

Charity Registration No. 1110009

Company Registration No. 05320290

THE UK STEM CELL FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

THE UK STEM CELL FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

| | |
|--------------------------|---|
| Trustees | Ms C Banszky Professor J S Jones Professor T Jones Mr J Moulton Mr N Ross Sir R Sykes, Chairman Mr J Taylor Lord R Winston |
| Secretary | Mitre Secretaries Limited |
| Charity number | 1110009 |
| Company number | 05320290 |
| Registered office | Cannon Place 78 Cannon Street LONDON EC4N 6AF |
| Auditor | Johnston Carmichael LLP Chartered Accountants 227 West George Street Glasgow G2 2ND |
| Bankers | Coutts & Co. 440 Strand London WC2R 0QS |
| Solicitors | CMS Cameron Mckenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF |

THE UK STEM CELL FOUNDATION

CONTENTS

| | Page |
|---|-------------|
| Trustees' report | 1 - 5 |
| Statement of trustees' responsibilities | 6 |
| Independent auditor's report | 7 - 9 |
| Statement of financial activities | 10 |
| Balance sheet | 11 |
| Statement of cash flows | 12 |
| Notes to the financial statements | 13 - 22 |

THE UK STEM CELL FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees present their annual report together with the audited financial statements of The UK Stem Cell Foundation for the year 31 December 2020. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of "Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)".

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

Objectives and activities

Public Benefit Statement

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

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

Objectives and Activities

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

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

The main activities of the charity continue to be to:

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

THE UK STEM CELL FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Grant making policies

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

Achievements and performance

Review of activities

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

The global pandemic has had a significant impact on the fundraising capabilities of the Foundation, due to two national lockdowns all public engagements have been postponed in to late 2021 and in some cases 2022. There is still very much an atmosphere of unease with the potential of yet another lock down on the horizon. This uncertainty has done little to assist the Foundation in it's charitable work.

The Foundation does look to attract more future legacy payments. This is to be achieved with a targeted marketing campaign, highlighting the research projects the Foundation support, what stem cell research could mean for the future of healthcare and using published data to establish where this campaign will be best received.

In early 2020 the Foundation recruited an additional member of full time staff to broaden the marketing and fundraising potential. Firm partnerships have been established amongst exciting potential sponsors and patrons. Again, the pandemic has hindered any significant progress in the development of these relationships but in time should prove invaluable to the charitable work the Foundation aims to partake in.

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

THE UK STEM CELL FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial review

Income in 2020 was £285,248 (2019: £643,501). The decrease, compared to the prior year, was due to the receipt of two significant legacies in the prior year. Legacy income has become an important income source for the charity and the timing of receipt of legacies is unpredictable in nature. Additionally, the activity in 2019 was concentrated on the finalisation of certain projects and so the focus, going forward for the charity, is on identifying additional projects to commence fundraising for.

Total charitable expenditure was £344,151 (2019: £279,871) of which £7,500 was against restricted funds. The increase in expenditure over the year reflected a new member of staff being employed and therefore higher staff costs as well as project costs being paid out which were delayed in the prior year.

The charity has total reserves of £1,170,539 at the year end of which £1,114,912 are unrestricted and £55,627 are restricted.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for at the least the next twelve months. This is based on the level of unrestricted reserves held and the fact that commitments are only made to fund major projects when the charity is already "in funds". Additionally, following the Covid-19 pandemic, the charity has utilised this "lockdown" period to finalise their strategy and take forward new projects. There has been no immediate delays or significant impact, caused by the pandemic, as no projects were in operation at the time, therefore the financial position of the charity has not been adversely affected. For these reasons, the trustees continue to adopt the going concern basis in preparing the financial statements. The Trustees have also agreed to review the strategy document in 2021 and establish changes to the funding criteria so the Foundation remains a going concern.

Reserves Policy

The Trustees of the charity have a reserves policy aimed at maintaining the ability of the charity to deliver its charitable objectives. Unrestricted funds are to be held at a minimum level of at least 6 months unrestricted expenditure. With £1,114,912 of unrestricted reserves held as at 31 December 2020, and total support and operational costs of £247,349 during the year, this has been achieved during the year.

Restricted funds, £55,627 at the year end, represent those funds received for specific projects undertaken during the year.

PLANS FOR FUTURE PERIODS

For 2021, the Foundation will continue to focus its efforts on raising money to fund new projects. Building upon the work from the past year in establishing new corporate partnerships we will utilise these contacts in industry to reach higher levels of engagement in both the academic community and in the public sphere. We are committed to contributing to knowledge exchange in the area of public understanding of stem cell technologies and work to dispel common myths surrounding the industry. We will continue to work for the safety and understanding of our supporters and continue to educate on the dangers of stem cell tourism and unregulated, unproven stem cell offerings in the UK.

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

THE UK STEM CELL FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Board of Trustees will continue to closely monitor the operation and costs of overheads to maintain current levels and continues its commitment to allocate more funding to projects. The Board will lobby government for additional support and funding for projects once the rigorous review process has been undertaken and approved. In 2021 the Foundation intends to refine its strategic plan for social impact and to accommodate and respond to changes in the political, economic and technological spheres.

It is likely the Foundation will be rebranded depending on the socioeconomic climate and the review of the strategy document. With this rebranding, a refresh of the funding criteria and the way in which the Foundation reviews research applications will take place. This would be in order to capture more relevant research applications, with call periods to assist in the operational management of this process.

Structure, governance and management

Constitution

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

Method of Appointment or Election of Trustees

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

Policies Adopted for the Induction and Training of Trustees

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

Pay Policy for Senior Staff

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

Organisational Structure and Decision Making

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

Risk Management

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

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

Risks are reviewed and updated regularly to review any major or new risks to which the Charity may be exposed. The systems then implemented remain robust and the trustees are satisfied that the systems in place mitigate any exposure to its major risks.

THE UK STEM CELL FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Auditor

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

Statement of disclosure of information to the auditor

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

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

This report was approved by the Trustees on _____ and signed on their behalf by:

.....
Sir R Sykes, Chairman
Trustee
Dated:

THE UK STEM CELL FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 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.

THE UK STEM CELL FOUNDATION

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE UK STEM CELL FOUNDATION

Opinion

We have audited the financial statements of The UK Stem Cell Foundation (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 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 conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

THE UK STEM CELL FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE UK STEM CELL FOUNDATION

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

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 Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charitable company for the purpose 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.

Extent to which an audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include FRS 102, including the Charities SORP (FRS 102), the Companies Act 2006 and corporation tax legislation.

THE UK STEM CELL FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE UK STEM CELL FOUNDATION

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and board meeting minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance;
- Reviewing the level and reasoning behind the company's procurement of any legal and professional fees;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. 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, and to the charitable company's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Keith Macpherson (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

.....

Chartered Accountants
Statutory Auditor

Johnston Carmichael LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE UK STEM CELL FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | Unrestricted funds £ | Restricted funds £ | Total 2020 £ | Total 2019 £ |
|---|-------|----------------------------|--------------------------|-------------------------|-------------------------|
| <u>Income from:</u> | | | | | |
| Donations and legacies | 3 | 274,134 | 9,750 | 283,884 | 638,956 |
| Investments | 4 | 1,364 | - | 1,364 | 4,545 |
| Total income | | <u>275,498</u> | <u>9,750</u> | <u>285,248</u> | <u>643,501</u> |
| <u>Expenditure on:</u> | | | | | |
| Charitable activities | 5 | <u>336,651</u> | <u>7,500</u> | <u>344,151</u> | <u>279,871</u> |
| Net (expenditure)/income for the year/ Net movement in funds | | (61,153) | 2,250 | (58,903) | 363,630 |
| Reconciliation of Funds | | | | | |
| Fund balances at 1 January 2020 | | <u>1,176,065</u> | <u>53,377</u> | <u>1,229,442</u> | <u>865,812</u> |
| Fund balances at 31 December 2020 | | <u><u>1,114,912</u></u> | <u><u>55,627</u></u> | <u><u>1,170,539</u></u> | <u><u>1,229,442</u></u> |

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE UK STEM CELL FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|------------------|-------------------------|------------------|-------------------------|
| Fixed assets | | | | | |
| Tangible assets | 9 | | 1,813 | | 638 |
| Current assets | | | | | |
| Debtors | 10 | 2,015 | | 1,455 | |
| Cash at bank and in hand | | 1,298,485 | | 1,348,524 | |
| | | <u>1,300,500</u> | | <u>1,349,979</u> | |
| Creditors: amounts falling due within one year | 11 | <u>(131,774)</u> | | <u>(121,175)</u> | |
| Net current assets | | | <u>1,168,726</u> | | <u>1,228,804</u> |
| Total assets less current liabilities | | | <u><u>1,170,539</u></u> | | <u><u>1,229,442</u></u> |
| The funds of the charity: | | | | | |
| Restricted funds | 13 | 55,627 | | 53,377 | |
| Unrestricted funds | | 1,114,912 | | 1,176,065 | |
| | | <u>1,170,539</u> | | <u>1,229,442</u> | |

The financial statements were approved by the Trustees on

.....
Sir R Sykes, Chairman
Trustee

Company Registration No. 05320290

THE UK STEM CELL FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|-----------|-----------|-----------|-----------|
| Cash flows from operating activities | | | | | |
| Cash absorbed by operations | 17 | | (49,363) | | (103,586) |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (2,040) | | - | |
| Investment income received | | 1,364 | | 4,545 | |
| Net cash (used in)/generated from investing activities | | | (676) | | 4,545 |
| Net cash used in financing activities | | | - | | - |
| Net decrease in cash and cash equivalents | | | (50,039) | | (99,041) |
| Cash and cash equivalents at beginning of year | | | 1,348,524 | | 1,447,565 |
| Cash and cash equivalents at end of year | | | 1,298,485 | | 1,348,524 |

THE UK STEM CELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Charity information

The UK Stem Cell Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is Cannon Place, 78 Cannon Street, LONDON, EC4N 6AF. The nature of the charitable company's operations and principal activities are set out in the Trustees' Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)".

The charitable company is a Public Benefit Entity as defined by FRS 102.

The charitable company has availed itself of S396 of the Companies Act 2006, as permitted in paragraph 4 (1) of Schedule 1 of SI 2008 No 409, and adapted the Companies Act formats to reflect the special nature of the charitable company's activities.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

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

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

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. The trustees will continue to closely monitor the operation and cost of overheads to maintain the currently held reserve levels as well as actively seeking to obtain new funding towards future projects and research. Based on this analysis the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the charitable company's objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used or which have been raised for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charitable company is entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

THE UK STEM CELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Cash donations are recognised on receipt. Other donations are recognised once the charitable company has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charitable company has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

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

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

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

1.5 Expenditure

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

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

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

All assets costing more than £500 are capitalised.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|------------------------------|-----------------------|
| Plant, machinery & equipment | 33% per annum on cost |
|------------------------------|-----------------------|

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

THE UK STEM CELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting end date, the charitable company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.9 Financial instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

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

Derecognition of financial liabilities

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

1.10 Liabilities and provisions

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

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

1.11 Employee benefits

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

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

THE UK STEM CELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

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

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

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

3 Donations and legacies

| | Unrestricted funds | Restricted funds | Total | Unrestricted funds |
|---------------------|-----------------------|---------------------|----------------|-----------------------|
| | 2020 | 2020 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Donations and gifts | 20,576 | 9,750 | 30,326 | 23,974 |
| Legacies receivable | 253,558 | - | 253,558 | 614,982 |
| | <u>274,134</u> | <u>9,750</u> | <u>283,884</u> | <u>638,956</u> |

4 Investments

| | Unrestricted funds | Unrestricted funds |
|-------------------|-----------------------|-----------------------|
| | 2020 | 2019 |
| | £ | £ |
| Interest received | <u>1,364</u> | <u>4,545</u> |

THE UK STEM CELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Charitable activities

| | Total 2020 £ | Total 2019 £ |
|--|--------------------|--------------------|
| Project costs | 83,648 | 65,680 |
| Share of support costs (see note 6) | 254,053 | 208,041 |
| Share of governance costs (see note 6) | 6,450 | 6,150 |
| | <u>344,151</u> | <u>279,871</u> |
| Analysis by fund | | |
| Unrestricted funds | 336,651 | 214,191 |
| Restricted funds | 7,500 | 65,680 |
| | <u>344,151</u> | <u>279,871</u> |

6 Support costs

| | Support costs £ | Governance costs £ | 2020 £ | Support costs £ | Governance costs £ | 2019 £ |
|---|--------------------|--------------------------|----------------|--------------------|--------------------------|----------------|
| Staff costs | 192,126 | - | 192,126 | 139,458 | - | 139,458 |
| Depreciation | 865 | - | 865 | 1,314 | - | 1,314 |
| Travelling & mileage | 1,471 | - | 1,471 | 10,011 | - | 10,011 |
| Entertainment | 145 | - | 145 | 1,136 | - | 1,136 |
| Bank charges | 2,170 | - | 2,170 | 2,099 | - | 2,099 |
| Telephone | 3,626 | - | 3,626 | 3,577 | - | 3,577 |
| Postage & stationery | 4,784 | - | 4,784 | 3,285 | - | 3,285 |
| Consultancy fees | - | - | - | 9,000 | - | 9,000 |
| Office expenses | 19,584 | - | 19,584 | 16,573 | - | 16,573 |
| Marketing expenses | 20,090 | - | 20,090 | 14,061 | - | 14,061 |
| Insurance | 1,179 | - | 1,179 | 1,173 | - | 1,173 |
| Professional fees | 8,013 | - | 8,013 | 6,354 | - | 6,354 |
| Audit fees | - | 6,450 | 6,450 | - | 6,150 | 6,150 |
| | <u>254,053</u> | <u>6,450</u> | <u>260,503</u> | <u>208,041</u> | <u>6,150</u> | <u>214,191</u> |
| Analysed between Charitable activities | <u>254,053</u> | <u>6,450</u> | <u>260,503</u> | <u>208,041</u> | <u>6,150</u> | <u>214,191</u> |

THE UK STEM CELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the current or comparative year.

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

During the year, one trustee received reimbursement of travel expenses amounting to £42 (2019: one trustee reimbursed £24).

8 Employees

The average monthly number of employees during the year was:

| | 2020 Number | 2019 Number |
|--|----------------|----------------|
| | 3 | 2 |

Employment costs

| | 2020 £ | 2019 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 170,973 | 125,628 |
| Social security costs | 18,306 | 11,970 |
| Other pension costs | 2,847 | 1,860 |
| | 192,126 | 139,458 |

The number of employees whose annual remuneration was £60,000 or more were:

| | 2020 Number | 2019 Number |
|---------------------------------|----------------|----------------|
| In the band £100,001 - £110,000 | - | 1 |
| In the band £110,001 - £120,000 | 1 | - |

Key management personnel comprise the Chief Executive Officer, whose employee benefits for the year were £111,205 (2019: £106,733).

THE UK STEM CELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Tangible fixed assets

| | Plant, machinery & equipment £ |
|------------------------------------|-----------------------------------|
| Cost | |
| At 1 January 2020 | 13,386 |
| Additions | 2,040 |
| | <hr/> |
| At 31 December 2020 | 15,426 |
| | <hr/> |
| Depreciation and impairment | |
| At 1 January 2020 | 12,748 |
| Depreciation charged in the year | 865 |
| | <hr/> |
| At 31 December 2020 | 13,613 |
| | <hr/> |
| Carrying amount | |
| At 31 December 2020 | 1,813 |
| | <hr/> |
| At 31 December 2019 | 638 |
| | <hr/> |

10 Debtors

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Prepayments | 2,015 | 1,455 |
| | <hr/> | <hr/> |

11 Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|-----------|-----------|
| Other taxation and social security | 13,154 | 5,855 |
| Accruals | 118,620 | 115,320 |
| | <hr/> | <hr/> |
| | 131,774 | 121,175 |
| | <hr/> | <hr/> |

12 Retirement benefit schemes

Defined contribution schemes

The charitable company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charitable company in an independently administered fund.

The charge to net income/(expenditure) in respect of defined contribution schemes was £2,847 (2019 - £1,860).

THE UK STEM CELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

| | Balance at 1 January 2019 | Expenditure | Transfers | Balance at 1 January 2020 | Movement in funds | | Balance at 31 December 2020 |
|--|------------------------------|-----------------|-----------------|------------------------------|-------------------|----------------|-----------------------------------|
| | £ | £ | £ | £ | Income | Expenditure | £ |
| UKSCF Project - Developing olfactory ensheathing cell implantation | 119,057 | (65,680) | - | 53,377 | - | (7,500) | 45,877 |
| Ex Vivo Expanded Corneal Limbal Transplantation | 21,904 | - | (21,904) | - | - | - | - |
| MS Society | 27,720 | - | (27,720) | - | 9,750 | - | 9,750 |
| | <u>168,681</u> | <u>(65,680)</u> | <u>(49,624)</u> | <u>53,377</u> | <u>9,750</u> | <u>(7,500)</u> | <u>55,627</u> |

THE UK STEM CELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Analysis of net assets between funds

| | Unrestricted funds | Restricted funds | Total | Unrestricted funds | Restricted funds | Total |
|---|-----------------------|---------------------|------------------|-----------------------|---------------------|------------------|
| | 2020 | 2020 | 2020 | 2019 | 2019 | 2019 |
| | £ | £ | £ | £ | £ | £ |
| Fund balances at 31 December 2020 are represented by: | | | | | | |
| Tangible assets | 1,813 | - | 1,813 | 638 | - | 638 |
| Current assets/ (liabilities) | 1,113,099 | 55,627 | 1,168,726 | 1,175,427 | 53,377 | 1,228,804 |
| | <u>1,114,912</u> | <u>55,627</u> | <u>1,170,539</u> | <u>1,176,065</u> | <u>53,377</u> | <u>1,229,442</u> |

15 Operating lease commitments

At the reporting end date the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2020 £ | 2019 £ |
|----------------------------|---------------|---------------|
| Within one year | 10,570 | 10,570 |
| Between two and five years | 26,425 | 5,285 |
| | <u>36,995</u> | <u>15,855</u> |

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements amounted to £12,684 (2019: £12,684).

16 Related party transactions

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

17 Cash generated from operating activities

| | 2020 £ | 2019 £ |
|---|-----------------|------------------|
| (Net expenditure)/income for the year | (58,903) | 363,630 |
| Adjustments for: | | |
| Investment income recognised in statement of financial activities | (1,364) | (4,545) |
| Depreciation and impairment of tangible fixed assets | 865 | 1,314 |
| Movements in working capital: | | |
| (Increase)/decrease in debtors | (560) | 346 |
| Increase/(decrease) in creditors | 10,599 | (464,331) |
| Cash absorbed by operating activities | <u>(49,363)</u> | <u>(103,586)</u> |

THE UK STEM CELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2020*

18 **Analysis of changes in net funds**

The charitable company had no debt during the year.