

# Financial Statements

## IVCC

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For the Year Ended 31 July 2020

**Registered Charity Number: 1128437**

**Company No. 06719882**

<b>Company Registration Number:</b>	06719882
<b>Registered Charity Number:</b>	1128437
<b>Registered Office:</b>	c/o Liverpool School of Tropical Medicine Pembroke Place Liverpool L3 5QA
<b>Trustees:</b>	S O'Brien (Chairman) K Bennett (resigned 2 <sup>nd</sup> March 2020) D Brandling-Bennett (resigned 2 <sup>nd</sup> March 2020) W S Charles M J P Cooke (resigned 2 <sup>nd</sup> March 2020) A Court P Housset J E Lefroy (appointed by LSTM) Q Liu M Moody-Stuart K L Sebati E Chizema (appointed 2 <sup>nd</sup> March 2020) J Schofield (appointed 2 <sup>nd</sup> March 2020)
<b>Secretary:</b>	Lynn Byrne
<b>Bankers:</b>	Royal Bank of Scotland Plc 1, Dale Street Liverpool L2 2PP
<b>Solicitors:</b>	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL
<b>External Auditors:</b>	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Royal Liver Building Liverpool L3 1PS

IVCC

Financial Statements for the year ended 31 July 2020

**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 2020.

### 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 (resigned 2<sup>nd</sup> March 2020)  
D Brandling-Bennett (resigned 2<sup>nd</sup> March 2020)  
W S Charles  
M J P Cooke (resigned 2<sup>nd</sup> March 2020)  
A Court  
P Housset  
J E Lefroy (appointed by LSTM)  
Q Liu  
M Moody-Stuart (Lifetime Honorary President)  
K L Sebati  
E Chizema (appointed 2<sup>nd</sup> March 2020)  
J Schofield (appointed 2<sup>nd</sup> March 2020)

For more information: <https://www.ivcc.com/board-of-trustees/>.

### Structure, Governance and Management

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

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 Management Committee, 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. In addition to the UK, IVCC has staff located in several countries, including USA and France.

### 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.

### Duty to promote the success of the company

The IVCC Board of Trustees comprises non-executive members but the secretary is a staff member. There are 2 full board meetings each year.

Trustees are not remunerated, and they join the IVCC Board to contribute their skill and expertise to help IVCC to achieve its vision and mission, as detailed elsewhere in this report. The Board of Trustees has a terms of reference that is reviewed annually and Board members receive regular external training on the duties of trustees of a charity. There is also a code of conduct and members are required to declare any conflicts of interest at every meeting.

The Board's key stakeholders have been identified as the following :

- Employees
- Funding partners
- Industry partners
- External scientific advisors
- Local, national and international governments
- Research partners

The Board engage with each of these groups throughout the year through face-to-face meetings, surveys, seminars and written correspondence to promote IVCC's mission

Key decisions made by the Board this year include:

*Approval of the 2020/21 annual budget* : This year's budget was approved by the board following a comprehensive review of our strategic priorities and risks to our business. Due to COVID-19 the budget has been reworked to take account of the impact on next year.

A governance review was undertaken in 2019/20 given the current maturity of the organisation and any recommendations implemented as appropriate.

A strategy refresh was carried out alongside a rephasing of the longer term financial forecast.

### **Employee engagement statement**

Board engagement with employees is largely through the IVCC management team, and involvement of staff in particular focus task groups and projects.

Key employees make presentations to Board members on research activities during Board of Trustee meetings, alongside discussions on finance and governance matters.

### **Statement on business relationships**

The IVCC Board of Trustees and its committees comprise people with a variety of skills and backgrounds. Through their networks Board members are able to foster relationships by direct contact with relevant suppliers, customers and others, particularly in relation to key decisions made by the Board.

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, industry and governments. IVCC continuously assesses its priorities related to its major funding partners, and the Board engages on this through the regular Board meetings.

## Carbon reporting

IVCC occupies space provided by LSTM, its direct holding company. LSTM carbon reporting is included in the LSTM Group Trustees Report.

## 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 service level agreements. This provides IVCC with open access to these support services in a cost-effective manner.

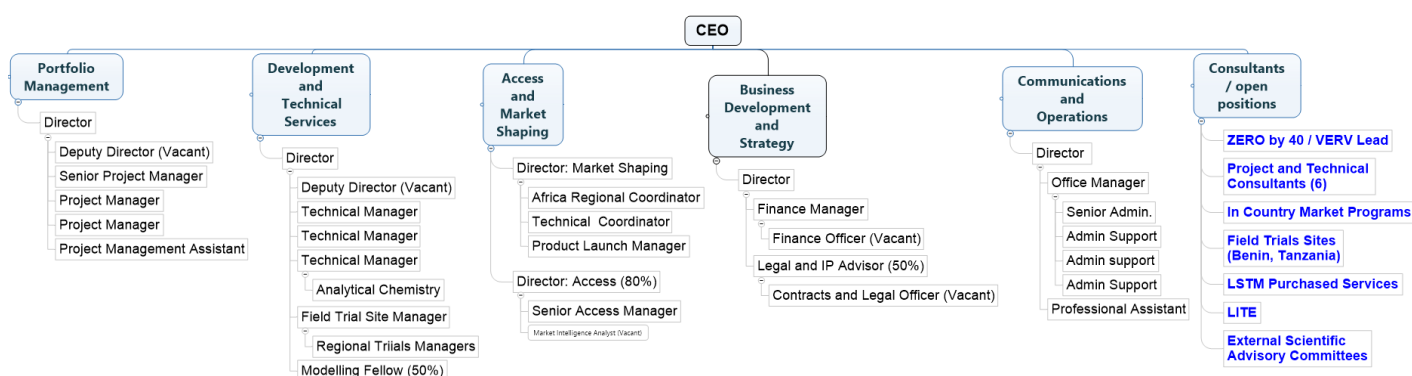


Figure 1: IVCC org chart (April 2020)

## 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 recruit 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 as well as other Product Development Partnerships 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 proposed by the IVCC Remuneration Committee following a recommendation put forward from the relevant Board Members and the annual review undertaken by The Chairman of Trustees as agreed by the Board.

### **Audit Committee**

IVCC benefits from shared accounting and audit arrangements with its parent 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 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 Management Committee, Audit Committee and Board of Trustees at least annually.

There were no reportable serious incidents in the year ended 31 July 2020.

## **Going Concern**

As detailed in the accounting policies, these financial statements are prepared on a going concern basis. Since the outbreak of the covid-19 pandemic IVCC has taken measures to mitigate the risk. These measures are continuing at the time these financial statements are signed. As a result of these measures and the strong balance sheet of IVCC the Trustees are satisfied that the use of the going concern accounting principal remains applicable.

## **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. In January 2020 the UK government signed a deal with the EU to manage the UK's exit from Europe which is due to take place in January 2021. 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 and a separate Brexit working group meets on a regular basis to discuss mitigating actions.

IVCC is also modelling the impact of the Covid19 crisis on its portfolio advancement and expected level of expenditure. This model was shared with the board and with key funders. The key factor for IVCC has been discussion with funders as the majority of its income and expense is project related. However, given the low fixed costs, reducing research activity does very little to reduce the bottom line as expenses correspondingly decrease.

### **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).

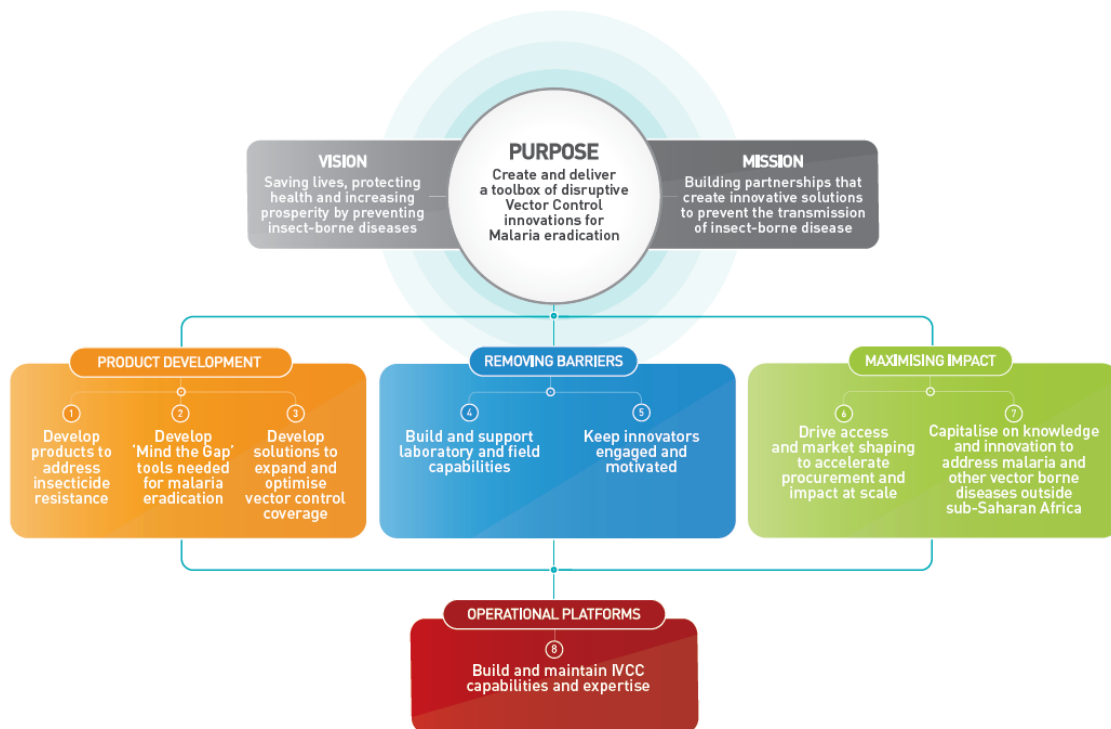


Figure 2: Diagram summarizing IVCC's mission

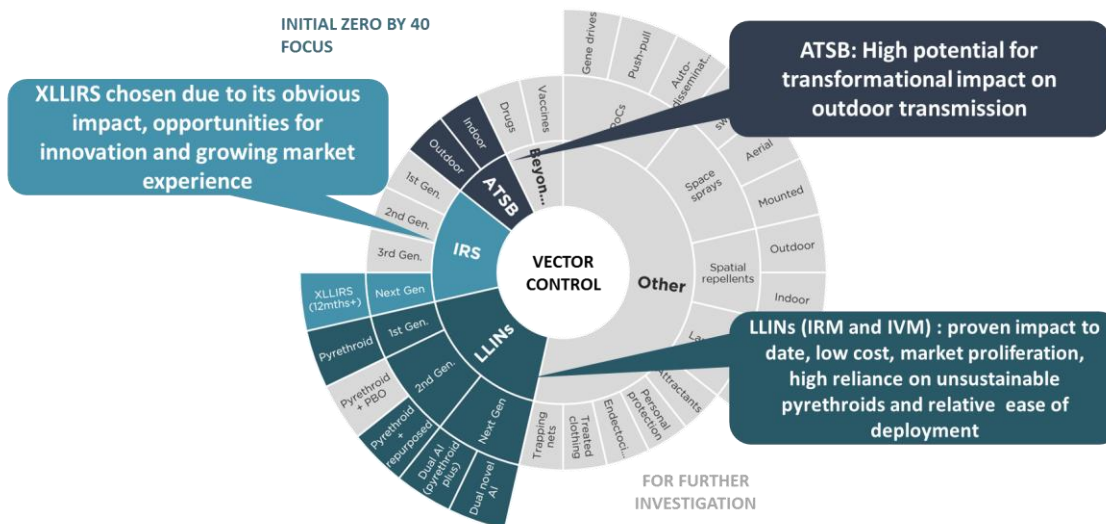
IVCC collaborates with industry and academic leaders to develop a complete toolbox of solutions for vector control. This toolbox is designed to provide malaria control programs with the products to implement sustainable insecticide resistance management strategies. The ultimate goal is nothing less than 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: The ATSB project is being further tested in Mali, Zambia and Kenya to prepare a stage gate review in 2021.
- Supporting the development of new application technologies to improve compliance with product labelling and overall product efficacy.

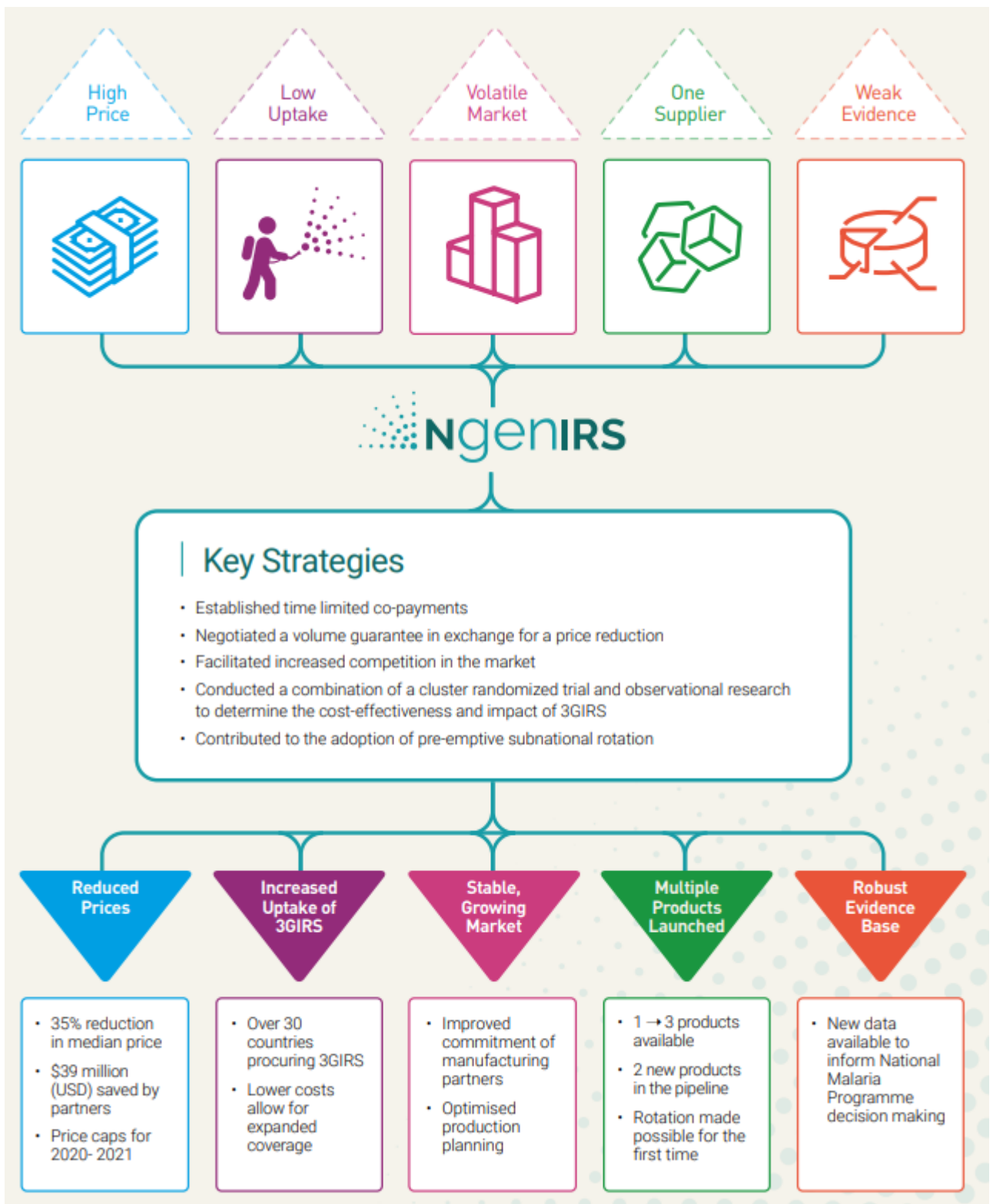
ZERO by 40 is an essential component of IVCC strategy to sustain R&D and marketing efforts of key industrial partners. A second CEO roundtable was held in Davos under Bill Gates chairmanship in January 2019. An action plan is being implemented with companies' representatives to deliver on key projects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

**PRIORITY PROGRAMME INTERVENTION AREAS**

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



The NgenIRS initiative has now successfully concluded. It allowed 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 has increased through the introduction of SumiShield® in 2018 and Fludora® Fusion in 2019 and the expectation to get Sylando® in the market in 2021. The diagram below is summarizing the accomplishment of NgenIRS to address market failures of 3rd Generation IRS (3GIRS) through an innovative and complimentary mix of market shaping strategies. For more information: <https://www.ivcc.com/market-access/ngenirs/>.



The New Nets Project (NNP) works with the next generation of nets, which are dual insecticide nets. These new nets don't yet have a World Health Organisation (WHO) policy recommendation confirming that countries with pyrethroid resistance should consider them over standard nets. NNP will build the epidemiological evidence needed to allow WHO to consider making this new policy recommendation. Under this project, the nets are being assessed in a robust study in Benin to give definitive evidence of how well they perform compared to standard nets.

The project will also assess the cost-effectiveness of the nets under operational pilot conditions, across countries representing different epidemiological, insecticide resistance and entomological profiles. The nets were first deployed in 2019 for pilot studies in Burkina Faso, Mali, Mozambique, Nigeria and Rwanda in 2020. 2021 pilots will start in Cote d'Ivoire, Ghana, Liberia, Malawi. These pilots will allow us to understand the extra benefit these nets can bring in different settings. This information will help countries make informed decisions about how best to spend their malaria control budgets. Additionally, a volume guarantee negotiated with BASF will result in significantly lower pricing by the end of the project in 2022, making them a sustainable choice for countries. In the meantime, the project is implementing a co-payment scheme that allows participating countries to procure the new nets for the same price they would have paid for standard nets.

For more information: <https://www.ivcc.com/market-access/new-nets-project/>.

The Zika grand challenge supported by USAID was successfully completed to September 2019. Some projects received supplemental funding from DFID to further evaluate these technologies against anopheles.

The Indo-Pacific Initiative (IPI), supported by DFAT, was officially launched in Sydney in July 2019, to develop testing capacity and a vector control toolbox for this region. The project started with the publication of key landscaping papers to map the technical gaps and vector control regulatory processes throughout the region. Two projects, NATNAT and BITE are now up and running.

For more information: <https://www.ivcc.com/vector-control/indopacificinitiative/>.

The GLP accredited field and laboratory trial capabilities and capacity building initiative was slowed down by the sanitary crisis which prevented SANAS inspections.

IVCC and its partners were able to adapt to the COVID-19 crisis. The entire staff converted to working from home while maintaining all activities. The situation in countries is monitored by project teams and mitigation plans implemented when possible. IVCC is informing its stakeholders on the COVID-19 impact on programs through a bi-monthly newsletter detailing the situation for each key project. Board of Trustees and ESAC meeting were successfully run through videoconference.

## 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.
- 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.
- Advance ATSB product development with product design freeze, entomology proofing and epidemiology studies.
- Introduce new 3<sup>rd</sup> generation IRS to increase competition and enable IRM strategies
- Deliver NNP expected outcomes
- Use the outcome of the modelling work in our product development strategy and IVM platform.

- Develop an organisation that can deliver 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. IPI).
- Support and leverage our expert platform (ESAC 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 £38.6m was £1.0m down from last year, with resources expended of £37.2m up by £1m giving a gain of £1.3m 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 £0.6m of foreign exchange gain 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 £0.9m loss was taken to the hedging reserve and £0.2m loss was expensed in the year.

A total of £30.0m was spent on direct charitable project activities (2019: £27.3m) with a further £2.6m paid out on project activities undertaken in-house. Core administration support costs of £4.2m (2019: £5.9m) was also incurred in the year.

The Bill & Melinda Gates Foundation (BMGF) provided 20% of the charity's income in the year, down from 25% in 2018/19 and down from 27% in 2017/18. The remaining income was split 43% UNITAID, 24% FCDO (formally DFID), 8% DFAT, 3% USAID and 2% SDC.

Income from charitable activities in 2019/20 was originally budgeted at £40.8m (2019/20 actual - £37.3m) and represents growth on prior year actual income of 3% (2018/19 actual - £36.0m). Total income from charitable activities in 2019/20 of £37.3m represents a 9% shortfall against the original budget of £40.8m. The largest single factor driving this shortfall in expenditure and by extension income is in relation to IVCC's NgenIRS project, a 48-month market shaping initiative funded by UNITAID. A key assumption was that the unspent funds projection set in 2018/19 would be fully utilised in 2019/20 being the concluding year of the programme. An element of this planned expenditure included a contingency fund that can be drawn upon to meet the exposure if volume commitments agreed with product suppliers are not met by in-country order levels. Due to the success of the project in stimulating local demand for the next generation indoor residual spraying products, the contingency fund was not drawn upon.

It is forecast in 2020/21 that income from charitable activities will stabilise around the original budget estimate for 2019/20 being £40.8m. The budget composition for 2020/21 was adjusted to reflect current travel patterns under pandemic conditions which at the time of budget assessment had been assumed to cover the calendar year 2020. Key assumptions underpinning the 2020/21 budget are that no projects suffer an outright suspension as a result of COVID-19 restrictions, but a remodelling of extended lead times was approximated. It is assumed that 2020/21 income will be sourced through existing funder awards.

IVCC's principal grant with BMGF was scheduled to conclude by 30 April 2021 and is subject to a no cost extension to 30 April 2022. IVCC and BMGF are progressing negotiations in relation to the grant renewal cycle which is being integrated with the utilisation timeline for IVCC's predecessor grant.

IVCC's Memorandum of Understanding (MoU) with the former Department for International Development (DfID) has been automatically transferred to the Foreign, Commonwealth & Development Office (FCDO) and the MoU end date extended from March 2021 to March 2022. IVCC will be guided by the FCDO on appropriate timescales for exploring follow-on funding opportunities.

In line with the renewal pattern for IVCC's other principal grants, 2019/20 has been a quiet period for grant renewal developments. IVCC has increased the frequency of its communications with funders and other key stakeholders during this unprecedented period of uncertainty in the global health arena.

### **Grant Making Policy**

IVCC has established its grant making process 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**

IVCC aligns with the group policy of ensuring that unrestricted reserves represent a minimum of 6 months' pay expenditure. 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 resourced, including staffing, partner contracts and all contracts in the supply chain.

IVCC has a healthy bank balance of £38m and no loans outstanding.

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

2020

# 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 2020, 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 2020 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.

## The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the trustees and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the charitable company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the charitable company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a charitable company associated with these particular events.

### **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.

In our evaluation of the trustees' conclusions, we considered the risks associated with the charitable company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

### **Other information**

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

### **Matter 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.

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

## 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) - (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).

These financial statements have been prepared on a going concern basis. In light of the COVID-19 pandemic IVCC put in place measures to monitor the ongoing impact of the pandemic on the financial position and also the continued use of the going concern basis for accounting. These measures included weekly cash flow forecasts at the height of the lockdown (compared to normal monthly cashflow forecasts), weekly Pandemic Emergency Management Team meetings, which cover both practical and financial issues, regular briefing for Board Trustees on the pandemic as it impacts IVCC.

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 :

#### Judgements

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.

#### Estimates

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.

The Covid-19 pandemic impacted the timing of delivery of some research projects. Where these projects have forward foreign exchange contracts which are hedge accounted, changes in timing of cash flows due to the pandemic could impact the futures effectiveness of these hedges.

### Statement of Principal Accounting Policies

#### Going Concern

Despite the covid-19 pandemic, having set up monitoring procedures as per the basis of preparation note above, which covers a period to November 2021, 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.

#### **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 government and 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.

#### **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 Statement of financial activities 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 Statement of financial activities 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 Statement of financial activities. 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.

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 Statement of financial activities 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.

## Statement of Financial Activities

Income	Note	Restricted	Unrestricted	Total	Total
		funds £000	funds £000	2020 £000	2019 £000
<b>Incoming Resources</b>					
Income from charitable activities	1	36,526	814	<b>37,340</b>	35,986
Investment income		558	-	<b>558</b>	220
Other income	2	-	678	<b>678</b>	3,429
<b>Total Incoming Resources</b>		<u>37,084</u>	<u>1,492</u>	<u><b>38,576</b></u>	<u>39,635</u>
<b>Resources Expended</b>					
Expenditure on charitable activities	3	37,084	-	<b>37,084</b>	36,206
Other – change in fair value of financial instrument	7	-	153	<b>153</b>	151
<b>Total Resources Expended</b>		<u>37,084</u>	<u>153</u>	<u><b>37,237</b></u>	<u>36,357</u>
<b>Net Incoming Resources for the Year</b>		-	1,339	<b>1,339</b>	3,278
<b>Other Recognised Losses</b>					
Change in fair value of hedging financial instrument	7	-	642	<b>642</b>	(925)
<b>Net Movement in Funds</b>		-	1,981	<b>1,981</b>	2,353
<b>Total Funds Brought Forward at 1 August 2019</b>		-	4,788	<b>4,788</b>	2,435
<b>Total Funds Carried Forward at 31 July 2020</b>	13	<u>-</u>	<u>6,769</u>	<u><b>6,769</b></u>	<u>4,788</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	2020 £000	2019 £000
<b>Current Assets</b>			
Debtors	8	5,927	12,868
Investments	9	-	3,274
Cash at bank and in hand		<u>38,762</u>	<u>45,292</u>
		<b>44,689</b>	61,434
<b>Creditors: Amounts Falling Due within One Year</b>			
	10	<u>(37,920)</u>	<u>(56,646)</u>
<b>Net Current Assets</b>		<b>6,769</b>	4,788
<b>Net Assets</b>		<u><u>6,769</u></u>	<u><u>4,788</u></u>
<b>Income Funds</b>			
Restricted funds		-	-
<i>Unrestricted funds:</i>			
Income and expenditure reserve - unrestricted		6,879	5,540
Income and expenditure reserve - hedge reserve		<u>(110)</u>	<u>(752)</u>
	13	<u><u>6,769</u></u>	<u><u>4,788</u></u>

**Company Registered Number: 06719882**

The Financial statements were approved by the Board of Trustees on

2020 and signed on its behalf by:

Sir Stephen O'Brien  
Chairman

<b>Cash Flow Statement</b>	<b>2020</b>	2019
	<b>£000</b>	£000
Net income for the reporting period	<b>1,981</b>	2,353
<b>Adjustment for Non-Cash Items</b>		
Interest received	<b>(558)</b>	(220)
Decrease / (Increase) in debtors	<b>6,940</b>	(2,175)
(Decrease) / Increase in creditors	<b>(18,725)</b>	20,854
	<hr/>	<hr/>
<b>Net Cash Flow from Operating Activities</b>	<b>(10,362)</b>	20,812
Taxation paid	-	-
<b>Cash Flows from Investing Activities</b>		
Sale of investments	<b>3,274</b>	1,297
Interest received	<b>558</b>	220
	<hr/>	<hr/>
<b>Net Cash Provided by Investing Activities</b>	<b>3,832</b>	1,517
<b>Change in Cash in the Year</b>	<b>(6,530)</b>	22,329
	<hr/>	<hr/>
Cash at the beginning of the year	<b>45,292</b>	22,963
Cash at the end of the year	<b>38,762</b>	45,292
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of Cash and Cash Equivalents</b>		
Cash in hand	<b>38,762</b>	45,292
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Financial Statements

<b>1 Income</b>	<b>2020</b>	2019
	<b>Total</b>	Total
	<b>£000</b>	£000
<b>Restricted</b>		
Grant income - BMGF	<b>7,224</b>	9,002
Grant income - FCDO (formally DFID)	<b>8,797</b>	9,556
Grant income - ABT Associates	-	1
Grant income - USAID	<b>1,137</b>	2,229
Grant income - DFAT	<b>2,920</b>	416
Grant income - UNITAID	<b>15,841</b>	14,309
Grant income - SDC	<b>607</b>	473
	<b>36,526</b>	35,986
	<b>2020</b>	2019
	<b>Total</b>	Total
	<b>£000</b>	£000
<b>Unrestricted</b>		
Overhead income	<b>814</b>	-
	<b>814</b>	-
<b>2 Other income</b>		

Other income of £678,000 represents amendment of service level agreements charges from prior years. Other income last year of £3,429,000 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 £000	Grants to institutions £000	Support costs £000	Governance £000	2020 Total £000	2019 Total £000
New & Repurposed AIs	484	8,377	2,223	43	<b>11,127</b>	14,073
Outdoor Transmission	50	2,412	369	12	<b>2,843</b>	3,008
I2I, Access & Regulatory	1,025	17,924	1,471	93	<b>20,513</b>	8,478
Diagnostic Tools	-	-	-	-	-	9
NGenIRS	1,045	1,361	183	12	<b>2,601</b>	10,638
	<b>2,604</b>	<b>30,074</b>	<b>4,246</b>	<b>160</b>	<b>37,084</b>	<b>36,206</b>

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 £37,084,000 (2019: £36,206,000) of which £nil was unrestricted (2019: £nil) and £37,084,000 was restricted (2019: £36,206,000).

Grants to institutions reflects payments to partners and other service providers on these projects who have specific relevant knowledge to deliver the research and consulting on behalf of IVCC.

### 4 Support Cost Allocation

	General support costs £000	Governance function £000	2020 Total £000	2019 Total £000
Core administration	2,191	45	<b>2,236</b>	2,146
Project related costs	1,575	32	<b>1,607</b>	2,943
ESAC meeting costs	180	4	<b>184</b>	423
Conferences & Events	84	2	<b>86</b>	36
Communications & Advocacy	216	4	<b>220</b>	463
Regulatory Affairs	-	-	-	11
Direct governance costs	-	73	<b>73</b>	97
	<b>4,246</b>	<b>160</b>	<b>4,406</b>	<b>6,119</b>

## Notes to the Financial Statements

### Basis of support costs allocation

General 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

	2020 £000	2019 £000
Auditor's remuneration	28	23
Meeting costs	31	50
Trustee travel costs	14	23
Support costs allocation (note 4)	87	120
	<u>160</u>	<u>216</u>

### 6 Staff Costs

Staff costs recharged during the year were as follows:

	2020 £000	2019 £000
Salaries	1,651	1,698
Social security costs	243	278
Pension costs	293	269
LSTM Consulting USA staff costs recharge to IVCC	760	526
	<u>2,947</u>	<u>2,771</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 and from LSTM Consulting USA also part of the LSTM Group.

	2020 Number	2019 Number
Number of FTE's employed as at 31 July	<u>22</u>	<u>22</u>

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

	2020 Number	2019 Number
£270,001 to £280,000	1	-
£240,001 to £250,000	-	1
£140,001 to £150,000	1	1
£130,001 to £140,000	1	1
£110,001 to £120,000	1	1
£100,001 to £110,000	-	1
£ 90,001 to £100,000	2	1
£ 80,001 to £ 90,000	1	1
£ 70,001 to £ 80,000	1	2
£ 60,001 to £ 70,000	4	4
	<u>12</u>	<u>13</u>

The pension contributions for these employees were £199,970 (2019: £208,258).

The CEO received remuneration in the year from the charity of £270,763 (2019: £241,535), excluding pension contributions of £13,980 (2019: £33,979). No trustees received remuneration during the year or the prior year.

The total employee remuneration including benefits, of key management personnel of IVCC were £317,337 (2019: £308,712).

Expenses reimbursed to the trustees during the year amounted to £Nil (2019: £Nil).

## Notes to the Financial Statements

### 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. £153,000 (2019: £151,000) of this amount is an unrealised exchange loss. The remaining unrealised gain of £642,000 (2019: £925,000 loss) 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

	2020 £000	2019 £000
Accrued income on research grants	5,743	9,467
Prepayments and other accrued income	-	23
Amounts owed by group undertakings	-	3,128
Forward currency contracts	184	250
	<u>5,927</u>	<u>12,868</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

	2020 £000	2019 £000
Trade creditors	3	358
Deferred income on research grants	32,503	48,247
Amounts owed to group undertakings	215	-
Accruals and other taxes	5,066	7,353
Forward currency contracts	133	688
	<u>37,920</u>	<u>56,646</u>

### 11 Deferred Income

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

	2020 £000
Balance as at 1 August 2019	48,247
Amount released to income earned from charitable activities	(19,994)
Amount deferred in the year	4,250
Balance as at 31 July 2020	<u>32,503</u>

### 12 Financial Instruments

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

	2020 £000	2019 £000
<b>Financial assets</b>		
Financial assets that are measured at amortised cost	<u>44,505</u>	<u>61,160</u>
Financial asset measured at fair value through surplus or deficit	<u>184</u>	<u>250</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>5,284</u>	<u>7,711</u>
Financial liabilities measured at fair value through surplus or deficit	<u>133</u>	<u>688</u>

## Notes to the Financial Statements

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, amounts owed to group undertakings 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 2020 amounting to a asset of £51,000 (2019: £438,000 liability). During 2019/20 a gain of £642,000 (2019: loss of £925,000) 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. A fair value loss of £153,000 (2019: loss of £151,000) for the year has been recognised within unrestricted funds and income/expenditure for the year in respect of foreign currency forward contracts where hedge accounting has not been applied. No amounts of ineffectiveness were recognised in the year (2019: £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 :

	<b>2020</b>	2019
	<b>£000</b>	£000
<b>Financial assets</b>		
Total interest income for financial assets at amortised cost	<u>558</u>	<u>220</u>
<b>Fair value gains and (losses)</b>		
On derivative financial assets and liabilities measured at fair value through income and expenditure	<u>(153)</u>	<u>(151)</u>
On derivative financial assets and liabilities measured at fair value through the hedge reserve	<u>642</u>	<u>(925)</u>

### 13 Income funds

Income funds are analysed as follows:

	<b>Balance</b>				<b>Other</b>	<b>Balance</b>
	<b>31 July 2019</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>recognised</b>	<b>31 July 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>gains and</b>	<b>£000</b>
					<b>losses</b>	
					<b>£000</b>	
<b>Restricted</b>						
Grant funded projects	-	37,084	37,084	-	-	-
<b>Unrestricted</b>						
Income and expenditure reserve	5,540	1,492	153	-	-	<b>6,879</b>
Hedge reserve	(752)	-	-	-	642	<b>(110)</b>
	<u>4,788</u>	<u>38,576</u>	<u>37,237</u>	<u>-</u>	<u>642</u>	<u><b>6,769</b></u>

The unrestricted funds of £6,769,000 reflects surpluses generated by IVCC through its grant activities following achievement of funder deliverables and donations received without performance restrictions.

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



## Notes to the Financial Statements

### 14 Analysis of Net Assets Between Funds

	Restricted funds £000	Unrestricted funds £000	Total £000
Current assets	38,053	6,636	44,689
Current liabilities	(38,053)	133	(37,920)
Total net assets	-	6,769	6,769

### 15 Post balance sheet events

The impact on the charity arising from the recent COVID-19 outbreak has been considered by the Trustees. There are no adjusting or non-adjusting events which have come to light at this current time.

### 16 Related Party Transactions

During 2020, charitable research grants totalling £1,164,000 (2019: £1,307,000) were passed to IVCC's parent company Liverpool School of Tropical Medicine (LSTM); all had performance conditions attached.

As at 31 July 2020 there was an outstanding inter-company balance of £152,000 creditor (2019: £3,060,000 debtor) owed to LSTM relating to net of salary related costs, general supplies, and service level agreement charges.

As at 31 July 2020 there was an outstanding inter-company balance of £nil (2019: £nil) owed to LSTM Consulting Limited and a £63,000 creditor (2019 : £68,000 debtor) owed to LSTM Consulting USA Inc, relating to payroll recharges for US staff as detailed in note 6.

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

### 17 Ultimate Controlling Party

The Trustees consider that the ultimate controlling party is Liverpool School of Tropical Medicine, a company registered in England and Wales (company no. 83405), which is also a registered UK charity (charity no. 222655).

The group accounts are publicly available from Companies House.

### 18 Capital Commitments

The charity had no capital commitments as at 31 July 2020 or 31 July 2019.

### 19 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 £531,361 (2019: £483,589).

### 20 Operating Lease Commitments

At 31 July 2020 the company had annual commitments expiring as follows:

	2020 £000	2019 £000
Amounts due in less than one year	8	25
Amounts due between one and five years	-	8
Amounts due in more than five years	-	-
	<u>8</u>	<u>33</u>

## Notes to the Financial Statements

### 21 Consolidated reconciliation of net funds

	<b>2020</b>	
	<b>£000</b>	
<b>Net funds 1 August 2019</b>	<b>44,853</b>	
Movement in cash and cash equivalents	(6,530)	
Other non-cash changes	490	
<b>Net funds 31 July 2020</b>	<b>38,813</b>	
<b>Change in net funds</b>	<u><u>(6,040)</u></u>	
<b>Analysis of net funds:</b>	<b>2020</b>	2019
	<b>£000</b>	£000
<b>Cash and cash equivalents</b>	<b>38,762</b>	45,292
<b>Borrowings: amounts falling due</b>		
Forward currency contracts	51	(439)
<b>Net funds</b>	<u><u>38,813</u></u>	<u><u>44,853</u></u>

# Financial Statements

## IVCC

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For the Year Ended 31 July 2020

**Registered Charity Number: 1128437**

**Company No. 06719882**

<b>Company Registration Number:</b>	06719882
<b>Registered Charity Number:</b>	1128437
<b>Registered Office:</b>	c/o Liverpool School of Tropical Medicine Pembroke Place Liverpool L3 5QA
<b>Trustees:</b>	S O'Brien (Chairman) K Bennett (resigned 2 <sup>nd</sup> March 2020) D Brandling-Bennett (resigned 2 <sup>nd</sup> March 2020) W S Charles M J P Cooke (resigned 2 <sup>nd</sup> March 2020) A Court P Housset J E Lefroy (appointed by LSTM) Q Liu M Moody-Stuart K L Sebati E Chizema (appointed 2 <sup>nd</sup> March 2020) J Schofield (appointed 2 <sup>nd</sup> March 2020)
<b>Secretary:</b>	Lynn Byrne
<b>Bankers:</b>	Royal Bank of Scotland Plc 1, Dale Street Liverpool L2 2PP
<b>Solicitors:</b>	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL
<b>External Auditors:</b>	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Royal Liver Building Liverpool L3 1PS

IVCC

Financial Statements for the year ended 31 July 2020

**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 2020.

### 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 (resigned 2<sup>nd</sup> March 2020)  
D Brandling-Bennett (resigned 2<sup>nd</sup> March 2020)  
W S Charles  
M J P Cooke (resigned 2<sup>nd</sup> March 2020)  
A Court  
P Housset  
J E Lefroy (appointed by LSTM)  
Q Liu  
M Moody-Stuart (Lifetime Honorary President)  
K L Sebati  
E Chizema (appointed 2<sup>nd</sup> March 2020)  
J Schofield (appointed 2<sup>nd</sup> March 2020)

For more information: <https://www.ivcc.com/board-of-trustees/>.

### Structure, Governance and Management

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

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 Management Committee, 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. In addition to the UK, IVCC has staff located in several countries, including USA and France.

### 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.

### Duty to promote the success of the company

The IVCC Board of Trustees comprises non-executive members but the secretary is a staff member. There are 2 full board meetings each year.

Trustees are not remunerated, and they join the IVCC Board to contribute their skill and expertise to help IVCC to achieve its vision and mission, as detailed elsewhere in this report. The Board of Trustees has a terms of reference that is reviewed annually and Board members receive regular external training on the duties of trustees of a charity. There is also a code of conduct and members are required to declare any conflicts of interest at every meeting.

The Board's key stakeholders have been identified as the following :

- Employees
- Funding partners
- Industry partners
- External scientific advisors
- Local, national and international governments
- Research partners

The Board engage with each of these groups throughout the year through face-to-face meetings, surveys, seminars and written correspondence to promote IVCC's mission

Key decisions made by the Board this year include:

*Approval of the 2020/21 annual budget* : This year's budget was approved by the board following a comprehensive review of our strategic priorities and risks to our business. Due to COVID-19 the budget has been reworked to take account of the impact on next year.

A governance review was undertaken in 2019/20 given the current maturity of the organisation and any recommendations implemented as appropriate.

A strategy refresh was carried out alongside a rephrasing of the longer term financial forecast.

### **Employee engagement statement**

Board engagement with employees is largely through the IVCC management team, and involvement of staff in particular focus task groups and projects.

Key employees make presentations to Board members on research activities during Board of Trustee meetings, alongside discussions on finance and governance matters.

### **Statement on business relationships**

The IVCC Board of Trustees and its committees comprise people with a variety of skills and backgrounds. Through their networks Board members are able to foster relationships by direct contact with relevant suppliers, customers and others, particularly in relation to key decisions made by the Board.

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, industry and governments. IVCC continuously assesses its priorities related to its major funding partners, and the Board engages on this through the regular Board meetings.



## Carbon reporting

IVCC occupies space provided by LSTM, its direct holding company. LSTM carbon reporting is included in the LSTM Group Trustees Report.

## 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 service level agreements. This provides IVCC with open access to these support services in a cost-effective manner.

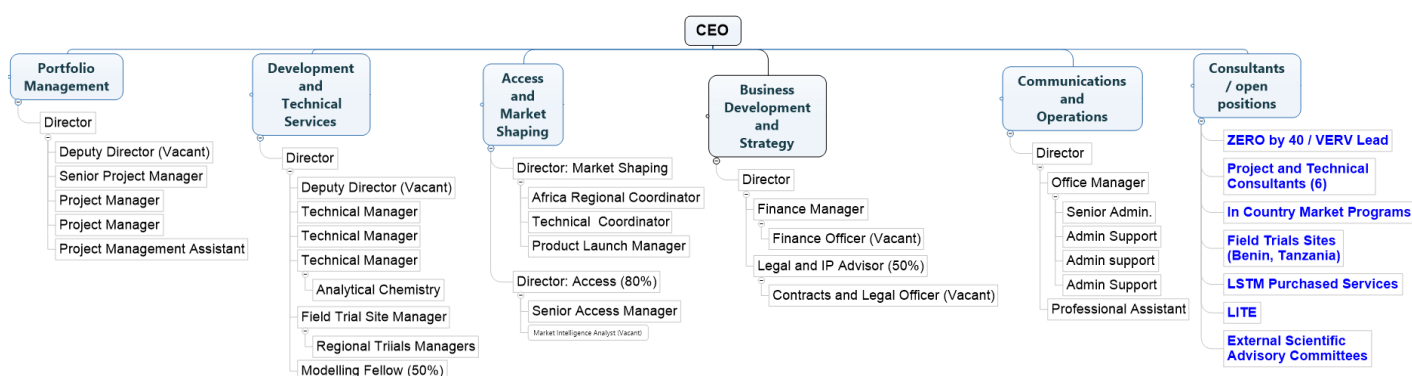


Figure 1: IVCC org chart (April 2020)

## 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 recruit 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 as well as other Product Development Partnerships 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 proposed by the IVCC Remuneration Committee following a recommendation put forward from the relevant Board Members and the annual review undertaken by The Chairman of Trustees as agreed by the Board.

### **Audit Committee**

IVCC benefits from shared accounting and audit arrangements with its parent 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 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 Management Committee, Audit Committee and Board of Trustees at least annually.

There were no reportable serious incidents in the year ended 31 July 2020.

## **Going Concern**

As detailed in the accounting policies, these financial statements are prepared on a going concern basis. Since the outbreak of the covid-19 pandemic IVCC has taken measures to mitigate the risk. These measures are continuing at the time these financial statements are signed. As a result of these measures and the strong balance sheet of IVCC the Trustees are satisfied that the use of the going concern accounting principal remains applicable.

## **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. In January 2020 the UK government signed a deal with the EU to manage the UK's exit from Europe which is due to take place in January 2021. 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 and a separate Brexit working group meets on a regular basis to discuss mitigating actions.

IVCC is also modelling the impact of the Covid19 crisis on its portfolio advancement and expected level of expenditure. This model was shared with the board and with key funders. The key factor for IVCC has been discussion with funders as the majority of its income and expense is project related. However, given the low fixed costs, reducing research activity does very little to reduce the bottom line as expenses correspondingly decrease.

### **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).

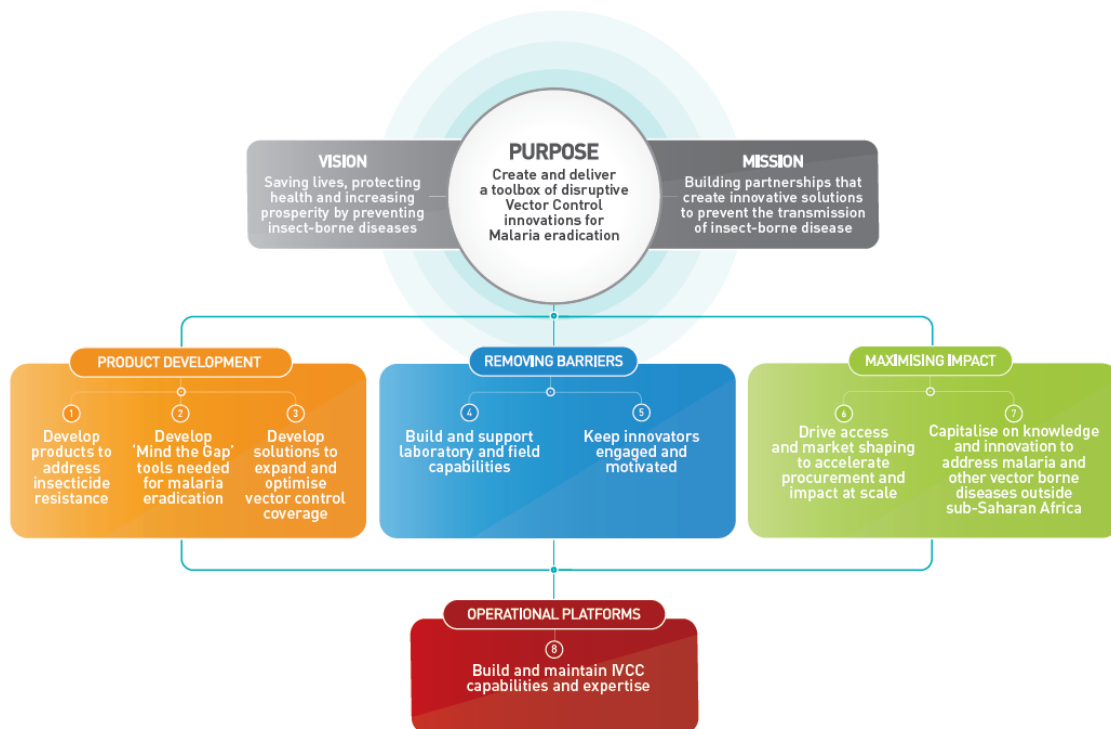


Figure 2: Diagram summarizing IVCC's mission

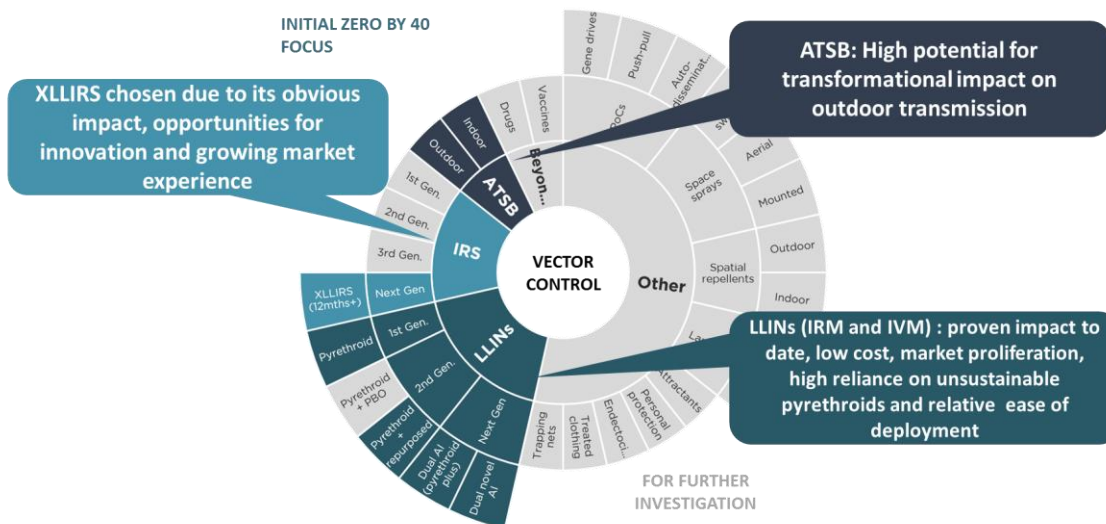
IVCC collaborates with industry and academic leaders to develop a complete toolbox of solutions for vector control. This toolbox is designed to provide malaria control programs with the products to implement sustainable insecticide resistance management strategies. The ultimate goal is nothing less than 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: The ATSB project is being further tested in Mali, Zambia and Kenya to prepare a stage gate review in 2021.
- Supporting the development of new application technologies to improve compliance with product labelling and overall product efficacy.

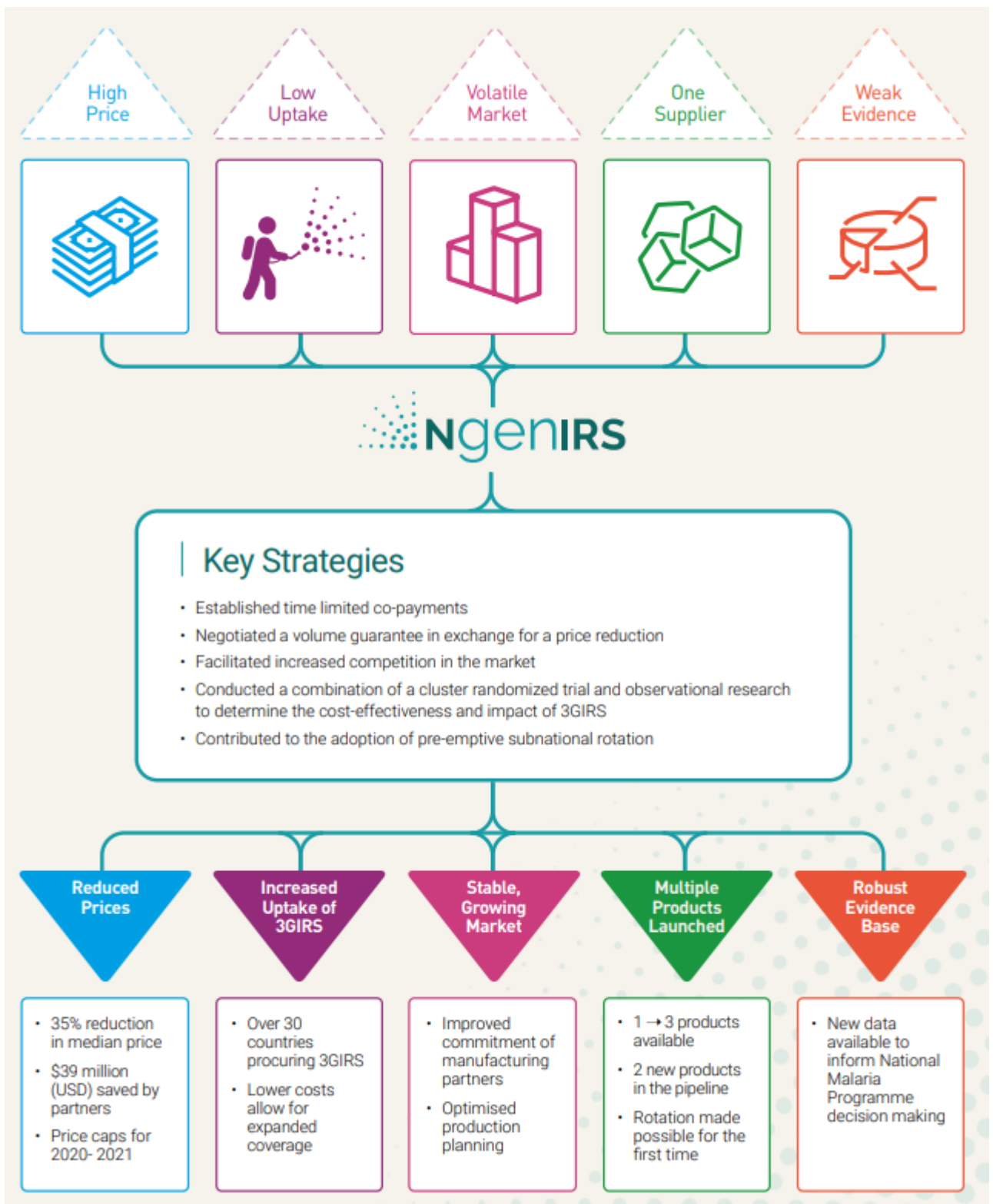
ZERO by 40 is an essential component of IVCC strategy to sustain R&D and marketing efforts of key industrial partners. A second CEO roundtable was held in Davos under Bill Gates chairmanship in January 2019. An action plan is being implemented with companies' representatives to deliver on key projects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

**PRIORITY PROGRAMME INTERVENTION AREAS**

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



The NgenIRS initiative has now successfully concluded. It allowed 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 has increased through the introduction of SumiShield® in 2018 and Fludora® Fusion in 2019 and the expectation to get Sylando® in the market in 2021. The diagram below is summarizing the accomplishment of NgenIRS to address market failures of 3rd Generation IRS (3GIRS) through an innovative and complimentary mix of market shaping strategies. For more information: <https://www.ivcc.com/market-access/ngenirs/>.



The New Nets Project (NNP) works with the next generation of nets, which are dual insecticide nets. These new nets don't yet have a World Health Organisation (WHO) policy recommendation confirming that countries with pyrethroid resistance should consider them over standard nets. NNP will build the epidemiological evidence needed to allow WHO to consider making this new policy recommendation. Under this project, the nets are being assessed in a robust study in Benin to give definitive evidence of how well they perform compared to standard nets.

The project will also assess the cost-effectiveness of the nets under operational pilot conditions, across countries representing different epidemiological, insecticide resistance and entomological profiles. The nets were first deployed in 2019 for pilot studies in Burkina Faso, Mali, Mozambique, Nigeria and Rwanda in 2020. 2021 pilots will start in Cote d'Ivoire, Ghana, Liberia, Malawi. These pilots will allow us to understand the extra benefit these nets can bring in different settings. This information will help countries make informed decisions about how best to spend their malaria control budgets. Additionally, a volume guarantee negotiated with BASF will result in significantly lower pricing by the end of the project in 2022, making them a sustainable choice for countries. In the meantime, the project is implementing a co-payment scheme that allows participating countries to procure the new nets for the same price they would have paid for standard nets.

For more information: <https://www.ivcc.com/market-access/new-nets-project/>.

The Zika grand challenge supported by USAID was successfully completed to September 2019. Some projects received supplemental funding from DFID to further evaluate these technologies against anopheles.

The Indo-Pacific Initiative (IPI), supported by DFAT, was officially launched in Sydney in July 2019, to develop testing capacity and a vector control toolbox for this region. The project started with the publication of key landscaping papers to map the technical gaps and vector control regulatory processes throughout the region. Two projects, NATNAT and BITE are now up and running.

For more information: <https://www.ivcc.com/vector-control/indopacificinitiative/>.

The GLP accredited field and laboratory trial capabilities and capacity building initiative was slowed down by the sanitary crisis which prevented SANAS inspections.

IVCC and its partners were able to adapt to the COVID-19 crisis. The entire staff converted to working from home while maintaining all activities. The situation in countries is monitored by project teams and mitigation plans implemented when possible. IVCC is informing its stakeholders on the COVID-19 impact on programs through a bi-monthly newsletter detailing the situation for each key project. Board of Trustees and ESAC meeting were successfully run through videoconference.

## 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.
- 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.
- Advance ATSB product development with product design freeze, entomology proofing and epidemiology studies.
- Introduce new 3<sup>rd</sup> generation IRS to increase competition and enable IRM strategies
- Deliver NNP expected outcomes
- Use the outcome of the modelling work in our product development strategy and IVM platform.



- Develop an organisation that can deliver 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. IPI).
- Support and leverage our expert platform (ESAC 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 £38.6m was £1.0m down from last year, with resources expended of £37.2m up by £1m giving a gain of £1.3m 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 £0.6m of foreign exchange gain 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 £0.9m loss was taken to the hedging reserve and £0.2m loss was expensed in the year.

A total of £30.0m was spent on direct charitable project activities (2019: £27.3m) with a further £2.6m paid out on project activities undertaken in-house. Core administration support costs of £4.2m (2019: £5.9m) was also incurred in the year.

The Bill & Melinda Gates Foundation (BMGF) provided 20% of the charity's income in the year, down from 25% in 2018/19 and down from 27% in 2017/18. The remaining income was split 43% UNITAID, 24% FCDO (formally DFID), 8% DFAT, 3% USAID and 2% SDC.

Income from charitable activities in 2019/20 was originally budgeted at £40.8m (2019/20 actual - £37.3m) and represents growth on prior year actual income of 3% (2018/19 actual - £36.0m). Total income from charitable activities in 2019/20 of £37.3m represents a 9% shortfall against the original budget of £40.8m. The largest single factor driving this shortfall in expenditure and by extension income is in relation to IVCC's NgenIRS project, a 48-month market shaping initiative funded by UNITAID. A key assumption was that the unspent funds projection set in 2018/19 would be fully utilised in 2019/20 being the concluding year of the programme. An element of this planned expenditure included a contingency fund that can be drawn upon to meet the exposure if volume commitments agreed with product suppliers are not met by in-country order levels. Due to the success of the project in stimulating local demand for the next generation indoor residual spraying products, the contingency fund was not drawn upon.

It is forecast in 2020/21 that income from charitable activities will stabilise around the original budget estimate for 2019/20 being £40.8m. The budget composition for 2020/21 was adjusted to reflect current travel patterns under pandemic conditions which at the time of budget assessment had been assumed to cover the calendar year 2020. Key assumptions underpinning the 2020/21 budget are that no projects suffer an outright suspension as a result of COVID-19 restrictions, but a remodelling of extended lead times was approximated. It is assumed that 2020/21 income will be sourced through existing funder awards.

IVCC's principal grant with BMGF was scheduled to conclude by 30 April 2021 and is subject to a no cost extension to 30 April 2022. IVCC and BMGF are progressing negotiations in relation to the grant renewal cycle which is being integrated with the utilisation timeline for IVCC's predecessor grant.

IVCC's Memorandum of Understanding (MoU) with the former Department for International Development (DfID) has been automatically transferred to the Foreign, Commonwealth & Development Office (FCDO) and the MoU end date extended from March 2021 to March 2022. IVCC will be guided by the FCDO on appropriate timescales for exploring follow-on funding opportunities.

In line with the renewal pattern for IVCC's other principal grants, 2019/20 has been a quiet period for grant renewal developments. IVCC has increased the frequency of its communications with funders and other key stakeholders during this unprecedented period of uncertainty in the global health arena.

### **Grant Making Policy**

IVCC has established its grant making process 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**

IVCC aligns with the group policy of ensuring that unrestricted reserves represent a minimum of 6 months' pay expenditure. 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 resourced, including staffing, partner contracts and all contracts in the supply chain.

IVCC has a healthy bank balance of £38m and no loans outstanding.

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

2020

# 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 2020, 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 2020 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.

## The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the trustees and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the charitable company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the charitable company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a charitable company associated with these particular events.

### **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.

In our evaluation of the trustees' conclusions, we considered the risks associated with the charitable company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

### **Other information**

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

### **Matter 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.

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

## 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) - (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).

These financial statements have been prepared on a going concern basis. In light of the COVID-19 pandemic IVCC put in place measures to monitor the ongoing impact of the pandemic on the financial position and also the continued use of the going concern basis for accounting. These measures included weekly cash flow forecasts at the height of the lockdown (compared to normal monthly cashflow forecasts), weekly Pandemic Emergency Management Team meetings, which cover both practical and financial issues, regular briefing for Board Trustees on the pandemic as it impacts IVCC.

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 :

#### Judgements

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.

#### Estimates

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.

The Covid-19 pandemic impacted the timing of delivery of some research projects. Where these projects have forward foreign exchange contracts which are hedge accounted, changes in timing of cash flows due to the pandemic could impact the futures effectiveness of these hedges.

### Statement of Principal Accounting Policies

#### Going Concern

Despite the covid-19 pandemic, having set up monitoring procedures as per the basis of preparation note above, which covers a period to November 2021, 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.

#### **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 government and 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.

#### **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 Statement of financial activities 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 Statement of financial activities 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 Statement of financial activities. 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.

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 Statement of financial activities 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.

## Statement of Financial Activities

Income	Note	Restricted	Unrestricted	Total	Total
		funds £000	funds £000	2020 £000	2019 £000
<b>Incoming Resources</b>					
Income from charitable activities	1	36,526	814	<b>37,340</b>	35,986
Investment income		558	-	<b>558</b>	220
Other income	2	-	678	<b>678</b>	3,429
<b>Total Incoming Resources</b>		<u>37,084</u>	<u>1,492</u>	<u><b>38,576</b></u>	<u>39,635</u>
<b>Resources Expended</b>					
Expenditure on charitable activities	3	37,084	-	<b>37,084</b>	36,206
Other – change in fair value of financial instrument	7	-	153	<b>153</b>	151
<b>Total Resources Expended</b>		<u>37,084</u>	<u>153</u>	<u><b>37,237</b></u>	<u>36,357</u>
<b>Net Incoming Resources for the Year</b>		-	1,339	<b>1,339</b>	3,278
<b>Other Recognised Losses</b>					
Change in fair value of hedging financial instrument	7	-	642	<b>642</b>	(925)
<b>Net Movement in Funds</b>		-	1,981	<b>1,981</b>	2,353
<b>Total Funds Brought Forward at 1 August 2019</b>		-	4,788	<b>4,788</b>	2,435
<b>Total Funds Carried Forward at 31 July 2020</b>	13	<u>-</u>	<u>6,769</u>	<u><b>6,769</b></u>	<u>4,788</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	2020 £000	2019 £000
<b>Current Assets</b>			
Debtors	8	5,927	12,868
Investments	9	-	3,274
Cash at bank and in hand		<u>38,762</u>	<u>45,292</u>
		<b>44,689</b>	61,434
<b>Creditors: Amounts Falling Due within One Year</b>			
	10	<u>(37,920)</u>	<u>(56,646)</u>
<b>Net Current Assets</b>		<b>6,769</b>	4,788
<b>Net Assets</b>		<u><u>6,769</u></u>	<u><u>4,788</u></u>
<b>Income Funds</b>			
Restricted funds		-	-
<i>Unrestricted funds:</i>			
Income and expenditure reserve - unrestricted		6,879	5,540
Income and expenditure reserve - hedge reserve		<u>(110)</u>	<u>(752)</u>
	13	<u><u>6,769</u></u>	<u><u>4,788</u></u>

**Company Registered Number: 06719882**

The Financial statements were approved by the Board of Trustees on

2020 and signed on its behalf by:

Sir Stephen O'Brien  
Chairman

<b>Cash Flow Statement</b>	<b>2020</b>	2019
	<b>£000</b>	£000
Net income for the reporting period	<b>1,981</b>	2,353
<b>Adjustment for Non-Cash Items</b>		
Interest received	<b>(558)</b>	(220)
Decrease / (Increase) in debtors	<b>6,940</b>	(2,175)
(Decrease) / Increase in creditors	<b>(18,725)</b>	20,854
	<hr/>	<hr/>
<b>Net Cash Flow from Operating Activities</b>	<b>(10,362)</b>	20,812
Taxation paid	-	-
<b>Cash Flows from Investing Activities</b>		
Sale of investments	<b>3,274</b>	1,297
Interest received	<b>558</b>	220
	<hr/>	<hr/>
<b>Net Cash Provided by Investing Activities</b>	<b>3,832</b>	1,517
<b>Change in Cash in the Year</b>	<b>(6,530)</b>	22,329
	<hr/>	<hr/>
Cash at the beginning of the year	<b>45,292</b>	22,963
Cash at the end of the year	<b>38,762</b>	45,292
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of Cash and Cash Equivalents</b>		
Cash in hand	<b>38,762</b>	45,292
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Financial Statements

<b>1 Income</b>	<b>2020</b>	2019
	<b>Total</b>	Total
	<b>£000</b>	£000
<b>Restricted</b>		
Grant income - BMGF	<b>7,224</b>	9,002
Grant income - FCDO (formally DFID)	<b>8,797</b>	9,556
Grant income - ABT Associates	-	1
Grant income - USAID	<b>1,137</b>	2,229
Grant income - DFAT	<b>2,920</b>	416
Grant income - UNITAID	<b>15,841</b>	14,309
Grant income - SDC	<b>607</b>	473
	<b>36,526</b>	35,986
	<b>2020</b>	2019
	<b>Total</b>	Total
	<b>£000</b>	£000
<b>Unrestricted</b>		
Overhead income	<b>814</b>	-
	<b>814</b>	-

## 2 Other income

Other income of £678,000 represents amendment of service level agreements charges from prior years. Other income last year of £3,429,000 represents the release of cumulative net overhead contribution generated by IVCC through its grant activities.

## 3 Analysis of Expenditure on Charitable Activities

	<b>Activities undertaken directly</b>	<b>Grants to institutions</b>	<b>Support costs</b>	<b>Governance</b>	<b>2020 Total</b>	2019 Total
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	£000
New & Repurposed AIs	484	8,377	2,223	43	<b>11,127</b>	14,073
Outdoor Transmission	50	2,412	369	12	<b>2,843</b>	3,008
I2I, Access & Regulatory	1,025	17,924	1,471	93	<b>20,513</b>	8,478
Diagnostic Tools	-	-	-	-	-	9
NGenIRS	1,045	1,361	183	12	<b>2,601</b>	10,638
	<b>2,604</b>	<b>30,074</b>	<b>4,246</b>	<b>160</b>	<b>37,084</b>	36,206

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 £37,084,000 (2019: £36,206,000) of which £nil was unrestricted (2019: £nil) and £37,084,000 was restricted (2019: £36,206,000).

Grants to institutions reflects payments to partners and other service providers on these projects who have specific relevant knowledge to deliver the research and consulting on behalf of IVCC.

## 4 Support Cost Allocation

	<b>General support costs</b>	<b>Governance function</b>	<b>2020 Total</b>	2019 Total
	<b>£000</b>	<b>£000</b>	<b>£000</b>	£000
Core administration	2,191	45	<b>2,236</b>	2,146
Project related costs	1,575	32	<b>1,607</b>	2,943
ESAC meeting costs	180	4	<b>184</b>	423
Conferences & Events	84	2	<b>86</b>	36
Communications & Advocacy	216	4	<b>220</b>	463
Regulatory Affairs	-	-	-	11
Direct governance costs	-	73	<b>73</b>	97
	<b>4,246</b>	<b>160</b>	<b>4,406</b>	6,119

## Notes to the Financial Statements

### Basis of support costs allocation

General 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

	2020 £000	2019 £000
Auditor's remuneration	28	23
Meeting costs	31	50
Trustee travel costs	14	23
Support costs allocation (note 4)	87	120
	<u>160</u>	<u>216</u>

### 6 Staff Costs

Staff costs recharged during the year were as follows:

	2020 £000	2019 £000
Salaries	1,651	1,698
Social security costs	243	278
Pension costs	293	269
LSTM Consulting USA staff costs recharge to IVCC	760	526
	<u>2,947</u>	<u>2,771</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 and from LSTM Consulting USA also part of the LSTM Group.

	2020 Number	2019 Number
Number of FTE's employed as at 31 July	<u>22</u>	<u>22</u>

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

	2020 Number	2019 Number
£270,001 to £280,000	1	-
£240,001 to £250,000	-	1
£140,001 to £150,000	1	1
£130,001 to £140,000	1	1
£110,001 to £120,000	1	1
£100,001 to £110,000	-	1
£ 90,001 to £100,000	2	1
£ 80,001 to £ 90,000	1	1
£ 70,001 to £ 80,000	1	2
£ 60,001 to £ 70,000	4	4
	<u>12</u>	<u>13</u>

The pension contributions for these employees were £199,970 (2019: £208,258).

The CEO received remuneration in the year from the charity of £270,763 (2019: £241,535), excluding pension contributions of £13,980 (2019: £33,979). No trustees received remuneration during the year or the prior year.

The total employee remuneration including benefits, of key management personnel of IVCC were £317,337 (2019: £308,712).

Expenses reimbursed to the trustees during the year amounted to £Nil (2019: £Nil).



## Notes to the Financial Statements

### 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. £153,000 (2019: £151,000) of this amount is an unrealised exchange loss. The remaining unrealised gain of £642,000 (2019: £925,000 loss) 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

	2020 £000	2019 £000
Accrued income on research grants	5,743	9,467
Prepayments and other accrued income	-	23
Amounts owed by group undertakings	-	3,128
Forward currency contracts	184	250
	<u>5,927</u>	<u>12,868</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

	2020 £000	2019 £000
Trade creditors	3	358
Deferred income on research grants	32,503	48,247
Amounts owed to group undertakings	215	-
Accruals and other taxes	5,066	7,353
Forward currency contracts	133	688
	<u>37,920</u>	<u>56,646</u>

### 11 Deferred Income

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

	2020 £000
Balance as at 1 August 2019	48,247
Amount released to income earned from charitable activities	(19,994)
Amount deferred in the year	4,250
Balance as at 31 July 2020	<u>32,503</u>

### 12 Financial Instruments

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

	2020 £000	2019 £000
<b>Financial assets</b>		
Financial assets that are measured at amortised cost	<u>44,505</u>	<u>61,160</u>
Financial asset measured at fair value through surplus or deficit	<u>184</u>	<u>250</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>5,284</u>	<u>7,711</u>
Financial liabilities measured at fair value through surplus or deficit	<u>133</u>	<u>688</u>

## Notes to the Financial Statements

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, amounts owed to group undertakings 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 2020 amounting to a asset of £51,000 (2019: £438,000 liability). During 2019/20 a gain of £642,000 (2019: loss of £925,000) 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. A fair value loss of £153,000 (2019: loss of £151,000) for the year has been recognised within unrestricted funds and income/expenditure for the year in respect of foreign currency forward contracts where hedge accounting has not been applied. No amounts of ineffectiveness were recognised in the year (2019: £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 :

	<b>2020</b>	2019
	<b>£000</b>	£000
<b>Financial assets</b>		
Total interest income for financial assets at amortised cost	<u>558</u>	<u>220</u>
<b>Fair value gains and (losses)</b>		
On derivative financial assets and liabilities measured at fair value through income and expenditure	<u>(153)</u>	<u>(151)</u>
On derivative financial assets and liabilities measured at fair value through the hedge reserve	<u>642</u>	<u>(925)</u>

### 13 Income funds

Income funds are analysed as follows:

	<b>Balance</b>				<b>Other</b>	<b>Balance</b>
	<b>31 July 2019</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>recognised</b>	<b>31 July 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>gains and</b>	<b>£000</b>
					<b>losses</b>	
					<b>£000</b>	
<b>Restricted</b>						
Grant funded projects	-	37,084	37,084	-	-	-
<b>Unrestricted</b>						
Income and expenditure reserve	5,540	1,492	153	-	-	<b>6,879</b>
Hedge reserve	(752)	-	-	-	642	<b>(110)</b>
	<u>4,788</u>	<u>38,576</u>	<u>37,237</u>	<u>-</u>	<u>642</u>	<u><b>6,769</b></u>

The unrestricted funds of £6,769,000 reflects surpluses generated by IVCC through its grant activities following achievement of funder deliverables and donations received without performance restrictions.

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

## Notes to the Financial Statements

### 14 Analysis of Net Assets Between Funds

	Restricted funds £000	Unrestricted funds £000	Total £000
Current assets	38,053	6,636	44,689
Current liabilities	(38,053)	133	(37,920)
Total net assets	-	6,769	6,769

### 15 Post balance sheet events

The impact on the charity arising from the recent COVID-19 outbreak has been considered by the Trustees. There are no adjusting or non-adjusting events which have come to light at this current time.

### 16 Related Party Transactions

During 2020, charitable research grants totalling £1,164,000 (2019: £1,307,000) were passed to IVCC's parent company Liverpool School of Tropical Medicine (LSTM); all had performance conditions attached.

As at 31 July 2020 there was an outstanding inter-company balance of £152,000 creditor (2019: £3,060,000 debtor) owed to LSTM relating to net of salary related costs, general supplies, and service level agreement charges.

As at 31 July 2020 there was an outstanding inter-company balance of £nil (2019: £nil) owed to LSTM Consulting Limited and a £63,000 creditor (2019 : £68,000 debtor) owed to LSTM Consulting USA Inc, relating to payroll recharges for US staff as detailed in note 6.

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

### 17 Ultimate Controlling Party

The Trustees consider that the ultimate controlling party is Liverpool School of Tropical Medicine, a company registered in England and Wales (company no. 83405), which is also a registered UK charity (charity no. 222655).

The group accounts are publicly available from Companies House.

### 18 Capital Commitments

The charity had no capital commitments as at 31 July 2020 or 31 July 2019.

### 19 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 £531,361 (2019: £483,589).

### 20 Operating Lease Commitments

At 31 July 2020 the company had annual commitments expiring as follows:

	2020 £000	2019 £000
Amounts due in less than one year	8	25
Amounts due between one and five years	-	8
Amounts due in more than five years	-	-
	<u>8</u>	<u>33</u>

## Notes to the Financial Statements

### 21 Consolidated reconciliation of net funds

	<b>2020</b>	
	<b>£000</b>	
<b>Net funds 1 August 2019</b>	<b>44,853</b>	
Movement in cash and cash equivalents	(6,530)	
Other non-cash changes	490	
<b>Net funds 31 July 2020</b>	<b>38,813</b>	
<b>Change in net funds</b>	<u><u>(6,040)</u></u>	
<b>Analysis of net funds:</b>	<b>2020</b>	2019
	<b>£000</b>	£000
<b>Cash and cash equivalents</b>	<b>38,762</b>	45,292
<b>Borrowings: amounts falling due</b>		
Forward currency contracts	51	(439)
<b>Net funds</b>	<u><u>38,813</u></u>	<u><u>44,853</u></u>

# Financial Statements

## IVCC

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For the Year Ended 31 July 2020

**Registered Charity Number: 1128437**

**Company No. 06719882**

<b>Company Registration Number:</b>	06719882
<b>Registered Charity Number:</b>	1128437
<b>Registered Office:</b>	c/o Liverpool School of Tropical Medicine Pembroke Place Liverpool L3 5QA
<b>Trustees:</b>	S O'Brien (Chairman) K Bennett (resigned 2 <sup>nd</sup> March 2020) D Brandling-Bennett (resigned 2 <sup>nd</sup> March 2020) W S Charles M J P Cooke (resigned 2 <sup>nd</sup> March 2020) A Court P Housset J E Lefroy (appointed by LSTM) Q Liu M Moody-Stuart K L Sebati E Chizema (appointed 2 <sup>nd</sup> March 2020) J Schofield (appointed 2 <sup>nd</sup> March 2020)
<b>Secretary:</b>	Lynn Byrne
<b>Bankers:</b>	Royal Bank of Scotland Plc 1, Dale Street Liverpool L2 2PP
<b>Solicitors:</b>	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL
<b>External Auditors:</b>	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Royal Liver Building Liverpool L3 1PS

IVCC

Financial Statements for the year ended 31 July 2020

**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 2020.

### 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 (resigned 2<sup>nd</sup> March 2020)  
D Brandling-Bennett (resigned 2<sup>nd</sup> March 2020)  
W S Charles  
M J P Cooke (resigned 2<sup>nd</sup> March 2020)  
A Court  
P Housset  
J E Lefroy (appointed by LSTM)  
Q Liu  
M Moody-Stuart (Lifetime Honorary President)  
K L Sebati  
E Chizema (appointed 2<sup>nd</sup> March 2020)  
J Schofield (appointed 2<sup>nd</sup> March 2020)

For more information: <https://www.ivcc.com/board-of-trustees/>.

### Structure, Governance and Management

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

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 Management Committee, 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. In addition to the UK, IVCC has staff located in several countries, including USA and France.

### 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.

### Duty to promote the success of the company

The IVCC Board of Trustees comprises non-executive members but the secretary is a staff member. There are 2 full board meetings each year.

Trustees are not remunerated, and they join the IVCC Board to contribute their skill and expertise to help IVCC to achieve its vision and mission, as detailed elsewhere in this report. The Board of Trustees has a terms of reference that is reviewed annually and Board members receive regular external training on the duties of trustees of a charity. There is also a code of conduct and members are required to declare any conflicts of interest at every meeting.

The Board's key stakeholders have been identified as the following :

- Employees
- Funding partners
- Industry partners
- External scientific advisors
- Local, national and international governments
- Research partners

The Board engage with each of these groups throughout the year through face-to-face meetings, surveys, seminars and written correspondence to promote IVCC's mission

Key decisions made by the Board this year include:

*Approval of the 2020/21 annual budget* : This year's budget was approved by the board following a comprehensive review of our strategic priorities and risks to our business. Due to COVID-19 the budget has been reworked to take account of the impact on next year.

A governance review was undertaken in 2019/20 given the current maturity of the organisation and any recommendations implemented as appropriate.

A strategy refresh was carried out alongside a rephrasing of the longer term financial forecast.

### **Employee engagement statement**

Board engagement with employees is largely through the IVCC management team, and involvement of staff in particular focus task groups and projects.

Key employees make presentations to Board members on research activities during Board of Trustee meetings, alongside discussions on finance and governance matters.

### **Statement on business relationships**

The IVCC Board of Trustees and its committees comprise people with a variety of skills and backgrounds. Through their networks Board members are able to foster relationships by direct contact with relevant suppliers, customers and others, particularly in relation to key decisions made by the Board.

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, industry and governments. IVCC continuously assesses its priorities related to its major funding partners, and the Board engages on this through the regular Board meetings.

## Carbon reporting

IVCC occupies space provided by LSTM, its direct holding company. LSTM carbon reporting is included in the LSTM Group Trustees Report.

## 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 service level agreements. This provides IVCC with open access to these support services in a cost-effective manner.

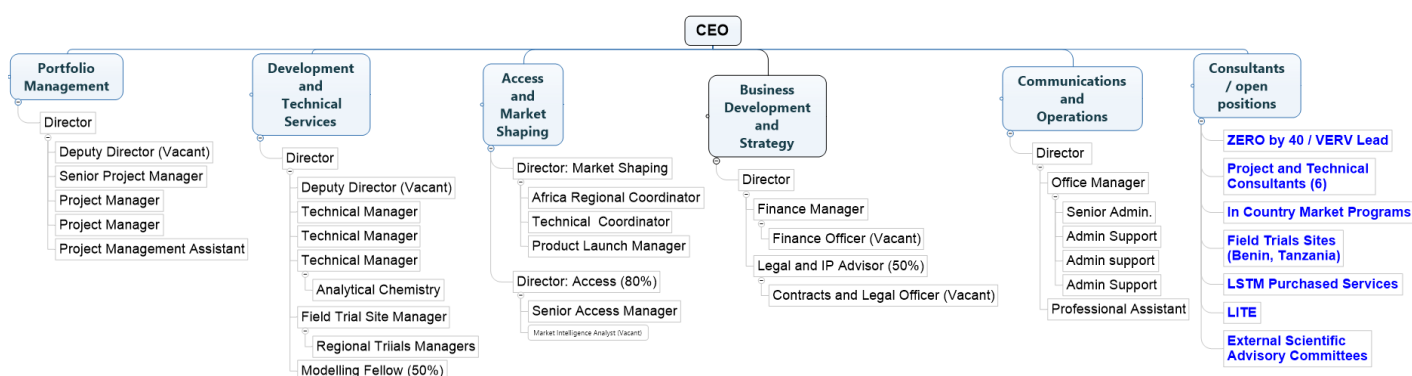


Figure 1: IVCC org chart (April 2020)

## 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 recruit 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 as well as other Product Development Partnerships 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 proposed by the IVCC Remuneration Committee following a recommendation put forward from the relevant Board Members and the annual review undertaken by The Chairman of Trustees as agreed by the Board.

### **Audit Committee**

IVCC benefits from shared accounting and audit arrangements with its parent 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 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 Management Committee, Audit Committee and Board of Trustees at least annually.

There were no reportable serious incidents in the year ended 31 July 2020.

## **Going Concern**

As detailed in the accounting policies, these financial statements are prepared on a going concern basis. Since the outbreak of the covid-19 pandemic IVCC has taken measures to mitigate the risk. These measures are continuing at the time these financial statements are signed. As a result of these measures and the strong balance sheet of IVCC the Trustees are satisfied that the use of the going concern accounting principal remains applicable.

## **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. In January 2020 the UK government signed a deal with the EU to manage the UK's exit from Europe which is due to take place in January 2021. 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 and a separate Brexit working group meets on a regular basis to discuss mitigating actions.

IVCC is also modelling the impact of the Covid19 crisis on its portfolio advancement and expected level of expenditure. This model was shared with the board and with key funders. The key factor for IVCC has been discussion with funders as the majority of its income and expense is project related. However, given the low fixed costs, reducing research activity does very little to reduce the bottom line as expenses correspondingly decrease.

### **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).

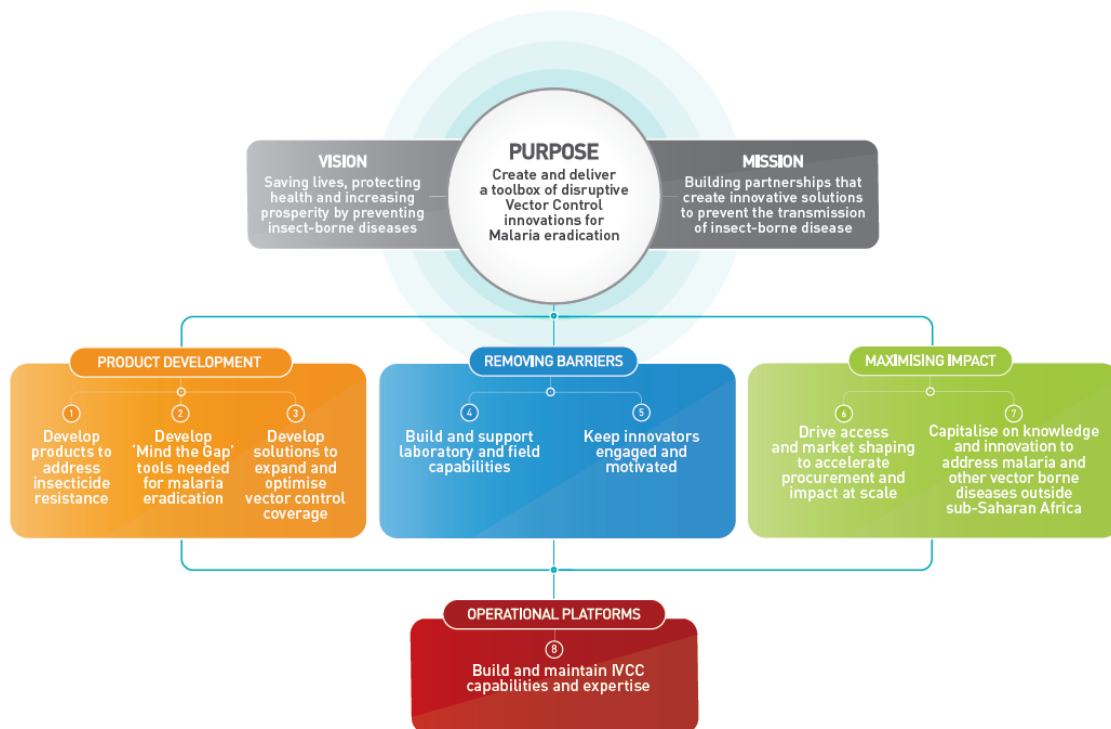


Figure 2: Diagram summarizing IVCC's mission

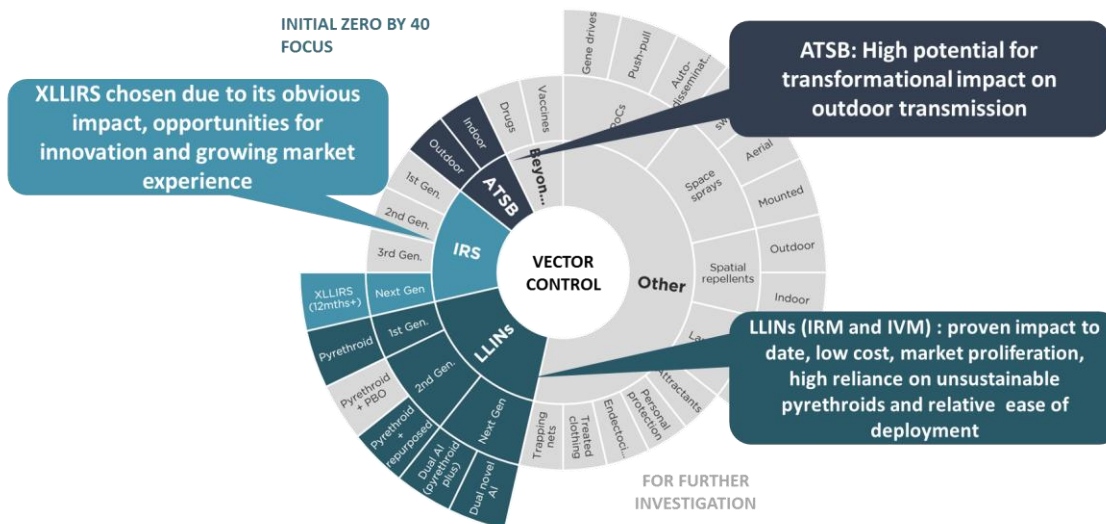
IVCC collaborates with industry and academic leaders to develop a complete toolbox of solutions for vector control. This toolbox is designed to provide malaria control programs with the products to implement sustainable insecticide resistance management strategies. The ultimate goal is nothing less than 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: The ATSB project is being further tested in Mali, Zambia and Kenya to prepare a stage gate review in 2021.
- 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).

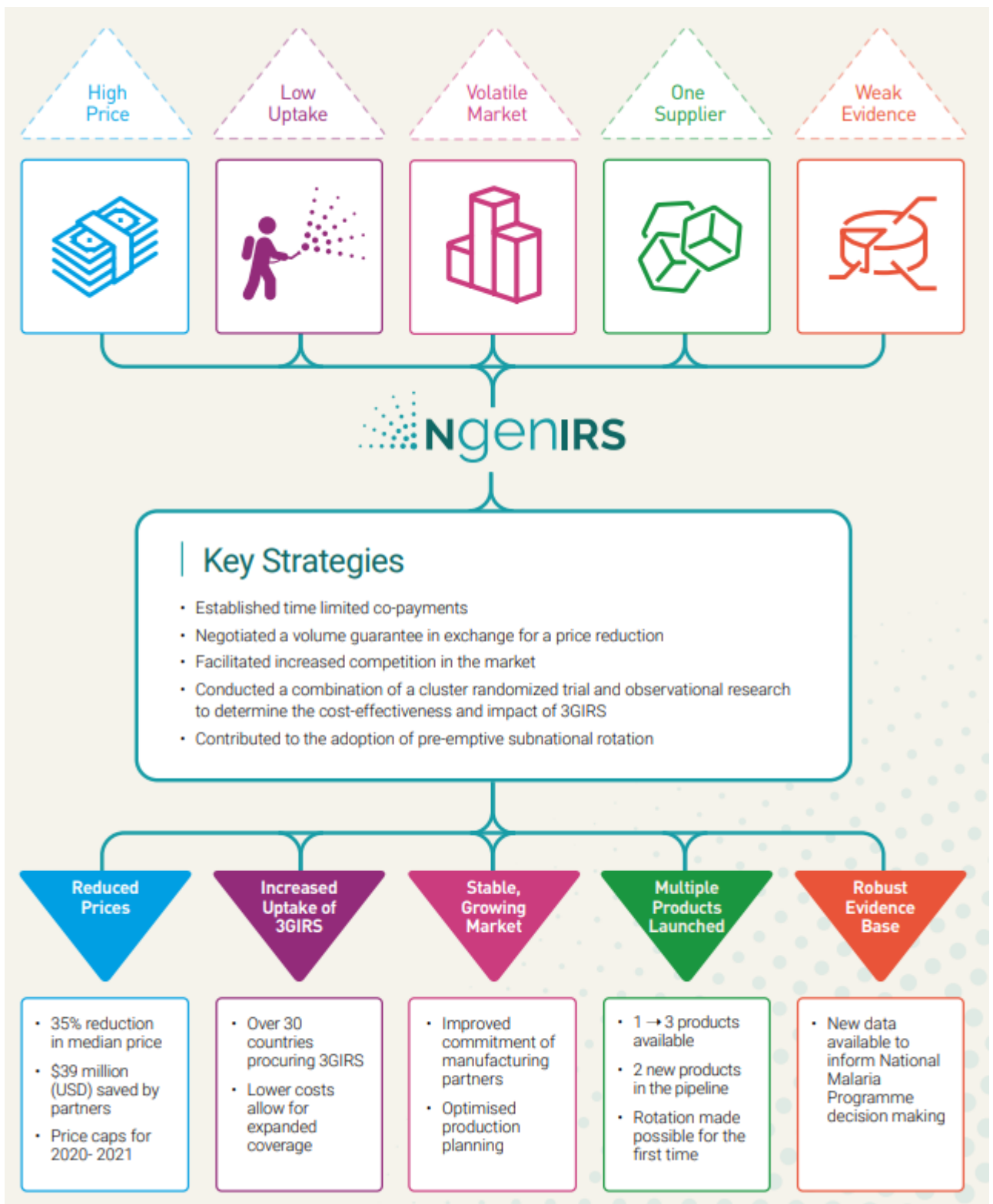
**PRIORITY PROGRAMME INTERVENTION AREAS**

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



The NgenIRS initiative has now successfully concluded. It allowed 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 has increased through the introduction of SumiShield® in 2018 and Fludora® Fusion in 2019 and the expectation to get Sylando® in the market in 2021. The diagram below is summarizing the accomplishment of NgenIRS to address market failures of 3rd Generation IRS (3GIRS) through an innovative and complimentary mix of market shaping strategies. For more information: <https://www.ivcc.com/market-access/ngenirs/>.





The New Nets Project (NNP) works with the next generation of nets, which are dual insecticide nets. These new nets don't yet have a World Health Organisation (WHO) policy recommendation confirming that countries with pyrethroid resistance should consider them over standard nets. NNP will build the epidemiological evidence needed to allow WHO to consider making this new policy recommendation. Under this project, the nets are being assessed in a robust study in Benin to give definitive evidence of how well they perform compared to standard nets.

The project will also assess the cost-effectiveness of the nets under operational pilot conditions, across countries representing different epidemiological, insecticide resistance and entomological profiles. The nets were first deployed in 2019 for pilot studies in Burkina Faso, Mali, Mozambique, Nigeria and Rwanda in 2020. 2021 pilots will start in Cote d'Ivoire, Ghana, Liberia, Malawi. These pilots will allow us to understand the extra benefit these nets can bring in different settings. This information will help countries make informed decisions about how best to spend their malaria control budgets. Additionally, a volume guarantee negotiated with BASF will result in significantly lower pricing by the end of the project in 2022, making them a sustainable choice for countries. In the meantime, the project is implementing a co-payment scheme that allows participating countries to procure the new nets for the same price they would have paid for standard nets.

For more information: <https://www.ivcc.com/market-access/new-nets-project/>.

The Zika grand challenge supported by USAID was successfully completed to September 2019. Some projects received supplemental funding from DFID to further evaluate these technologies against anopheles.

The Indo-Pacific Initiative (IPI), supported by DFAT, was officially launched in Sydney in July 2019, to develop testing capacity and a vector control toolbox for this region. The project started with the publication of key landscaping papers to map the technical gaps and vector control regulatory processes throughout the region. Two projects, NATNAT and BITE are now up and running.

For more information: <https://www.ivcc.com/vector-control/indopacificinitiative/>.

The GLP accredited field and laboratory trial capabilities and capacity building initiative was slowed down by the sanitary crisis which prevented SANAS inspections.

IVCC and its partners were able to adapt to the COVID-19 crisis. The entire staff converted to working from home while maintaining all activities. The situation in countries is monitored by project teams and mitigation plans implemented when possible. IVCC is informing its stakeholders on the COVID-19 impact on programs through a bi-monthly newsletter detailing the situation for each key project. Board of Trustees and ESAC meeting were successfully run through videoconference.

## **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.
- 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.
- Advance ATSB product development with product design freeze, entomology proofing and epidemiology studies.
- Introduce new 3<sup>rd</sup> generation IRS to increase competition and enable IRM strategies
- Deliver NNP expected outcomes
- Use the outcome of the modelling work in our product development strategy and IVM platform.

- Develop an organisation that can deliver 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. IPI).
- Support and leverage our expert platform (ESAC 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 £38.6m was £1.0m down from last year, with resources expended of £37.2m up by £1m giving a gain of £1.3m 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 £0.6m of foreign exchange gain 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 £0.9m loss was taken to the hedging reserve and £0.2m loss was expensed in the year.

A total of £30.0m was spent on direct charitable project activities (2019: £27.3m) with a further £2.6m paid out on project activities undertaken in-house. Core administration support costs of £4.2m (2019: £5.9m) was also incurred in the year.

The Bill & Melinda Gates Foundation (BMGF) provided 20% of the charity's income in the year, down from 25% in 2018/19 and down from 27% in 2017/18. The remaining income was split 43% UNITAID, 24% FCDO (formally DFID), 8% DFAT, 3% USAID and 2% SDC.

Income from charitable activities in 2019/20 was originally budgeted at £40.8m (2019/20 actual - £37.3m) and represents growth on prior year actual income of 3% (2018/19 actual - £36.0m). Total income from charitable activities in 2019/20 of £37.3m represents a 9% shortfall against the original budget of £40.8m. The largest single factor driving this shortfall in expenditure and by extension income is in relation to IVCC's NgenIRS project, a 48-month market shaping initiative funded by UNITAID. A key assumption was that the unspent funds projection set in 2018/19 would be fully utilised in 2019/20 being the concluding year of the programme. An element of this planned expenditure included a contingency fund that can be drawn upon to meet the exposure if volume commitments agreed with product suppliers are not met by in-country order levels. Due to the success of the project in stimulating local demand for the next generation indoor residual spraying products, the contingency fund was not drawn upon.

It is forecast in 2020/21 that income from charitable activities will stabilise around the original budget estimate for 2019/20 being £40.8m. The budget composition for 2020/21 was adjusted to reflect current travel patterns under pandemic conditions which at the time of budget assessment had been assumed to cover the calendar year 2020. Key assumptions underpinning the 2020/21 budget are that no projects suffer an outright suspension as a result of COVID-19 restrictions, but a remodelling of extended lead times was approximated. It is assumed that 2020/21 income will be sourced through existing funder awards.

IVCC's principal grant with BMGF was scheduled to conclude by 30 April 2021 and is subject to a no cost extension to 30 April 2022. IVCC and BMGF are progressing negotiations in relation to the grant renewal cycle which is being integrated with the utilisation timeline for IVCC's predecessor grant.

IVCC's Memorandum of Understanding (MoU) with the former Department for International Development (DfID) has been automatically transferred to the Foreign, Commonwealth & Development Office (FCDO) and the MoU end date extended from March 2021 to March 2022. IVCC will be guided by the FCDO on appropriate timescales for exploring follow-on funding opportunities.

In line with the renewal pattern for IVCC's other principal grants, 2019/20 has been a quiet period for grant renewal developments. IVCC has increased the frequency of its communications with funders and other key stakeholders during this unprecedented period of uncertainty in the global health arena.

### **Grant Making Policy**

IVCC has established its grant making process 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**

IVCC aligns with the group policy of ensuring that unrestricted reserves represent a minimum of 6 months' pay expenditure. 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 resourced, including staffing, partner contracts and all contracts in the supply chain.

IVCC has a healthy bank balance of £38m and no loans outstanding.

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

2020

# 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 2020, 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 2020 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.

## The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the trustees and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the charitable company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the charitable company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a charitable company associated with these particular events.

### **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.

In our evaluation of the trustees' conclusions, we considered the risks associated with the charitable company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

### **Other information**

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

### **Matter 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.

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

## 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) - (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).

These financial statements have been prepared on a going concern basis. In light of the COVID-19 pandemic IVCC put in place measures to monitor the ongoing impact of the pandemic on the financial position and also the continued use of the going concern basis for accounting. These measures included weekly cash flow forecasts at the height of the lockdown (compared to normal monthly cashflow forecasts), weekly Pandemic Emergency Management Team meetings, which cover both practical and financial issues, regular briefing for Board Trustees on the pandemic as it impacts IVCC.

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 :

#### Judgements

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.

#### Estimates

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.

The Covid-19 pandemic impacted the timing of delivery of some research projects. Where these projects have forward foreign exchange contracts which are hedge accounted, changes in timing of cash flows due to the pandemic could impact the futures effectiveness of these hedges.

### Statement of Principal Accounting Policies

#### Going Concern

Despite the covid-19 pandemic, having set up monitoring procedures as per the basis of preparation note above, which covers a period to November 2021, 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.

#### **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 government and 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.

#### **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 Statement of financial activities 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 Statement of financial activities 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 Statement of financial activities. 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.

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 Statement of financial activities 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.

## Statement of Financial Activities

Income	Note	Restricted	Unrestricted	Total	Total
		funds £000	funds £000	2020 £000	2019 £000
<b>Incoming Resources</b>					
Income from charitable activities	1	36,526	814	<b>37,340</b>	35,986
Investment income		558	-	<b>558</b>	220
Other income	2	-	678	<b>678</b>	3,429
<b>Total Incoming Resources</b>		<u>37,084</u>	<u>1,492</u>	<u><b>38,576</b></u>	<u>39,635</u>
<b>Resources Expended</b>					
Expenditure on charitable activities	3	37,084	-	<b>37,084</b>	36,206
Other – change in fair value of financial instrument	7	-	153	<b>153</b>	151
<b>Total Resources Expended</b>		<u>37,084</u>	<u>153</u>	<u><b>37,237</b></u>	<u>36,357</u>
<b>Net Incoming Resources for the Year</b>		-	1,339	<b>1,339</b>	3,278
<b>Other Recognised Losses</b>					
Change in fair value of hedging financial instrument	7	-	642	<b>642</b>	(925)
<b>Net Movement in Funds</b>		-	1,981	<b>1,981</b>	2,353
<b>Total Funds Brought Forward at 1 August 2019</b>		-	4,788	<b>4,788</b>	2,435
<b>Total Funds Carried Forward at 31 July 2020</b>	13	<u>-</u>	<u>6,769</u>	<u><b>6,769</b></u>	<u>4,788</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	2020 £000	2019 £000
<b>Current Assets</b>			
Debtors	8	5,927	12,868
Investments	9	-	3,274
Cash at bank and in hand		<u>38,762</u>	<u>45,292</u>
		<b>44,689</b>	61,434
<b>Creditors: Amounts Falling Due within One Year</b>			
	10	<u>(37,920)</u>	<u>(56,646)</u>
<b>Net Current Assets</b>		<b>6,769</b>	4,788
<b>Net Assets</b>		<u><b>6,769</b></u>	<u>4,788</u>
<b>Income Funds</b>			
Restricted funds		-	-
<i>Unrestricted funds:</i>			
Income and expenditure reserve - unrestricted		6,879	5,540
Income and expenditure reserve - hedge reserve		<u>(110)</u>	<u>(752)</u>
	13	<u><b>6,769</b></u>	<u>4,788</u>

**Company Registered Number: 06719882**

The Financial statements were approved by the Board of Trustees on

2020 and signed on its behalf by:

Sir Stephen O'Brien  
Chairman

<b>Cash Flow Statement</b>	<b>2020</b>	2019
	<b>£000</b>	£000
Net income for the reporting period	<b>1,981</b>	2,353
<b>Adjustment for Non-Cash Items</b>		
Interest received	<b>(558)</b>	(220)
Decrease / (Increase) in debtors	<b>6,940</b>	(2,175)
(Decrease) / Increase in creditors	<b>(18,725)</b>	20,854
	<hr/>	<hr/>
<b>Net Cash Flow from Operating Activities</b>	<b>(10,362)</b>	20,812
Taxation paid	-	-
<b>Cash Flows from Investing Activities</b>		
Sale of investments	<b>3,274</b>	1,297
Interest received	<b>558</b>	220
	<hr/>	<hr/>
<b>Net Cash Provided by Investing Activities</b>	<b>3,832</b>	1,517
<b>Change in Cash in the Year</b>	<b>(6,530)</b>	22,329
	<hr/>	<hr/>
Cash at the beginning of the year	<b>45,292</b>	22,963
Cash at the end of the year	<b>38,762</b>	45,292
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of Cash and Cash Equivalents</b>		
Cash in hand	<b>38,762</b>	45,292
	<hr/> <hr/>	<hr/> <hr/>



## Notes to the Financial Statements

<b>1 Income</b>	<b>2020</b>	2019
	<b>Total</b>	Total
	<b>£000</b>	£000
<b>Restricted</b>		
Grant income - BMGF	<b>7,224</b>	9,002
Grant income - FCDO (formally DFID)	<b>8,797</b>	9,556
Grant income - ABT Associates	-	1
Grant income - USAID	<b>1,137</b>	2,229
Grant income - DFAT	<b>2,920</b>	416
Grant income - UNITAID	<b>15,841</b>	14,309
Grant income - SDC	<b>607</b>	473
	<b>36,526</b>	35,986
	<b>2020</b>	2019
	<b>Total</b>	Total
	<b>£000</b>	£000
<b>Unrestricted</b>		
Overhead income	<b>814</b>	-
	<b>814</b>	-

## 2 Other income

Other income of £678,000 represents amendment of service level agreements charges from prior years. Other income last year of £3,429,000 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 £000	Grants to institutions £000	Support costs £000	Governance £000	2020 Total £000	2019 Total £000
New & Repurposed AIs	484	8,377	2,223	43	<b>11,127</b>	14,073
Outdoor Transmission	50	2,412	369	12	<b>2,843</b>	3,008
I2I, Access & Regulatory	1,025	17,924	1,471	93	<b>20,513</b>	8,478
Diagnostic Tools	-	-	-	-	-	9
NGenIRS	1,045	1,361	183	12	<b>2,601</b>	10,638
	<b>2,604</b>	<b>30,074</b>	<b>4,246</b>	<b>160</b>	<b>37,084</b>	<b>36,206</b>

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 £37,084,000 (2019: £36,206,000) of which £nil was unrestricted (2019: £nil) and £37,084,000 was restricted (2019: £36,206,000).

Grants to institutions reflects payments to partners and other service providers on these projects who have specific relevant knowledge to deliver the research and consulting on behalf of IVCC.

## 4 Support Cost Allocation

	General support costs £000	Governance function £000	2020 Total £000	2019 Total £000
Core administration	2,191	45	<b>2,236</b>	2,146
Project related costs	1,575	32	<b>1,607</b>	2,943
ESAC meeting costs	180	4	<b>184</b>	423
Conferences & Events	84	2	<b>86</b>	36
Communications & Advocacy	216	4	<b>220</b>	463
Regulatory Affairs	-	-	-	11
Direct governance costs	-	73	<b>73</b>	97
	<b>4,246</b>	<b>160</b>	<b>4,406</b>	<b>6,119</b>

## Notes to the Financial Statements

### Basis of support costs allocation

General 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

	2020 £000	2019 £000
Auditor's remuneration	28	23
Meeting costs	31	50
Trustee travel costs	14	23
Support costs allocation (note 4)	87	120
	<u>160</u>	<u>216</u>

### 6 Staff Costs

Staff costs recharged during the year were as follows:

	2020 £000	2019 £000
Salaries	1,651	1,698
Social security costs	243	278
Pension costs	293	269
LSTM Consulting USA staff costs recharge to IVCC	760	526
	<u>2,947</u>	<u>2,771</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 and from LSTM Consulting USA also part of the LSTM Group.

	2020 Number	2019 Number
Number of FTE's employed as at 31 July	<u>22</u>	<u>22</u>

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

	2020 Number	2019 Number
£270,001 to £280,000	1	-
£240,001 to £250,000	-	1
£140,001 to £150,000	1	1
£130,001 to £140,000	1	1
£110,001 to £120,000	1	1
£100,001 to £110,000	-	1
£ 90,001 to £100,000	2	1
£ 80,001 to £ 90,000	1	1
£ 70,001 to £ 80,000	1	2
£ 60,001 to £ 70,000	4	4
	<u>12</u>	<u>13</u>

The pension contributions for these employees were £199,970 (2019: £208,258).

The CEO received remuneration in the year from the charity of £270,763 (2019: £241,535), excluding pension contributions of £13,980 (2019: £33,979). No trustees received remuneration during the year or the prior year.

The total employee remuneration including benefits, of key management personnel of IVCC were £317,337 (2019: £308,712).

Expenses reimbursed to the trustees during the year amounted to £Nil (2019: £Nil).

## Notes to the Financial Statements

### 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. £153,000 (2019: £151,000) of this amount is an unrealised exchange loss. The remaining unrealised gain of £642,000 (2019: £925,000 loss) 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

	2020 £000	2019 £000
Accrued income on research grants	5,743	9,467
Prepayments and other accrued income	-	23
Amounts owed by group undertakings	-	3,128
Forward currency contracts	184	250
	<u>5,927</u>	<u>12,868</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

	2020 £000	2019 £000
Trade creditors	3	358
Deferred income on research grants	32,503	48,247
Amounts owed to group undertakings	215	-
Accruals and other taxes	5,066	7,353
Forward currency contracts	133	688
	<u>37,920</u>	<u>56,646</u>

### 11 Deferred Income

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

	2020 £000
Balance as at 1 August 2019	48,247
Amount released to income earned from charitable activities	(19,994)
Amount deferred in the year	4,250
Balance as at 31 July 2020	<u>32,503</u>

### 12 Financial Instruments

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

	2020 £000	2019 £000
<b>Financial assets</b>		
Financial assets that are measured at amortised cost	<u>44,505</u>	<u>61,160</u>
Financial asset measured at fair value through surplus or deficit	<u>184</u>	<u>250</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>5,284</u>	<u>7,711</u>
Financial liabilities measured at fair value through surplus or deficit	<u>133</u>	<u>688</u>

## Notes to the Financial Statements

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, amounts owed to group undertakings 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 2020 amounting to a asset of £51,000 (2019: £438,000 liability). During 2019/20 a gain of £642,000 (2019: loss of £925,000) 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. A fair value loss of £153,000 (2019: loss of £151,000) for the year has been recognised within unrestricted funds and income/expenditure for the year in respect of foreign currency forward contracts where hedge accounting has not been applied. No amounts of ineffectiveness were recognised in the year (2019: £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 :

	<b>2020</b>	2019
	<b>£000</b>	£000
<b>Financial assets</b>		
Total interest income for financial assets at amortised cost	<u>558</u>	<u>220</u>
<b>Fair value gains and (losses)</b>		
On derivative financial assets and liabilities measured at fair value through income and expenditure	<u>(153)</u>	<u>(151)</u>
On derivative financial assets and liabilities measured at fair value through the hedge reserve	<u>642</u>	<u>(925)</u>

### 13 Income funds

Income funds are analysed as follows:

	<b>Balance</b>				<b>Other</b>	<b>Balance</b>
	<b>31 July 2019</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>recognised</b>	<b>31 July 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>gains and</b>	<b>£000</b>
					<b>losses</b>	
					<b>£000</b>	
<b>Restricted</b>						
Grant funded projects	-	37,084	37,084	-	-	-
<b>Unrestricted</b>						
Income and expenditure reserve	5,540	1,492	153	-	-	<b>6,879</b>
Hedge reserve	(752)	-	-	-	642	<b>(110)</b>
	<u>4,788</u>	<u>38,576</u>	<u>37,237</u>	<u>-</u>	<u>642</u>	<u><b>6,769</b></u>

The unrestricted funds of £6,769,000 reflects surpluses generated by IVCC through its grant activities following achievement of funder deliverables and donations received without performance restrictions.

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

## Notes to the Financial Statements

### 14 Analysis of Net Assets Between Funds

	Restricted funds £000	Unrestricted funds £000	Total £000
Current assets	38,053	6,636	44,689
Current liabilities	(38,053)	133	(37,920)
Total net assets	-	6,769	6,769

### 15 Post balance sheet events

The impact on the charity arising from the recent COVID-19 outbreak has been considered by the Trustees. There are no adjusting or non-adjusting events which have come to light at this current time.

### 16 Related Party Transactions

During 2020, charitable research grants totalling £1,164,000 (2019: £1,307,000) were passed to IVCC's parent company Liverpool School of Tropical Medicine (LSTM); all had performance conditions attached.

As at 31 July 2020 there was an outstanding inter-company balance of £152,000 creditor (2019: £3,060,000 debtor) owed to LSTM relating to net of salary related costs, general supplies, and service level agreement charges.

As at 31 July 2020 there was an outstanding inter-company balance of £nil (2019: £nil) owed to LSTM Consulting Limited and a £63,000 creditor (2019 : £68,000 debtor) owed to LSTM Consulting USA Inc, relating to payroll recharges for US staff as detailed in note 6.

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

### 17 Ultimate Controlling Party

The Trustees consider that the ultimate controlling party is Liverpool School of Tropical Medicine, a company registered in England and Wales (company no. 83405), which is also a registered UK charity (charity no. 222655).

The group accounts are publicly available from Companies House.

### 18 Capital Commitments

The charity had no capital commitments as at 31 July 2020 or 31 July 2019.

### 19 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 £531,361 (2019: £483,589).

### 20 Operating Lease Commitments

At 31 July 2020 the company had annual commitments expiring as follows:

	2020 £000	2019 £000
Amounts due in less than one year	8	25
Amounts due between one and five years	-	8
Amounts due in more than five years	-	-
	<u>8</u>	<u>33</u>

## Notes to the Financial Statements

### 21 Consolidated reconciliation of net funds

	<b>2020</b>	
	<b>£000</b>	
<b>Net funds 1 August 2019</b>	<b>44,853</b>	
Movement in cash and cash equivalents	(6,530)	
Other non-cash changes	490	
<b>Net funds 31 July 2020</b>	<b>38,813</b>	
<b>Change in net funds</b>	<u><u>(6,040)</u></u>	
<b>Analysis of net funds:</b>	<b>2020</b>	2019
	<b>£000</b>	£000
<b>Cash and cash equivalents</b>	<b>38,762</b>	45,292
<b>Borrowings: amounts falling due</b>		
Forward currency contracts	51	(439)
<b>Net funds</b>	<u><u>38,813</u></u>	<u><u>44,853</u></u>