

803386

Company registration number

2495205

Directors

C K Rostron

P N Dilly

(Resigned 1st August 2002)

J Sandford-Smith

A B Richards

(Appointed 16th July 2002)

N A Brown

(Appointed 1st January 2003)

Company Secretary

C K Rostron

Registered Office

12 Hartismere Road

Fulham

London

SW6 7UD

Accountants

Moore Stephens

Chartered Accountants

Abbotsbury House

156 Upper New Walk

Leicester

LE1 7QA

Bankers

Bank of Scotland

14/16 Cockspur Street

London

SW1Y 5BL

Report of the directors for the year ended 30th April 2003

The directors present their report along with the financial statements of the charity for the year ended 30th April 2003. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

Objectives and policies

Keratec is a charity registered under a scheme with the Charities Commission, governed by the Charities Act 1993, and is incorporated as a company limited by guarantee. The constitutional documents are the memorandum and articles of association.

The charitable objects for which the charity is established are stated in the memorandum of association. The objects continued to be to assist in the treatment of persons suffering from eye diseases and visual impairment by the provision of corneal tissue for transplantation.

Organisational structure

The charity operates from St George's Hospital Medical School, Cranmer Terrace, Tooting, London, SW17 0RE, and its administration is undertaken from the registered office.

The charity co-ordinates an Eye Bank of corneal tissue for transplantation. The services of St. George's Hospital Medical School laboratories are employed in preparing the tissue for transplantation. The charity co-ordinates delivery of the tissue to hospitals in the United Kingdom and abroad.

Review of financial position

The level of activity in provision of tissue for transplantation increased during the year with income from tissue charges rising to £44,390 (2002: £42,291). This accounted for approximately 93% of total incoming resources for the year (2002: 90%). Approximately 95% of expenditure was incurred in charitable activities and support costs, primarily the contracting of the services of the Scientific Director and the laboratories of St. George's Hospital Medical School in the preparation of corneal tissue for transplantation. Management and administration accounted for the balance of expenditure. Overall net expenditure for the year was £16,202 which compared with net expenditure in the previous financial year of £19,037.

None of the charity's income was subject to restriction imposed by external donors. At 30th April 2003 the balance of general funds, excluding funds invested in fixed assets, amounted to £58,675 (2002: £73,248). The directors consider that this level of unrestricted income funds assures the continuing work of the charity for the foreseeable future.

Review of activities

During the year 124 corneas were retrieved or received by the Eye Bank (2002: 147). In the same period 83 corneas and 3 scleras were issued for transplantation (2002: 73 and 16 respectively). The turnover of tissue provided for transplantation by the Eye Bank remains stable. During the year, plans were drawn up for renovation of the facility to meet the proposed new standards for accreditation, but no building works were undertaken due to lack of funds. At present it remains uncertain as to what works will be necessary to meet the new standards, and the schedule of their implementation has been delayed due to a number of factors. Aside from the clinical service, the Eye Bank continues to support a number of research projects, both within St George's Hospital Medical School, and at other research centres.

Reserves policy

The directors have considered the requirement for free reserves, which are those unrestricted funds neither invested in fixed assets nor designated for specific purposes nor otherwise committed. Based upon current levels of activity, and charges incurred for services provided by St. George's Hospital Medical School, in the current year expenditure exceeded incoming resources by £16,202. As noted in the review of activities, to comply with new standards, the charity will have to relocate and incur additional rental charges. Some service users have been reluctant to accept increased costs for the provision of tissue for transplantation. The directors have considered all these issues and are of the opinion that free reserves should be sufficient to meet potential revenue deficits in the next 2 years, while new funding initiatives are considered. Accordingly, the directors consider that free reserves should be, as a minimum, £40,000 at the balance sheet date. Actual free reserves of £58,675 allow the charity some contingency against unforeseen expenditure.

The directors will review the reserves policy annually.

Investment policy

The directors aim to obtain the highest rates of interest on account balances whilst ensuring funds are secure and sufficiently accessible to meet cashflow needs. Account balances and investment opportunities are reviewed regularly to achieve this objective.

Risk management

The directors are aware of the requirement to formalise the charity's risk management policies. Steps are being taken to complete this process during the next financial year.

Directors

New directors are appointed to the management committee by the existing directors in accordance with the memorandum and articles of association.

In accordance with the articles of association, C K Rostron, J Sandford-Smith, A B Richards and N A Brown will retire by rotation and, being eligible, will offer themselves for re-election.

The articles of association define members as subscribers to the memorandum of association and such other persons as the management committee shall admit to membership. The liability of the members is limited to an amount not exceeding £1 in respect of debts and liabilities incurred whilst a member or within one year after ceasing to be a member, and for the expenses of a winding up.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board and signed on their behalf by:

C K Rostron
Director

19th January 2004

**Accountants' report to the members
on the unaudited financial statements of Keratec**

We have prepared, without audit, the financial statements for the year ended 30th April 2003 set out on pages 5 to 10 and report that they are in accordance with the records, information and explanations given to us.

Moore Stephens
Chartered Accountants

Abbotsbury House
156 Upper New Walk
Leicester
LE1 7QA

21st January 2004

Statement of Financial Activities for the year ended 30th April 2003

Account of income and expenditure for the year	Note	2003 Total £	2002 Total £
Incoming resources			
Donations and similar incoming resources		2,612	2,915
Activities in furtherance of the charity's objects	2	44,390	42,291
Investment income and interest	3	740	1,890
Total incoming resources		<u>47,742</u>	<u>47,096</u>
Net incoming resources available for charitable application		<u>47,742</u>	<u>47,096</u>
Charitable expenditure			
Cost of activities in furtherance of the objects of the charity		60,992	63,091
Support costs		180	120
Managing and administering the charity		2,772	2,922
Total charitable expenditure		<u>63,944</u>	<u>66,133</u>
Total expenditure	4	<u>63,944</u>	<u>66,133</u>
Net expenditure for the year	5	<u>(16,202)</u>	<u>(19,037)</u>
Net movement in funds		(16,202)	(19,037)
Total funds brought forward		76,514	95,551
Total funds carried forward		<u>60,312</u>	<u>76,514</u>

Balance Sheet as at 30th April 2003

	Note	2003 Total £	2002 Total £
Fixed assets			
Tangible assets	6	1,637	3,266
Current assets			
Stocks		700	700
Debtors	7	8,976	8,990
Cash at bank and in hand		51,491	68,140
		<u>61,167</u>	<u>77,830</u>
Creditors: amounts falling due within one year	8	<u>(2,492)</u>	<u>(4,582)</u>
Net current assets		<u>58,675</u>	<u>73,248</u>
Total assets less current liabilities		<u><u>60,312</u></u>	<u><u>76,514</u></u>
Funds			
Unrestricted funds			
- general fund		58,675	73,248
- Tangible fixed assets fund		1,637	3,266
Total funds		<u><u>60,312</u></u>	<u><u>76,514</u></u>

Statement by the management committee

In the opinion of the directors the company was entitled under section 249A(1) of the Companies Act 1985 to exemption from audit of its financial statements for the year ended 30th April 2003. No notice from members has been deposited under section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for: ensuring the company keeps accounting records which comply with section 221; and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 30th April 2003 and of its results for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board and signed on its behalf

C K Rostron.....

19th January 2004

**Notes forming part of the financial statements
for the year ended 30th April 2003**

1. Principal accounting policies

a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. In preparing the financial statements the charity follows best practice as set out in the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued in October 2000.

The charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the charity's activities.

b) Incoming resources

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty.

c) Resources expended and basis of allocation of expenditure

Expenditure is accounted for on an accruals basis.

The majority of costs are directly attributable to specific activities. Non-attributable costs are apportioned to expenditure categories based upon management estimates.

d) Capitalisation and depreciation of tangible fixed assets

Major expenditure on tangible fixed assets is capitalised. The cost of other items is written off as incurred.

Depreciation is calculated to write off the cost, less estimated residual value, of tangible fixed assets over their estimated useful lives to the charity. The annual rates and methods are as follows:

Computer equipment	33% per annum on cost
Fixtures and fittings	15% per annum on cost

e) Stock

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based upon estimated selling price, less any further costs of realisation.

f) Fund accounting

Free reserves

This is an unrestricted fund available for the general purposes of the charity.

Tangible fixed asset funds

This fund represents the funds of the charity invested in its tangible fixed assets and by its nature is not expendable without realising the value of those assets by disposal.

2. Activities in furtherance of the charity's objectives

	Total 2003	Total 2002
	£	£
Tissue charges	<u>-</u>	<u>42,291</u>

Tissue charges are the total amount receivable by the charity in the ordinary course of activities for services supplied. 19% (2002: 24%) of tissue charges are attributable to geographical markets outside the United Kingdom.

3. Investment income and interest

	2003	2002
	£	£
Deposit interest	<u>740</u>	<u>1,890</u>

4. Total expenditure

	Staff costs	Other costs	Depreciation	Total 2003	Total 2002
	£	£	£	£	£
Activities in furtherance of the charitable objects	-	59,253	1,139	60,392	63,091
Support costs	-	54	126	180	120
Managing and administering the charity	-	3,372	-	3,372	2,922
	<u>-</u>	<u>62,679</u>	<u>1,265</u>	<u>63,944</u>	<u>66,133</u>

5. Net expenditure for the year

This is stated after charging:	2003	2002
	£	£
Depreciation	1,265	1,189
Reporting accountants' fees for accountancy services	2,509	2,350
Directors' remuneration	-	-
Reimbursement of directors' expenses	-	-
	<u>4,774</u>	<u>3,539</u>

6. Tangible fixed assets

	Computer equipment	Fixtures & fittings	Total
	£	£	£
Cost			
At 30th April 2002	3,974	8,534	12,508
Additions	169	-	169
Disposals	(1,562)	(1,406)	(2,968)
At 30th April 2003	<u>2,581</u>	<u>7,128</u>	<u>9,709</u>
Depreciation			
At 30th April 2002	1,423	7,819	9,242
Charge for the year	1,000	265	1,265
Eliminated on disposals	(1,384)	(1,051)	(2,435)
At 30th April 2003	<u>1,039</u>	<u>7,033</u>	<u>8,072</u>
Net book value			
At 30th April 2003	<u>1,542</u>	<u>95</u>	<u>1,637</u>
At 30th April 2002	<u>2,551</u>	<u>715</u>	<u>3,266</u>

All fixed assets are used for charitable purposes with incidental usage in the administration and management of the charity.

7. Debtors

	2003	2002
	£	£
General activities	4,250	8,940
Other debtors	4,666	-
Prepayments and accrued income	60	50
	<u>8,976</u>	<u>8,990</u>

8. Creditors: amounts falling due within one year

	2003	2002
	£	£
Other creditors	-	2,099
Accruals	2,492	2,483
	<u>2,492</u>	<u>4,582</u>

9. Transactions with directors and related parties

The charity incurred direct charitable expenditure amounting to £56,750 (2002: £58,988) in the provision of laboratory services by St. George's Hospital Medical School. C K Rostron is a part-time Consultant Ophthalmologist at St. George's Hospital, and has an honorary contract with St. George's Hospital Medical School as Senior Lecturer in Ophthalmology. Professor P N Dilly is Honorary Oculist of St. George's Hospital and Professor of Anatomy of St. George's Hospital Medical School. The balance owed by St. George's Hospital Medical School as at 30th April 2003 amounted to £4,666 (2002: £2,099 owed to St. George's Hospital Medical School).

10. Controlling party

The charity is controlled by the directors who are the members as defined by the articles of association.