

# Financial Statements

## IVCC

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For the Year Ended 31 July 2019

**Registered Charity Number: 1128437**

**Company No. 06719882**

**Company Registration Number:** 06719882

**Registered Charity Number:** 1128437

**Registered Office:** c/o Liverpool School of Tropical Medicine  
Pembroke Place  
Liverpool  
L3 5QA

**Trustees:** S O'Brien (Chairman)  
K Bennett  
D Brandling-Bennett  
S W Charles (appointed 5 December 2018)  
M J P Cooke  
A Court  
P Housset  
J E Lefroy  
Q Liu  
M Moody-Stuart  
K L Sebati (appointed 7 May 2019)

**Secretary:** Lynn Byrne

**Bankers:** Royal Bank of Scotland Plc  
1, Dale Street  
Liverpool  
L2 2PP

**Solicitors:** Brabners LLP  
Horton House  
Exchange Flags  
Liverpool  
L2 3YL

**External Auditors:** Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Royal Liver Building  
Liverpool  
L3 1PS

**Internal Auditors:** RSM Risk Assurance Services LLP  
Internal Auditor  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HS

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## Report of the Trustees

The trustees, who are also the directors of the charitable company for the purposes of the Companies Act 2006, present their report together with the financial statements for the year ended 31 July 2019.

### Directors and Trustees

The directors of the charitable company (the charity) and its trustees, for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year end were as follows:

S O'Brien (Chairman)  
K Bennett  
F Binka (resigned 4 December 2018)  
D Brandling-Bennett  
S W Charles (appointed 5 December 2018)  
M J P Cooke  
A Court  
P Housset  
J E Lefroy  
Q Liu  
M Moody-Stuart  
K L Sebati (appointed 7 May 2019)  
R Steketee (resigned 4 December 2018)

### Structure, Governance and Management

IVCC is a not for profit company limited by guarantee with charitable status in both the UK and US.

The organisation is overseen by a Board of Trustees with fiduciary responsibilities and financial and audit oversight. External Advisory committees (ESACs) advise the IVCC Executive Committee on project inception, progression and termination. The IVCC staff, who make up the Leadership Team, are responsible for strategic and day to day management of the programme, high level project monitoring and stakeholder liaison. The CEO, Nick Hamon, joined the organisation in 2013 and has a PhD in insect ecology and population dynamics and a bachelor's degree in applied zoology. He has worked for several Fortune 500 companies involved in new product and business development in agriculture, public health and environmental science. He has delegated day-to-day management responsibility of the charitable company on behalf of the trustees.

### Group Structure

Liverpool School of Tropical Medicine (LSTM) is the parent company of IVCC by virtue of it being the sole member of the company limited by guarantee.

### Organogram & Organisation of IVCC

In addition to the ESAC groups, the personnel, IT, finance and grants management functions are embedded in the parent organisation, LSTM and are accessed via detailed service level agreements. This provides IVCC with open access to these support services in a cost-effective manner.

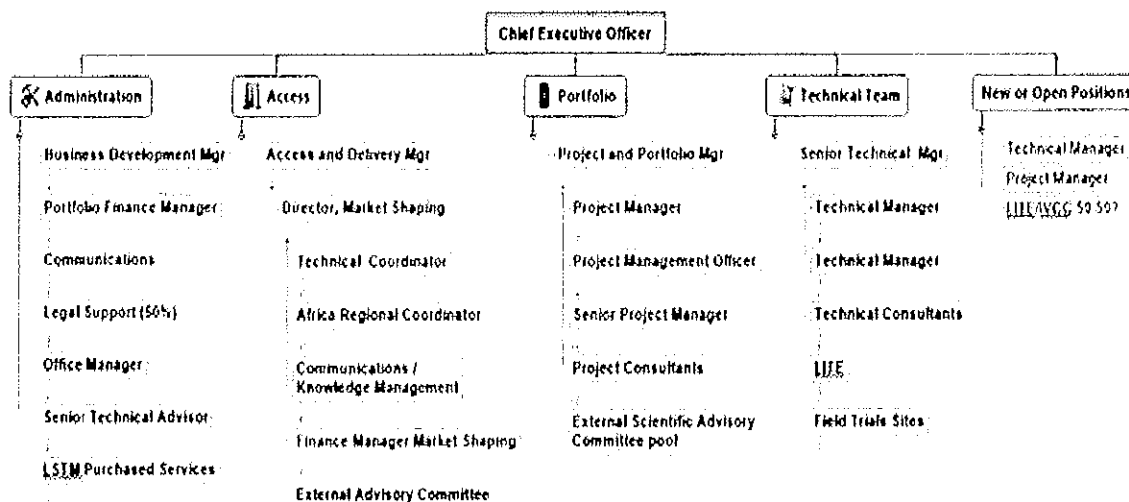


Figure 1: IVCC org chart (August 2019)

### Pay Policy for Senior Staff

The pay of senior staff consists of a basic pay element and a performance related pay (variable pay) element. IVCC recruits professionals with specialist private-sector expertise (Pharmaceutical, Agrochemical etc.) and therefore its remuneration framework needs to be competitive with the private sector to attract, incentivise and retain high quality employees.

Base salaries are benchmarked against the private sector on a regular basis to ensure competitiveness. The framework for calculation of variable pay is based on organisational performance and a blend of individual performance and key competencies. The process for goal-setting ensures that the total organisational pay-out is maintained within an acceptable range that is pre-defined by the IVCC Board of Trustees. While Management strives to define the most appropriate goals and metrics, unforeseen issues or opportunities may arise that change the feasibility or value of the proposed metrics. Management’s ability to capitalise on unforeseen opportunities and address unforeseen issues is also considered as a part of the Board’s assessment of the organisation’s performance. Should the performance of the individual, or the organisation be deemed insufficient by IVCC’s management or the Board, there will be no obligation to pay the variable component.

The CEO’s salary and performance related pay will be agreed by the Remuneration Committee following a proposal from the relevant Board Members and the annual review undertaken by The Chairman of Trustees.

### Audit Committee

IVCC benefits from shared accounting and audit arrangements with its host institution the Liverpool School of Tropical Medicine. External audit work is carried out by Grant Thornton UK LLP. All internal audit work is performed by RSM Risk Assurance Services LLP, whose remit is to provide independent and objective assurance to add value and improve the organisation’s operations. This is carried out through the evaluation and improvement to risk management, governance and control processes.

An audit committee acts as the review body for both internal and external audit oversight on all recommendations made. A member of the IVCC Board sits on the audit committee and reports between both organisations on any matters that should be brought to the Board's attention for further discussion.

### **Governing Document and Objectives of the Charitable Company**

The organisation is governed by the Memorandum and Articles of Association which were laid down at the incorporation of the company on 9 October 2008 and amended by special resolution on 6 February 2009.

The objectives of the charity are to:

Advance health and relieve sickness by alleviating and preventing the spread of any type of tropical disease which is now or may hereafter become known in any part of the world where such disease either manifests itself or has effects by any means, and in particular but without prejudice to the generality of the foregoing by:

- Catalysing industry and academia to discover, develop and deliver new tools to better manage insect vectors of disease to monitor and better direct the use of these tools.
- Promoting and encouraging the dissemination of new scientific information.
- Ensuring products and systems are developed and accessible to those in need of them in the developing countries of the world.
- Promoting and conducting research into issues concerning public health.

### **Appointment of Trustees**

Any new appointments to the Board are a matter for consideration of the Board as a whole. The IVCC Board of Trustees has a Nominations Committee comprising three members that is responsible for the selection and nomination of any new member for the Board's consideration. The Board of Trustees, when complete, consists of at least seven and not more than fifteen individuals.

Members of the Board of Trustees are appointed for a term of office of three years. One third of the Board must retire at each AGM based on time in office. Retiring trustees shall be eligible for re-election subject to paragraph 3.7.1 of the Articles.

### **Trustee Induction and Training**

New trustees undergo orientation training to brief them on: their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and to inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

### **Strategic Report**

As a registered charity, the strategic report is contained in the following sections:

- Risk management
- Financial risk management objectives and policies
- Objectives and activities for public benefit
- Achievements and performance

- Goals, future plans and developments
- Financial review

### **Risk Management**

The trustees have a risk management strategy in place which identifies the major risks to which the charitable company is exposed. The trustees regularly review the systems established to mitigate those risks.

The Board has delegated monitoring and control responsibilities to the parent organisation, LSTM.

Risk assessments are carried out by management. The outcomes of the assessments are included in the risk assessment register. The core administrative team identifies new risks and monitors existing risks.

The risk assessment register is summarised and reviewed by the Leadership Team, Audit Committee and Board of Trustees at least annually.

There were no serious untoward incidents in the year ended 31 July 2019.

### **Financial Risk Management Objectives and Policies**

It is the charity's policy to minimise the risk relating to foreign currency received from overseas funders by employing the use of forward contracts where possible.

Surplus cash held is invested in high interest-bearing accounts as part of an overall cash pooling arrangement with the parent company to maximise potential returns and minimise risk.

The finance and investment committee of LSTM acts as a review body for all finance and investment related activities. A member of the IVCC Board sits on the committee and reports between both organisations on any matters that should be brought to the Board's attention for further discussion.

On 23 June 2016 the UK voted to leave the European Union. Negotiations with the EU for the UK's exit commenced in March 2017, but at the time of going to press the outcome has not been determined and the implications for organisations are still not clear. IVCC will continue to review the implications and impacts until the situation is resolved. Factors likely to be specifically relevant to IVCC include the following

- Currency volatility
- Ability to apply for EU research funding
- Restriction in the movement of labour across borders
- The general macro-economic position across Europe
- GDPR data risk

Brexit across the whole LSTM Group, including IVCC, is a standing item at the LSTM monthly management committee meeting.

### **Objectives and Activities for Public Benefit**

The mission of IVCC is to eliminate transmission of mosquito-borne pathogens through improved insect vector control with innovative products. IVCC facilitates the development of improved public health pesticides and formulations, provides information tools to enable the more effective use of existing and

new disease control measures and works with the disease endemic country stakeholders and industry to establish target product profiles for new vector control products and paradigms. The Board confirm they have referred to the guidance contained in the Charity Commission's general guidance and The Advancement of Education for the Public Benefit when reviewing the Charity's aims and objectives in planning future activities for the year.

The IVCC Product Development Partnership has an essential role within the malaria eradication agenda and more broadly, in the control of many vector-borne diseases. IVCC will:

- Engage industry to stimulate the development of new public health pesticides, replacing those lost to resistance, withdrawal of regulatory approval and commercial prioritization.
- Improve the cost-effectiveness and efficiency of the interventions through better formulation of public health pesticides.
- Work with the end users in disease endemic countries and the chemical industry to define and validate new insecticide-based paradigms, and their associated target product profiles, increasingly harnessing the consumer market, for improved mosquito vector control.
- Maximise the impact of initial IVCC investments by ensuring the delivery of the monitoring and evaluation tools developed by IVCC grantees since 2005.

#### **Achievements and Performance**

IVCC was established in November 2005 to facilitate the development of improved public health pesticides and formulations and provide information tools and diagnostics to enable the more effective use of malaria and dengue control measures.

Since then, through a mechanism of open calls, IVCC has been remarkably successful at engaging industry and delivering products: K-Othrine® Polyzone (LLIRS), Actellic® 300CS (LLIRS), Interceptor® G2 (dual AI LLIN), Sumishield® 50WG (LLIRS) and Fludora® Fusion (LLIRS).



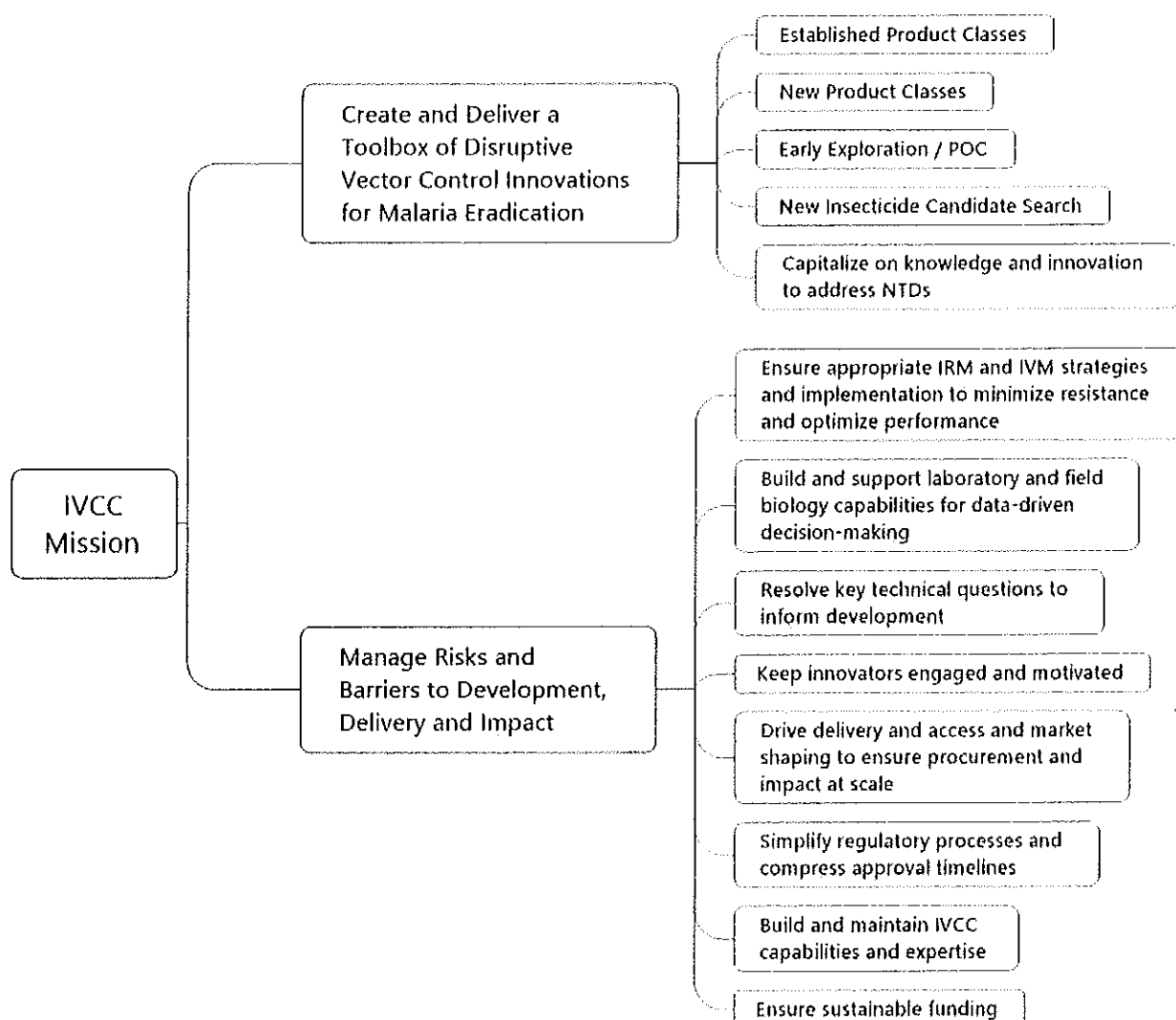


Figure 2: Diagram summarizing IVCC's mission

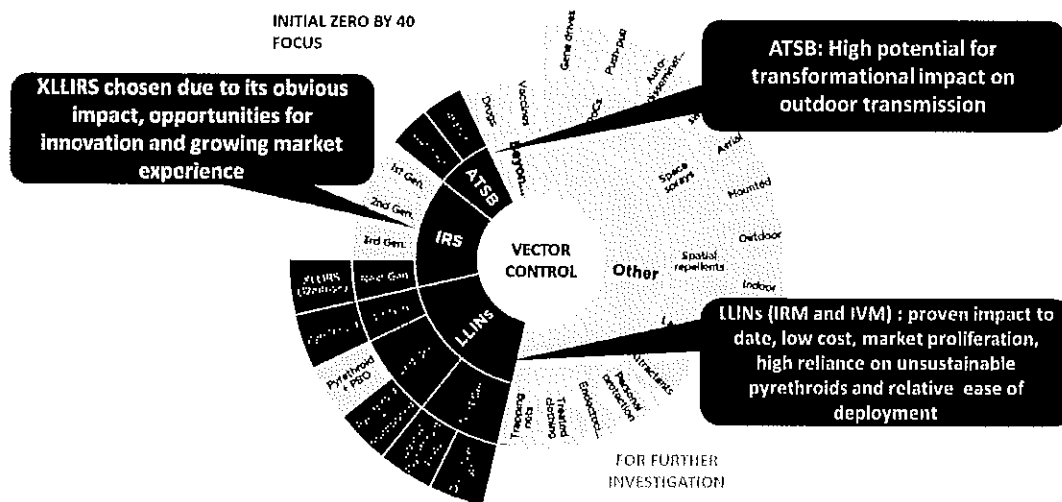
IVCC is collaborating with industry and academic leaders to develop a complete toolbox of solutions for vector control. This toolbox is designed to provide malaria control programs with the products to implement sustainable insecticide resistance management strategies. The ultimate goal is nothing less than malaria eradication.

- Novel active ingredients: IVCC is advancing its projects with Bayer, Mitsui and Syngenta. One additional lead compound is owned by IVCC.
- Repurposing insecticides from agriculture: IVCC and its partners are working on interim solutions by repurposing insecticides already used in agriculture. Interceptor® G2 (dual AI LLIN), SumiShield® (LLIRS) and Fludora® Fusion (dual AI LLIRS) were PQ listed in 2018.
- Preventing outdoor transmission: Push-Pull and Targeted swarms' proof of concepts were concluded and final recommendations are being written. The ATSB project is being further tested in Mali, Zambia and Kenya to prepare a stage gate review in 2020.
- Supporting the development of new application technologies to improve compliance with product labelling and overall product efficacy.

ZERO by 40 is an essential component of IVCC strategy to sustain R&D and marketing efforts of key Industrial partners. A second CEO roundtable was held in Davos under Bill Gates chairmanship in January 2019. An action plan is being implemented with companies' representatives to deliver on key projects (see diagram below).

**PRIORITY PROGRAMME INTERVENTION AREAS**

THREE INITIAL INTERVENTIONS WERE SELECTED FOR COLLABORATIVE PROJECT INNOVATION BASED ON IMPACT CRITERIA



NgenIRS is now in its fourth year. It allows the rapid uptake of new technologies through co-payment but also by generating evidence that products have a positive impact to lower malaria transmission (see diagram below). Competition is increasing through the introduction of SumiShield® in 2018 and Fludora® Fusion in 2019.

**76 Million people protected**

Estimated coverage by partner programs receiving NgenIRS support (2016-2018)

**20 – 47% drop in malaria incidence reported**

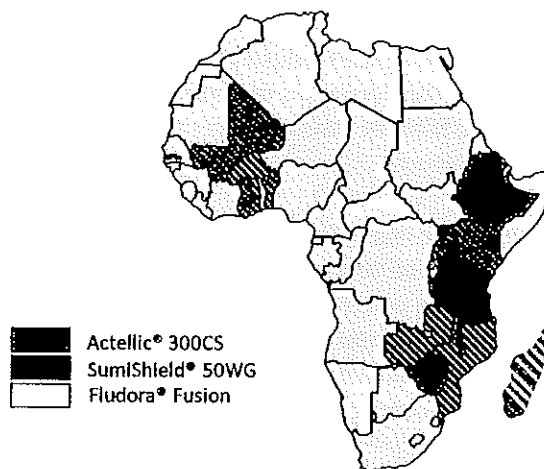
In NgenIRS partner countries where evidence is being collected

**Between 2.7m and 5.4m malaria cases averted**

**Between 8,122 and 16,243 lives saved**

Estimated number of cases averted and lives saved by IRS programs receiving NgenIRS co-payment support (2016-2018)

11 of 14 NgenIRS partner countries are planning to spray multiple 3GIRS products in 2019



The success of this platform has led UNITAID, the Global Fund and the Bill & Melinda Gates foundation to pull resources to launch a similar platform for dual-AI bed nets: New Nets, full text available at

<https://unitaid.org/news-blog/global-fund-and-unitaid-to-counter-insecticide-resistance-with-innovative-insecticide-treated-mosquito-nets/#en>).

20 SEPTEMBER 2018 | PRESS RELEASES

## Global Fund and Unitaid to counter insecticide resistance with innovative insecticide-treated mosquito nets

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The Zika grand challenge supported by USAID was extended to September 2019 to allow the completion of the proof of concepts.

The Indo-Pacific Initiative, supported by DFAT, was officially launched in Sydney in July 2019 with the aim to develop testing capacity and a vector control toolbox for this region.

The GLP accredited field and laboratory trial capabilities and capacity building initiative is maintaining its momentum with CREC certification in Jan 2019 and IHJ application submission (see summary table).

Facility	Country	Region	GLP application submitted	GLP certification
PAMVERC-KCMUCo Test Facility, Moshi (In collaboration with LSHTM)	Tanzania	East Africa	—	GLP Certified, April 2017
Centre de Recherche Entomologique de Cotonou (In collaboration with LHSTM) (CREC-LSHTM)	Benin	West Africa	—	GLP Certified January 2019
Ifakara Health Institute, Bagamoyo and Ifakara Branches (IH)	Tanzania	East Africa	✓	May 2019
National Institute of Medical Research (NIMRI), Muheza	Tanzania	East Africa	×	November 2019
Centre Suisse de Recherches Scientifiques en Côte D'Ivoire (CSRS), Abidjan	Côte D'Ivoire	West Africa	×	July 2019
Institut Pierre Richet (IPR)/Institut National de Sante Publique, Bouaké	Côte D'Ivoire	West Africa	×	August 2019
Institut de Recherche en Sciences de la Santé (IRSS)/Centre Muraz, Bobo-Dioulasso	Burkina Faso	West Africa	×	September 2019

### Goals, Future Plans and Developments

IVCC's core objectives for the period 2019-2025 are:

- Advance the portfolio of New Active Ingredient (AI) Discovery and Development programs and their formulation in LLIRS and LLINs.
- Develop a formulation platform (especially for ITNs and IRS) to guide development work
- Complete the development of the existing Formulation and Repurposing portfolio to deliver products that will enable rational and effective resistance management programs.
- Review and assess new proposals for product development.
- Capitalise on the outcome of the Zika platform to identify potential candidates for product development.
- Strengthen relationship with WHO to anticipate impact of policies and recommendations on product development pipeline.
- Complete GLP accreditation of 6 additional sites.
- Complete projects to establish new paradigms for the prevention of outdoor transmission.
- Fast track ATSB product development dependent upon a successful proof of concept outcome.
- Introduce new products in NgenIRS to increase competition and enable IRM strategies. Increase number of partner countries.
- Launch a platform to improve novel ITNs market uptake.
- Use the outcome of the modelling work in our product development strategy and IVM platform.
- Develop an organisation that is capable of delivering the ongoing Mission Statement of IVCC, with an evidence-based roadmap of future needs and a strategy for their resolution.
- Broaden IVCC scope to extend the value of our products to other NTDs and new geographical areas (i.e. DFAT funding).
- Support and leverage our expert platform (ESACs and EAC) for optimal project support.
- Secure commitment from industrial partners through a range of initiatives (e.g. CEO roundtable, VERV, market shaping interventions, return on investment on CSR).
- Renew grants with key funders to sustain IVCC's mission

## Financial Review

Income for the year of £39.6m was £10.8m up from last year, with resources expended of £36.3m up by £7.5m giving a gain of £3.3m before other recognised gains and losses. During 2016/17 IVCC started hedge accounting under FRS102 in relation to forward contracts.

The statement of financial activities reflects an amount of £0.9m of foreign exchange loss which has been taken to the hedging reserve and £0.2m foreign exchange loss taken to expense in the year. This compares to the previous year when £0.3m loss was taken to the hedging reserve and £0.1m loss was expensed in the year.

A total of £27.3m was spent on direct charitable project activities (2018 : £21.7m) with a further £2.8m paid out on project activities undertaken in-house. Core administration support costs of £5.9m (2018 : £5.1m) was also incurred in the year.

The Bill & Melinda Gates Foundation (BMGF) provided 25% of the charity's income in the year, down from 27% in 2017/18 and down from 43% in 2016/17. The remaining income was split 40% UNITAID, 27% DFID and 6% USAID. A small amount of deposit interest (£220,000) was also received on funding received in advance.

Income from charitable activities in 2018/19 was originally budgeted at £36.3m (2018/19 actual - £36.0m) and represents growth on prior year actual income of 25% (2017/18 actual - £28.7m). Total income from charitable activities in 2018/19 is in line with budget. The composition of the income associated with the underlying projects is subject to compensating budget variances as a result of the decisions taken at portfolio and project level on a rolling basis. The growth in income achieved was planned and generated by a combination of new grants awarded in 2017/18 and an acceleration in the rate of utilisation of established grants as key projects in IVCC's portfolio enter the more costly development phases.

It is forecast in 2019/20 that income from charitable activities will increase by £4.5m to £40.8m. The key driver of this growth is the evolving and phased resource requirements of IVCC's portfolio of committed projects. It is assumed that 2019/20 income will be sourced through existing funder awards.

As reported in last year's financial review report, by Q1 2018/19, IVCC had completed an intense period of grant renewal arrangements with its principal funders and introduced a new funding partner, the Australian Government operating through its Department of Foreign Affairs and Trade 'DFAT'. Accordingly, 2018/19 has been a relatively quiet financial period in the grant renewal cycle with an emphasis on the establishment and integration of new and existing grant awards.

Other income of £3.4m comprises a release of the cumulative net overhead contribution generated by IVCC through its grant activities. This is the result of a decision by management to re-designate the net contribution as uncommitted funds driven by IVCC's active treasury management and ongoing sustainability assessment.

## Grant Making Policy

IVCC has established its grant making policy to achieve its objects for the public benefit. The charity invites proposals from both the public and private sectors following the establishment of target product profiles for different types of intervention and new insecticide active ingredients as well as the furtherance of information systems and tools. All outline proposals are reviewed by an External Scientific and Advisory Committee (ESAC) in terms of portfolio fit and likely success. Following a successful initial review, a more

detailed application is submitted to the ESAC for a full scientific and budgetary review before proceeding to full implementation.

### **Reserves Policy and Going Concern**

While the charity does not have a policy of maintaining reserves at a specific level, or within a specific range, resources are managed and committed within a framework of financial planning that ensures it has both sufficient reserves and liquid resources to fulfil commitments that it enters into.

No contract is entered into unless it can be fully resourced from beginning to end; this includes staffing contracts, partner contracts and all contracts in the supply chain.

IVCC has a healthy bank balance of £45m and no loans outstanding. External grant funding of \$75m has been secured from BMGF for the next 4 years to cover all core running costs and a significant number of projects.

Being part of the LSTM group gives security for IVCC in case of any future cash flow issues, or financial difficulty that may arise. The organisation benefits hugely from this synergistic relationship in terms of high quality shared services and scientific resources and knowledge.

### **Trustees' Responsibilities Statement**

The trustees (who are also directors of IVCC for the purposes of company law) 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including 'FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 affairs of the charitable company and of the incoming resources and application of resources, including the income and 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 the Charities SORP (FRS102);
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate 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 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 confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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 financial statements may differ from legislation in other jurisdictions.

#### **Auditors**

The auditor, Grant Thornton UK LLP, offer themselves for reappointment in accordance with section 485 of the Companies Act 2006.

The trustee's sign off relates to the strategic report as well as the responsibilities per the regulations.

ON BEHALF OF THE BOARD



Sir Stephen O'Brien  
Chairman

6<sup>th</sup> November 2019

# Independent Auditor's Report to the Members of IVCC

## Opinion

We have audited the financial statements of IVCC (the 'charitable company') for the year ended 31 July 2019, which comprise the Statement of Financial Activities (incorporating an Income and Expenditure account), the Balance Sheet, the Cash Flow statement and notes to the financial statements, including a summary of significant accounting policies. 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 July 2019 and of its incoming resources and application of resources including, 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 have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements section' of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees, set out on pages 1 to 12 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.



We have nothing to report in this regard.

#### **Opinion 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 Strategic Report and the Directors' Report, prepared for the purposes of company law, included in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Report of the Trustees have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report under the Companies Act 2006**

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 Strategic Report or the Directors' Report included in the Report of the Trustees.

#### **Matters on which we are required to report by exception**

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.

#### **Responsibilities of trustees for the financial statements**

As explained more fully in the Trustees' Responsibilities Statement set out on pages 11 and 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



Carl Williams  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Liverpool

6 November 2019

## Principal Accounting Policies

### Legal Status of the Charitable Company

IVCC is a registered charity and a company limited by guarantee incorporated in England and Wales and has no share capital. In the event of IVCC being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The registered office of IVCC is Pembroke Place, Liverpool, Merseyside, L3 5QA.

### Basis of Preparation

The financial statements 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 UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. IVCC is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of derivative financial instruments).

The financial statements are presented in Sterling (£).

### Significant Judgements and Estimates

Preparation of the Financial Statements requires management to make significant judgements and estimates. The items in the Financial Statements where these judgements and estimates have been made include:

Deferred balances: due to the nature of research grants, whereby in the majority of cases projects span over several years, judgement is exercised in the decision over deferral of balances to ensure income and expenditure are accounted for in the appropriate and matching time period and also at the point performance conditions have been met.

Financial Instruments: all derivatives are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. Where the market for a financial instrument is not active, fair value is established using a valuation technique. The charity has applied hedge accounting in the year. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market based data.

### Statement of Principal Accounting Policies

#### Revenue Recognition

Income from contracts and other services rendered is credited to the Statement of financial activities when the goods or services are supplied to the external customers or the terms of the contract, including performance related conditions, have been satisfied. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions to overhead costs. Any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by IVCC; this is normally upon notification of the interest paid or payable by the Bank.

#### Grant Funding

Grants (including research grants) from non-government sources are recognised in income when IVCC is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Grants from government sources are recognised in income over the periods in which IVCC recognises the related costs for which the grant is intended to compensate. Where part of the government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

#### **Expenditure and Irrecoverable VAT**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of resources. Grants are reflected in the balance sheet when a constructive obligation exists, notwithstanding that they may be paid in future accounting periods.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

#### **Allocation of Support Costs**

Support costs are those functions that assist the work of IVCC but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and government costs which support IVCC's research activities. These costs have been allocated to expenditure on charitable activities.

#### **Governance Costs**

Governance costs comprise of all costs involving the public accountability of a charity and its compliance with regulation and good practice. These costs include statutory audit, legal costs and board of trustee meeting costs. Included within this category are costs associated with the strategic as opposed to day-to-day management of the charity's activities.

#### **Accounting for Retirement Benefits**

The two pension schemes for IVCC's staff are the Universities Superannuation Scheme (USS) and the University of Liverpool Pension Fund (ULPF). ULPF is a defined benefit scheme and USS changed from a defined benefit scheme to a hybrid scheme on 1 October 2016, providing defined benefits (for all members) as well as contribution benefits. Both schemes are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

Both the USS and ULPF are multi-employer schemes for which it is not possible to identify the assets and liabilities related to IVCC's members due to the mutual nature of the scheme and therefore these schemes are accounted for as defined contribution retirement benefit schemes. A liability is recorded within the sponsoring employer LSTM, for the contractual commitment to fund past deficits within the USS.

#### **Defined Contribution Plan**

A defined contribution plan is a post-employment benefit plan under which the Charity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions in defined contribution pension plans are recognised as an expense in the balance sheet in the periods during which services are rendered by employees.

The assets of the two IVCC pension schemes are held in separate trustee-administered funds. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. IVCC is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As required by Section 28 of FRS 102 "employee benefits", IVCC therefore accounts for the schemes as if they were a wholly defined contribution scheme. As a result, the amount charged to the balance sheet represents the contributions payable to the schemes.

#### **Employment Benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to IVCC. Any unused benefits are accrued and measured as the additional amount IVCC expects to pay as a result of the unused entitlement.

#### **Foreign Currency**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Statement of financial activities. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated at the exchange rate ruling at the dates the fair value was determined.

#### **Cash and Cash Equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered, less any impairment. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### **Creditors**

Creditors are recognised where IVCC has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

#### **Provisions**

Provisions are recognised in the Financial Statements when: (a) IVCC has a present obligation (legal or constructive) as a result of a past event; (b) It is probable that an outflow of economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### **Investments**

Investments represent short term deposits that have a maturity in excess of 3 months. Investments are recognised at cost.

#### **Financial Instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the balance sheet. Outstanding derivatives at the reporting date are included under the appropriate category depending on the nature of the derivative. The charity holds derivative financial instruments in the form of foreign currency sterling forward currency contracts. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the surplus or deficit as appropriate, unless they are included in a hedging arrangement. The charity applies hedge accounting for transactions entered into to manage the cash flow exposures of foreign currency research income. Forward currency contracts are held to manage the cash flow exposure to fluctuations in exchange rates and are designed as cash flow hedges.

## IVCC

### Financial Statements for the Year Ended 31 July 2019

Changes in the fair value of derivatives designated as cash flow hedges, and which are effective, are recognised directly in the charity's Income funds. Any ineffectiveness in the hedging relationship (being excess of cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in surplus or deficit.

The gain or loss recognised in other comprehensive income is reclassified to the Income and expenditure account when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

#### **Taxation**

VAT : Irrecoverable VAT is charged as a cost to the statement of financial activities.

Taxation status : IVCC has charitable status and is exempt from corporation tax under the provision of s466 of the Income & Corporation Taxes Act 2010.

#### **Fund Accounting**

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with an allocation of overheads as defined by the donor. The funds are not therefore available for the work performed by IVCC other than that specified by the donor. Unrestricted grant funding is recognised immediately in the month of receipt and can be expended without condition on activities in furtherance of IVCC's mission.

#### **Going Concern**

The Board of Trustees considers that IVCC has sufficient financial resources and is confident that its future income streams will maintain these resources. The Board of Trustees has a reasonable expectation that IVCC has adequate resources to continue in operation for the foreseeable future. Therefore it continues to adopt the going concern basis in preparing the financial statements.

### Statement of Financial Activities

		Restricted	Unrestricted	Total	Total
	Note	funds £000	funds £000	2019 £000	2018 £000
<b>Income</b>					
<b>Incoming Resources</b>					
Income from charitable activities	1	35,986	-	35,986	28,712
Investment Income - bank interest receivable		220	-	220	60
Other income	2	-	3,429	3,429	-
<b>Total Incoming Resources</b>		<u>36,206</u>	<u>3,429</u>	<u>39,635</u>	<u>28,772</u>
<b>Resources Expended</b>					
Expenditure on charitable activities	3	36,206	-	36,206	28,772
Other -- change in fair value of financial instrument	7	-	151	151	91
<b>Total Resources Expended</b>		<u>36,206</u>	<u>151</u>	<u>36,357</u>	<u>28,863</u>
<b>Net Incoming / (Outgoing) Resources for the Year</b>		-	3,278	3,278	(91)
<b>Other Recognised Losses</b>					
Change in fair value of hedging financial instrument	7	-	(925)	(925)	(272)
<b>Net Movement in Funds</b>		-	2,353	2,353	(363)
<b>Total Funds Brought Forward at 1 August 2018</b>		-	2,435	2,435	2,798
<b>Total Funds Carried Forward at 31 July 2019</b>	13	<u>-</u>	<u>4,788</u>	<u>4,788</u>	<u>2,435</u>

The results relate wholly to continuing activities.

The Statement of financial activities incorporates the Income and expenditure account.

**Balance Sheet as at 31 July**

	Note	2019 £000	2018 £000
<b>Current Assets</b>			
Debtors	8	12,868	10,693
Investments	9	3,274	4,571
Cash at bank and In hand		45,292	22,963
		<u>61,434</u>	<u>38,227</u>
<b>Creditors: Amounts Falling Due within One Year</b>	10	<u>(56,646)</u>	<u>(35,792)</u>
<b>Net Current Assets</b>		<u>4,788</u>	2,435
		<u>4,788</u>	<u>2,435</u>
<b>Income Funds</b>			
Restricted funds		-	-
<i>Unrestricted funds:</i>			
Income and expenditure reserve - unrestricted		5,540	2,262
income and expenditure reserve - hedge reserve		(752)	173
<b>Net Assets</b>	13	<u>4,788</u>	<u>2,435</u>

Company Registered Number: 06719882

The Financial statements were approved by the Board of Trustees on 6 November 2019 and signed on its behalf by:



Sir Stephen O'Brien  
 Chairman



**Cash Flow Statement**

	£000	£000
Net Income / (expenditure) for the reporting period	2,353	(363)
<b>Adjustment for Non-Cash Items</b>		
Interest received	(220)	(60)
Increase in debtors	(2,175)	(7,654)
Increase in creditors	20,854	4,939
	<hr/>	<hr/>
<b>Net Cash Flow from Operating Activities</b>	<b>20,812</b>	<b>(3,138)</b>
Taxation paid	-	-
<b>Cash Flows from Investing Activities</b>		
Sale / (purchase) of investments	1,297	(4,571)
Interest received	220	60
	<hr/>	<hr/>
<b>Net Cash Provided / (Used) by Investing Activities</b>	<b>1,517</b>	<b>(4,511)</b>
<b>Change in Cash in the Year</b>	<b>22,329</b>	<b>(7,649)</b>
	<hr/>	<hr/>
Cash at the beginning of the year	22,963	30,612
	<hr/>	<hr/>
Cash at the end of the year	<b>45,292</b>	<b>22,963</b>
	<hr/>	<hr/>
<b>Analysis of Cash and Cash Equivalents</b>		
Cash in hand	<b>45,292</b>	<b>22,963</b>
	<hr/>	<hr/>

## Notes to the Financial Statements

	2019	2018
	Total	Total
	£000	£000
<b>Restricted</b>		
Grant income - BMGF	9,002	7,832
Grant income - European	-	1
Grant Income - DFID	9,556	7,792
Grant income - ABT Associates	1	125
Grant Income - USAID	2,229	1,513
Grant Income - Wellcome Trust	-	13
Grant income - DFAT	416	-
Grant Income - UNITAID	14,309	11,436
Grant Income - SDC	473	-
	<u>35,986</u>	<u>28,712</u>
	2019	2018
	Total	Total
	£000	£000
<b>Unrestricted</b>		
Other – change in fair value of financial instrument	(151)	(91)
	<u>(151)</u>	<u>(91)</u>
<b>2 Other income</b>		

Other Income represents the release of cumulative net overhead contribution generated by IVCC through its grant activities.

### 3 Analysis of Expenditure on Charitable Activities

	Activities undertaken directly	Grants to Institutions	Support costs	Governance	2019 Total	2018 Total
	£000	£000	£000	£000	£000	£000
New & Repurposed AIs	202	11,312	2,476	83	14,073	10,687
Outdoor Transmission	68	2,344	579	17	3,008	3,913
I2I, Access & Regulatory	1,143	5,286	2,003	46	8,478	2,107
Diagnostic Tools	1	-	8	-	9	142
NGenIRS	1,350	8,381	837	70	10,638	11,923
	<u>2,764</u>	<u>27,323</u>	<u>5,903</u>	<u>216</u>	<u>36,206</u>	<u>28,772</u>

The total support and governance costs (note 4) attributable to charitable activities have been apportioned pro rata based on the overall value of each activity or directly attributed where possible.

Expenditure on charitable activities was £36,206,000 (2018: £28,772,000) of which £nil was unrestricted (2018: £nil) and £36,206,000 was restricted (2018: £28,772,000).

## Notes to the Financial Statements

### 4 Support Cost Allocation

	General support costs £000	Governance function £000	2019 Total £000	2018 Total £000
Core administration	2,104	42	2,146	2,899
Project related costs	2,884	59	2,943	1,482
ESAC meeting costs	415	8	423	390
Conferences & Events	35	1	36	21
Communications & Advocacy	454	9	463	441
Regulatory Affairs	11	-	11	4
Direct governance costs	-	97	97	59
	<u>5,903</u>	<u>216</u>	<u>6,119</u>	<u>5,296</u>

#### Basis of support costs allocation

Central support costs have been allocated between Governance and Charitable Activities based on an estimated 2% of total support costs where appropriate.

### 5 Analysis of Governance Costs

	2019 £000	2018 £000
Auditor's remuneration	23	16
Meeting costs	50	20
Trustee travel costs	23	24
Support costs allocation (note 4)	120	101
	<u>216</u>	<u>161</u>

### 6 Staff Costs

Staff costs recharged during the year were as follows:

	2019 £000	2018 £000
Salaries	1,698	1,515
Social security costs	278	227
Pension costs	269	232
LSTM Consulting USA staff costs recharge to IVCC	526	-
	<u>2,771</u>	<u>1,974</u>

All staff are employed by fellow group undertakings and a charge equal to their employment cost is made for their services provided to the charity on a monthly basis. IVCC staff are recharged from the immediate parent company Liverpool School of Tropical Medicine.

	2019 Number	2018 Number
Number of FTE's employed as at 31 July	<u>22</u>	<u>16</u>

## Notes to the Financial Statements

The numbers of staff who received emoluments in the following ranges was:

	2019 Number	2018 Number
£240,001 to £250,000	1	1
£140,001 to £150,000	1	2
£130,001 to £140,000	1	-
£110,001 to £120,000	1	-
£100,001 to £110,000	1	-
£ 90,001 to £100,000	1	1
£ 80,001 to £ 90,000	1	1
£ 70,001 to £ 80,000	2	2
£ 60,001 to £ 70,000	4	3
	<u>13</u>	<u>10</u>

The pension contributions for these employees were £208,258 (2018: £163,292).

The CEO received remuneration in the year from the charity of £241,535 (2018: £243,513), excluding pension contributions of £33,979 (2018: £32,413). No trustees received remuneration during the year.

The total employee remuneration including benefits, of key management personnel of IVCC were £308,712 (2018: £309,471).

Expenses reimbursed to the trustees during the year amounted to £Nil (2018: £Nil).

### 7 Other

Other expenses relate to fair value movements on foreign currency contracts arising out of the requirement under FRS 102 to fair value forward foreign currency contracts at the balance sheet date. £151,000 (2018: £91,000) of this amount is an unrealised exchange loss. The remaining unrealised loss of £925,000 (2018: £272,000) has been carried forward in the hedging reserve and will be released to the Statement of financial activities over time as forward contracts are realised.

### 8 Debtors

	2019 £000	2018 £000
Balances due on research grants	9,467	4,854
Prepayments and accrued income	23	6
Amounts owed by group undertakings	3,128	4,732
Forward currency contracts	250	1,101
	<u>12,868</u>	<u>10,693</u>

### 9 Investments

Investments represent short term deposits that have a maturity in excess of 3 months. Investments are recognised at cost.

### 10 Creditors : Amounts Falling Due Within One Year

	2019 £000	2018 £000
Trade creditors	358	97
Unexpended balances on research grants	48,247	29,666
Accruals and other taxes	7,353	5,565
Forward currency contracts	688	464
	<u>56,646</u>	<u>35,792</u>

## Notes to the Financial Statements

### 11 Deferred Income

Deferred income represents research funds received in advance in USD from BMGF and UNITAID for future work that has yet to be expended.

	2019 £000
Balance as at 1 August 2018	29,666
Amount released to income earned from charitable activities	(17,631)
Amount deferred in the year	36,212
Balance as at 31 July 2019	<u>48,247</u>

### 12 Financial Instruments

The carrying value of IVCC's financial assets and liabilities are summarised by category below :

	2019 £000	2018 £000
<b>Financial assets</b>		
Financial assets that are measured at amortised cost	<u>61,161</u>	<u>37,120</u>
Financial asset measured at fair value through surplus or deficit	<u>250</u>	<u>1,101</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>7,711</u>	<u>5,662</u>
Financial liabilities measured at fair value through surplus or deficit	<u>688</u>	<u>464</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, investments, trade debtors, balances due on research grants and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, balances due on research grants, and accruals.

The charity applies hedge accounting for transactions entered into to manage the cash flow exposures of US dollar income received for research contracts. Foreign currency forward contracts are held to manage the exposure to fluctuations in US dollar rates and are designated as cash flow hedges.

Cash flows on the US dollar research income and the foreign currency forward contracts are at regular intervals, based on predicted project related cash flows. The forward contracts had a mark to market valuation as at 31 July 2019 amounting to a liability of £438,000 (2018: £637,000 asset). During 2018/19 a loss of £925,000 (2018: loss of £272,000) was recognised in the cash flow hedge reserve for changes in the fair value of the forward contracts from the date at which the charity was able to apply hedge accounting. Prior to this a fair value loss of £151,000 (2018: loss of £91,000) for the year has been recognised within unrestricted funds and income/expenditure for the year. No amounts of ineffectiveness were recognised in the year (2018: £Nil).

The foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates corresponding to the maturity of the contracts.

IVCC's income, expense, gains and losses in respect of financial instruments are summarised below :

	2019 £000	2018 £000
<b>Financial assets</b>		
Total interest income for financial assets at amortised cost	<u>220</u>	<u>60</u>
<b>Fair value gains and (losses)</b>		
On financial assets measured at fair value through income and expenditure	<u>(151)</u>	<u>(91)</u>
On derivative financial assets	<u>(925)</u>	<u>(272)</u>

## Notes to the Financial Statements

### 13 Income funds

Income funds are analysed as follows:

	Balance 1 August 2018 £000	Income £000	Expenditure £000	Transfers £000	Other recognised gains and losses £000	Balance 31 July 2019 £000
<b>Restricted</b>						
Grant funded projects	-	36,206	36,206	-	-	-
<b>Unrestricted</b>						
Income and expenditure reserve	2,262	3,429	151	-	-	5,540
Hedge reserve	173	-	-	-	(925)	(752)
	<u>2,435</u>	<u>39,635</u>	<u>36,357</u>	<u>-</u>	<u>(925)</u>	<u>4,788</u>

The unrestricted funds of £5,540,000 includes £3,429,000 of other income which represents the release of cumulative net overhead contribution generated by IVCC through its grant activities. The remaining balance includes £1,798,000 relating to amounts received from the Swiss Agency for Development and Cooperation, an agency of the Federal Administration of Switzerland. The donation is in line with its objectives to alleviate hardship and poverty in the world, respect human rights and the promotion of democracy and the peaceful coexistence of nations.

The unrestricted hedge reserve comprises the fair value of derivatives designed as cash flow hedges, which are effective.

### 14 Analysis of Net Assets Between Funds

	Restricted funds £000	Unrestricted funds £000	Total £000
Current assets	55,958	5,476	61,434
Current liabilities	(55,958)	(688)	(56,646)
Total net assets	<u>-</u>	<u>4,788</u>	<u>4,788</u>

### 15 Related Party Transactions

During 2019, charitable research grants totalling £1,307,000 (2018: £1,462,000) were passed to IVCC's parent company Liverpool School of Tropical Medicine (LSTM); all had performance conditions attached.

As at 31 July 2019 there was an outstanding inter-company balance of £3,060,000 debtor (2018: £3,761,000 debtor) owed by LSTM relating to the intercompany receivable of £3.4m release of cumulative net overhead contribution, net of salary related costs, general supplies, and service level agreement charges.

As at 31 July 2019 there was an outstanding inter-company balance of £nil (2018: £857,000 debtor) owed by LSTM Consulting Limited and a £68,000 debtor (2018: £114,000 debtor) owed by LSTM Consulting USA Inc, relating to payroll recharges for US staff.

There were no related party transactions involving the trustees of IVCC as declared in the disclosure of interests.

## Notes to the Financial Statements

### 16 Ultimate Controlling Party

The trustees consider that the ultimate controlling party is Liverpool School of Tropical Medicine, a company registered in England and Wales, which is also a registered charity.

The group accounts are publicly available from Companies House.

### 17 Capital Commitments

The charity had no capital commitments as at 31 July 2019 or 31 July 2018.

### 18 Contingent Liabilities

A composite cross guarantee structure exists between Liverpool School of Tropical Medicine, IVCC, Well Travelled Clinics Limited, Liverpool International Health Ventures Limited, Liverpool International Health I.P. Limited and LSTM Consulting Limited in respect of bank overdrafts. The aggregate amount outstanding under this agreement at the balance sheet date was £483,589 (2018: £491,643).

