

Registered number: 5320290
Charity number: 1110009

THE UK STEM CELL FOUNDATION
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

THE UK STEM CELL FOUNDATION
(A Company Limited by Guarantee)

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THE UK STEM CELL FOUNDATION
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2016

Trustees

Sir R Sykes, Chairman
Professor T Jones
Mr J Moulton
Professor J S Jones
Mr N Ross
Lord R Winston
Mr B Noble
Mr J Taylor
Ms C Banszky

Company registered number

5320290

Charity registered number

1110009

Registered office

21 Albemarle Street, London, W1S 4BS

Company secretary

Mitre Secretaries Limited

Chief executive officer

Miss L Shortland

Independent auditors

French Duncan LLP, 133 Finnieston Street, Glasgow, G3 8HB

Bankers

Coutts & Co, 440 Strand, London, WC2R 0QS

Solicitors

CMS Cameron McKenna LLP, Mitre House, 160 Aldersgate Street, London, EC1A 4DD

THE UK STEM CELL FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The Trustees present their annual report together with the audited financial statements of The UK Stem Cell Foundation for the year 1 January 2016 to 31 December 2016. 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 the 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) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

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

● **POLICIES AND OBJECTIVES**

The Trustees have complied with their duty in section 4 of the Charities Act 2006 to have due regard to guidance published by the Charity Commission.

Its activities are

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

● **GRANT MAKING POLICIES**

The UK Stem Cell Foundation continues to build a pipeline of projects that meets its criteria for support and funding on the route to commercialisation going forward and is in discussion to support further projects that meet the criteria of the Board and in turn continue the growth of the UK's emerging cell therapy industry.

Achievements and performance

● **REVIEW OF ACTIVITIES AND KEY PERFORMANCE INDICATORS**

The UK Stem Cell Foundation aims to maximise the leverage it can achieve from funding sources when funding projects. The Foundation already works closely with a number of funders and collaborators that have an interest in particular disease types or stem cell research in general to ensure that research projects and clinical trials continue to be funded. The Foundation wishes to attract new partnerships with other medical research charities and trusts to develop co-fundraising strategies, which will ultimately lead to co-funding of translational projects. The UKSCF continues to build a pipeline of projects that meets its criteria for support and funding on the route to commercialisation. The Foundation is continually in negotiations to support further projects that meet the criteria of the Board, and in turn continue the growth of the UK's emerging cell therapy industry.

The Foundation has, for a number of years sponsored the work of Professor Geoffresy Raisman and his team

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

at The Institute of Neurology, Queen Square. Sadly, Professor Raisman, passed away on 27th January 2017 after a short illness. The research team at UCL wishes to continue researching spinal repair using OEC's grown from Olfactory bulbs where preliminary results in rat models have shown an increase in climbing ability. This work in human cell cultures is ongoing and the team are in the process of analysing combinations of cells and carrier materials for use in the clinical environment. This will lead to evaluation of cell / material production prior to clinical transplantation. The Foundation wishes to enable strategic collaboration between this group and other London based groups to progress a planned London based clinical trial. The Foundation believes that the clinical trial will commence in the last quarter of 2017 subject to sufficient funding being achieved and all regulatory approvals granted. The aim of the clinical trial is to test the provision of a material bridge in combination with OEC to enable severed fibres to regenerate across the injury site. This trial, if successful, could positively impact the lives of over 3 million people living with a spinal injury globally, and reduce the £1 billion annual care cost to the UK. The project will also look at the feasibility of repairing compressed and crush injuries, as well as complete breaks in the spinal cord in collaboration with a surgical team in Poland.

Other exciting projects that the Foundation is currently fundraising for is the opening of a Centre for Regenerative Medicine. The Centre will bring together leading experts in stem cell biology, tissue engineering, sports and trauma science and medicine, rehabilitation, radiology, rheumatology and orthopaedics. Thanks to this, the Centre will assist in world class medical research, the development of cutting-edge medical solutions for life-changing injuries, new techniques in regenerative medicine, the translation of research into real treatments, furthering the impact of new therapies, and supporting economic growth and new businesses in this field. Any new treatments will be available to sportsmen and women, the military and the general public.

In 2017, the foundation will focus on raising money to fund a new and very exciting project to cure Age-related Macular Degeneration as well as raising awareness of stem cell tourism and the dangers of receiving unregulated and potentially harmful treatments.

Any further funding for projects and other operating costs is entirely dependent on the Foundation's ability to fundraise and attract donations from the private sector, other charities and the general public. The Foundation's fundraising activities continue to heighten awareness of the organisation, enabling the Trustees and the Chief Executive Officer to reach new members of the research community, as well as establish contacts within the general public. As a result of this activity the UKSCF has seen an increase in the number of private donations made as well as legacy donations. In 2016, the Foundation received 2 legacy payments.

In addition, the Foundation's Board of Trustees closely monitors the operation and cost of overheads so that the organisation remains small in terms of its operational costs and continues its commitment to allocate more funding for projects.

In 2016, the Foundation's website continued to receive a large number of hits (1.7m over the calendar year). The UKSCF also has Facebook and Twitter accounts and a quarterly electronic newsletter to circulate information and news to its followers and supporters.

The Foundation retains its reputation as an authority in the field of translational stem cell research and funding. This is demonstrated by invitations to contribute to publications on the subject and being called to give advice on public engagement exercises.

Financial review

● GOING CONCERN

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

● **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 level of at least 6 months unrestricted expenditure, which has been achieved during the year. Restricted funds represent those funds received for specific projects undertaken during the year.

● **PRINCIPAL FUNDING**

The results for the year, and the Charity's financial position at the end of the year are shown in the attached report and financial statements.

Structure, governance and management

● **CONSTITUTION**

The UK Stem Cell Foundation is a company limited by guarantee, and not having share capital. It is governed by its articles and memorandum of association dated 23rd December 2004, its date of incorporation, and is a registered Charity with the Charity Commission. It is exempt from taxation under Section 505 of the Income and Corporation Taxes Act 1988.

The charity's objects are:

The promotion, preservation and advancement of human health and welfare 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 may be of benefit;

Engaging in, funding and supporting research into stem cells and stem cell-based or derived methods and technologies, with a view to discovering, inventing, improving, developing, producing and applying medicines, treatment, cures, diagnostics, applications, therapies, products or technologies and other medicinal agents, methods and processes including the translations 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, applications, therapies, products and technologies capable of application;

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 Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

● **METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES**

Any person willing to act as a trustee may be appointed as a resolution of the Board. However, any appointment must not contravene the maximum number of trustees fixed by the Articles of Association. The

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

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 trustee must deliver all documentation as required by the presiding 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.

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

Plans for future periods

● **FUTURE DEVELOPMENTS**

The Foundation's goals for the coming year continue to be to support the research community, ensuring that the translational projects currently under review receive funding.

The UKSCF also intends to continue its trawl for new projects throughout the United Kingdom. It wishes to review the current project review process and evaluate the efficacy of its current procedures and strategies.

It intends to increase the profile of the Foundation to attract an increasing number of donors to support its work,

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

ensuring that match funding opportunities involving public sector partners can be maximised.

FUNDS HELD AS CUSTODIAN

The UK Stem Cell Foundation does not act as Custodian Trustee for any other organisation.

TRUSTEES' RESPONSIBILITIES STATEMENT

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

Company law requires the Trustees to prepare financial statements for each financial year. 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;
- 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 operation.

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 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.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

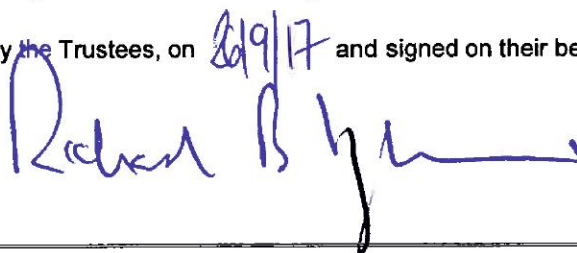
- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, French Duncan LLP, have indicated their willingness to continue in office. The Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by the Trustees, on 21/9/17 and signed on their behalf by:

Sir R Sykes, Chairman



THE UK STEM CELL FOUNDATION
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE UK STEM CELL FOUNDATION

We have audited the financial statements of The UK Stem Cell Foundation for the year ended 31 December 2016 set out on pages 9 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Responsibilities Statement, 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.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 145 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

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 2016 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.

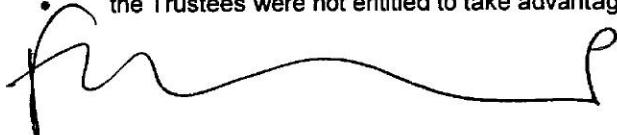
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE UK STEM CELL FOUNDATION

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- the company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption.



French Duncan LLP

Chartered Accountants
Statutory Auditor

133 Finnieston Street

Glasgow

G3 8HB

Date:

27/09/2017

French Duncan LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE UK STEM CELL FOUNDATION
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:					
Donations and legacies	2	130	237,963	238,093	677,339
Investments	3	-	2,958	2,958	5,414
Other income	4	-	80,536	80,536	-
TOTAL INCOME		130	321,457	321,587	682,753
EXPENDITURE ON:					
Charitable activities:					
Other charitable activities	5	139,811	296,881	436,692	1,110,263
Governance	6	-	6,149	6,149	8,942
TOTAL EXPENDITURE	7	139,811	303,030	442,841	1,119,205
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(139,681)	18,427	(121,254)	(436,452)
NET MOVEMENT IN FUNDS		(139,681)	18,427	(121,254)	(436,452)
RECONCILIATION OF FUNDS:					
Total funds brought forward		1,789,787	706,620	2,496,407	2,932,859
TOTAL FUNDS CARRIED FORWARD		1,650,106	725,047	2,375,153	2,496,407

The notes on pages 11 to 23 form part of these financial statements.

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REGISTERED NUMBER: 5320290

BALANCE SHEET
AS AT 31 DECEMBER 2016

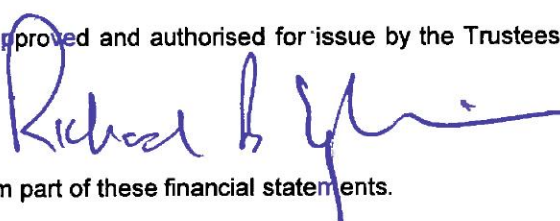
	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	10		350		1,073
CURRENT ASSETS					
Debtors	11	129,682		46,559	
Cash at bank and in hand		2,363,715		3,243,193	
		<u>2,493,397</u>		<u>3,289,752</u>	
CREDITORS: amounts falling due within one year	12	<u>(118,594)</u>		<u>(794,418)</u>	
NET CURRENT ASSETS			<u>2,374,803</u>		<u>2,495,334</u>
NET ASSETS			<u>2,375,153</u>		<u>2,496,407</u>
CHARITY FUNDS					
Restricted funds	13		1,650,106		1,789,787
Unrestricted funds	13		<u>725,047</u>		<u>706,620</u>
TOTAL FUNDS			<u>2,375,153</u>		<u>2,496,407</u>

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 145 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 26/9/2017 and signed on their behalf, by:

Sir R Sykes, Chairman



The notes on pages 11 to 23 form part of these financial statements.

THE UK STEM CELL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)) as amended by Update Bulletin 1, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The UK Stem Cell Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Company status

The company 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.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

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

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

THE UK STEM CELL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' Report for more information about their contribution.

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

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

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. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at the company's offices. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

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 Going concern

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The charity has a strong balance sheet with significant bank balances to meet its liabilities as and when they fall due.

1.7 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

1.8 Tangible fixed assets and depreciation

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

THE UK STEM CELL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

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

Computer equipment	- 33% Straight line
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1.9 Interest receivable

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

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 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 company anticipates it will pay to settle the debt or 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.

1.13 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

THE UK STEM CELL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. INCOME FROM DONATIONS AND LEGACIES

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	130	234,739	234,869	672,031
Grants	-	-	-	4,708
Other income	-	3,224	3,224	600
Total donations and legacies	130	237,963	238,093	677,339
<i>Total 2015</i>	<i>509,810</i>	<i>167,529</i>	<i>677,339</i>	

3. INVESTMENT INCOME

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income - interest received	-	2,958	2,958	5,414
<i>Total 2015</i>	<i>-</i>	<i>5,414</i>	<i>5,414</i>	

4. OTHER INCOMING RESOURCES

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Project expenditure refunded	-	80,536	80,536	-
<i>Total 2015</i>	<i>-</i>	<i>-</i>	<i>-</i>	

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NOTES TO THE FINANCIAL STATEMENTS
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5. DIRECT COSTS

	Direct costs	Total	Total
	£	2016	2015
	£	£	£
Project expenses	155,763	155,763	739,690
Travelling	11,194	11,194	15,962
Telephone	3,903	3,903	5,025
Postage and stationery	3,984	3,984	6,916
Consultancy fees	4,240	4,240	(2,685)
Marketing expenses	68,391	68,391	122,582
Bank charges	2,448	2,448	3,076
Sundry expenses	2,560	2,560	251
Insurance	182	182	1,526
Professional fees	6,244	6,244	194
Office expenses	18,552	18,552	33,638
Entertainment	3,096	3,096	2,031
Mileage & Parking	2,357	2,357	380
Loss on disposal of Fixed Assets	-	-	232
Wages and salaries	136,930	136,930	163,463
National insurance	16,125	16,125	15,982
Depreciation	723	723	2,000
	<u>436,692</u>	<u>436,692</u>	<u>1,110,263</u>
<i>At 31 December 2015</i>	<u>1,110,263</u>	<u>1,110,263</u>	

6. GOVERNANCE COSTS

	Restricted	Unrestricted	Total	Total
	funds	funds	funds	funds
	2016	2016	2016	2015
	£	£	£	£
Auditors' remuneration	-	6,149	6,149	6,442
Auditors' non audit costs	-	-	-	2,500
	<u>-</u>	<u>6,149</u>	<u>6,149</u>	<u>8,942</u>

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7. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2016 £	Depreciation 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Direct and support costs	153,055	723	282,914	436,692	1,110,263
Expenditure on governance	-	-	6,149	6,149	8,942
	<u>153,055</u>	<u>723</u>	<u>289,063</u>	<u>442,841</u>	<u>1,119,205</u>
<i>Total 2015</i>	<u>179,445</u>	<u>2,000</u>	<u>937,760</u>	<u>1,119,205</u>	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	723	2,000
Auditors' remuneration - audit	6,149	6,442
Auditors' remuneration - other services	-	2,500
	<u>6,872</u>	<u>10,942</u>

During the year, no Trustees received any remuneration (2015 - £NIL).

During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year, Trustees received reimbursement of expenses of £252 (2015 - £521).

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NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	136,930	163,463
Social security costs	16,125	15,982
	<u>153,055</u>	<u>179,445</u>

The average number of persons employed by the company during the year was as follows:

	2016 No.	2015 No.
Management and administration	4	4

The number of higher paid employees was:

	2016 No.	2015 No.
In the band £80,001 - £90,000	1	1

Key management personnel comprises the Chief Executive Officer, whose employee benefits for the year were £89,430 (2015 - £88,000).

10. TANGIBLE FIXED ASSETS

	Plant and machinery £
Cost	
At 1 January 2016	10,485
Disposals	(1,038)
	<u>9,447</u>
At 31 December 2016	
Depreciation	
At 1 January 2016	9,412
Charge for the year	723
On disposals	(1,038)
	<u>9,097</u>
At 31 December 2016	
Net book value	
At 31 December 2016	<u>350</u>
At 31 December 2015	<u>1,073</u>

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NOTES TO THE FINANCIAL STATEMENTS
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11. DEBTORS

	2016	2015
	£	£
Prepayments and accrued income	129,682	46,559

Included in donations is £100,000 received post year-end relating to a legacy received in 2015. Due to the lengthy process of winding up the estate by the solicitors, there is a small amount still outstanding on this legacy to be received, however the value cannot be quantified.

12. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Other taxation and social security	9,262	5,189
Accruals and deferred income	109,332	789,229
	118,594	794,418

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

13. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2016 £	Income £	Expenditure £	Balance at 31 December 2016 £
Designated funds				
Designated Funds - Unallocated Project Funds	73,701	-	-	73,701
General funds				
General Funds	632,919	321,457	(303,030)	651,346
Total Unrestricted funds	706,620	321,457	(303,030)	725,047
Restricted funds				
UKSCF Project - Developing olfactory ensheathing cell implantation	660,000	-	-	660,000
Repair of spinal cord injury by transplantation	307,622	-	(20,716)	286,906
London Development Agency	567,712	130	(79,506)	488,336
Autologous Stem Cell Based Therapies - B Noble	48,198	-	-	48,198
In Vivo Transplant of Chondrocytes & Osteoblasts - B Noble	55,973	-	-	55,973
Ex Vivo Expanded Corneal Limbal Transplantation	21,904	-	-	21,904
MS Society	27,720	-	-	27,720
Catapult	100,658	-	(39,589)	61,069
	1,789,787	130	(139,811)	1,650,106
Total of funds	2,496,407	321,587	(442,841)	2,375,153

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

13. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 January 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 December 2015 £</i>
Designated funds					
Designated Funds - Project Funds available for allocation	-	-	-	73,701	73,701
	-	-	-	73,701	73,701
General funds					
General Funds	679,491	172,943	(379,515)	160,000	632,919
	679,491	172,943	(379,515)	160,000	632,919
Total Unrestricted funds	679,491	172,943	(379,515)	233,701	706,620
Restricted funds					
UKSCF Project - Developing olfactory ensheathing cell implantation	-	500,000	-	160,000	660,000
Repair of spinal cord injury by transplantation	239,305	1,060	(232,743)	300,000	307,622
London Development Agency	1,506,314	-	(318,602)	(620,000)	567,712
Autologous Stem Cell Based Therapies - B Noble	48,198	-	-	-	48,198
In Vivo Transplant of Chondrocytes & Osteoblasts - B Noble	55,973	-	-	-	55,973
	30,129	-	-	(30,129)	-
	43,572	-	-	(43,572)	-
Ex Vivo Expanded Corneal Limbal Transplantation	21,904	-	-	-	21,904
MS Society	121,431	8,750	(102,461)	-	27,720
Catapult	186,542	-	(85,884)	-	100,658
	2,253,368	509,810	(739,690)	(233,701)	1,789,787
Total of funds	2,932,859	682,753	(1,119,205)	-	2,496,407

THE UK STEM CELL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

13. SUMMARY OF FUNDS

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 January 2016 £	Income £	Expenditure £	Balance at 31 December 2016 £
Designated funds	73,701	-	-	73,701
General funds	632,919	321,457	(303,030)	651,346
	<u>706,620</u>	<u>321,457</u>	<u>(303,030)</u>	<u>725,047</u>
Restricted funds	1,789,787	130	(139,811)	1,650,106
	<u>2,496,407</u>	<u>321,587</u>	<u>(442,841)</u>	<u>2,375,153</u>

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 January 2015 £	Income £	Expenditure £	Balance at 31 December 2015 £
Designated funds	-	-	-	73,701
General funds	679,491	172,943	(379,515)	632,919
	<u>679,491</u>	<u>172,943</u>	<u>(379,515)</u>	<u>706,620</u>
Restricted funds	2,253,368	509,810	(739,690)	1,789,787
	<u>2,932,859</u>	<u>682,753</u>	<u>(1,119,205)</u>	<u>2,496,407</u>

The Designated Fund is held to allow the charity to fund future projects for which external funding may not be available.

The Restricted Funds are allocated by individual project or funder and these are analysed above.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	350	350
Current assets	1,650,106	843,291	2,493,397
Creditors due within one year	-	(118,594)	(118,594)
	<u>1,650,106</u>	<u>725,047</u>	<u>2,375,153</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Restricted funds 2015 £</i>	<i>Unrestricted funds 2015 £</i>	<i>Total funds 2015 £</i>
Tangible fixed assets	-	1,073	1,073
Current assets	1,789,787	1,499,965	3,289,752
Creditors due within one year	-	(794,418)	(794,418)
	<u>1,789,787</u>	<u>706,620</u>	<u>2,496,407</u>

15. 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.

16. FIRST TIME ADOPTION OF FRS 102

It is the first year that the company has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 December 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 January 2015. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the company's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.