GLOBAL ALLIANCE FOR LIVESTOCK VETERINARY MEDICINES

(a company limited by guarantee)
Registered in England No. 05393391
England and Wales Charity No. 1115606
Scottish Charity No. SC039197

Directors' Report and Financial Statements
For the year ended 31 March 2017

GLOBAL ALLIANCE FOR LIVESTOCK VETERINARY MEDICINES
(a company limited by guarantee)

Directors' Report and Financial Statements

For the year ended 31 March 2017

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Reference and Administrative Details

Board Directors	
Dr P Wells	(Co-Chair and Chair of Technical Scientific Committee)
Prof F Sonaiya	(Co-Chair)
Dr N Hegde	(Chair of HR Committee)
Dr P van Aarle	(Chair of Market Development & Access Committee)
Prof O Smith	(Chair of Policy & External Affairs Committee)
Prof M Rweyemamu	
Mr M J Ince FCA MBA	(Chair of Finance & Audit Committee)
Dr W Amanfu	
Dr C Schumacher	
Prof P Wood	(appointed 21 September 2016)

Chief Executive Officer Dr P Jeffries

Company Secretary H Stevenson CA

Independent Auditors

Henderson Loggie
Chartered Accountants
34 Melville Street
Edinburgh
EH3 7HA

Legal Advisors

Maclay Murray and Spens LLP
Quartermile One
15 Lauriston Place
Edinburgh
EH3 9EP

Bankers

Lloyds Bank plc
City Office, PO Box 72
Bailey Drive, Gillingham Business Park
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Registered Office

One London Wall
London
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Principal Office

Doherty Building
Pentlands Science Park
Bush Loan
Edinburgh
EH26 0PZ

Company No. 05393391
England and Wales Charity No. 1115606
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GLOBAL ALLIANCE FOR LIVESTOCK VETERINARY MEDICINES
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Directors' Report
For the year ended 31 March 2017

The Board Directors have pleasure in presenting their report for the year ended 31 March 2017. This report is prepared in accordance with the recommendations of *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) and in accordance with applicable law.

Global Alliance for Livestock Veterinary Medicines (GALVmed) is a company limited by guarantee and is registered as a charity with the Charity Commission and the Office of the Scottish Charity Regulator (OSCR). GALVmed is incorporated in the UK with its principal office as stated on the Contents page.

GALVmed (the company) has complied with the duty in Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

Objects, Objectives and Activities

Objects

The company's objects, as set out in the Memorandum of Association, are for the benefit of the public:

1) to relieve financial hardship and promote good health (including improving food security) amongst small-holder livestock keepers in developing countries through the promotion of affordable vaccines, pharmaceutical and diagnostic products and services aimed at improving the health of their livestock; and
2) to promote the effective use of resources to achieve the above charitable purposes through the identification, management, funding and co-ordination of:

   a. development of livestock vaccines, pharmaceuticals and diagnostics products and services; and
   b. delivery of these products and services at affordable prices,

   by working in partnership with others (whether charities, government or private bodies or institutions).

Around 900 million people rely on livestock for their livelihoods. GALVmed's purpose is "Protecting Livestock, Improving Human Lives" with a mission "to make a real difference to the livelihoods of resource-poor farmers by providing animal health tools within a sustainable economic framework".

Objectives

The company has five key programmes whose specific objectives deliver the above objects:

1) Protecting Livestock Saving Human Lives 2 (PLSHL 2) programme - to build on the work carried out under PLSHL 1 with greater focus on developing market and access initiatives to impact a greater number of poor livestock keepers. The disease focus is Newcastle Disease (ND), East Coast Fever (ECF), Rift Valley Fever (RVF), Contagious Bovine Pleuropneumonia (CBPP), Peste des Petits Ruminants (PPR) and Contagious Caprine Pleuropneumonia (CCPP). Further work on Porcine Cysticercosis (PC) is funded exclusively by the UK Government Department for International Development (DFID). The key strategic objective of PLSHL 2 is to develop, register and facilitate production and availability of 5 to 7 vaccines, pharmaceutical or diagnostic products by December 2017.
2) African Animal Trypanomosis 2 (AAT 2) programme - to build on progress made during the first 2 phases (AAT 1 and AAT Mini). The key objectives are to produce new and improved AAT control tools (i.e. pen-side field diagnostic tests, new drugs and new candidate vaccines) that are affordable and meet demand from farmers and stimulate markets for such products.
3) CBPP BEN-1 programme - to evaluate the ability of the BEN-1 vaccine to act as a highly effective and safe control tool for CBPP that could possibly eliminate the disease in Africa.
4) AgResults Brucellosis programme – to manage a competition to develop and register a safe and efficacious vaccine against *Brucella melitensis*, a major cause of human Brucellosis infections with Brucella and a significant economic burden in developing countries.

5) ECF Vaccine Diluent programme - to test different diluent formulations used to reconstitute a live ECF vaccine to establish whether it is possible to retain the viability of the vaccine for an extended period.

Activities

The key activities of the company during 2016/17 were:

- continued delivery of the PLSHL 2 programme, a jointly funded programme by the Bill & Melinda Gates Foundation (BMGF) (80%) and DFID (20%) worth £32.2 million ($51.5 million). A no-cost extension (NCE) was granted to extend programme delivery to 31 December 2017;
- continued delivery of the AAT 2 programme, a $14.4m jointly-funded programme by BMGF (53%) and DFID (47%). Two NCEs were approved in the year, the first to 31 March 2017 and the second to 30 June 2018, with supplementary funding granted post year-end on 19 April 2017;
- active delivery of the CBPP BEN-1 programme, a BMGF funded programme which is expected to be completed by June 2017. The lead partner is Harbin Veterinary Research Institute, China. Funding for the activities coordinated by the company is $1.5m;
- commencement of the AgResults-funded Brucellosis programme, a 27 month programme worth $1.7m; and
- commencement of 1) the Agritech Catalyst Fund programme (ECF Vaccine Diluent Improvement), a Biotechnology and Biological Sciences Research Council (BBSRC) DFID funded programme worth £195k of which the company will receive £35k; and 2) the Aga Khan (Project Mesha) programme, worth $48k.

Other funded programmes included the ECF Research Consortium and AAT Ethiopia programmes on which there was no activity in the year.

Structure, Governance and Management

The management of the company is the responsibility of the Board Directors who are elected by the Members under the terms of the Memorandum and Articles of Association.

Structure

At 31 March 2017, there were 13 Members (6 Founder and 7 Ordinary Members) and 10 Board Directors. In addition, observers from 5 organisations including BMGF, DFID and the African-Union Interafrican Bureau for Animal Resources (AU-IBAR) are invited to attend the company's face-to-face Board meetings.

Directors' Recruitment and Appointment

Board Directors are recruited for their individual skills and experience. When vacancies arise the Board is notified of the skills and experience gaps that the company is seeking to fill. Candidates are assessed and recruited in accordance with the Board Directors' Recruitment Policy. If suitable, they are invited to serve an initial period on a Board Committee and if successful they are nominated by the Board for endorsement by the Members at the Annual General Meeting (AGM). The company's governance operates within a robust policy framework which includes: the Role of the Board; Board Code of Conduct; Confidentiality and Conflicts of Interest; and Board Directors' skills matrix.

Directors' Induction and Training

Appointed Board Directors are already familiar with the company's work having been selected because of their field of expertise. Board Directors receive information on the company and their responsibilities under company and charity legislation and are also made aware of the operational framework of the company, its current performance and the company's future plans and objectives.

New Board Directors are invited to visit the company's head office in Edinburgh to learn more about the organisation, how it operates and meet some of its staff. Board Directors receive training on their legal duties and responsibilities on an annual basis prior to the AGM.

Directors' Meetings

Board Directors formally meet four times a year, of which two are face-to-face meetings and two are conference calls. The business of the meetings is minuted.

The Board is supported by five committees to whom aspects of day to day accountability and governance are delegated: Technical Scientific; Market Development & Access; Policy & External Affairs; Finance & Audit; and HR. Each committee has its own terms of reference and membership. Governance of fundraising is the responsibility of the Finance & Audit Committee.

Decision Making

The company's strategy for achievement of its charitable objectives is proposed to and approved by the Board Directors and endorsed by the Members at the AGM. In 2014/15 the 2015-2021 Strategy, and the related Business Plan, were proposed to and approved by the Board Directors. The Executive Directors are responsible for presenting and delivering the associated Business and Annual plans which direct implementation of the strategy.

Organisational objectives, from which all staff derive their own departmental and individual objectives, are developed annually and agreed by the Board. Achievement of organisational objectives is assessed by the Board through reporting by the Chief Executive and the Executive Directors. Strategic and operational issues are brought to the Board for assessment and direction as required.

Key Management Remuneration

Key management includes the Chief Executive (CEO), Senior Executive Directors and Executive Directors of the company and operate as the GALVmed Leadership Team (GLT).

The HR Committee has responsibility delegated to it for setting key management remuneration. The HR Committee meets as required with a minimum of two meetings a year and comprises the Finance & Audit Committee chair (Mr M J Ince) and one other Trustee (Dr N Hegde) who is appointed the Committee Chair. The Co-Chairs and other Board Directors have the right to attend the meetings and to observe proceedings. The CEO and HR Manager are in attendance at the meetings, leaving when discussions relate to their own performance and remuneration. The main responsibilities of the Committee in relation to key management remuneration are:

- to determine and agree with the Board the broad policy for key management's remuneration;
- to approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments made under such schemes; and
- to determine the total individual remuneration package of each member of the GLT including any incentive payments and pension arrangements.

The performance related pay scheme is applicable to all employees of the company and is dictated by the organisational and departmental objectives. Objectives are established at the start of the financial year. Performance against these objectives is reviewed throughout the year and formally at the year end. Each objective has a weighting, performance against which is assessed at the end of the year to calculate the total performance score. The related pay award is defined by cost of living, exchange movements (for non-local currency salaried international staff) and affordability.

It is the Co-chairs' responsibility to evaluate the CEO to measure his effectiveness at managing the company in the light of strategic objectives and business plans.

Board Performance Evaluation

The company undertakes an annual performance evaluation of the Board and the Board Co-Chairs. This process reflects the principles of the UK Corporate Governance Code. An evaluation took place in February 2017 which incorporated a high-level review of the Board committees. The findings were presented to the Board in March 2017 and showed significant progress in addressing previously identified weaknesses.

The Board will implement appropriate actions, progress of which will be monitored at the Board meetings.

Partnerships and Related Parties

The partnership concept is the company's core principle and is instrumental in allowing it to pursue its charitable objectives. The company initiates, facilitates, brokers and contributes to such partnerships from two perspectives: 1) specific partnerships to deliver and support programme performance and achievement; and 2) higher level strategic partnerships to initiate and advance the livestock agenda. All such relationships are formalised through Memoranda of Understanding, Confidentiality Agreements and Contractual Agreements. This framework provides a robust overarching mechanism for the company's activities. All contractual arrangements and related party transactions (detailed in note 16 to the Financial Statements) are conducted at arm's length.

Strategic Report

Performance and Achievements

Key Performance Indicators

The Board Directors and GLT assess the financial and operational performance of each programme within the company using the following key performance indicators:

- Detailed milestones within specific activities as defined in the contracted funder agreement for each programme. These are detailed in logical frameworks (log-frames) which present annual targets and the anticipated outcome at the programme end for each key milestone (over 30 for PLSHL 2). These targets are Specific, Measurable, Achievable, Realistic, Timely (SMART); and
- Monthly actual expenditure against the Board approved budget.

Performance is also assessed in relation to achievement of the annual corporate objectives.

Key Achievements

The company operates from established offices in Edinburgh, UK; New Delhi, India (South Asia office); and Nairobi, Kenya (Africa office). The number of staff at 31 March 2017 was 38 (average in year of 40). Staff turnover was exceptionally low in 2016/17 enabling the company to deliver its mandate from a stable and effective platform.

The company's individual programmatic and organisational objectives for the year to 31 March 2017 are set out below, along with the key achievements against these objectives:

1) Programmes:
    a. Complete PLSHL 2 in line with defined objectives and on budget, including delivery of 5-7 products.
        - A NCE was granted to extend programme delivery to 31 December 2017 with continued focus on delivery.
        - A second batch of the ECF ITM Muguga Cocktail vaccine was released for general sale from The Centre for Ticks and Tick- Borne Diseases (CTTBD), Malawi, with the third batch available shortly. Improvements in the production process have shortened the release process by three months and reduced cattle usage by 65%.

- Registration was gained in India for the University of Melbourne's TSOL-18 vaccine (for the prevention of infection of pigs with PC). A programme has been developed to register and commercialise TSOL-18 vaccine and oxfendazole wormer in overlapping territories in sub-Saharan Africa and South Asia.
- Two potential commercial partners were identified to undertake the feasibility assessment prior to the transfer of the fast-dissolving tablet technology developed for the ND vaccine.
- Commencement of a 10,000 dose field study with the Clone 13 RVF vaccine, in the Morogoro Region of Tanzania.
- Excellent interim results in a project to investigate the stability of a liquid live PPR vaccine.
- A new attenuated CCPP strain is being developed in collaboration with partners and is currently undergoing validation in goats.
- Successful expansion of large-scale commercial initiatives including ECF-ITM in Rwanda and ND in West Africa.
- Continued surpassing of the programme vaccination target for ND (over 106 million doses distributed to date) but slower than targeted doses of ECF (1.3m to date) due to recent drought and disease outbreaks in parts of eastern and southern Africa.
- Political and legal endorsement by the East Africa Community (EAC) for the implementation of Mutual Recognition Procedures (MRP). These were developed with GALVmed's support and seek to make the system of registration of veterinary products more efficient.
- Undertaking a wider programme of work in building a strong understanding of smallholder markets.

b. Finalise and agree 9 month extension of Porcine Cysticercosis vaccine project with DFID (March 2017).
   - A NCE to end-December 2017 was requested and granted by DFID in March 2017.

c. Complete current Tryps project and secure funding, for GALVmed or a commercial partner, to complete development of a novel trypanocide (September 2016).
   - Two NCEs were approved in the year, the first to 31 March 2017 and the second to 30 June 2018, with supplementary funding granted in April 2017 that will prepare the project to enter full development from July 2018.
   - The key highlight in the year was the establishment of one of the test compounds into a full development candidate and the identification of a commercial partner to further develop this compound.

d. Complete CBPP BEN-1 project in accordance with defined objectives (March 2017)
   - The BEN-1 comparative immunity study has been completed, with the in-life phase finished in late 2016. Statistical analysis on the results is underway with final reporting expected by June 2017.

e. Initiate and manage AgResults Brucellosis and Agritech Catalyst Fund (ECF Vaccine Diluent Improvement) programmes in line with defined objectives (the former subject to final board endorsement) (March 2017).
   - Subsequent to Board endorsement, funding of $1.4m was secured for the AgResults Brucellosis programme. The competition was formally launched in November 2016 with applications now being received.
   - The ECF vaccine diluent improvement project with Arecor Ltd and CTTBD commenced in the year. In vitro testing has been completed, with the in vivo viability study now in progress.

f. Within PLSHL 2 budget availability and after appropriate board and donor approvals, initiate new R&D projects aligned with longer-term objectives, in preparation for 3rd round funding (March 2017).
    - As a result of savings identified within the PLSHL 2 programme, additional work has been planned and agreed with both the board and the donors to utilise the surplus available. This work which is across the breadth of the company enhances the activities carried out under PLSHL 2 and also prepares the company for future work under the VITAL (see 2)a below) programme.

g. Work with the strengthened CTTBD Board to ensure improved focus on commercial viability for CTTBD (December 2016).
    - An interim management board has been instituted, comprising a number of members with a private sector background under the chairmanship of the African Union. Good but slow progress has been made towards a revised ownership structure.
    - A private sector company is also providing technical and managerial input.

2) Organisation:

a. Complete application for, and secure, future funding to ensure GALVmed can continue to meet the animal health needs of poor livestock keepers in line with its overall objectives and donor expectations (application to be submitted by September 2016; funding to be awarded by March 2017).
    - During the year a NCE was granted to extend programme delivery to 31 December 2017, as a result of the delay in the future funding timetable. The GLT has developed and submitted a draft funding proposal to BMGF based on the 2015-2021 strategy and business plan. Veterinary Innovations Transforming Animal Health and Livelihoods (VITAL), is a $50m 5 year BMGF and DFID jointly funded programme from 1 October 2017. Further refinement of the proposal will take place in the first quarter of 2017-18 with funding confirmation expected in October 2017.

b. Prepare and implement a strategy to manage staff retention prior to further funding or in the event of no committed funding (March 2017).
    - A combination of activities are being undertaken which includes close monitoring of staff and positive messaging in respect of future funding expectations. There is no evidence of the need for a retention policy but it is under constant review.

c. Define and, to the extent possible, put in place an organisational structure in line with future organisational needs (proposed structure agreed by December 2016).
    - As part of the funding submission for VITAL an outline organisational structure has been defined, costed, approved by the Board and presented to BMGF. Refinement will be ongoing and implementation will be put in place following funding confirmation.

d. Continue to build and embed project management skills across the company through performance management and training (to March 2017).
    - The implementation of efficient and structured project management processes continued in 2016/17 supported by the training of all project management staff. These disciplines are now fully embedded in the performance management process.

e. Develop an implementation plan by December 2016 to strengthen the impact of the South Asia office.
    - Strengthening the impact of the South Asia office is being considered during the evolution of the VITAL funding proposal.

Financial Review

Income in the year was £6.2m (2016: £10.1m) and total resources expended were £12.5m (2016: £9.6m).

Income

Restricted income in 2016/17 of £5.9m includes funding in respect of PLSHL 2 (£4.3m from BMGF and £0.9m from DFID) and AgResults Brucellosis (£0.7m from AgResults). Unrestricted income of £0.2m was received in 2016/17.

Expenditure

The company's expenditure increased by 31% (£2.9m) to £12.5m, predominantly due to a 20% increase in AAT 2 activity (from £3.4m to £4.1m) and a 30% increase in PLSHL 2 activity (from £5.9m to £7.7m) as the programmes neared their end dates. PLSHL 2 costs continue to make up a large proportion of expenditure (62%, 2016: 62%). AAT 2 expenditure as a percentage of total expenditure remains consistent with the prior year, now making up 33% of total expenditure (2016: 36%). The CBPP BEN-1 programme is in its third full year of activity and expenditure has remained consistent, making up just over 2% of total expenditure in 2016/17 and 2015/16. Expenditure on the new AgResults Brucellosis, ECF Vaccine Diluent Improvement and Project Mesha programmes contributed 3% cumulatively to overall programme spend.

Exchange gains/losses

An exchange gain of £1.1m has arisen in 2016/17 (2016: gain of £0.4m). This is mainly caused by the weakening of sterling against the US dollar in which 80% of PLHSL 2 and 100% of AAT 2, CBPP BEN-1 and Brucellosis funding is received. Exchange gains/losses do not have an impact on programme delivery as the effects of currency fluctuations are minimised by ensuring that spend is committed in the currency available at the time of commitment. The company undertakes a number of foreign exchange mechanisms (including cash flow forecasting, timing of funds conversion, payment, etc.) to minimise the risk of exchange losses on programme activity.

Balance Sheet

The high level of cash balances reflects advance funding as noted under Reserves below. The level of cash held has reduced from £14.2m to £8.6m in the year as we approach the end of the PLSHL 2 programme.

Investment Policy

The company's investment objectives, responsibilities, risk, and strategy are clearly set out in an Investment Policy which is subject to review annually, and related investment activity by the Finance & Audit Committee at their thrice-yearly meetings. A policy was introduced in 2016-17 whereby no more than £5m of cash balances are to be held in any one financial institution.

Reserves

Reserves at 31 March 2017 total £8.5m (2016: £13.8m). In respect of restricted funds of £6.9m (2016: £12.4m) this predominantly relates to advance funding for PLSHL 2 and AAT 2 in support of specifically defined programme deliverables all of which are budgeted as expenditure in 2017/18. Unrestricted reserves are £1.6m (2016: £1.4m) as noted below.

Unrestricted Reserves Policy

General reserves at 31 March 2017, which have been shown as unrestricted reserves on the Balance Sheet, amount to £1.6m (2016: £1.4m).

The objective of the company's Unrestricted Reserves Strategy is to build sufficient funds for future use at the Board Directors' discretion in order to protect the company by providing the ability to react to any changes in its financial circumstances and to pursue unfunded operational opportunities as they arise.

By considering three scenarios: 1) closure; 2) all financial risks and opportunities; and 3) working capital requirements and identifying, through a comprehensive exercise, the reserve requirements for each, the Board Directors have concluded that a maximum of £1.9m would be sufficient to cover the worst of these scenarios. Unrestricted reserves at 31 March 2017 are therefore 85% of the maximum requirement, which the Board considers sufficient in all the circumstances.

In 2016/17 an initial detailed funding proposal (VITAL) was submitted to BMGF. Feedback on this has been received and will be incorporated into further iterations with the aim of securing future programmatic and core funding by October 2017, thus ensuring that unrestricted reserves are maintained in accordance with the company's reserve requirements.

The Unrestricted Reserves Policy is reviewed on a 6 monthly basis and considers events that may have a significant impact on the reserve requirements, including changes in staffing levels, major exchange rate fluctuations, new contractual commitments, and the timing of funding availability.

Future Plans

As previously noted, in 2014/15 the company developed its 2015-2021 strategy and related Business Plan. The vision of the strategy builds upon the evolution of the company since inception as a product development partnership working on a strong portfolio of new products, technologies and processes while continuing to facilitate scale-orientated market development initiatives. The foundation of the strategy is the current programmes and it is these which have formed the basis of the 2017/18 objectives.

Objectives

GALVmed has identified the following key objectives for 2017/18:

1) Programmes:

   a. Complete and finalise delivery of PLSHL2 in line with defined objectives and on budget (to December 2017) and ensure timely and effective reporting (by March 2018).
   b. Secure supplementary funding for Tryps programme (by April 2017), advance the partnership with the private sector partner and deliver the objectives of the supplementary funding period (to March 2018).
   c. Complete the CBPP BEN-1 project in accordance with defined objectives (by June 2017).
   d. Manage the AgResults Brucellosis Prize Initiative (secure prize submissions and award phase 1 funding) (to March 2018).
   e. Complete the Agritech Catalyst Fund programmes in line with defined objectives (modified cheaper diluent for ECF-ITM) (by March 2018).
   f. Identify and progress plans for revised ownership and management structures at CTTBD and improved marketing and manufacturing capabilities, all in partnership with the private sector (to March 2018).

2) Organisation:

   a. Secure future VITAL funding in line with its overall objectives and donor funding offer (VITAL funding in place by October 2017).
   b. Identify additional funding sources to broaden the funding base and support unfunded core costs (to March 2018).
   c. Continue to strengthen the alignment of GALVmed with donor needs (to March 2018).
   d. Continue to ensure GALVmed staff focus on VITAL (to March 2018); deliver an organisational structure in line with future organisational needs, primarily for VITAL (new structure in place by December 2017).
   e. Continue to develop, strengthen and demonstrate cost effectiveness and robustness of GALVmed's delivery model, both internally and to external partners (to March 2018).

Financial

The 2017/18 expenditure budget is £10.9m, a 13% decrease on 2016/17 actual expenditure. This is mainly because the PLSHL 2 programme ends in December 2017. The VITAL programme funding proposal is still evolving so it is not included in the budget for 2017/18 although it is likely to start in October 2017 were it to be confirmed. In 2017/18, the AAT 2 programme will be supplemented by additional funding, continuing the programme to June 2018. In addition, while the Brucellosis project will continue, this year will see the finalisation of the CBPP BEN-1, ECF Vaccine Diluent Improvement and Project Mesha programmes.

Principal Risks and Uncertainties

Risk Management

The company's governance structure is designed to oversee and ensure the proper management of risks inherent in conducting its business.

The Risk Management Strategy details the company's risk management objectives, processes, reporting and responsibilities. The Risk Register highlights the major risks to which the company is exposed and the actions necessary to mitigate these risks, the lead risk owner and target date for mitigation. It is maintained to support strategic, financial and operational planning and therefore to assist in achieving the company's objectives and targets.

The Risk Register contains high scoring risks (a multiplier of the likelihood and impact). Risks with a score greater than 12 are subject to regular management review and those with a score of more than 15 are brought to the Board's attention for their awareness and consideration. Medium to low risks are recorded as "Risks not on the Risk Register". Risks are assessed under the following categories: compliance, external, financial, governance, operational, partnerships, people, reputational and strategic. Both Registers were comprehensively reviewed by the Board Directors in 2016/17 which included progress on risk mitigations, the scoring of each risk and any new risks. The updated Risk Register was presented to the Board in March 2017.

There are 14 risks with a score of more than 15 (2016:10) and 4 risks with a score of more than 12 but less than or equal to 15 (2016:9). In 2016/17 the scores of 3 risks were increased: 1) geo-political instability; 2) data security breach; and 3) failure to deliver by partners (including quality aspect of work). In addition, 3 risks were downgraded and removed from the Risk Register, the score of 4 risks reduced and 2 new risks were identified (changing political environment, impacts on ability to obtain/retain right to work for employees and change in key donor personnel or donor policies/strategy mid-funding round). No risks were escalated from the Risks not on the Risk Register.

Progression towards PLSHL 2 programme end date of December 2017 will result in continued focus in 2017/18 on mitigating the risks of: 1) lack of future funding; and 2) staff retention. Mitigations against these risks include: for 1) effectively communicating successes and impact to our donors and progressing funding proposals as required; and for 2) annual consideration of succession planning and ongoing communication, especially in respect of future funding.

The key risks that could impact financial performance are as previously noted and affect both current (predicting and managing budgetary spend and slow delivery of PLSH2) and future (failure to attract future programme, core and unrestricted funding) performance. These are managed in the same manner as all key risks: identify mitigation plans, lead owner and target dates and implement and monitor such plans. In addition, other important aspects of potential financial risk are currency risk, interest rate risk and liquidity risk. Currency and liquidity risk are managed through the Investment Policy. Interest rate risk does not impact the company as it is free of borrowings and financing.

Going Concern

The Board Directors have considered the financial position of the company for the next twelve months and concluded that the use of the going concern basis of accounting is appropriate: funding continues to be in place until December 2017; the company is in the process of applying for funding beyond this period directed by its 2015-2021 Strategy and related Business Plan; detailed funding proposals have been submitted to the key donors, decisions on which will be made and communicated late summer 2017 with a planned start date of October 2017. The Board Directors are confident that new funding will be secured. Should this not be the case, the Board Directors believe the unrestricted reserves of £1.6m would be sufficient to operate the company for at least six months, allowing an orderly closure of the company's business to take place.

Responsibilities of the Board Directors

The Board Directors (who are also the trustees for the purposes of charitable law) are responsible for the preparation of the Directors' Report, including the Strategic Report, and financial statements in accordance with applicable law and regulations.

Law applicable to incorporated charities in Scotland requires the Board Directors to prepare an annual report and financial statements for each financial year in accordance with applicable law and regulations. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Board Directors 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 charity at the end of the year and of its financial activities including its income and expenditure during the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 charity will continue in operation.

The Board Directors are responsible for keeping proper and adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006, with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board Directors are also responsible for the maintenance and integrity of the charity.

GLOBAL ALLIANCE FOR LIVESTOCK VETERINARY MEDICINES
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Directors' Report
For the year ended 31 March 2017

Disclosure of information to auditors

To the knowledge and belief of each of the persons who is a Board Director at the time the report is approved:

a) So far as the Board Director is aware, there is no relevant information of which the organisation's auditors are unaware; and
b) He/or she has taken all steps that he/she ought to have taken as a Board Director to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Henderson Loggie, Chartered Accountants, were reappointed as auditors to the company at the Annual General Meeting in 2016. The appointment of auditors for 2017/18 will be reviewed further in 2017.

Approved by the Board Directors and signed on their behalf by:

PWells

Dr P Wells

21 June 2017

GLOBAL ALLIANCE FOR LIVESTOCK VETERINARY MEDICINES
(a company limited by guarantee)

Independent Auditor's Report to the Members and Trustees
For the year ended 31 March 2017

We have audited the financial statements of Global Alliance for Livestock Veterinary Medicines for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's directors 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, its members as a body and its directors as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement (set out on page 11), the directors (who are also the trustees of the charitable company for the purposes of charitable law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations under those Acts.

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 Financial Reporting Council's (FRC's) Revised Ethical Standard 2016.

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 misstatements, 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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently 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 March 2017 and of its outcoming 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you, if in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

James Davidson (Senior Statutory Auditor)
For and on behalf of Henderson Loggie Statutory Auditors
Henderson Loggie is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Edinburgh

21 June 2017

GLOBAL ALLIANCE FOR LIVESTOCK VETERINARY MEDICINES
(a company limited by guarantee)

Income and Expenditure Account and
Statement of Financial Activities
For the year ended 31 March 2017

	Notes	Unrestricted	Restricted	Total 2017	Total 2016
		£	£	£	£
Income and endowments from:					
Charitable activities	2	224,823	5,891,254	6,116,077	10,049,121
Investments		8,278	37,415	45,693	37,125
Other		-	782	782	60,701
Total income		233,101	5,929,451	6,162,552	10,146,947
Expenditure on:					
Charitable activities	3				
- PLSHL 2		-	7,694,051	7,694,051	5,900,456
- AAT 2		-	4,101,732	4,101,732	3,404,515
- CBPP BEN-1		-	288,792	288,792	242,772
- AgResults Brucellosis		-	338,516	338,516	9,576
- ECF Vaccine Diluent Improvement		-	83,431	83,431	-
- Project Mesha Technical Support		-	8,932	8,932	-
- Other		619	-	619	10,358
Total expenditure		619	12,515,454	12,516,073	9,567,677
Net income / (expenditure)	5	232,482	(6,586,003)	(6,353,521)	579,270
Other recognised gains:					
Gains on foreign exchange	6	-	1,075,529	1,075,529	424,700
Net movement in funds		232,482	(5,510,474)	(5,277,992)	1,003,970
Reconciliation of Funds					
Total funds brought forward at 1 April 2016	11	1,400,929	12,410,095	13,811,024	12,807,054
Total funds carried forward at 31 March 2017	11	1,633,411	6,899,621	8,533,032	13,811,024

All the results of the company relate to continuing activities.

The company has no recognised gains or losses other than those set out above.

The notes on pages 18 to 26 form part of these financial statements

GLOBAL ALLIANCE FOR LIVESTOCK VETERINARY MEDICINES
(a company limited by guarantee)

Balance Sheet
As at 31 March 2017

	Notes	2017		2016	
		£	£	£	£
Fixed Assets					
Tangible assets	8		77,354		90,664
Current assets					
Debtors	9	414,551		127,623	
Cash at bank and in hand		8,593,144		14,199,833	
		9,007,695		14,327,456	
Liabilities:					
Creditors: Amounts falling due within one year	10	(552,017)		(607,096)	
Net current assets			8,455,678		13,720,360
Total net assets			8,533,032		13,811,024
Unrestricted funds	11		1,633,411		1,400,929
Restricted income funds	11		6,899,621		12,410,095
Total funds			8,533,032		13,811,024

The financial statements were authorised for issue and approved by the Board Directors on 21 June 2017

Dr P Wells

Company No: 05393391

The notes on pages 18 to 26 form part of these financial statements

GLOBAL ALLIANCE FOR LIVESTOCK VETERINARY MEDICINES
(a company limited by guarantee)

Statement of Cash Flows
For the year ended 31 March 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Net cash provided by operating activities	**15**	(6,695,224)	877,910
Cash flows from investing activities:			
Interest from investments		40,798	37,264
Purchase of property, plant and equipment		(27,792)	(38,756)
Net cash used in investing activities		13,006	(1,492)
Change in cash and cash equivalents in the reporting period		(6,682,218)	876,418
Cash and cash equivalents at the beginning of the reporting period		14,199,833	12,898,715
Change in cash and cash equivalents due to exchange rate movements		1,075,529	424,700
Cash and cash equivalents at the end of the reporting period		8,593,144	14,199,833

Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	8,593,144	14,199,833
Total cash and cash equivalents	8,593,144	14,199,833

The notes on pages 18 to 26 form part of these financial statements

GLOBAL ALLIANCE FOR LIVESTOCK VETERINARY MEDICINES
(a company limited by guarantee)

Notes to the Financial Statements
For the year to 31 March 2017

1. Accounting policies

Basis of accounting

GALVmed is a public benefit entity. The financial statements have therefore been prepared in accordance with the Companies Act 2006, applicable accounting standards, Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 as amended in 2010, and the Charities Act 2011. They have also been prepared under historical cost accounting rules. The financial statements are prepared in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the neared pound.

Going Concern

The Board of Directors has considered the financial position of the company for the next twelve months and concluded that the use of the going concern basis of accounting is appropriate. Funding continues to be in place until December 2017. The company is in the process of applying for funding beyond this period directed by its 2015-2021 Strategy and related Business Plan. Detailed funding proposals have been submitted to the key donors, decisions on which will be made and communicated in summer 2017 with a planned start date of October 2017. The Board Directors are confident that new funding will be secured. Should this not be the case, the Board Directors believe the unrestricted reserves of £1,633,411 would be sufficient to operate the company for at least six months, allowing an orderly closure of GALVmed's business to take place.

Fund accounting

Funds received on which no restrictions are placed as to their use are accounted for as Unrestricted Funds.

Funds received for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose, are accounted for as Restricted Funds.

Incoming resources

Funds received are recognised as income from charitable activities once there is entitlement, reasonable probability of receipt and the amount can be measured with sufficient reliability. Income is deferred where donor-imposed conditions that specify the time period in which the funds can be spent have not yet been met. All funds received in 2016/17 have been recognised as income as there is sufficient evidence that the related funding conditions are within the company's control and therefore will be met.

Investment income is recognised as earned.

Value Added Tax (VAT)

Expenditure is accounted for inclusive of VAT where appropriate as the company is not registered for VAT.

Pension scheme

The company provides a defined contribution pension scheme for its staff and the pension charge in the Statement of Financial Activities (SOFA) represents the amounts payable by the company to the Company Personal Pension Scheme in respect of the year.

Operating leases

Rentals payable under operating leases are charged to the SOFA on the straight line basis over the lease term.

Expenditure

Expenditure is recognised on the accruals basis when a legal and constructive obligation exists. Expenditure through contractual agreements is recognised as goods and services are supplied. Grant payments are recognised as expenditure when payments are due in accordance with the terms of the contract.

Costs incurred by the company in the delivery of its activities and services are accounted for as charitable expenditure and categorised in the SOFA by the main activities of the company. Each category includes direct costs and support costs and, where support costs cannot be directly attributed to a category, they are apportioned on the basis of headcount.

Costs that, whilst necessary to deliver an activity do not themselves contribute directly to GALVmed's activity, are accounted for as support costs. Support costs include central office functions: management, finance, information systems and administration activities.

Foreign Currency

Foreign currency transactions are recorded in Sterling at the previous month's month-end rate of exchange. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rate at the balance sheet date.

All exchange differences are recognised through the SOFA.

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and stated at cost and depreciated over their useful economic lives at the following periods:

Office furniture and equipment	4 years
Computer equipment & software	3 years
Leasehold improvements	over the life of the lease

Assets are only depreciated when they are brought into use and depreciated up to, but not including, the month of disposal.

Debtors and Prepayments

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

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

Creditors

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party in the future and the amount due to settle obligations can be measured or estimated reliably. Creditors are recognised at their settlement amount.

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.

2. Incoming resources from charitable activities

	UK Grant Funding £	Overseas Grant Funding £	2017 £	2016 £
Restricted Income				
PLSHL 2	871,063	4,345,887	5,216,950	7,125,481
AAT 2	(80,587)	(90,875)	(171,462)	2,783,122
AgResults Brucellosis	-	740,639	740,639	9,576
ECF Vaccine Diluent Improvement	83,431	-	83,431	-
Project Mesha Technical Support	-	21,696	21,696	-
Total Restricted Income	873,907	5,017,347	5,891,254	9,918,179
Unrestricted Income	80,587	144,236	224,823	130,942
Total Income	954,494	5,161,583	6,116,077	10,049,121

3. Analysis of Expenditure

	Support £	Governance £	Staff £	Direct Costs £	Total 2017 £	Total 2016 £
PLSHL 2	305,843	81,307	2,020,978	5,285,923	7,694,051	5,900,456
AAT 2	4,797	-	26,832	4,070,103	4,101,732	3,404,515
CBPP BEN-1	-	-	-	288,792	288,792	242,772
AgResults Brucellosis	1,363	-	39,718	297,435	338,516	9,576
ECF Vaccine Diluent	-	-	3,945	79,486	83,431	-
Project Mesha	-	-	-	8,932	8,932	-
Unrestricted	-	-	-	619	619	10,358
Total 2017	312,003	81,307	2,091,473	10,031,290	12,516,073	9,567,677
Total 2016	293,494	78,316	1,849,013	7,346,854	9,567,677	

Analysis of Support Costs

	Professional Fees £	Office Costs £	Information Technology £	Audit Fees £	Total 2017 £	Total 2016 £
PLSHL 2	32,591	198,512	61,607	13,133	305,843	288,970
AAT 2	-	4,259	538	-	4,797	4,447
CBPP BEN-1	-	-	-	-	-	77
AgResults Brucellosis	-	214	1,149	-	1,363	-
Total 2017	32,591	202,985	63,294	13,133	312,003	293,494
Total 2016	35,703	179,567	65,289	12,935	293,494	

All support costs are directly attributable to one of the programmes of GALVmed and have been charged on this basis.

4. Salaries

	2017 £	2016 £
The total salary costs were as follows:		
Salaries and wages	1,845,628	1,638,275
Social security costs	137,099	122,344
Pension contributions	108,746	88,394
	2,091,473	1,849,013

	Number	Number
The average number of employees during the year was:		
Management	7	7
Project staff	20	18
Support staff	13	12
	40	37

No Board Directors received remuneration in the year (2016: none). During the year the company incurred expenses on behalf of, and reimbursed expenses to, 10 directors in connection with their governance responsibilities totalling £37,658 (2016: £33,476, 9 directors).

GALVmed provides to its UK-based staff a defined contribution pension scheme, the GALVmed Personal Pension Scheme, which is operated by Aegon, a life assurance company. Total employer contributions in the year were £65,618 (2016: £59,288). The total number of members in the scheme at 31 March 2017 was 23 (2016: 22). To compensate for the fact that there is currently no pension scheme for international staff an employer contribution of 6% of salary is paid to such staff on the understanding that this contribution should be paid into a pension scheme of their choice. Total such contributions in respect of the year are £43,128 (2016: £29,106).

The following number of employees received remuneration in excess of £60,000 in the period:

	2017	2016
£60,000 - £69,999	1	1
£70,000 - £79,999	3	3
£80,000 - £89,999	1	2
£90,000 - £99,999	1	-
£130,000 - £139,999	1	1

GALVmed considers the key management of the company to be the GALVmed Leadership Team, comprising the Chief Executive Office, Senior Executive Directors and Executive Directors. Total remuneration in the year paid to key management was £625,019 (2016: £662,300). Employer pension contributions for the senior managers totalled £28,881 (2016: £28,482), with additional salary in respect of pension contributions paid to international employees of £6,409 (2016: £6,165).

5. Net incoming resources for the year

	2017 £	2016 £
This is stated after charging:		
- Auditor's remuneration – audit fees	13,133	12,603
- Auditor's remuneration – non-audit fees	-	1,094
- Depreciation	41,102	30,728
- Operating Leases		
Land and Buildings	108,396	91,394
Equipment	1,011	1,688

Auditors remuneration includes £2,393 (2016: £1,528) for audit fees payable in India, the increase is due to the weakening of the pound during the year.

6. Exchange gains and losses

Unrealised gains on foreign exchange relate to the revaluation of GALVmed's net current assets at 31 March 2017. Included in the £1,075,529 gain (2016: £424,700 gain) is a gain of £576,897 (2016: £311,318 gain) in respect of the PLSHL 2 programme and a gain of £417,803 (2016: £92,498) in respect of the AAT 2 programme. The gains predominantly relate to advance funding in US dollars (USD) from the Bill and Melinda Gates Foundation (BMGF). All exchange gains and losses arise from restricted funds. In addition a realised gain of £105,887 (2016: £58,261) is included in the expended charitable resources, which is a result of the difference between the currency rate invoiced and the currency rate paid to suppliers. GALVmed undertakes a variety of exchange mechanisms throughout the year to ensure there are adequate resources to deliver the programme outputs.

7. Taxation

The company has charitable status and is not liable to tax.

8. Tangible assets

	Leasehold improvements £	Office equipment £	Computer equipment & software £	Total £
Cost				
At 1 April 2016	33,780	7,267	207,874	248,921
Additions	-	-	27,792	27,792
Disposals	-	-	(8,407)	(8,407)
At 31 March 2017	33,780	7,267	227,259	268,306
Depreciation				
At 1 April 2016	7,971	7,188	143,098	158,257
Charge for year	5,630	79	35,393	41,102
Eliminated on disposal	-	-	(8,407)	(8,407)
At 31 March 2017	13,601	7,267	170,084	190,952
Net book value				
At 31 March 2017	20,179	-	57,175	77,354
At 31 March 2016	25,809	79	64,776	90,664

9. Debtors

	2017 £	2016 £
Prepayments and accrued income	275,477	85,612
Other debtors	139,074	42,011
	414,551	127,623

Other debtors includes £101,871 (2016: £nil) in relation to a credit note received for a payment made on a subsequently cancelled contract. Prepayments and accrued income includes £126,911 (2016: £9,574) of accrued income in relation to the AgResults Brucellosis programme and accrued investment income of £8,039 (2016: £3,144).

10. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	329,348	219,808
Accruals	199,146	368,507
Other creditors	23,523	18,781
	552,017	607,096

Accruals include £21,327 (2016: £277,635) relating to initial contractual commitments on recently signed contracts.

11. Funds movement

	31 March 2016 £	Incoming resources £	Resources expended £	Exchange gains £	31 March 2017 £
Restricted Funds:					
PLSHL 2	7,267,518	5,245,719	(7,694,051)	576,897	5,396,083
AAT 2	4,594,320	(162,034)	(4,101,732)	417,803	748,357
CBPP BEN-1	508,257	-	(288,792)	75,104	294,569
AAT – Ethiopia	40,000	-	-	-	40,000
AgResults Brucellosis	-	740,639	(338,516)	5,725	407,848
ECF Vaccine Diluent	-	83,431	(83,431)	-	-
Project Mesha	-	21,696	(8,932)	-	12,764
Total Restricted Funds	12,410,095	5,929,451	(12,515,454)	1,075,529	6,899,621
Unrestricted Funds	1,400,929	233,101	(619)	-	1,633,411
Total Funds	13,811,024	6,162,552	(12,516,073)	1,075,529	8,533,032

Unrestricted funds received during the year to March 2017 comprised; £171,462 in respect of the AAT 2 programme, £52,468 in respect of the AgResults Brucellosis programme, £893 in respect of the Project Mesha Technical Support programme, and £8,278 of bank interest.

Restricted funds:

- PLSHL 2 - £4,345,887 was received from BMGF in November 2016 and £871,063 received from DFID in three tranches in May and November 2016 and January 2017. Other income includes bank interest and recoverable Botswana taxes and interest on those taxes.
- AAT 2 - All grant amounts have been received in full in prior financial years. An amount of £171,462 is netted off against income and allocated to unrestricted reserves as it is the management fee as dictated in the contract. Other income relates to bank interest.

11. Funds movement (continued)

- AgResults Brucellosis - £666,196 was received from AgResults in five tranches in May, August, November and December 2016. Income of £126,911 has been accrued in respect of the period January to March 2017. An amount of £52,468 has been deducted from this income and allocated to unrestricted reserves as it is the management fee as dictated in the contract.
- ECF Vaccine Diluent Improvement - £83,431 was received from DFID in four tranches in June, August and December 2016 and March 2017. £78,081 of this income relates to funding remitted onwards to CTTBD and Arecor, GALVmed's partners in delivering the programme. The net receivable by GALVmed is therefore £5,350. 45% of the costs of this programme are match-funded by the PLSHL 2 programme.
- Project Mesha Technical Support - £22,589 was received from the Aga Khan Foundation in two tranches in October and December 2016. An amount of £893 has been deducted from this income and allocated to unrestricted reserves as it is the management fee as dictated in the contract.
- There was no income in the year with regards the CBPP BEN-1 and AAT Ethiopia programmes.

The purpose of the PLSHL 2 programme is to build on the work carried out under PLSHL 1, but more focus will be given to increasing market development and access initiatives to benefit a greater number of poor livestock keepers. Work will also be extended into the following diseases: PPR, CBPP and CCPP, which were previously feasibility studies under PLSHL 1.

The purpose of the AAT 2 programme is to build on the work started under the AAT 1 programme, and continued in the AAT Mini programme. This will result in the production of new and improved AAT control tools (i.e. pen-side field diagnostic tests, new drugs and new candidate vaccines) in animals that are affordable and meet demand from farmers and stimulate markets for such products.

The purpose of the CBPP BEN-1 programme is to evaluate the ability of the BEN-1 vaccine to act as a highly effective and safe CBPP vaccine that meets the target product profile as it is a pivotal enabler for the control and then possible elimination of the disease in Africa.

The AAT Ethiopia programme is a collaboration project on AAT research at Addis Ababa University in Ethiopia between the University of Glasgow, the University of Edinburgh, Addis Ababa University and GALVmed.

The Brucellosis programme is a competition, managed by GALVmed, to develop and register a safe and efficacious vaccine against *Brucella melitensis*, the main cause of human infections with Brucella and a significant economic burden in developing countries.

The ECF Vaccine Diluent Improvement programme is a collaboration between GALVmed, CTTBD and Arecor to transfer British technology and expertise from the human health sector into livestock disease control in the developing world context. The aim is to trial the use of novel formulations to replace the currently used ECF-ITM vaccine diluent.

Under the Project Mesha Technical Support programme, GALVmed is providing technical support to the Aga Khan Foundation in a BMGF supported project designed to improve the productivity of small ruminant rearing in Bihar, India.

12. Total assets – analysed between funds

	Fixed assets £	Net current assets £	Total £
Restricted Funds			
PLSHL 2	75,612	5,320,471	5,396,083
AAT 2	-	748,357	748,357
CBPP BEN-1	-	294,569	294,569
AAT - Ethiopia	-	40,000	40,000
AgResults Brucellosis	1,742	406,106	407,848
Project Mesha	-	12,764	12,764
Unrestricted Funds	-	1,633,411	1,633,411
Total	77,354	8,455,678	8,533,032

13. Operating Lease commitments

At 31 March 2017 GALVmed was committed to a total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2017 Equipment £	2016 Equipment £	2017 Land and Buildings £	2016 Land and Buildings £
Not later than one year	2,242	1,504	101,487	79,332
Later than one year and not later than five years	3,172	-	67,252	121,327

14. Share capital

The company is limited by guarantee and does not have share capital.

15. Reconciliation of Net Expenditure to Net Cash Flow from Operating Activities

	2017 £	2016 £
Net (expenditure) / income for the reporting period (as per the statement of financial activities)	(6,353,521)	579,270
Adjustments for:		
Depreciation charges	41,102	30,728
Interest from investments	(45,693)	(37,125)
(Increase) in debtors	(282,033)	(18,813)
(Decrease)/Increase in creditors	(55,079)	323,850
Net cash provided by operating activities	(6,695,224)	877,910

16. Related parties

During the period to September 2016, £19,302 (2016, full year: £40,981) was paid to The Moredun Foundation, a charitable company in which Dr P Wells, Board Co-Chair, was a trustee (resigned in September 2016), for rental charges in respect of the Edinburgh office as part of a lease ending on 31 December 2017.

£177,569 (2016: £256,241) was paid to The Centre for Ticks and Tick Borne Diseases (CTTBD), an organisation registered in Malawi in which Peter Jeffries, Chief Executive, is an interim Board Member. The amount paid included: £92,715 (2016: £135,033) of advance funding which was fully repaid prior to the year-end; and £44,421 (2016: £nil) relating to onward dissemination of funding for the ECF Vaccine Diluent programme. Other payments related to project expenditure for salaries of staff seconded to GALVmed, training costs, supplies and expenses.

£63,749 (2016: £nil) was paid to Bdellium Consulting Limited, a company registered in Nigeria in which Prof F Sonaiya is a director. The payments were for contracted work to implement vaccination against Newcastle disease and deworming in village chickens in Nigeria. No balance was owing at the year end.

£116,698 (2016: £nil) was paid to The Pirbright Institute, a registered charity and company limited by guarantee incorporated in England and Wales; Prof M Rweyemamu is a member of its Scientific Advisory Board. The payments were for contracted work on African Swine Fever (ASF) vaccine and Peste de Petits Ruminant (PPR) vaccine. No balance was owing at the year end.

£900 (2016: £54,339) of consultancy fees were paid to Borders Technology Management, a company in which Gwynneth Clay, Portfolio Manager, was a director (resigned during the year). At the year end a balance of £nil (2016: £2,982) was owing.

£150 (2016: £nil) was paid to Heather Gammon, a consultant who is married to Neil Gammon, Director, Business Development, for editorial services. No balance was owing at the year end.

The Board Directors consider all the transactions during the year to have been undertaken on an arm's length basis

17. Ultimate controlling party

GALVmed is constituted under its Memorandum and Articles of Association and is managed by its appointed Board Directors.