

REGISTERED COMPANY NUMBER: 05320290

REGISTERED CHARITY NUMBER: 1110009

THE UK STEM CELL FOUNDATION

(A Company Limited by Guarantee)

Annual Report

(including the Trustees' Report and Financial Statements)

for the Year Ended 31 December 2019

**Johnston Carmichael LLP
Statutory Auditor
Chartered Accountants
1st Floor
227 West George Street
Glasgow
G2 2ND**

**The UK Stem Cell Foundation
(A Company Limited by Guarantee)**

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for the year ended 31 December 2019**

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**The UK Stem Cell Foundation
(A Company Limited by Guarantee)**

**Trustees' Report
for the year ended 31 December 2019**

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISORS

Trustees:	Sir R Sykes, Chairman Professor T Jones Mr J Moulton Professor J S Jones Mr N Ross Lord R Winston Mr J Taylor Ms C Banszky
Registered Company Number:	05320290
Registered Charity Number:	1110009
Registered Office:	Cannon Place 78 Cannon Street London EC4N 6AF
Company Secretary:	Mitre Secretaries Limited
Chief executive officer:	Miss L Shortland
Independent Auditor:	Johnston Carmichael LLP Statutory Auditor Chartered Accountants 227 West George Street GLASGOW G2 2ND
Bankers:	Coutts & Co. 440 Strand London WC2R 0QS
Solicitors:	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF

The UK Stem Cell Foundation (A Company Limited by Guarantee)

Trustees' Report for the year ended 31 December 2019

The Trustees present their annual report together with the audited financial statements of The UK Stem Cell Foundation for the year 31 December 2019. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of "Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)".

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

OBJECTIVES AND ACTIVITIES

Public Benefit Statement

The key aim of the charity is to address the funding gap that hinders the translation of stem cell research into new treatments that have the potential for direct clinical benefit. The charity supports universities, medical schools and hospitals in the United Kingdom for the benefit of the general public and broader mankind.

The trustees have paid due regard to the guidance issued by the Charity Commission in deciding what activities the charitable company should undertake.

Objectives and Activities

The charitable objects for which the charitable company is established are the preservation, promotion and advancement of human health and welfare and the advancement and promotion of knowledge and education for the benefit of the public by:

- enhancing and promoting knowledge of and engaging in, funding and supporting research into the mechanisms of cell degeneration, regeneration and malfunction and their links to degenerative and other diseases, disabilities, disorders and conditions in respect of which stem cell related medicines, treatments, cures, diagnostics, applications, therapies, products or technologies might be of benefit;
- engaging in, funding and supporting research into stem cell and stem cell-based or derived methods and technologies, with a view to discovering, inventing, improving, developing, producing and applying medicines, treatments, cures, diagnostics, applications, therapies, products and technologies and other medicinal agents, methods and processes, including the translation of pure research into outputs to a standard susceptible of clinical trials with a view to establishing the efficacy and supporting the clinical trials with a view to establishing the treatments, cures, diagnostics, therapies, products and technologies capable of application; and
- educating and informing the public in relation to stem cells and the efficacy of stem cell based or derived medicines, treatments, cures, diagnostics, applications, therapies, products and technologies and other medicinal agents, methods, processes and the appropriate regulation and management thereof and educating and informing the public in relation to such matters.

The main activities of the charity continue to be to:

- implement a strong fundraising campaign designed to attract both public sector funding and private donors;
- raise the profile of the charity by enlisting the support of key government departments;
- engage and maintain good relations with stem cell networks, researchers, clinicians and commercial operators; and
- increase public awareness of the charity, its aims and goals.

The UK Stem Cell Foundation (A Company Limited by Guarantee)

Trustees' Report for the year ended 31 December 2019

Grant making policies

The UK Stem Cell Foundation aims to build a pipeline of projects that meets its criteria for support and funding on the route to commercialisation going forward. Grants are provided to support such projects where funding has already been obtained by the charity.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

The UK Stem Cell Foundation ("the UKSCF") works closely with a number of funders and collaborators that have interests in particular disease types or stem cell research. This allows us to maximise the potential of our funding sources when seeking resources for a particular project. The affiliation that our donors have with the research and subject matter ensures effective financial support for these projects and clinical trials. As ever, we must maintain these relationships to ensure the continued development of these ongoing projects. Additionally, we aim to cultivate new partnerships with other medical research charities and trusts to develop co-funding strategies which should evolve into co-funding of translational research projects.

Since the last report the Foundation has three new corporate sponsors which add credibility to, and support the Foundation through shared ideas, shared marketing strategies and corporate financial sponsorship. The Foundation also looks to attract future legacy payments. This is to be achieved with a targeted marketing campaign, highlighting the research projects the Foundation support, what stem cell research could mean for the future of healthcare and using published data to establish where this campaign will be best received.

The UKSCF continue to receive applications for funding to review, building a database of projects that meet the criteria for support and funding on the route to commercialisation. All operating costs and further funding for projects are solely reliant on the ability of the Foundation to fundraise and attract donations from the private sector, other charities and the general public. In addition to the fundraising directive, the activities of the Foundation continue to elevate the profile of the UKSCF. This subsequently heightens public awareness and will continue the growth of the UK's emerging cell therapy industry. Through digital and social media and more traditional marketing methods such as newspaper advertorials the Foundation aims to reach a wider demographic. Building upon the rise in social media engagement and the unique ability for consumers to communicate directly with a 'brand' the Foundation aims to fortify its standing in the medical research field by adding measurable value to its audience. The UKSCF will do this through the sharing of educational material and interactive posts.

FINANCIAL REVIEW

Income in 2019 was £643,501 (2018: £80,395). The increase, compared to the prior year, was due to the receipt of two significant legacies. Legacy income has become an important income source for the charity and the timing of receipt of legacies is unpredictable in nature. Additionally, the activity in 2019 was concentrated on the finalisation of certain projects and so the focus, going forward for the charity, is on identifying additional projects to commence fundraising for.

Total charitable expenditure was £279,871 (2018: £1,115,629) of which £65,680 was against restricted funds. The decrease in expenditure over the year reflected the fact that in the prior year, the Trustees had accrued the most likely costs to completion for projects to which they had committed grant funding. Expenditure in 2018 also reflected some elements of grant funding returned to the original donor where all the funding was not required for the project. No such refund of costs was made in 2019.

The charity has total reserves of £1,229,442 at the year end of which £1,176,065 are unrestricted and £53,377 are restricted.

The UK Stem Cell Foundation (A Company Limited by Guarantee)

Trustees' Report for the year ended 31 December 2019

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for at the least the next twelve months. This is based on the level of unrestricted reserves held and the fact that commitments are only made to fund major projects when the charity is already "in funds". Additionally, following the Covid-19 pandemic, the charity has utilised this "lockdown" period to finalise their strategy and take forward new projects. There has been no immediate delays or significant impact, caused by the pandemic, as no projects were in operation at the time, therefore the financial position of the charity has not been adversely affected. For these reasons, the trustees continue to adopt the going concern basis in preparing the financial statements.

Reserves Policy

The Trustees of the charity have a reserves policy aimed at maintaining the ability of the charity to deliver its charitable objectives. Unrestricted funds are to be held at a minimum level of at least 6 months unrestricted expenditure. With £1,176,065 of unrestricted reserves held as at 31 December 2019, and total support and operational costs of £214,191 during the year, this has been achieved during the year.

Restricted funds, £53,377 at the year end, represent those funds received for specific projects undertaken during the year.

PLANS FOR FUTURE PERIODS

For 2020, the Foundation will continue to focus its efforts on raising money to fund new projects. Building upon the work from the past year in establishing new corporate partnerships we will utilise these contacts in industry to reach higher levels of engagement in both the academic community and in the public sphere. We are committed to contributing to knowledge exchange in the area of public understanding of stem cell technologies and work to dispel common myths surrounding the industry. We will continue to work for the safety and understanding of our supporters and continue to educate on the dangers of stem cell tourism and unregulated, unproven stem cell offerings in the UK.

The Foundation intends on capitalising on its growing reputation as an authority in the field of translational stem cell research and funding by actively approaching news and media agencies. We seek to establish new academic partnerships in the area of STEMs and use their platform as a vehicle for fundraising and educational activities. Alongside this we plan to hold two public events to raise funds for new projects and to continue to celebrate the work of fundraisers who support the Foundation.

The Board of Trustees will continue to closely monitor the operation and costs of overheads to maintain current levels and continues its commitment to allocate more funding to projects. The Board will lobby government for additional support and funding for projects once the rigorous review process has been undertaken and approved. In 2020 the Foundation intends to refine its strategic plan for social impact and to accommodate and respond to changes in the political, economic and technological spheres.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The UK Stem Cell Foundation is a company limited by guarantee, as defined by the Companies Act 2006. It is governed by its articles and memorandum of association dated 23rd December 2004, its date of incorporation, and is a registered charity with the Charity Commission.

Method of Appointment or Election of Trustees

Any person willing to act as a trustee may be appointed as a resolution of the Board. However, any appointment must not contravene the maximum number of trustees fixed by the Articles of Association. The maximum number of trustees for The UK Stem Cell Foundation as stated in the Memorandum and Articles of Association is twelve. Any person willing to act in the capacity of the trustee must deliver all documentation as required by the incumbent trustees. In addition, any appointment may be subject to that person satisfying any additional conditions and complying with any additional obligations that the Board may impose.

**The UK Stem Cell Foundation
(A Company Limited by Guarantee)**

**Trustees' Report
for the year ended 31 December 2019**

Policies Adopted for the Induction and Training of Trustees

All new trustees must undergo training to ensure that they are aware of their legal obligations under Charity and Company Law, the content of the Memorandum and Articles of Association, the decision-making process, the business plan and the financial performance of the Charity. At this time, they will also meet the key employees and other trustees.

Pay Policy for Senior Staff

The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings.

Organisational Structure and Decision Making

The Board of Trustees administer the Charity. They meet quarterly to review finances and the development of research projects and applications. The Chief Executive Officer, Lil Shortland, is responsible for the day to day running of the Foundation, project development activities as well as financial issues and reports directly to the trustees.

Risk Management

The Trustees have assessed the major risks to which the charity is exposed, and are satisfied that the risk management strategy adopted at outset remains in place and comprises of the following:

- Annual reviews of potential risks to the Charity
- Assessments of systems and procedures to mitigate potential risks should they arise
- Monitoring of procedures designed to minimise any potential impact on the Charity

During the previous financial year risk was assessed and updated to review any major or new risks to which the Charity may be exposed. The systems then implemented remain robust and the trustees are satisfied that the systems in place mitigate any exposure to its major risks.

Statement of disclosure of information to the auditor

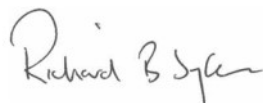
Insofar as each of the persons who are Trustees at the time when this Trustees' Report is approved are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006

This report was approved by the Trustees on 20 November 2020 and signed on their behalf by:



.....
Sir Richard Sykes, Chairman

20 November 2020

Date:

**The UK Stem Cell Foundation
(A Company Limited by Guarantee)**

**Statement of Trustees' Responsibilities
for the year ended 31 December 2019**

The trustees (who are also the directors of The UK Stem Cell Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which 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 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper 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 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent Auditor's Report to the Members of The UK Stem Cell Foundation

for the year ended 31 December 2019

Opinion

We have audited the financial statements of The UK Stem Cell Foundation ("the charitable company") for the year ended 31 December 2019 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet 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 December 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 conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, 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.

Independent Auditor's Report to the Members of The UK Stem Cell Foundation

for the year ended 31 December 2019 (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, 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.

Independent Auditor's Report to the Members of The UK Stem Cell Foundation

for the year ended 31 December 2019 (continued)

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.


As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Keith Macpherson (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP, Statutory Auditor
Chartered Accountants
26 November 2020

227 West George Street
Glasgow
G2 2ND

The UK Stem Cell Foundation
(A Company Limited by Guarantee)

Statement of financial activities (incorporating an income and expenditure account)
for the year ended 31 December 2019

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Income from:					
Donations and legacies	3	638,956	-	638,956	77,822
Investments	4	4,545	-	4,545	2,573
Total income		<u>643,501</u>	<u>-</u>	<u>643,501</u>	<u>80,395</u>
Expenditure on:					
Charitable activities	5	214,191	65,680	279,871	1,115,629
Total expenditure		<u>214,191</u>	<u>65,680</u>	<u>279,871</u>	<u>1,115,629</u>
Net income/(expenditure)	6	429,310	(65,680)	363,630	(1,035,234)
Transfers between funds		49,624	(49,624)	-	-
Net movement in funds		<u>478,934</u>	<u>(115,304)</u>	<u>363,630</u>	<u>(1,035,234)</u>
Reconciliation of funds:					
Total funds brought forward		697,131	168,681	865,812	1,901,046
Total funds carried forward		<u>1,176,065</u>	<u>53,377</u>	<u>1,229,442</u>	<u>865,812</u>

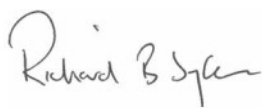
The Statement of Financial Activities also complies with the requirement for an income and expenditure account under the Companies Act 2006.

The UK Stem Cell Foundation
(A Company Limited by Guarantee)

Balance sheet
as at 31 December 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	9		638		1,952
Current assets					
Debtors	10	1,455		1,801	
Cash at bank and in hand		1,348,524		1,447,565	
		1,349,979		1,449,366	
Creditors					
Amounts falling due within one year	11	(121,175)		(585,506)	
Net current assets			1,228,804		863,860
Net assets			1,229,442		865,812
Funds	12, 13				
Unrestricted funds			1,176,065		697,131
Restricted funds			53,377		168,681
Total funds			1,229,442		865,812

The financial statements were approved by the Board of Trustees on 20 November 2020 and were signed on its behalf by:



.....
Sir Richard Sykes, Chairman

Company Registration Number: 0532029

The UK Stem Cell Foundation
(A Company Limited by Guarantee)

Statement of Cash Flows
as at 31 December 2019

	Notes	2019 £	2018 £
Net cash inflow/(outflow) from operating activities	18	(103,586)	(730,507)
Cash flow from investing activities			
Purchase of tangible assets		-	(1,765)
Interest received		4,545	2,573
Net cash flow from investing activities		<u>4,545</u>	<u>808</u>
Net cash flow from financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		<u>(99,041)</u>	<u>(729,699)</u>
Cash and cash equivalents at beginning of year		1,447,565	2,177,264
Movement of cash in year		<u>(99,041)</u>	<u>(729,699)</u>
Cash and cash equivalents at end of year		<u><u>1,348,524</u></u>	<u><u>1,447,565</u></u>
Cash and cash equivalents consist of:			
Cash at bank and in hand		1,348,524	1,447,565
Cash and cash equivalents at 31 December 2019		<u><u>1,348,524</u></u>	<u><u>1,447,565</u></u>

Analysis of changes in net debt

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	1,447,565	(99,041)	1,348,524
	<u>1,447,565</u>	<u>(99,041)</u>	<u>1,348,524</u>

**The UK Stem Cell Foundation
(A Company Limited by Guarantee)**

**Notes to the financial statements
for the year ended 31 December 2019**

1. Accounting policies

1.1 Company information

The UK Stem Cell Foundation is a charitable incorporated company, registered with the Charity Commission in England and Wales (charity number 1110009). The registered office is Cannon Place, 78 Cannon Street, London EC4N 6AF. The nature of the charity's operations and principal activities are set out in the Trustees' Report.

1.2 Basis of preparation of financial statements

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

The UK Stem Cell Foundation constitutes a public benefit entity as defined by FRS102. The financial statements have been prepared in accordance with the 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. The principal accounting policies are set out below.

The accounts are prepared in sterling, which is the functional currency of the charity.

The company has availed itself of s396 of the Companies Act 2006, as permitted in paragraph 4(1) of Schedule 1 of SI 2008 No 409, and adapted the Companies Act formats to reflect the special nature of the company's activities.

1.3 Going concern

At the time of approval of these financial statements, the Trustees have considered the resources available to the charity as well as the forecast income and expenditure for the forthcoming period. Whilst the Covid-19 pandemic has had no immediate impact on the charity the Trustees will continue to monitor the level of funding which they commit to. The charity hold an adequate level of reserves and incur a low level of running costs. Based on this analysis the Trustees have a reasonable expectation that the charity will continue in operation for at least twelve months from the date of the approval of the financial statements. The Trustees have therefore adopted the going concern basis of accounting in the preparation of the financial statements.

1.4 Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purpose. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund are set out in the notes to the financial statements.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

1. Accounting policies (continued)

1.5 Income

All income is recognised in the Statement of Financial Activities (SoFA) when the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

If there are performance conditions attached to the income, then the income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of the economic benefit from the use by the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Investment income includes bank interest and interest on funds held on deposit. It is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Given the size and nature of the charity, all expenditure is categorised as expenditure on charitable activities. Governance costs, which are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements, have been allocated to charitable activities as the primary activity of the charity.

Grants payable are charged in the year when the offer is made 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.

All expenditure is inclusive of irrecoverable VAT.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

1. Accounting policies (continued)

1.7 Tangible fixed assets

All tangible fixed assets costing more than £500 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual values, over their expected useful lives on the following basis:

Plant, machinery & equipment	33% per annum on cost
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1.8 Debtors

Trade and other debtors are recognised at the settlement due date. Prepayments are valued at the amount prepaid.

1.9 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or at the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight-line basis over the period of the lease.

1.12 Financial instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially recognised at transaction price including transactions costs and subsequently measured at their settlement value. Such financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. Any impairment loss is recognised in income and expenditure.

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

1. Accounting policies (continued)

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.13 Pensions

The company operates a defined contributions pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the Scheme.

1.14 Employee benefits

The cost of unused holiday entitlement is recognised in the period in which the employee's services are received.

1.15 Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. As such, the charity is exempt from tax in respect of its charitable activities.

2. Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Trustees consider there to be no critical accounting estimates and judgements.

The UK Stem Cell Foundation
(A Company Limited by Guarantee)

Notes to the financial statements
for the year ended 31 December 2019 (continued)

3. Income from donations and legacies

	2019	2018
	£	£
Donations	23,974	61,210
Legacies	614,982	16,612
	<u>638,956</u>	<u>77,822</u>
Unrestricted	638,956	77,822
Restricted	-	-
	<u>638,956</u>	<u>77,822</u>

4. Investment income

	2019	2018
	£	£
Interest received	<u>4,545</u>	<u>2,573</u>

Investment income received in the current and prior year relate to unrestricted funds

The UK Stem Cell Foundation
(A Company Limited by Guarantee)

Notes to the financial statements
for the year ended 31 December 2019 (continued)

5. Charitable expenditure

	2019 £	2019 £	2018 £
Direct costs			
Project expenses	65,680		502,180
Donations returned	-		369,887
	<u>-</u>	65,680	<u>872,067</u>
Support costs			
Wages and salaries (note 8)	125,628		125,038
Social security costs (note 8)	11,970		12,138
Pension costs (note 8)	1,860		1,132
Travelling	9,293		8,967
Telephone	3,577		4,499
Postage and stationery	3,285		4,610
Consultancy fees	9,000		46,870
Marketing expenses	14,061		5,819
Bank charges	2,099		2,327
Insurance	1,173		1,144
Professional fees	6,354		4,443
Office expenses	16,573		16,465
Entertainment	1,136		1,095
Mileage & parking	718		2,902
Depreciation	1,314		1,313
	<u>1,314</u>	208,041	<u>238,762</u>
Governance costs			
Auditor's remuneration		6,150	4,800
Total charitable expenditure		279,871	<u>1,115,629</u>
Unrestricted		214,191	314,899
Restricted		65,680	800,730
		279,871	<u>1,115,629</u>

Donations returned in 2018 represent unspent funds in relation to funded projects where, per the original donation agreements, funds were required to be returned if, when the funded project reached completion, there was any funding unspent. No donations were turned in 2019.

6. Net (Expenditure) / Income

Net (expenditure) is stated after charging/(crediting):	2019 £	2018 £
Auditors' remuneration	6,150	4,800
Depreciation – owned assets	<u>1,314</u>	<u>1,313</u>

**The UK Stem Cell Foundation
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**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

7. Trustees' Remuneration and Benefits

No trustee received any remuneration during the current year or comparative year.

No trustee or any person related to the charity had any personal interest in any contract or transaction entered by the charity in the year.

During the year, one trustee received reimbursement of expenses of £24 (2018: one trustee reimbursed £19).

8. Staff Costs

	2019	2018
	£	£
Wages	125,628	125,038
Social security	11,970	12,138
Defined contribution pension costs	1,860	1,132
	<u>139,458</u>	<u>138,308</u>

The average monthly number of employees during the year was as follows:

	2019	2018
	No.	No.
Management and administration	2	2

The number of higher paid employees was:

	2019	2018
	No.	No.
In the band £100,001 - £110,000	1	1

Key management personnel comprise the Chief Executive Officer, whose employee benefits for the year were £106,733 (2018: £107,970).

**The UK Stem Cell Foundation
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**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

9. Tangible Fixed Assets

	Plant & Machinery £
Cost	
At 1 January 2019	13,386
Additions	-
At 31 December 2019	<u>13,386</u>
Depreciation	
At 1 January 2019	11,434
Charge for year	<u>1,314</u>
At 31 December 2019	<u>12,748</u>
Net Book Value	
As at 31 December 2019	<u>638</u>
As at 31 December 2018	<u>1,952</u>

10. Debtors: Amounts falling due within one year

	2019 £	2018 £
Prepayments	<u>1,455</u>	<u>1,801</u>

11. Creditors: Amounts falling due within one year

	2019 £	2018 £
Taxation and Social Security	5,855	5,273
Accruals	<u>115,320</u>	<u>580,233</u>
	<u>121,175</u>	<u>585,506</u>

The UK Stem Cell Foundation
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Notes to the financial statements
for the year ended 31 December 2019 (continued)

12. Statement of funds

Current year	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2019 £
Restricted funds					
UKSCF Project - Developing olfactory ensheathing cell implantation	119,057	-	(65,680)	-	53,377
Ex Vivo Expanded Corneal Limbal Transplantation	21,904	-	-	(21,904)	-
MS Society	27,720	-	-	(27,720)	-
Total restricted funds	168,681	-	(65,680)	(49,624)	53,377
Unrestricted funds					
General funds	697,131	643,501	(214,191)	49,624	1,176,065
Total unrestricted funds	697,131	643,501	(214,191)	49,624	1,176,065
Total of funds	865,812	643,501	(279,871)	-	1,229,442

The UK Stem Cell Foundation
(A Company Limited by Guarantee)

Notes to the financial statements
for the year ended 31 December 2019 (continued)

12. Statement of funds (continued)

Prior year	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2018 £
Restricted funds					
UKSCF Project - Developing olfactory ensheathing cell implantation	593,734	-	(474,677)	-	119,057
Repair of spinal cord injury by transplantation	270,895	-	(292,066)	21,171	-
London Development Agency	73,251	-	(33,987)	(39,264)	-
Ex Vivo Expanded Corneal Limbal Transplantation	21,904	-	-	-	21,904
MS Society	27,720	-	-	-	27,720
Total restricted funds	987,504	-	(800,730)	(18,093)	168,681
Unrestricted funds					
General funds	839,841	80,395	(314,899)	91,794	697,131
Designated funds – unallocated project funds	73,701	-	-	(73,701)	-
Total unrestricted funds	913,542	-	(314,899)	18,093	697,131
Total of funds	1,901,046	80,395	(1,115,629)	-	865,812

13. Analysis of net assets between funds

Current year	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £
Tangible fixed assets	638	-	638
Current assets	1,191,812	158,167	1,349,979
Creditors due within one year	(16,385)	(104,790)	(121,175)
	1,176,065	53,377	1,229,442

**The UK Stem Cell Foundation
(A Company Limited by Guarantee)**

**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

13. Analysis of net assets between funds (continued)

Prior year	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £
Tangible fixed assets	1,952	-	1,952
Current assets	709,299	740,067	1,449,366
Creditors due within one year	(14,120)	(571,386)	(585,506)
	<u>697,131</u>	<u>168,681</u>	<u>865,812</u>

14. Commitments under operating leases

At 31 December 2019, the charity had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2019 £	2018 £
Expiry date:		
Within one year	10,570	10,570
Between two and five years	5,285	15,855
In over five years	-	-
	<u>15,855</u>	<u>26,425</u>

During the year £12,684 (rent paid) was charged to the Statement of Financial Activities for rental commitments.

15. Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from that of the charity in an independently administered fund. The charge to the Statement of Financial Activities in respect of the defined contribution scheme was £1,860 (2018: £1,132). Contributions of £512 (2018: £nil) were payable to the fund at the balance sheet date.

16. Related Party Transactions

The London office of the UK Stem Cell Foundation is rented on a commercial basis from The Royal Institution of Great Britain, within which Sir Richard Sykes sits as chairman of the board. During the reporting period rent was charged to the charity at a cost of £3,171 per quarter.

**The UK Stem Cell Foundation
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**Notes to the financial statements
for the year ended 31 December 2019 (continued)**

17. Events after reporting date

After the year end the Covid-19 pandemic occurred, however there has been no impact on the charity thus far nor has there been any changes required to the 2019 financial statement figures. The operational impact on the charitable company has been set out in the Trustees Report and the trustee's consideration of the potential impact on going concern is described in Note 1.3 of the financial statements.

18. Cash generated from operations

	2019	2018
	£	£
Net income/(expenditure) for year	363,630	(1,035,234)
Adjustment for:		
Interest income recognised in net income/(expenditure)	(4,545)	(2,573)
Depreciation	1,314	1,313
Movements in working capital:		
Decrease/(increase) in debtors	346	(235)
(Decrease)/increase in creditors	(464,331)	306,222
Net cash flow from operating activities	<u>(103,586)</u>	<u>(730,507)</u>