

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

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

GLOBAL ALLIANCE FOR LIVESTOCK VETERINARY MEDICINES
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Trustees' Report and Financial Statements
For the year ended 31 March 2019

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Reference and Administrative Details

Trustees

Dr P van Aarle	Co-Chair Chair of Commercial Development Advisory Committee
Prof O Smith	Co-Chair
Prof M Rweyemamu	-
Mr M J Ince FCA MBA	Chair of Finance & Risk Committee
Dr W Amanfu	-
Prof P Wood	Chair of Technical Scientific Advisory Committee
Prof M Gill	Chair of HR Committee and Impact, Monitoring & Evaluation Advisory Committee
Prof K Pathak	-
Dr I Dieuzy-Labaye	Appointed 20 September 2018
Dr P Wells	Resigned 20 September 2018
Dr C Schumacher	Resigned 20 September 2018

Chief Executive Officer Dr C Schumacher (from 19 November 2018)
Dr P Jeffries (to 18 November 2018)

Company Secretary H Stevenson CA

Independent Auditors

MHA Henderson Loggie
Chartered Accountants
Ground Floor, 11-15 Thistle Street,
Edinburgh EH2 1DF

Legal Advisors

Dentons LLP
Quartermile One
15 Lauriston Place
Edinburgh EH3 9EP

Bankers

Lloyds Bank plc
City Office, PO Box 72
Bailey Drive, Gillingham Business Park
Kent, ME8 0LS

Registered Office

One Fleet Place
London EC4M 7WS

Principal Office

Doherty Building
Pentlands Science Park
Bush Loan, Edinburgh EH26 0PZ

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GLOBAL ALLIANCE FOR LIVESTOCK VETERINARY MEDICINES
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Trustees' Report
For the year ended 31 March 2019

The Trustees have pleasure in presenting their report for the year ended 31 March 2019. 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)* 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 its 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 & Activities

During the year the objectives and activities of the following programmes were delivered:

Programme	Objectives and Activities		
CONTINUED PROGRAMMES			
VITAL	<i>Veterinary Innovations Transforming Animal Health and Livelihoods</i>		
	Objective	To develop six new high impact livestock vaccines suitable for widespread use by smallholders in Africa and South Asia with greater focus on multi-valent vaccine development. In addition, the programme will establish five large scale portfolio distribution networks in Africa and South Asia with each initiative capable of generating positive cash flows by year 4 and achieving subsequent growth and expansion through these profits.	
	Funders	Bill and Melinda Gates Foundation (BMGF) (80%) and Department for International Development (DFID) (20%)	
	Value	\$50m	Period 5 years from Oct 2017
	Activities	Continuation of programme delivery. Funding of \$10m from DFID was awarded in May 2018. In addition, DFID awarded a further £1.4m for impact assessment and industry associations activities.	
Boehringer Ingelheim	<i>Boehringer Ingelheim (BI) Business Model</i>		
	Objective	BI is a leading player in the global animal health industry, and in partnership with GALVmed will undertake two initiatives to address two of the major challenges facing the African market: 1) Product Registration (acceleration of the registration process of products in three key markets [Ethiopia, Ghana and Kenya]); and 2) Distribution & Awareness (animal health technicians from local communities in the targeted markets will be deployed to cover areas which are very difficult or impossible to access through usual distribution networks).	
	Funders	BMGF (100%)	
	Value	\$3m	Period 4 years from Jan 2018
	Activities	Continued delivery of the programme.	

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EXTENDED PROGRAMMES				
AAT 2	African Animal Trypanosomiasis (AAT) 2			
	Objective	The key objectives are to produce new and improved AAT control tools that are affordable and meet demand from farmers and stimulate markets for such products, building on earlier phases of work.		
	Funders	BMGF (53%) and DFID (47%) AAT 2 and Supp. BMGF (50%) and DFID (50%) Transition.		
	Value	To date - \$21.5m	Period	To June 2019
	Activities	Transition funding of \$2.8m was awarded in September 2018 to enable continuation of the programme to June 2019.		
AgResults Brucellosis	AgResults Brucellosis			
	Objective	To manage a competition to develop and register a safe and efficacious vaccine against Brucella melitensis, a major cause of human Brucellosis infections and a significant economic burden in developing countries.		
	Funders	AgResults (100%)		
	Value	\$3.2m	Period	Jul 2018 to Sep 2022
	Activities	Continued delivery of the programme. An extension to June 2022 was confirmed in the year, with additional funding of \$1.5m awarded.		
Project Mesha	Project Mesha			
	Objective	Provide technical support to Project Mesha in the implementation of a set of solutions to improve the productivity of small ruminant rearing.		
	Funders	Aga Khan Foundation (100%)		
	Value	To date - \$88.1k	Period	Sept 2016 – Dec 2019
	Activities	Delivery of the 2 nd phase concluded in December 2018. A third one-year phase effective from 1 January 2019 was contracted in April 2019.		
PLSHL 2 & CBBP-BEN 1	Protecting Livestock – Improving Human Lives and CBPP-Ben 1			
	Objective	Utilisation of programmes surpluses in furtherance of GALVmed's objectives with BMGF's approval and oversight.		
	Funders	BMGF (100%)		
	Value	\$2.2m	Period	Commitments to February 2021
	Activities	Continued delivery of commitments entered into pre-March 2018 and other related activities in furtherance of GALVmed's objectives.		
NEW PROGRAMMES				
AAT 3	African Animal Trypanosomiasis (AAT) 3			
	Objective	To support development of a registered therapeutic trypanocidal product through GALVmed's commercial partner.		
	Funders	BMGF (86%) and DFID (14%)		
	Value	\$22m	Period	July 2019 to March 2026
	Activities	\$2.3m of AAT 3 was funded in January 2019 with further funding subject to an assessment of product technical viability in June 2019.		
RVC	Royal Veterinary College			
	Objective	Establishment of a multi-sectoral strategy for the control of Brucellosis in the main peri-urban dairy production zones of West and Central Africa.		
	Funders	RVC (100%)		
	Value	£68k	Period	December 2018 to March 2020
	Activities	Qualitative mapping of existing and potential Brucellosis vaccine value chains in the five selected countries (Senegal, Togo, Cameroon, Rwanda, Burundi).		

The ECF consortium (ILRI - \$0.2m) and Health for Animals (HfA) programmes (HfA - \$40k) were completed in December 2018. There was minimal activity in the year on the AAT Ethiopia programme.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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In 2017/18 Deloitte conducted an institutional (governance) review of the company which focused on the company's legal structure, office location, governance and operational management.

The findings were adopted during 2018/19 resulting in significant changes to the mechanics of governance including:

- re-structuring two Board committees (Commercial Development and Technical Scientific) from Board to advisory committees to strengthen expert engagement and retention, industry perception and compliance;
- reformatting the Board meetings to support the strategic and business-related decision-making process;
- revising Board recruitment, induction and evaluation processes; and
- strengthening of approaches to conflicts of interest and confidentiality.

Further work on conflicts of interest along with Trustee induction, constitutional review and membership was initiated in the year and is on target for completion in 2019.

At 31 March 2019, there were 13 Members (6 Founder and 7 Ordinary Members) and 9 Trustees. In addition, observers from 5 organisations including BMGF and DFID are invited to attend the company's physical meetings.

Trustee Recruitment, Induction, Training and Evaluation

In 2018/19 Trustee recruitment, induction, training and evaluation approaches were reviewed and revised:

- Recruitment – Trustees are recruited for their individual skills and experience. A Nominations Committee was formed during the year comprising the HR Committee Chair, a Co-Chair and a third Trustee, ideally a person with the skills being recruited. The Committee will initiate a recruitment process to fill current or impending vacancies driven by the skills and diversity matrix;
- Induction – formalisation of a process of induction into GALVmed, including awareness of responsibilities as a Trustee under company and charity legislation, is in progress. Induction will take place upon selection pending endorsement of the appointment at the Annual General Meeting (AGM) to enable the new Trustee to be fully functional thereafter. In addition, discussions will be held with a Co-Chair 6 and 12 months after appointment;
- Training - Trustees receive training on their legal responsibilities annually prior to the AGM; and
- Evaluation – a new procedure is being introduced based on self-assessment, peer-assessment and annual performance interviews, including procedures for dealing with poor performance.

The company's governance operates within a robust policy framework which includes: Board Code of Conduct; Confidentiality and Conflicts of Interest; and Trustees' skills matrix.

Trustees' (and Members') Meetings and Business

Trustees formally meet four times a year, of which two are face-to-face and two are conference calls. During the year the business and structure of these meetings was strengthened to support the strategic and business-related decision-making process. Members' meetings are held face-to-face twice a year at the same time as the face-to-face Board meetings. The business of all meetings is minuted.

The Board is supported by the Finance & Risk (formerly Finance & Audit) and HR committees, to whom aspects of day to day accountability and governance are delegated. Governance of fundraising is the responsibility of the Finance & Risk Committee. The HR Committee implemented safeguarding policies and related training during the year. No safeguarding incidents were reported during the year.

In 2018/19 the role and responsibilities of the Technical Scientific and Commercial Development committees were restructured to become advisory to the Board to strengthen external expert engagement and retention, industry perception and compliance, especially conflicts of interest. A third advisory committee was formed during the year: Impact, Monitoring and Evaluation. The key objective of this committee is to advise the Board on the approach to the measurement of the direct and indirect impacts of GALVmed's interventions and the usefulness of those measurements to both funders and other GALVmed departments.

Each committee has its own terms of reference and membership, and the Co-Chairs are assigned to the Committees to ensure each has Co-chair involvement and oversight.

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Strategy and Decision Making

The company's strategy for achievement of its charitable objectives is directed by the Board of Trustees and evolved by the Executive Directors. Once finalised it is proposed to and approved by the Board and endorsed by the Members at the AGM. The Executive Directors are responsible for presenting and delivering the associated Business and Annual plans which direct implementation of the strategy. The Company is currently implementing the 2015-2021 Strategy, and the related Business Plan.

Development of the company's Strategy to 2030 was launched in 2018. A Board Strategy Steering Committee has been formed (three Trustees and two Executive Directors). A high-level timeline which the Executive Directors are actively working on (including strategy thematic working groups and development of field and desk studies) has been developed. Evolution and completion of the strategy is a key objective for 2019/20. It is expected to be presented to the Board for approval in April 2020.

Corporate objectives are developed annually in March from the Business Plan and agreed by the Board. Achievement of these objectives is assessed by the Board through reporting by the Chief Executive and the Executive Directors and discussions at Board meetings. 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) 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 Chair of the Committee (Prof M Gill), the Finance & Risk Committee chair (Mr M J Ince); one external member (Mr R Parkes, to 14 February 2019) with Co-Chair involvement provided by Dr P van Aarle. The CEO and HR Manager attend 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, determine targets and approve payments of any performance related schemes; and
- to determine the total remuneration package of each member of the GLT.

The performance related pay scheme is applicable to all employees. It is based on departmental, and individual, objectives as derived from the corporate objectives at the start of the financial year. Performance against these objectives is reviewed throughout the year and formally at the year end. At this point performance is assessed and translated into an award based on weighting and scores. The pay award also takes into account cost of living changes and affordability.

It is the Co-chairs' responsibility to evaluate the CEO to measure his/her effectiveness at managing the company in accordance with GALVmed's strategic objectives and business plans.

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 18 to the Financial Statements) are conducted at arm's length.

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STRATEGIC REPORT

Performance and Achievements

Key Performance Indicators

The Trustees and GLT assess the financial and operational performance of each programme using the following key performance indicators:

- detailed milestones within specific activities as defined in the 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 (of which there are over 100 for the VITAL programme). These targets are Specific, Measurable, Achievable, Realistic, and Timely (SMART);
- monthly or quarterly actual expenditure against the budget approved by the Board; and
- achievement of the annual corporate objectives.

The Advisory and Board Committees oversee the financial and operational performance of organisational and programme activities quarterly.

Key Achievements

The company is pleased with its performance during the year, and the steps that it has taken in achieving its charitable purpose.

The company's corporate objectives for the year to 31 March 2019, along with key achievements, are below:

Programmes
<i>a. Instigate and implement VITAL partnerships with all R&D and Commercial Development partnerships agreed, contracted and in progress.</i>
- Partially achieved with six out of eight R&D and four out of seven Commercial Development projects active. All contracted partners are actively engaged with varying degrees of progress to date.
<i>b. Secure funding VITAL from DFID.</i>
- Achieved. Funding of \$10m was awarded by DFID in July 2018, increasing VITAL programme funding to \$50m (BMGF: 80%; DFID: 20%) over a five-year period. DFID awarded an additional £1.4m for impact assessment and industry association work.
<i>c. Complete assessment of Tryps targets, identify target molecule and secure funding for full development programme with commercial partner (subject to suitable candidate selection) without significant project delay</i>
- Achieved. Nomination of a lead molecule was made in June with subsequent good progress on the Target Product Profile, Project Plan and second phase market study. This will enable a decision in June 2019 whether to progress into full development.
- Transitional funding of \$2.8 million and AAT 3 funding of \$22m was awarded in 2018 (see objectives & activities).
<i>d. Progress Last Mile partnership with Boehringer Ingelheim in line with project plan.</i>
- Achieved. The project faced some significant challenges during its first year, mainly related to the acquisition by Boehringer Ingelheim of Merial. This impacted on staffing, contracting and project management. Despite these challenges, the project has made good progress.
<i>e. Assure position as Project Manager, negotiate new contract and secure funding for phase 2 of AgResults Brucellosis Prize Initiative; oversee phase 1 prize winners in line with Prize rules.</i>
- Achieved. The AgResults Brucellosis vaccine Project Manager contract was extended in July 2018 to June 2022 and further funding of \$1.1m awarded.
- Under phase 1, of the accepted solvers, 10 have received the first milestone prize and all are working on establishing proof of principle; safety and efficacy; and commercially viable production processes.
Organisation
<i>a. Working with the Board and donors, assess and address the agreed recommendations of the Institutional Assessment.</i>
- Achieved. The majority of the 42 recommendations have been addressed and embedded into governance and organisational operations. Work on conflicts of interest, Trustee induction, constitutional review and membership is progressing and on target for completion in 2019.
<i>b. Ensure continued effective leadership in support of recent and future organisational, structural and cultural changes.</i>

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<ul style="list-style-type: none"> - In progress. An organisational review has been carried out by the CEO and presented to the Board. Risk mitigation proposals include the development of succession plan for department heads and addressing resource shortages. In 2019/20 a further review will take place to identify the resources necessary to deliver the GALVmed 2030 strategy. - In November 2018 a new CEO took office.
<i>c. Complete Commercial Development strategy.</i>
<ul style="list-style-type: none"> - Achieved. The Commercial Development Strategy has evolved significantly throughout the year, and with BMGF's input, it is now final. It will form an integral element of the GALVmed 2030 Strategy.
<i>d. Develop organisational strategy, encompassing elements beyond VITAL.</i>
<ul style="list-style-type: none"> - In progress. Following two preparatory meetings by the GLT and Board on the GALVmed 2030 (organisational) strategy a Board Strategy Steering Committee was formed (three Trustees and two GLT members). A high level timeline was developed which the GLT are actively working on, including strategy thematic working groups and developing field and desk studies. Evolution and completion of the strategy is a key objective for 2019/20.
<i>e. Establish new direction for CTTBD with associated additional ECF project support.</i>
<ul style="list-style-type: none"> - Not achieved. There were various technical, legal and financial challenges during the year. An ECF contingency plan was produced in early 2019. Its key focus is on risk mitigation in the: 1) long-term relating to CTTBD site; 2) short - mid plan of vaccine supply; 3) organization of an ECF stakeholder meeting; 4) understanding of political context related to CTTBD; and 5) further ECF-ITM & CTTBD work resourcing.
<i>f. Identify additional funding sources to broaden funding base and support unfunded core and project costs.</i>
<ul style="list-style-type: none"> - Not achieved. Although the funding base was not broadened, project and core costs are fully funded, with core costs to September 2022. Over the course of 2018/19 approximately \$38m of new funding was awarded. In terms of dollars applied for and dollars awarded, the funding success rate is around 92%. During initialisation of the strategic review in September 2018 it was proposed that GALVmed would continue to look to BMGF as its essential funding base.
<i>g. Through ongoing reporting and communication, continue to strengthen alignment of GALVmed with donor needs and expectations.</i>
<ul style="list-style-type: none"> - Partially achieved. Alignment with donors has strengthened with continued investment through the board and management as well as the new CEO. Funding awards in the year demonstrate donors' confidence but there is a need to continue to evolve strategic alignment, strengthened communication, sharing industry thinking and private sector engagement.

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 2019 was 30 (average in year of 29).

Financial Review

Income in the year was £5.8m (2018: £19.2m) and total resources expended were £11.5m (2018: £13.2m).

Income

Restricted income in 2018/19 of £4.7m (2018: £18.9m) includes funding in respect of VITAL (£0.7m), Tryps 2 (£1.8m), Tryps 3 (£1.8m), AgResults Brucellosis (£0.3m), and £0.1m for other programmes. The majority of the programmes are advance funded. Unrestricted income of £1.1m (2018: £0.3m) was received in 2018/19 from management fees and interest.

Expenditure

The company's expenditure decreased by 13% to £11.5m. This can be explained by the significant increase in expenditure in 2017/18 on the PLSHL 2 programme as it came to an end. VITAL costs of £6.3m made up the largest proportion of expenditure (55%, 2018: 4%) as delivery on the programme began to accelerate. AAT 2 expenditure of £2.2m makes up 19% of total expenditure (2018: 22%). Expenditure on the BI programme amounted to £0.9m (8% of total expenditure, 2018: 0%). PLSHL 2 and CBPP BEN-1 surplus utilisation made up 7% of total expenditure. Unrestricted spend has increased to £0.9m in 2018/19, 8% of total expenditure (2018: 2%). This is due to a change in the classification of indirect (organisational) costs in January 2018; they are now company, rather than programme, costs and therefore need to be covered by contributions from all funded programmes

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Unrealised exchange gains/losses

An unrealised exchange gain of £0.8m has arisen in 2018/19 (2018: loss of £1.1m) on the conversion of foreign currency balances at exchange rates on 31 March 2019. This is caused by the weakening of sterling against the US dollar in which 80% of VITAL, 100% of BI and Brucellosis and the majority of AAT 2 and 3 funding was 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 contracting in funded currency where possible, cash flow forecasting, timing of funds conversion and payment, etc.) to minimise the risk of exchange losses on programme activity.

Balance Sheet

The level of cash held has decreased from £13.7m to £9.6m in the year as advanced funding received in 2017/18 for the VITAL and BI programmes was utilised.

Liquidity Management (previously Investment) Policy

The company's liquidity management and investment objectives, responsibilities, risk, and strategy are clearly set out in a Liquidity Management Policy which is subject to review annually. The related liquidity and investment activity is reviewed quarterly by the Finance & Risk Committee.

Reserves

Reserves at 31 March 2019 total £8.7m (2018: £13.5m). In respect of restricted funds of £6.8m (2018: £11.9m) this predominantly relates to advance funding for VITAL and AAT 3 in support of specifically defined programme deliverables, all of which are budgeted as expenditure over the next year. Unrestricted reserves are £1.9m (2018: £1.6m) as noted below.

Unrestricted Reserves Policy

Unrestricted reserves at 31 March 2019 amount to £1.9m (2018: £1.6m).

The objective of the company's unrestricted reserves strategy is to build sufficient funds for future use at the Trustees' 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 the risk of closure, all financial risks and opportunities, working capital requirements and operating costs for three months, the Trustees have concluded that £1.4m of unrestricted reserves should be ring-fenced to cover possible adverse eventualities.

Organisational (indirect) costs need to be covered by contributions from all programmes. Although contributions to indirect costs are held within unrestricted reserves, these are ring-fenced for use to fund indirect costs and are not considered as part of the unrestricted reserves requirements. Of the £1.9m of unrestricted reserves, £15k relates to net indirect contributions at 31 March 2019.

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

The vision of the 2015-21 Strategy and Business Plan 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, along with the development of the strategy to 2030, which have formed the basis of the 2019/20 objectives and related resource requirements.

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Objectives

GALVmed has identified the following key objectives for 2019/20:

1. *Strategic* - Deliver a new GALVmed organisational strategy and budget, providing a strong vision and clear path to delivering GALVmed's mission until 2030.
2. *Tactical* - Deliver VITAL, AgResults Brucellosis, Tryps 2 and BI-Last-Mile Project on plan and budget and mitigate risk to GALVmed's stakeholder and partner reputations.
3. *Process* - Continuously improve and simplify GALVmed policies, key processes and ways of working.
4. *Outreach* - Broaden engagement with internal and external stakeholders with benefits for smallholder farmers, staff and GALVmed performance in mind.
5. *Development* - Proactively research new business development opportunities targeting smallholder livestock farmers and develop proposals to achieve enhanced delivery and sustainable impact in the smallholder farmer sector.

Financial

The 2019/20 expenditure budget is £16.2m, a 41% increase on 2018/19 actual expenditure. This increase is mainly because of the commencement of the Tryps 3 programme, and substantially increased VITAL sub-award activity.

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 Corporate 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. GALVmed believes it faces 4 key risks: Geo-political instability; failure to deliver by partners; dependency on limited funding sources; and loss of highly experienced key staff.

The key risks that could impact financial performance include foreign exchange rate movement impacting on funds available for programme & organisational costs in the short term and dependency on limited funding sources in the medium term. 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 loss of bank deposits through fraud or theft, currency risk, interest rate risk and liquidity risk. The risk of loss of bank deposits is managed through the bank mandates in place and continued vigilance. Currency and liquidity risk are managed by following the Investment Policy. Interest rate risk does not impact the company as it is free of borrowings and financing.

GOING CONCERN

The Board of Trustees has considered the financial position of GALVmed for the next twelve months and concluded that the use of the going concern basis of accounting is appropriate. Detailed funding proposals were submitted to BMGF and DFID in 2017: BMGF has awarded \$40m and DFID has awarded funding of \$10m of funding to GALVmed for the 5 years to September 2022. VITAL is GALVmed's main programme. There are other smaller programmes expiring at various stages before September 2022. An assessment of unrestricted funds has also been carried out. If necessary, these funds would be sufficient to maintain GALVmed as a going concern for at least twelve months from the date of signing the financial statements.

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RESPONSIBILITIES OF THE TRUSTEES

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

Law applicable to incorporated charities in Scotland requires the Trustees to prepare an annual report and financial statements for each financial year in accordance with applicable law and regulations. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 Trustees 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 Trustees 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 Trustees are also responsible for the maintenance and integrity of the charity.

The Trustees have fulfilled their legal responsibilities with respect to the Trustees' Report, Strategic Report, and Financial Statements.

Disclosure of information to auditors

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

- a) So far as the Trustee 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 Trustee to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

MHA Henderson Loggie, Chartered Accountants, were reappointed as auditors to the company at the Annual General Meeting in 2017. Their re-appointment was approved up to a maximum 10 years from the date of their first appointment in 2011 in respect of the 2011/12 financial year, subject to annual consideration by both parties.

The Trustees' Report including the Strategic Report was approved by the Board of Trustees and signed on their behalf by:



Dr P van Aarle
19 June 2019

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 2019

Opinion

We have audited the financial statements of Global Alliance for Livestock Veterinary Medicines (the 'charitable company') for the year ended 31 March 2019 which comprise the Income and Expenditure Account and Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 2019

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of Trustees

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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 the Acts and relevant regulations made or having effect thereunder


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 2019

This report is made solely to the members of GALVmed, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with 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 charitable company's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members as a body and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



James Davidson (Senior Statutory Auditor)
For and on behalf of MHA Henderson Loggie
Chartered Accountants
Statutory Auditor
Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Ground Floor, 11-15 Thistle Street
Edinburgh
EH2 1DF

19 June 2019

MHA Henderson Loggie is a trading name of Henderson Loggie LLP

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 2019**

	Notes	Unrestricted	Restricted	Total 2019	Total 2018
		£	£	£	£
Income and endowments from:					
Charitable activities	2	1,132,762	4,528,013	5,660,775	19,110,436
Investments		8,340	176,432	184,772	108,180
Total income		<u>1,141,102</u>	<u>4,704,445</u>	<u>5,845,547</u>	<u>19,218,616</u>
Expenditure on:					
Charitable activities	3	929,136	10,548,993	11,478,129	13,161,622
Total expenditure		<u>929,136</u>	<u>10,548,993</u>	<u>11,478,129</u>	<u>13,161,622</u>
Net income/(expenditure)	5	211,966	(5,844,548)	(5,632,582)	6,056,994
Other recognised gains:					
Unrealised gains/(losses) on foreign exchange	6	9,188	784,719	793,907	(1,057,855)
Net movement in funds		<u>221,154</u>	<u>(5,059,829)</u>	<u>(4,838,675)</u>	<u>4,999,139</u>
Reconciliation of Funds					
Total funds brought forward at 1 April 2018	12	1,638,712	11,893,459	13,532,171	8,533,032
Total funds carried forward at 31 March 2019	12	<u>1,859,866</u>	<u>6,833,630</u>	<u>8,693,496</u>	<u>13,532,171</u>

All the results of the company relate to continuing activities.

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

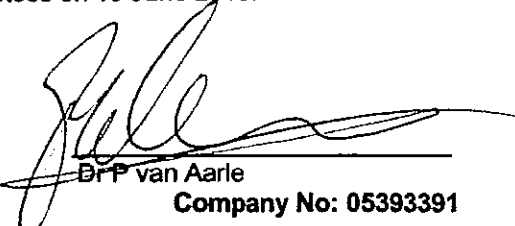
The notes on pages 17 to 29 form part of these financial statements

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

Balance Sheet
As at 31 March 2019

	Notes	2019		2018	
		£	£	£	£
Fixed Assets					
Tangible assets	8		61,991		65,487
Current assets					
Debtors	9	251,320		248,540	
Bank and cash balances	10	9,606,144		13,726,124	
		<u>9,857,464</u>		<u>13,974,664</u>	
Liabilities:					
Creditors: Amounts falling due within one year	11	<u>(1,225,959)</u>		<u>(507,980)</u>	
Net current assets			<u>8,631,505</u>		<u>13,466,684</u>
Total net assets			<u>8,693,496</u>		<u>13,532,171</u>
Unrestricted funds	12		1,859,866		1,638,712
Restricted income funds	12		6,833,630		11,893,459
Total funds			<u>8,693,496</u>		<u>13,532,171</u>

The financial statements were authorised for issue and approved by the Trustees on 19 June 2019.


Dr P van Aarle
Company No: 05393391

The notes on pages 17 to 29 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 2019

		2019	2018
	Notes	£	£
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	17	(5,063,574)	6,106,165
<i>Cash flows from investing activities:</i>			
Interest from investments		173,495	113,365
Purchase of property, plant and equipment		(23,808)	(29,895)
Proceeds from sale of fixed asset		-	1,200
Net cash received from investing activities		149,687	84,670
Change in cash and cash equivalents in the reporting period		(4,913,887)	6,190,835
Cash and cash equivalents at the beginning of the reporting period		13,726,124	8,593,144
Change in cash and cash equivalents due to exchange rate movements		793,907	(1,057,855)
Cash and cash equivalents at the end of the reporting period		9,606,144	13,726,124
Analysis of cash and cash equivalents			
Bank and cash balances		9,606,144	13,726,124

The notes on pages 17 to 29 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 2019

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 nearest pound.

Going Concern

The Board of Trustees has considered the financial position of GALVmed for the next twelve months and concluded that the use of the going concern basis of accounting is appropriate. Detailed funding proposals were submitted to the Bill & Melinda Gates Foundation (BMGF) and the UK Government Department for International Development (DFID) in 2017: BMGF has awarded \$40m and DFID has awarded funding of \$10m of funding to GALVmed for the 5 years to September 2022.

An assessment of unrestricted funds has also been carried out. If necessary, these funds would be sufficient to maintain GALVmed as a going concern for at least twelve months from the date of signing the financial statements.

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.

Income

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.

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

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

Notes to the Financial Statements – continued
For the year to 31 March 2019

1. Accounting policies (continued)

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 such as management, finance, information systems and administration activities.

Redundancy costs are charged in the year in which employees leave the company.

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 as follows:

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.

Critical accounting judgements and estimation uncertainty

In preparing the financial statements, the Trustees are required to make judgements, estimates and assumptions, which may affect reported income, expenditure, assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results may differ from such estimates. Judgements made in preparing these financial statements comprise:

- The applicability of the estimated useful lives of fixed assets used to calculate the period over which depreciation is applied.

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

Notes to the Financial Statements – continued
For the year to 31 March 2019

1. Accounting policies (continued)

- The review of fixed assets for impairment or obsolescence.
- The assessment of leases to determine whether the risks and rewards of ownership remain with the lessor or are transferred to GALVmed

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 £	2019 £	2018 £
Restricted Income				
VITAL	1,310,581	(674,195)	636,386	9,169,674
AAT 2	731,868	1,031,935	1,763,803	3,153,384
AAT 3	18,474	1,805,357	1,823,831	-
AgResults Brucellosis	-	299,074	299,074	377,750
Boehringer Ingelheim	-	(50,227)	(50,227)	1,161,069
Royal Veterinary College	18,523	-	18,523	-
Project Mesha Technical Support	-	11,297	11,297	14,392
PLSHL 2	-	-	-	4,824,868
ECF Consortium	-	25,326	25,326	-
ECF Vaccine Diluent Improvement	-	-	-	103,793
Health for Animals	-	-	-	28,692
Total Restricted Income	2,079,446	2,448,567	4,528,013	18,833,622
Unrestricted Income	327,978	804,784	1,132,762	276,814
Total Income	2,407,424	3,253,351	5,660,775	19,110,436

The negative income for the VITAL and Boehringer Ingelheim programmes relates to contributions to indirect core costs for the financial year based on actual programme expenditure.

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

Notes to the Financial Statements – continued
For the year to 31 March 2019

3. Analysis of Expenditure

	Support £	Governance £	Staff £	Direct Costs £	Total 2019 £	Total 2018 £
VITAL	228,492	-	1,042,703	5,034,881	6,306,076	575,540
AAT 2	14,201	-	-	2,167,780	2,181,981	2,879,041
AAT 3	-	-	-	118,930	118,930	-
AgResults Brucellosis	1,143	-	62,655	58,370	122,168	308,448
Boehringer Ingelheim	53	-	-	941,348	941,401	274
Royal Veterinary College	-	-	5,218	13,305	18,523	-
Project Mesha	-	-	9,516	3,748	13,264	25,153
PLSHL 2	1,588	-	(2,565)	699,378	698,401	8,818,776
CBPP BEN-1	-	-	-	99,969	99,969	183,133
ECF Consortium	-	-	-	25,326	25,326	-
ECF Vaccine Diluent	-	-	-	-	-	103,793
Health for Animals	-	-	-	22,954	22,954	5,738
Unrestricted	84,446	126,019	602,185	116,486	929,136	261,726
Total 2019	329,923	126,019	1,719,712	9,302,475	11,478,129	13,161,622
Total 2018	451,934	72,071	2,192,468	10,445,149	13,161,622	

Negative staff costs of £2,565 have been incurred because of an over-accrual of redundancy costs in 2017/18.

Analysis of Support Costs

	Professional Fees £	Office Costs £	Information Technology £	Audit Fees £	Total 2019 £	Total 2018 £
VITAL	17,908	145,837	64,747	-	228,492	38,776
AAT 2	12,360	1,570	271	-	14,201	10,518
AgResults Brucellosis	-	-	1,143	-	1,143	1,417
Boehringer Ingelheim	-	53	-	-	53	-
PLSHL 2	-	-	1,588	-	1,588	383,054
Unrestricted	10,747	37,547	23,258	12,894	84,446	18,169
Total 2019	41,015	185,007	91,007	12,894	329,923	451,934
Total 2018	151,415	213,073	74,425	13,021	451,934	

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

Notes to the Financial Statements – continued
For the year to 31 March 2019

4. Salaries **2019** **2018**
£ **£**

Total salary costs were as follows:

Salaries and wages	1,477,652	1,927,070
Social security costs	138,296	127,139
Pension contributions	87,572	106,853
Other employee benefits	16,192	31,406
	<u>1,719,712</u>	<u>2,192,468</u>

	Number	Number
The average number of employees during the year was:		
Management	6	6
Project staff	11	18
Support staff	12	13
	<u>29</u>	<u>37</u>

The two co-chairs, Dr P van Aarle and Prof O Smith, received remuneration in the year of £6.0k (\$7.5k) each (2018: none) in recognition of the significant increase in their level of activity during the year on governance, restructuring and the recruitment of a new Chief Executive Officer. During the year the company incurred expenses on behalf of, and reimbursed expenses to, 10 Trustees in connection with their governance responsibilities, totalling £58,334 (2018: £24,357, 10 Trustees). This increase is mainly because Trustees became entitled to business class air fares on long haul flights from June 2018, which also covered the involvement of some of them in the Chief Executive Officer's recruitment process. One Trustee, who resigned from the Board in September 2018, was appointed as the company Chief Executive Officer, with effect from 19 November 2018.

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 £65,290 (2018: £65,790). The total number of members in the scheme at 31 March 2019 was 23 (2018: 20). 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 were £22,282 (2018: £41,062), the reduction due to redundancies effected in December 2017.

The following number of employees received total employee salary and benefits (excluding employer pension) in excess of £60,000 in the period:

	2019	2018
£60,000 - £69,999	2	4
£70,000 - £79,999	2	2
£80,000 - £89,999	-	2
£90,000 - £99,999	2	2
£100,000 - £109,999	1	-
£110,000 - £119,999	-	1
£130,000 - £139,999	-	-
£140,000 - £149,999	-	1
£190,000 - £199,999	1	-

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

Notes to the Financial Statements – continued
For the year to 31 March 2019

4. Salaries (continued)

GALVmed considers the key management of the company to be the GALVmed Leadership Team (GLT), comprising the Chief Executive Officer, Senior Executive Directors and Executive Directors. The total cost of the employment of key management in the year was £786,688 (2018: £703,023); of which £nil was consultant costs (2018: £86,500). Of this, £96,260 (2018: £nil) was paid to an Executive Director on leaving the company. Employer pension contributions for key management totalled £35,165 (2018: £27,719), with additional salary in respect of pension contributions paid to international employees of £nil (2018: £3,505).

There were no redundancy costs incurred during the year (2018: £219,298).

5. Net incoming resources

	2019 £	2018 £
This is stated after charging:		
- Auditor's remuneration – audit fees	13,159	13,021
- Auditor's remuneration – non-audit fees	-	504
- Depreciation	27,305	40,130
- Operating Leases		
Land and Buildings	103,632	113,480
Equipment	1,907	2,255

Auditors remuneration includes £1,765 (2018: £1,957) for audit fees payable in India and £11,394 (2018: £11,064) for audit fees in the UK.

6. Unrealised exchange gains and losses

Unrealised gains on foreign exchange relate to the revaluation of GALVmed's net current assets at 31 March 2019. Included in the £793,907 gain (2018: £1,057,855 loss) is a gain of £673,483 (2018: £484,999 loss) in respect of the VITAL programme, a gain of £92,978 (2018: £351,218 loss) in respect of the PLSHL 2 programme, a loss of £44,882 (2018: £33,415 gain) in respect of the CBPP BEN-1 program, and a gain of £37,041 (2018: £33,945 loss) in respect of the Boehringer Ingelheim programme. The gains predominantly relate to advance funding in US dollars (USD) from the BMGF.

In addition, a realised loss of £22,874 (2018: £70,463 loss) 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 minimise realised exchange differences and help ensure there are adequate resources to deliver the programme outputs.

7. Taxation

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

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

Notes to the Financial Statements – continued
For the year to 31 March 2019

8. Tangible assets

	Leasehold improvements £	Office equipment £	Computer equipment & software £	Total £
Cost				
At 1 April 2018	33,780	7,267	227,180	268,227
Additions	-	-	23,808	23,808
Disposals	-	-	(13,189)	(13,189)
	<u>33,780</u>	<u>7,267</u>	<u>237,799</u>	<u>278,846</u>
At 31 March 2019	<u>33,780</u>	<u>7,267</u>	<u>237,799</u>	<u>278,846</u>
Depreciation				
At 1 April 2018	19,231	7,267	176,242	202,740
Charge for year	5,634	-	21,671	27,305
Eliminated on disposal	-	-	(13,190)	(13,190)
	<u>24,865</u>	<u>7,267</u>	<u>184,723</u>	<u>216,855</u>
At 31 March 2019	<u>24,865</u>	<u>7,267</u>	<u>184,723</u>	<u>216,855</u>
Net book value				
At 31 March 2019	<u>8,915</u>	<u>-</u>	<u>53,076</u>	<u>61,991</u>
At 31 March 2018	<u>14,549</u>	<u>-</u>	<u>50,938</u>	<u>65,487</u>

9. Debtors

	2019 £	2018 £
Prepayments and accrued income	204,226	181,909
Other debtors	47,094	66,631
	<u>251,320</u>	<u>248,540</u>

Prepayments and accrued income includes £72,078 (2018: £84,909) of accrued income in relation to the AgResults Brucellosis programme; £48,619 (2018: £nil) in relation to the AAT 2 programme; £18,523 (2018: £nil) to the Royal Veterinary College programme; and other debtors include accrued investment income of £14,110 (2018: £2,833).

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

Notes to the Financial Statements – continued
For the year to 31 March 2019

10. Bank and cash balances

2019	GBP £	USD £	Other currencies £	Total £
Lloyds Bank	2,524,699	3,243,325	96,222	5,864,246
Bank of Scotland	200,715	2,358,740	-	2,559,455
NatWest	-	1,161,730	-	1,161,730
Standard Chartered	-	-	15,324	15,324
Cash	218	3,253	1,918	5,389
	<u>2,725,632</u>	<u>6,767,048</u>	<u>113,464</u>	<u>9,606,144</u>
2018	GBP £	USD £	Other currencies £	Total £
Lloyds Bank	809,951	8,757,867	-	9,567,818
Bank of Scotland	1,265,556	2,866,778	-	4,132,334
Standard Chartered	-	-	16,627	16,627
Cash	56	7,356	1,933	9,345
	<u>2,075,563</u>	<u>11,632,001</u>	<u>18,560</u>	<u>13,726,124</u>

11. Creditors: amounts falling due within one year

	2019 £	2018 £
Deferred income	723,452	-
Trade creditors	312,060	61,622
Accruals	170,906	431,358
Other creditors	19,541	15,000
	<u>1,225,959</u>	<u>507,980</u>

Deferred income in 2019 relates to the VITAL programme; accruals includes £nil (2018: £159,736) relating to initial contractual commitments on recently signed contracts.

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12. Funds movement

	31 March 2018 £	Incoming resources £	Resources expended £	Exchange gains/ (losses) £	31 March 2019 £
2019					
Restricted Funds:					
VITAL	8,151,432	764,337	(6,306,076)	673,483	3,283,176
AAT 2	874,720	1,778,289	(2,181,981)	(2,004)	469,024
AAT 3	-	1,826,843	(118,930)	(2,299)	1,705,614
AgResults Brucellosis	438,098	304,133	(122,168)	30,402	650,465
Boehringer Ingelheim	1,129,629	(44,960)	(941,401)	37,041	180,309
Royal Veterinary College	-	18,523	(18,523)	-	-
Project Mesha	1,967	11,297	(13,264)	-	-
PLSHL 2	1,089,808	20,657	(698,401)	92,978	505,042
CBPP BEN-1	144,851	-	(99,969)	(44,882)	-
ECF Consortium	-	25,326	(25,326)	-	-
Health for Animals	22,954	-	(22,954)	-	-
AAT – Ethiopia	40,000	-	-	-	40,000
Total Restricted Funds	11,893,459	4,704,445	(10,548,993)	784,719	6,833,630
Unrestricted Funds	1,638,712	1,141,102	(929,136)	9,188	1,859,866
Total Funds	13,532,171	5,845,547	(11,478,129)	793,907	8,693,496
2018					
Restricted Funds:					
VITAL	-	9,211,971	(575,540)	(484,999)	8,151,432
AAT 2	748,357	3,168,003	(2,879,041)	(162,599)	874,720
AgResults Brucellosis	407,848	379,363	(308,448)	(40,665)	438,098
Boehringer Ingelheim	-	1,163,848	(274)	(33,945)	1,129,629
Project Mesha	12,764	14,392	(25,153)	(36)	1,967
PLSHL 2	5,396,083	4,863,719	(8,818,776)	(351,218)	1,089,808
CBPP BEN-1	294,569	-	(183,133)	33,415	144,851
ECF Vaccine Diluent	-	103,793	(103,793)	-	-
Health for Animals	-	28,692	(5,738)	-	22,954
AAT – Ethiopia	40,000	-	-	-	40,000
Total Restricted Funds	6,899,621	18,933,781	(12,899,896)	(1,040,047)	11,893,459
Unrestricted Funds	1,633,411	284,835	(261,726)	(17,808)	1,638,712
Total Funds	8,533,032	19,218,616	(13,161,622)	(1,057,855)	13,532,171

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12. Funds movement (continued)

Programme objectives and funding

The VITAL programme has two strands: product development and commercial development. The broad objectives are: 1) to develop six new high impact livestock vaccines ready for commercial production and suitable for widespread use by smallholders in Africa and South Asia; and 2) to partner the animal health industry to establish five large scale portfolio distribution networks in Africa and South Asia with each initiative being capable of generating positive cash flows by year 4 and achieving subsequent growth and expansion through these profits. The programme is jointly funded by BMGF (80%) and DFID (20%). This programme ends on 30 September 2022.

The purpose of the AAT 2 programme is to build on the work started under previous AAT programmes resulting 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 programme is jointly funded by BMGF (53%) and DFID (47%).

The purpose of the AAT 3 programme is to build upon the success of the work carried out under previous AAT programmes resulting in the improved tools for the control of Animal African Trypanosomiasis. The specific objective of Tryps 3 is the commercial development of a registered therapeutic trypanocidal product, ready for sale through GALVmed's commercial partner in the Tryps program, Boehringer Ingelheim. The programme is jointly funded by BMGF (84%) and DFID (16%). Advance funding of \$2.3m has been received from BMGF to accelerate activities prior to formal commitment in July 2019.

The AgResults 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. It is fully funded by the AgResults consortium.

The Boehringer Ingelheim (BI) programme is fully funded by BMGF with a sub-award to BI through GALVmed. Its objective is to deliver a viable business model for providing quality veterinary healthcare to smallholder farmers in Africa. The key activities for this programme are 1) a registration initiative of BI products in three key markets; and 2) a distribution and awareness initiative which accelerates the accessibility of a portfolio of products to areas which are normally very difficult to access through usual distribution networks.

Funding under the Royal Veterinary College (RVC) programme is to engage a Research Investigator who will provide expertise and oversee research activities to allow the establishment of a multi-sectoral strategy for the control of Brucellosis in the main periurban dairy production zones of West and Central Africa.

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. This phase of the programme ended on 31 December 2018.

The purpose of the PLSHL 2 programme was to build on the work carried out under PLSHL 1, but with more focus given to increasing market development and access initiatives to benefit a greater number of poor livestock keepers. Work was also extended into the following diseases: PPR, CBPP and CCPP, which were previously feasibility studies under PLSHL 1. The programme was jointly funded by BMGF (80%) and DFID (20%). This programme was completed on 31 March 2018. Expenditure during the year relates to the delivery of additional project work to utilise surplus funds at the request of BMGF. Funds at 31 March 2019 are fully committed.

The CBPP BEN-1 programme evaluated 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 programme was jointly funded by BMGF (84%) and DFID (16%). This programme was completed on 30 June 2017. Expenditure during the year relates to the delivery of additional project work to utilise surplus funds.

The purpose of the East Coast Fever (ECF) Research Consortium Fund is to provide improved vaccines for the control of East Coast Fever in cattle. This programme concluded on 31 October 2018.

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12. Funds movement (continued)

Funding under the Health for Animals programme is to engage a consultant who will provide expertise in support of creating a mutual recognition procedure for a registration process for animal health products in the East African Community. This programme concluded on 31 December 2018.

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.

13. Total assets – analysed between funds

2019	Fixed assets £	Net current assets £	Total £
Restricted Funds			
VITAL	-	3,283,176	3,283,176
AAT 2	-	469,024	469,024
AAT 3	-	1,705,614	1,705,614
AgResults Brucellosis	72	650,393	650,465
Boehringer Ingelheim	-	180,309	180,309
PLSHL 2	41,345	463,697	505,042
AAT - Ethiopia	-	40,000	40,000
Unrestricted Funds	20,574	1,839,292	1,859,866
Total	61,991	8,631,505	8,693,496

2018	Fixed assets £	Net current assets £	Total £
Restricted Funds			
VITAL	-	8,151,432	8,151,432
AAT 2	-	874,720	874,720
AgResults Brucellosis	907	437,191	438,098
Boehringer Ingelheim	-	1,129,629	1,129,629
Project Mesha	-	1,967	1,967
PLSHL 2	23,757	1,066,051	1,089,808
CBPP BEN-1	-	144,851	144,851
Health for Animals	-	22,954	22,954
AAT - Ethiopia	-	40,000	40,000
Unrestricted Funds	40,823	1,597,889	1,638,712
Total	65,487	13,466,684	13,532,171

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14. Financial instruments

	2019 £	2018 £
The company has the following financial instruments:		
Financial assets that are debt instruments measured at amortised cost	<u>186,314</u>	<u>189,087</u>
Financial liabilities measured at amortised cost	<u>502,507</u>	<u>507,980</u>

Debt instruments measured at amortised cost comprise other debtors and accrued income. Liabilities measured at amortised cost comprises trade creditors, accruals and other creditors.

15. Operating lease commitments

At 31 March 2019 GALVmed was committed to a total of future minimum lease payments under non-cancellable operating leases for land, buildings and equipment for each of the following periods:

	2019 £	2018 £
Not later than one year	107,878	71,550
Later than one year and not later than five years	<u>25,542</u>	<u>40,876</u>

16. Share capital

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

17. Reconciliation of Net (Expenditure)/Income to Net Cash Flow from Operating Activities

	2019 £	2018 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(5,632,582)	6,056,994
Adjustments for:		
Depreciation charges	27,305	40,130
Gain on sale of assets	-	432
Interest from investments	(184,772)	(108,180)
Decrease in debtors	8,496	160,826
Increase/(Decrease) in creditors	717,979	(44,037)
Net cash provided by operating activities	<u>(5,063,574)</u>	<u>6,106,165</u>

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18. Related parties

During the year £14,968 (2018: £128,250) was paid to The Centre for Ticks and Tick Borne Diseases (CTTBD), an organisation registered in Malawi in which Peter Jeffries, retired Chief Executive, was an Interim Board Member. The amount paid included £14,968 (2018: £35,696) relating to onward dissemination of funding for the ECF Vaccine Diluent programme.

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

19. Ultimate controlling party

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