

Financial Statements IVCC

For the Year Ended 31 July 2021

Registered Charity Number: 1128437

Company No. 06719882

IVCC

Financial Statements for the year ended 31 July 2021

Company Registration Number:	06719882
Registered Charity Number:	1128437
Registered Office:	c/o Liverpool School of Tropical Medicine Pembroke Place Liverpool L3 5QA
Trustees:	The Rt. Hon. Sir Stephen O'Brien KBE (Chair) W S Charles E Chizema A Court P Housset J E Lefroy (appointed by LSTM) Q Liu K Malm (appointed 24 September 2021) J Schofield K L Sebati (deceased May 2021) Honorary lifetime president : Sir Mark Moody-Stuart
Secretary:	Lynn Byrne
Bankers:	Royal Bank of Scotland Plc 1, Dale Street Liverpool L2 2PP
Solicitors:	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL
External Auditors:	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Royal Liver Building Liverpool L3 1PS

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Internal Auditors:

RSM Risk Assurance Services LLP
Internal Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

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Report of the Trustees

The trustees, who are also the directors of the charitable company for the purposes of the Companies Act 2006, present their report together with the financial statements for the year ended 31 July 2021.

Directors and Trustees

The directors of the charitable company (the charity) and its trustees, for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year end were as follows:

The Rt. Hon. Sir Stephen O'Brien KBE (Chair)

W S Charles

E Chizema

A Court

P Housset

J E Lefroy (appointed by LSTM)

Q Liu

K Malm (appointed 24 September 2021)

J Schofield

K L Sebati (deceased May 2021)

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

Structure, Governance and Management

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

The organisation is overseen by a Board of Trustees with fiduciary responsibilities and financial and audit oversight. External Advisory committees (ESACs) advise the IVCC Executive Committee on project inception, progression and termination. The IVCC staff, who make up the Management Committee, are responsible for strategic and day to day management of the programme, high level project monitoring and stakeholder liaison. The CEO, Nick Hamon, joined the organisation in 2013 and has a PhD in insect ecology and population dynamics and a bachelor's degree in applied zoology. He has worked for several Fortune 500 companies involved in new product and business development in agriculture, public health and environmental science. He has delegated day-to-day management responsibility of the charitable company on behalf of the Trustees. In addition to the UK, IVCC has staff located in several countries, including the USA, France and Ghana.

Group Structure

The Liverpool School of Tropical Medicine (LSTM) is the parent company of IVCC by virtue of it being the sole member of the company limited by guarantee.

Statement by the Trustees on performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

The Board of Trustees of IVCC consider, both individually and collectively, that they have acted in ways that they believe in good faith to be most likely to promote the success of the company for the benefits of its members as a whole (having regard to the stakeholders and other matters set out in s172(1) of the act) in the decisions they made during the year ended 31 July 2021.

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

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

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

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

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

Key decisions made by the Board this year include:

Approval of the 2021/22 annual budget : Due to the evolving impact of COVID-19, the budget has been remodelled to take account of the impact on next year.

Employee engagement statement

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

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

Statement on business relationships

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

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

Carbon reporting

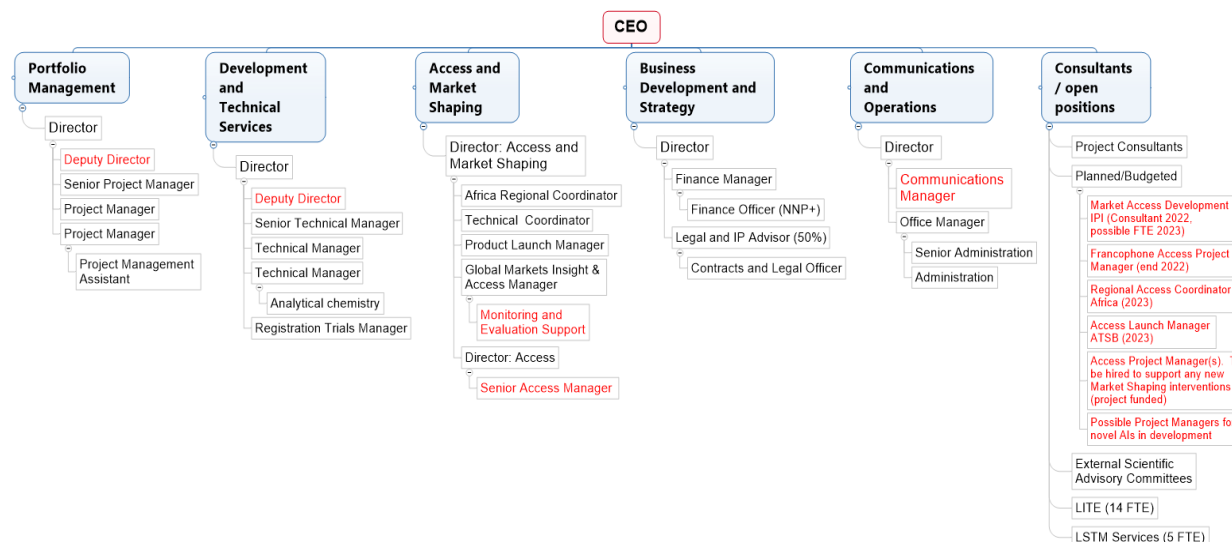
IVCC occupies space provided by LSTM, its direct holding company. LSTM carbon reporting is included in the LSTM Group Trustees' Report.

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Organogram & Organisation of IVCC

In addition to the ESAC groups, the personnel, IT, finance and grants management functions are embedded in the parent organisation, LSTM and are accessed via service level agreements. This provides IVCC with open access to these support services in a cost-effective manner.



■ - Vacant posts

Figure 1: IVCC org chart

Pay Policy for Senior Staff

The pay of senior staff consists of a basic pay element and a performance related pay (variable pay) element. IVCC recruit professionals with specialist private-sector expertise (Pharmaceutical, Agrochemical etc.) and therefore its remuneration framework needs to be competitive with the private sector to attract, incentivise and retain high quality employees.

Base salaries are benchmarked against the private sector as well as other Product Development Partnerships on a regular basis to ensure competitiveness. The framework for calculation of variable pay is based on organisational performance and a blend of individual performance and key competencies. The process for goal setting ensures that the total organisational pay-out is maintained within an acceptable range that is pre-defined by the IVCC Board of Trustees. While Management strives to define the most appropriate goals and metrics, unforeseen issues or opportunities may arise that change the feasibility or value of the proposed metrics. Management's ability to capitalise on unforeseen opportunities and address unforeseen issues is also considered as a part of the Board's assessment of the organisation's performance. Should the performance of the individual, or the organisation be deemed insufficient by IVCC's management or the Board, there will be no obligation to pay the variable component.

The CEO's salary and performance related pay will be proposed by the IVCC Remuneration Committee following a recommendation put forward from the relevant Board Members and the annual review undertaken by The Chairman of Trustees as agreed by the Board.

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Audit Committee

IVCC benefits from shared accounting and audit arrangements with its parent institution the Liverpool School of Tropical Medicine. External audit work is carried out by Grant Thornton UK LLP. All internal audit work is performed by RSM Risk Assurance Services LLP, whose remit is to provide independent and objective assurance to add value and improve the organisation's operations. This is carried out through the evaluation and improvement to risk management, governance and control processes.

LSTM Audit Committee acts as the review body for both internal and external audit oversight on all recommendations made. A member of the IVCC Board sits on the Audit Committee and reports between both organisations on any matters that should be brought to the Board's attention for further discussion.

Governing Document and Objectives of the Charitable Company

The organisation is governed by the Memorandum and Articles of Association which were laid down at the incorporation of the company on 9 October 2008 and amended by special resolution on 6 February 2009.

The objectives of the charity are:

The preservation and protection of good health and the relief of sickness by alleviating and preventing the spread of any type of tropical disease which is now or may hereafter become known in any part of the world where such disease either manifests itself or has effects by any means, and in particular but without prejudice to the generality of the foregoing by:

- Stimulating industry and academia to discover, develop and deliver new tools to better manage insects which transmit disease and to monitor and better direct the use of these tools.
- Promoting and encouraging the dissemination of new scientific information.
- Ensuring the products and systems developed are accessible to those in need of them in the developing countries of the world.
- Promoting and conducting research into issues concerning public health.

Appointment of Trustees

Any new appointments to the Board are a matter for consideration of the Board as a whole. The IVCC Board of Trustees has a Nominations Committee comprising three members that is responsible for the selection and nomination of any new member for the Board's consideration. The Board of Trustees consists of at least seven and not more than fifteen individuals.

Members of the Board of Trustees are appointed for a term of office of three years. One third of the Board must retire at each AGM based on time in office. Retiring trustees shall be eligible for re-election subject to paragraph 3.7.1 of the Articles.

Trustee Induction and Training

New trustees undergo orientation training to brief them on: their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and to inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

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Strategic Report

As a registered charity, the strategic report is contained in the following sections:

- Risk management
- Financial risk management objectives and policies
- Objectives and activities for public benefit
- Achievements and performance
- Goals, future plans and developments
- Financial review

Risk Management

The trustees have a risk management strategy in place which identifies the major risks to which the charitable company is exposed. The trustees regularly review the systems established to mitigate those risks.

The Board has delegated monitoring and control responsibilities to the parent organisation, LSTM.

Risk assessments are carried out by management. The outcomes of the assessments are included in the risk assessment register. The core administrative team identifies new risks and monitors existing risks.

The risk assessment register is summarised and reviewed by the Management Committee, Audit Committee and Board of Trustees at least annually.

There were no reportable serious incidents in the year ended 31 July 2021.

Going Concern

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

Financial Risk Management Objectives and Policies

It is the charity's policy to minimise the risk relating to foreign currency received from overseas funders by employing the use of forward contracts where possible.

Short term surplus cash held is invested in high interest-bearing accounts as part of an overall cash pooling arrangement with the parent company to maximise potential returns and minimise risk. Medium to longer term cash is invested in low risk company and government bonds.

The Finance and Investment Committee of LSTM acts as a review body for all finance and investment related activities. A member of the IVCC Board sits on the committee and reports between both organisations on any matters that should be brought to the Board's attention for further discussion.

On 23 June 2016 the UK voted to leave the European Union. In January 2020 the EU and UK reached an agreement on their new partnership and these new rules took effect January 2021. With nine months

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experience the key issue impacting IVCC to date has been more complex import documentation with small increases in costs. However, the following concerns have not materialised:

- Increased currency volatility
- Decline in general macroeconomic position and consumer confidence
- GDPR data risk

IVCC is also monitoring the impact of the COVID-19 crisis on its portfolio advancement and expected level of expenditure. A regular newsletter continues to be shared with the board and with key funders. The key factor for IVCC has been discussions with funders as the majority of its income and expense is project related. However, given the low fixed costs, reducing research activity does very little to reduce the bottom line as expenses correspondingly decrease.

Objectives and Activities for Public Benefit

The mission of IVCC is to build partnerships that create innovative solutions to prevent the transmission of insect-borne disease. IVCC facilitates the development of improved public health pesticides and formulations, provides information tools to enable the more effective use of existing and new disease control measures and works with the disease endemic country stakeholders and industry to establish target product profiles for new vector control products and paradigms. The Board confirms it has referred to the guidance contained in the Charity Commission's general guidance and The Advancement of Education for the Public Benefit when reviewing the Charity's aims and objectives in planning future activities for the year.

The IVCC Product Development Partnership has an essential role within the malaria eradication agenda and more broadly, in the control of many vector-borne diseases. IVCC will:

- Engage industry to stimulate the development of new public health pesticides, replacing those lost to resistance, withdrawal of regulatory approval and commercial prioritization.
- Improve the cost-effectiveness and efficiency of the interventions through better formulation of public health pesticides.
- Work with the end users in disease endemic countries and the chemical industry to define and validate new insecticide-based paradigms, and their associated target product profiles, increasingly harnessing the consumer market, for improved mosquito vector control.
- Maximise the impact of initial IVCC investments by ensuring the delivery of the monitoring and evaluation tools developed by IVCC grantees since 2005.

Achievements and Performance

IVCC was established in November 2005 to facilitate the development of improved public health pesticides and formulations and provide information tools and diagnostics to enable the more effective use of malaria and dengue control measures.

Since then, through a mechanism of open calls, IVCC has been remarkably successful at engaging industry and delivering products: K-Othrine® Polyzone (LLIRS), Actellic® 300CS (LLIRS), Interceptor® G2 (dual AI LLIN), SumiShield™ 50WG (LLIRS) and Fludora® Fusion (LLIRS).

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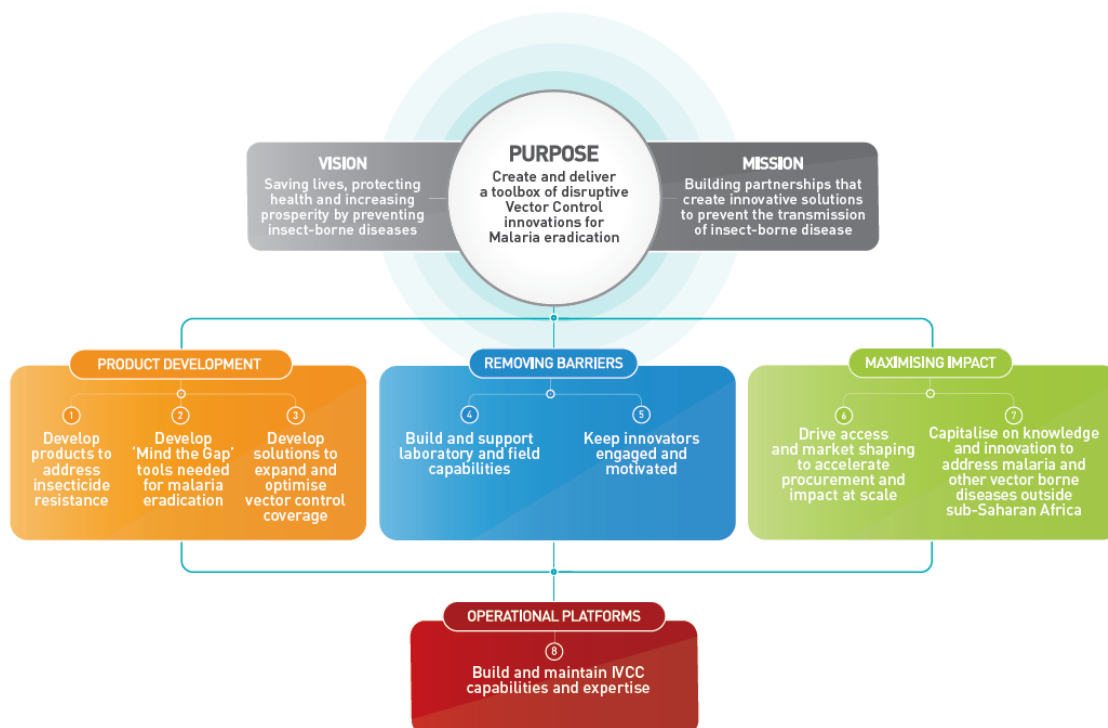


Figure 2: Diagram summarizing IVCC's mission

IVCC collaborates with industry and academic leaders to develop a complete toolbox of solutions for vector control. This toolbox is designed to provide malaria control programmes with the products to implement sustainable insecticide resistance management strategies. The ultimate goal is malaria eradication.

- Novel active ingredients: Two compounds are in development, one in pre-development, one in optimization. Tenebenal™ (Mitsui Chemicals Agro) is now registered and IVCC is supporting its vector control market introduction with VECTRON™ T500 (IRS).
- Repurposing insecticides from agriculture: Interceptor® G2 (dual AI LLIN), SumiShield™ (LLIRS) and Fludora® Fusion (dual AI LLIRS) are now in use and allow National Malaria Control Programmes to build effective IRM programs. The market introduction of Interceptor® G2 is facilitated by the New Nets Project (<https://www.ivcc.com/market-access/new-nets-project/>).
- Preventing outdoor transmission: The ATSB project is being further tested in Mali, Zambia and Kenya to prepare a stage gate review in October 2021 to greenlight epidemiology trials in these three countries.
- Supporting the development of new application technologies to improve compliance with product labelling and overall product efficacy.

ZERO by 40 is an essential component of IVCC strategy to sustain R&D and marketing efforts of key industrial partners. Partners are open to sharing technologies (e.g., formulation technology, facilitating access to active-ingredients to test in other vector control products, they are also developing white papers to advocate for IRM strategy (e.g, https://zeroby40.com/wp-content/uploads/2021/03/ZEROx40_Insecticide-Resistance-A4_2021.pdf)

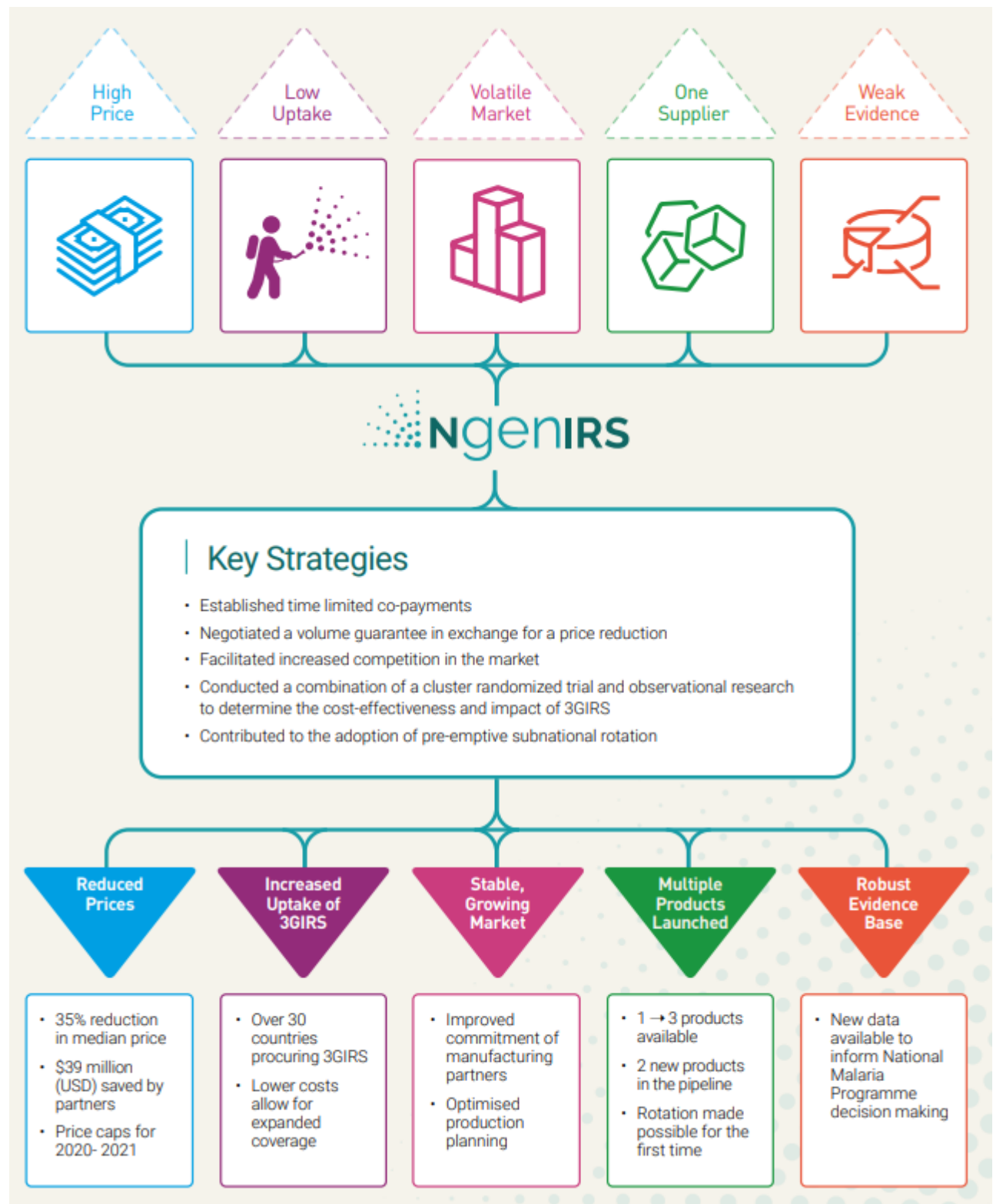
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The NgenIRS initiative successfully concluded in 2020. It facilitated the rapid uptake of next generation Indoor Residual Spray (IRS) products through market shaping mechanisms including co-payments and also generated the evidence that these new products have a positive impact in lowering malaria transmission (see diagram on page 9). Competition has increased through the introduction of SumiShield™ in 2018 and Fludora® Fusion in 2019 with the expectation that Sylando® will also enter the market in 2021. The diagram on page 9 summarises the achievements of NgenIRS to address the market failures through an innovative and complementary mix of market shaping strategies.

For more information: <https://www.ivcc.com/market-access/ngenirs/>.

NgenIRS Project



The New Nets Project (NNP) works with the next generation of nets, which use two insecticides rather than one. These new nets don't yet have a World Health Organisation (WHO) policy recommendation that countries with pyrethroid resistance should consider them over standard nets. NNP is building the epidemiological evidence needed to allow WHO to consider making this new policy recommendation.

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Under this project, the nets are being assessed in a robust study in Benin to give definitive evidence of how well they perform compared to standard nets.

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

The Indo-Pacific Initiative (IPI) started with the publication of key landscaping papers to map the technical gaps and vector control regulatory processes throughout the region. Two projects, NATNAT and BITE are ongoing. For more information: <https://www.ivcc.com/vector-control/indopacificinitiative/>.

The Good Laboratory Practice (GLP) accredited field and laboratory trial capabilities and capacity building initiative was slowed down by the sanitary crisis which prevented SANAS inspections. Nevertheless, in April 2021, IHI was the third site to receive its GLP accreditation following a virtual inspection from SANAS.

Vector Expedited Review Voucher (VERV) is an initiative to incentivise industry in developing new vector control products for challenged markets. In July 2021 significant progress was made to establish this into new US legislation, although we could not secure the funding for a pilot programme. Further advocacy work will be required through the Senate Appropriation process. For more information: <https://www.ivcc.com/vector-control/vector-expedited-review-voucher-verv/>

IVCC and its partners were able to adapt to the COVID-19 crisis. All staff successfully switched to working from home to support project and operational activities. The situation in countries is monitored by project teams and mitigation plans implemented when possible. IVCC regularly updated its stakeholders on the COVID-19 impact on programmes through a bi-monthly newsletter detailing the situation for each key project. Board of Trustees and ESAC meetings were successfully run through videoconference.

Goals, Future Plans and Developments

IVCC's core objectives for the period 2022-2026 are:

- Advance the portfolio of New Active Ingredient (AI) Discovery and Development programs and their formulation in LLIRS and LLINs.
- Develop a formulation platform (especially for ITNs and IRS) to guide development work.
- Complete the development of the existing Formulation and Repurposing portfolio to deliver products that will enable rational and effective resistance management programs.
- Review and assess new proposals for product development.
- Strengthen relationship with WHO to anticipate impact of policies and recommendations on product development pipeline.
- Complete GLP accreditation of 5 additional sites.
- Establish ATSB public health value.
- Support the PQ listing of Sylando® (BASF) and VECTON™ T500 (Mitsui) for a complete IRS toolbox.
- Develop 5 dual AI LLIN by 2026.
- Deliver NNP expected outcomes.

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- Use the outcome of the modelling work in our product development strategy and IVM platform.
- Develop an organisation that can deliver the ongoing Mission Statement of IVCC, with an evidence-based roadmap of future needs and a strategy for their resolution.
- Broaden IVCC's scope to extend the value of our products to other NTDs and new geographical areas (i.e. IPI).
- Support and leverage our expert platform (ESAC and EAC) for optimal project support.
- Secure commitment from industrial partners through a range of initiatives (e.g. CEO engagements through ZERO by 40, VERV, market shaping interventions, return on investment on CSR).
- Renew grants with key funders to sustain IVCC's mission.

Financial Review

Income for the year of £39.4m was £0.9m up from last year, with resources expended of £38.3m up by £1.1m giving a gain of £1.1m before other recognised gains and losses.

IVCC had previously applied hedge accounting in relation to forward contracts, however from 1 August 2020 this has ceased. A fair value loss of £110,000 (2020: loss of £153,000) for the year has been recognised within unrestricted funds and income/expenditure for the year.

A total of £30.9m was spent on direct charitable project activities (2020: £30.0m) with a further £2.4m paid out on project activities undertaken in-house (2020: £2.6m). Core administration support costs of £4.7m (2020: £4.2m) was also incurred in the year.

The Bill & Melinda Gates Foundation (BMGF) provided 28% of the charity's income in the year, up from 20% in 2019/20 and up from 25% in 2018/19. The remaining income includes: 37% UNITAID, 22% FCDO (formally DFID), 6% DFAT, 4% SDC, and 3% USAID.

Income from charitable activities in 2020/21 was originally budgeted at £40.8m (2020/21 actual - £39.4m) and represents growth on prior year actual income of 2% (2019/20 actual - £38.6m). Total income from charitable activities in 2020/21 of £39.4m represents a marginal 3% shortfall against the original budget of £40.8m. The composition of the 2020/21 budgeted income from charitable activities is consistent with the analysis of actual income by funding source.

It is forecast for 2021/22 that income from charitable activities will increase from 2020/21 actual - £39.4m to £42.6m in 2021/22 representing a growth forecast of 8%. The budget composition for 2021/22 was adjusted to reflect evolving travel patterns with an expectation that demand for remote meeting attendance will continue for the foreseeable future. The key driver of forecast growth is dependent on the continuing progression of IVCC's portfolio of novel active ingredients of which two are now in development. The development stages represent a step change in the level of resource commitment. A key assumption underpinning the IVCC forecast is that there are no significant pauses in activity.

IVCC's principal grant with BMGF was scheduled to conclude by 30 April 2021 and is currently subject to a no cost extension to 30 April 2022. IVCC and BMGF are progressing negotiations in relation to the grant renewal cycle which is being integrated with the utilisation timeline for IVCC's predecessor grant. As of 31 July 2021, IVCC had utilised 52% of its active grant with the foundation which had been awarded in 2016 for up to \$75m. Accordingly, it is assumed that 2021/22 income will be primarily sourced through existing funder awards.

IVCC's Memorandum of Understanding (MoU) with the Foreign, Commonwealth & Development Office (FCDO) was extended from an end date of March 2021 to March 2022. By 31 March 2021, IVCC had

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received all funds scheduled for payment under this grant and at this stage, no additional funds have been made available under the active MoU. IVCC will be guided by the FCDO on appropriate timescales for exploring follow-on funding opportunities.

In December 2020, the Swiss Agency for Development and Cooperation (SDC) awarded IVCC a new grant delivering a core contribution of up to \$4.4m towards the calendar years 2020-2024. This represents IVCC's third successive grant awarded by SDC.

In February 2021, IVCC entered into a Memorandum of Agreement with the Clinton Health Access Initiative (CHAI) to work together as part of a broader commodity forecasting project, led by CHAI with BMGF identified as the ultimate funder party. The associated budget, planned for a five-year disbursement period totals \$788k. IVCC has previously worked with CHAI in a subaward capacity, and this is the first time that CHAI has collaborated with IVCC with CHAI acting as the lead project party and IVCC's immediate grantor.

IVCC's active grant with USAID, effective 1 January 2017, is subject to an estimated completion date of 31 December 2022. The associated budget covers the five-year period to 31 December 2021. IVCC is exploring with USAID the possibility of an increase in the budget ceiling such that funds could be obligated under this Cooperative Agreement in the calendar year 2022.

Grant Making Policy

IVCC has established its grant making process to achieve its objects for the public benefit. The charity invites proposals from both the public and private sectors following the establishment of target product profiles for different types of intervention and new insecticide active ingredients as well as the furtherance of information systems and tools. All outline proposals are reviewed by an External Scientific and Advisory Committee (ESAC) in terms of portfolio fit and likely success. Following a successful initial review, a more detailed application is submitted to the ESAC for a full scientific and budgetary review before proceeding to full implementation.

Reserves Policy and Going Concern

IVCC aligns with the group policy of ensuring that unrestricted reserves represent a minimum of 6 months' pay expenditure. Resources are managed and committed within a framework of financial planning that ensures it has both sufficient reserves and liquid resources to fulfil commitments that it enters into.

No contract is entered into unless it can be resourced, including staffing, partner contracts and all contracts in the supply chain.

IVCC has a healthy bank balance of £26m, investments of £19.6m and no loans outstanding. IVCC's strong asset base is representative of IVCC's significant year-end balance of deferred income on research grants. This reflects the holistic approach adopted by two of IVCC's major funding partners which is based on an advanced funding model. IVCC is working with its funding partners to ensure that IVCC does not hold excessive levels of donor funds relative to planned resource requirements.

Being part of the LSTM group gives security for IVCC in case of any future cash flow issues, or financial difficulty that may arise. The organisation benefits hugely from this synergistic relationship in terms of high-quality shared services and scientific resources and knowledge.

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Trustees' Responsibilities Statement

The trustees (who are also directors of IVCC for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including 'FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

The auditor, Grant Thornton UK LLP, offer themselves for reappointment in accordance with section 485 of the Companies Act 2006, subject to the results of a tender process to be undertaken.

The trustee's sign off relates to the strategic report as well as the responsibilities per the regulations.

ON BEHALF OF THE BOARD



Sir Stephen O'Brien
Chairman

1/11/2021

Independent Auditor's Report to the Members of IVCC

Opinion

We have audited the financial statements of IVCC (the 'charitable company') for the year ended 31 July 2021, which comprise the Statement of Financial Activities (incorporating an Income and Expenditure account), the Balance sheet, the Cash Flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of its incoming resources and application of resources including, its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements section' of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the charitable company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report, prepared for the purposes of company law, included in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the charitable company, and the industry in which it operates and determined which may influence the financial statements. Given the nature of its operating activities, the charitable company is subject to several laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

We determined that the following laws and regulations are the most significant which are directly relevant to specific assertions in the financial statements:

- Those that relate to reporting frameworks being FRS102 and the Statement of Recommended Practice ("Charities SORP (FRS102)") and the Charities Act 2011 and the Companies Act 2006 and the relevant tax compliance regulations.
- Those that relate to the operational activities of the charitable company as a research organisation working to facilitate approaches to prevent vector-borne diseases and tackle the threat of insecticide resistance being data protection and bribery and corruption practices.

- We assessed the susceptibility of the charitable company's financial statements to material misstatements, including how fraud might occur. We performed the following audit procedures to address the risks related to irregularities and fraud:
 - evaluation of the processes and controls in place to address the risks related to irregularities and fraud;
 - challenge of the assumptions and judgements made by management in its significant accounting estimates;
 - review of performance targets and conditions to research funding received and their propensity to influence efforts made by management to manage earnings;
 - review and testing of journal entries, in particular manual journal entries, relating to management estimates and journal entries impacting the reported result for the year;
 - consideration of the potential for fraud in revenue recognition through the manipulation of revenue from research grant funding;
 - identifying related parties and through our data interrogation tools performed a review for any related party transactions during the year.
- We enquired of management, the CEO, the Audit Committee and the internal auditors whether there was any awareness of instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minute reviews.
- In assessing the potential risks of material misstatement, we obtained an understanding of the charitable company's operations, the applicable statutory provisions and business risks that may result in risk of material misstatement, and the charitable company's control environment, including the adequacy of procedures for authorisation of transactions.
- The engagement team's experience with similar engagements, their understanding and knowledge of the charitable company's industry and their understanding of the industry and regulatory requirements were considered in assessing the appropriateness of the collective competence and capabilities of the engagement team.

No matters relating to non-compliance with laws and regulations or relating to fraud were identified in relation to the above-mentioned laws and regulations that were identified by us as most significant.

Use of our report

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

Grant Thornton UK LLP

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

1/11/2021

IVCC

Financial Statements for the Year Ended 31 July 2021

Principal Accounting Policies

Legal Status of the Charitable Company

IVCC is a registered charity and a company limited by guarantee incorporated in England and Wales and has no share capital. In the event of IVCC being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The registered office of IVCC is Pembroke Place, Liverpool, Merseyside, L3 5QA.

Basis of Preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. IVCC is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of derivative financial instruments).

The financial statements are presented in Sterling (£).

Going Concern

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

Despite the covid-19 pandemic, having set up monitoring procedures as mentioned above, which covers a period to November 2022, the Board of Trustees considers that IVCC has sufficient financial resources and is confident that its future income streams will maintain these resources.

The Board of Trustees has a reasonable expectation that IVCC has adequate resources to continue in operation for the foreseeable future. Therefore it continues to adopt the going concern basis in preparing the financial statements.

Significant Judgements and Estimates

Preparation of the Financial Statements requires management to make significant judgements and estimates. The items in the Financial Statements where these judgements and estimates have been made include :

Judgements

Deferred balances : due to the nature of research grants, whereby in the majority of cases, projects span over several years, judgement is exercised in the decision over deferral of balances to ensure income and expenditure are accounted for in the appropriate and matching time period and also at the point performance conditions have been met.

Estimates

Financial Instruments : all derivatives are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market based data. The charity has ceased to apply hedge accounting in the year.

Statement of Principal Accounting Policies**Revenue Recognition**

Income from contracts and other services rendered is credited to the Statement of Financial Activities when the goods or services are supplied to the external customers or the terms of the contract, including performance related conditions, have been satisfied. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions to overhead costs. Any payments received in advance of such performance are recognised on the balance sheet as liabilities.

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

Grant Funding

Grants (including research grants) from government and non-government sources are recognised in income when IVCC is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Expenditure and Irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of resources. Grants are reflected in the balance sheet when a constructive obligation exists, notwithstanding that they may be paid in future accounting periods.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of Support Costs

Support costs are those functions that assist the work of IVCC but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and government costs which support IVCC's research activities. These costs have been allocated to expenditure on charitable activities.

Governance Costs

Governance costs comprise of all costs involving the public accountability of a charity and its compliance with regulation and good practice. These costs include statutory audit, legal costs and board of trustee meeting costs. Included within this category are costs associated with the strategic as opposed to day-to-day management of the charity's activities.

Accounting for Retirement Benefits

The two pension schemes for IVCC's staff are the Universities Superannuation Scheme (USS) and the University of Liverpool Pension Fund (ULPF). ULPF is a defined benefit scheme and USS changed from a defined benefit scheme to a hybrid scheme on 1 October 2016, providing defined benefits (for all members) as well as contribution benefits. Both schemes are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

Both the USS and ULPF are multi-employer schemes for which it is not possible to identify the assets and liabilities related to IVCC's members due to the mutual nature of the scheme and therefore these schemes are accounted for as defined contribution retirement benefit schemes. A liability is recorded within the sponsoring employer LSTM, for the contractual commitment to fund past deficits within the USS.

IVCC

Financial Statements for the Year Ended 31 July 2021

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the Charity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions in defined contribution pension plans are recognised as an expense in the Statement of Financial Activities in the periods during which services are rendered by employees.

The assets of the two IVCC pension schemes are held in separate trustee-administered funds. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. IVCC is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As required by Section 28 of FRS 102 "employee benefits", IVCC therefore accounts for the schemes as if they were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the schemes.

Employment Benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to IVCC. Any unused benefits are accrued and measured as the additional amount IVCC expects to pay as a result of the unused entitlement.

Foreign Currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Statement of Financial Activities. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated at the exchange rate ruling at the dates the fair value was determined.

Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Debtors

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

Creditors

Creditors are recognised where IVCC has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Provisions

Provisions are recognised in the Financial Statements when: (a) IVCC has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

IVCC

Financial Statements for the Year Ended 31 July 2021

Investments

Investments represent short term deposits that have a maturity in excess of 31 days and traded bonds. Traded bond investments are held as current investments and recognised in the balance sheet at market value, as they are available to be drawn down on demand.

Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the Statement of Financial Activities. Outstanding derivatives at the reporting date are included under the appropriate category depending on the nature of the derivative. The charity holds derivative financial instruments in the form of foreign currency sterling forward currency contracts. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the surplus or deficit as appropriate, unless they are included in a hedging arrangement. The charity previously applied hedge accounting for transactions entered into to manage the cash flow exposures of foreign currency research income. Forward currency contracts are held to manage the cash flow exposure to fluctuations in exchange rates and are designed as cash flow hedges. Hedge accounting ceased effective 1 August 2020.

Changes in the fair value of derivatives designated as cash flow hedges, and which are effective, are recognised directly in the charity's income funds. Any ineffectiveness in the hedging relationship (being excess of cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in surplus or deficit.

The gain or loss recognised in other comprehensive income is reclassified to the Statement of Financial Activities when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Taxation

VAT : Irrecoverable VAT is charged as a cost to the Statement of Financial Activities.

Taxation status : IVCC has charitable status and is exempt from corporation tax under the provision of s466 of the Income & Corporation Taxes Act 2010.

Fund Accounting

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with an allocation of overheads as defined by the donor. The funds are not therefore available for the work performed by IVCC other than that specified by the donor. Unrestricted grant funding is recognised immediately in the month of receipt and can be expended without condition on activities in furtherance of IVCC's mission.

IVCC

Financial Statements for the Year Ended 31 July 2021

Statement of Financial Activities

		Restricted	Unrestricted	Total	Total
		funds	funds	2021	2020
Income	Note	£000	£000	£000	£000
Incoming Resources					
Income from charitable activities	1	37,560	1,652	39,212	37,340
Investment income		206	20	226	558
Other income	2	-	-	-	678
Total Incoming Resources		<u>37,766</u>	<u>1,672</u>	<u>39,438</u>	<u>38,576</u>
Resources Expended					
Expenditure on charitable activities	3	37,766	439	38,205	37,084
Other – change in fair value of financial instrument	7	-	110	110	153
Total Resources Expended		<u>37,766</u>	<u>549</u>	<u>38,315</u>	<u>37,237</u>
Net Incoming Resources for the Year		-	1,123	1,123	1,339
Other Recognised Gains / Losses					
Change in fair value of hedging financial instrument	7	-	110	110	642
Net Movement in Funds		-	1,233	1,233	1,981
Total Funds Brought Forward at 1 August 2020		-	6,769	6,769	4,788
Total Funds Carried Forward at 31 July 2021	13	<u>-</u>	<u>8,002</u>	<u>8,002</u>	<u>6,769</u>

The results relate wholly to continuing activities.

The Statement of Financial Activities incorporates the Income and expenditure account.

IVCC

Financial Statements for the Year Ended 31 July 2021

Balance Sheet as at 31 July

	Note	2021 £000	2020 £000
Current Assets			
Debtors	8	940	5,927
Investments	9	19,618	-
Cash at bank and in hand		<u>26,141</u>	<u>38,762</u>
		46,699	44,689
Creditors: Amounts Falling Due within One Year	10	<u>(38,697)</u>	<u>(37,920)</u>
Net Current Assets		8,002	6,769
Net Assets		<u>8,002</u>	<u>6,769</u>
Income Funds			
Restricted funds		-	-
<i>Unrestricted funds:</i>			
Income and expenditure reserve - unrestricted		8,002	6,879
Income and expenditure reserve - hedge reserve		-	(110)
	13	<u>8,002</u>	<u>6,769</u>

Company Registered Number: 06719882

The Financial statements were approved by the Board of Trustees on 1/11/2021

and signed on its behalf by:


Sir Stephen O'Brien
Chairman

IVCC

Financial Statements for the Year Ended 31 July 2021

Cash Flow Statement

	2021	2020
	£000	£000
Net income for the reporting period	1,233	1,981
Adjustment for Non-Cash Items		
Interest received	(226)	(558)
Decrease in debtors	4,987	6,940
Increase / (Decrease) in creditors	777	(18,725)
Net Cash Flow from Operating Activities	6,771	(10,362)
Taxation paid	-	-
Cash Flows from Investing Activities		
(Purchase) / Sale of investments	(19,618)	3,274
Interest received	226	558
Net Cash (used by) / generated from Investing Activities	(19,392)	3,832
Change in Cash in the Year	(12,621)	(6,530)
Cash at the beginning of the year	38,762	45,292
Cash at the end of the year	26,141	38,762
Analysis of Cash and Cash Equivalents		
Cash in hand	26,141	38,762

IVCC

Financial Statements for the Year Ended 31 July 2021

Notes to the Financial Statements

1 Income	2021	2020
	Total	Total
	£000	£000
Restricted		
Grant income - BMGF	10,627	7,224
Grant income - CHAI	13	-
Grant income - DFAT	2,202	2,920
Grant income - FCDO	8,190	8,797
Grant income - MedAccess	51	-
Grant income - SDC	1,703	607
Grant income - UNITAID	13,728	15,841
Grant income - USAID	1,046	1,137
	37,560	36,526
	2021	2020
	Total	Total
	£000	£000
Unrestricted		
Overhead income	1,652	814
	1,652	814
2 Other income		

Other income last year of £678,000 represents amendment of service level agreement charges from prior years.

3 Analysis of Expenditure on Charitable Activities

	Activities undertaken directly	Grants to institutions	Support costs	Governance	2021 Total	2020 Total
	£000	£000	£000	£000	£000	£000
New & Repurposed AIs	713	12,035	2,741	49	15,538	11,127
Outdoor Transmission	7	3,914	265	15	4,201	2,843
I2I, Access & Regulatory and New Nets project	1,150	15,343	1,733	63	18,289	20,513
NGenIRS	517	(351)	10	1	177	2,601
	2,387	30,941	4,749	128	38,205	37,084

The total support and governance costs (note 4) attributable to charitable activities have been apportioned pro rata based on the overall value of each activity or directly attributed where possible.

Expenditure on charitable activities was £38,205,000 (2020: £37,084,000) of which £439,000 was unrestricted (2020: £nil) and £37,766,000 was restricted (2020: £37,084,000).

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

4 Support Cost Allocation

	General support costs	Governance function	2021 Total	2020 Total
	£000	£000	£000	£000
Core administration	1,738	35	1,773	2,236
Project related costs	2,551	52	2,603	1,607
ESAC meeting costs	141	3	144	184
Conferences & Events	56	2	58	86
Communications & Advocacy	263	5	268	220
Direct governance costs	-	31	31	73
	4,749	128	4,877	4,406

IVCC

Financial Statements for the Year Ended 31 July 2021

Notes to the Financial Statements

Basis of support costs allocation

General support costs have been allocated between Governance and Charitable Activities based on an estimated 2% of total support costs where appropriate.

5 Analysis of Governance Costs

	2021 £000	2020 £000
Financial statement auditors remuneration		
Financial statements audit	30	28
Tax compliance services	1	1
Taxation advisory services	-	4
	<u>31</u>	<u>33</u>
Meeting costs	-	31
Trustee travel costs	-	14
Support costs allocation (note 4)	97	87
	<u>128</u>	<u>165</u>

6 Staff Costs

Staff costs recharged during the year were as follows:

	2021 £000	2020 £000
Salaries	1,689	1,651
Social security costs	204	243
Pension costs	336	293
LSTM Consulting USA staff costs recharge to IVCC	823	760
	<u>3,052</u>	<u>2,947</u>

All staff are employed by fellow group undertakings and a charge equal to their employment cost is made for their services provided to the charity on a monthly basis. IVCC staff are recharged from the immediate parent company Liverpool School of Tropical Medicine and from LSTM Consulting USA also part of the LSTM Group.

	2021 Number	2020 Number
Number of FTE's employed as at 31 July	<u>25</u>	<u>22</u>
The numbers of staff who received emoluments in the following ranges was:		
	2021 Number	2020 Number
£270,001 to £280,000	-	1
£140,001 to £150,000	1	1
£130,001 to £140,000	-	1
£120,001 to £130,000	1	-
£110,001 to £120,000	1	1
£ 100,001 to £110,000	1	-
£ 90,001 to £100,000	1	2
£ 80,001 to £ 90,000	1	1
£ 70,001 to £ 80,000	1	1
£ 60,001 to £ 70,000	5	4
	<u>12</u>	<u>12</u>

The pension contributions for these employees were £207,117 (2020: £199,970).

The CEO received remuneration in the year from the charity of £269,101 (2020: £270,763), excluding pension contributions of £15,196 (2020: £13,980). The CEO is employed by another LSTM group company and IVCC have made reimbursement for his costs. No trustees received remuneration during the year or the prior year.

The total employee remuneration including benefits, of key management personnel of IVCC was £296,840 (2020: £317,337).

Expenses reimbursed to the trustees during the year amounted to £Nil (2020: £Nil).

Notes to the Financial Statements

7 Other

Other expenses relate to fair value movements on foreign currency contracts arising out of the requirement under FRS 102 to fair value forward foreign currency contracts at the balance sheet date. IVCC had previously applied hedge accounting to relevant transactions, however from 1 August 2020 this has ceased. The gains or losses from fair value movements on foreign exchange all flow through the Statement of Financial Activities. The unrealised exchange loss is £110,000 (2020: £153,000).

8 Debtors

	2021 £000	2020 £000
Accrued income on research grants	594	5,743
Amounts owed by group undertakings	143	-
Forward currency contracts	203	184
	<u>940</u>	<u>5,927</u>

9 Investments

	2021 £000	2020 £000
Investments held for return:		
Listed investments	7,432	-
Cash on interest bearing accounts	12,186	-
	<u>19,618</u>	<u>-</u>

	2021 £000	2020 £000
Listed investments:		
Fair value brought forward	-	-
Additions to investments at cost	7,432	-
Disposal at carrying value	-	-
Changes in fair value	-	-
Fair value carried forward	<u>7,432</u>	<u>-</u>

	2021 £000	2020 £000
Investments by type:		
Traded bonds	7,432	-
Cash on interest bearing deposit	12,186	-
Total	<u>19,618</u>	<u>-</u>

10 Creditors : Amounts Falling Due Within One Year

	2021 £000	2020 £000
Trade creditors	83	3
Deferred income on research grants	30,884	32,503
Amounts owed to group undertakings	46	215
Accruals	7,532	5,066
Forward currency contracts	152	133
	<u>38,697</u>	<u>37,920</u>

11 Deferred Income

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

	2021 £000
Balance as at 1 August 2020	32,503
Amount released to income earned from charitable activities	(31,068)
Amount deferred in the year	<u>29,449</u>
Balance as at 31 July 2021	<u>30,884</u>

IVCC

Financial Statements for the Year Ended 31 July 2021

Notes to the Financial Statements

12 Financial Instruments

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

	2021 £000	2020 £000
Financial assets		
Financial assets that are measured at amortised cost	<u>39,065</u>	<u>44,505</u>
Financial asset measured at fair value through surplus or deficit	<u>7,635</u>	<u>184</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>7,661</u>	<u>5,284</u>
Financial liabilities measured at fair value through surplus or deficit	<u>152</u>	<u>133</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, cash held on deposit, amounts owed to group undertakings and balances due on research grants.

Financial assets measured at fair value through surplus of deficit comprise listed investments and foreign currency forward contracts.

Financial liabilities measured at amortised cost comprise trade creditors, balances due on research grants, amounts owed to group undertakings and accruals.

The charity previously applied hedge accounting for transactions entered into to manage the cash flow exposures of US dollar income received for research contracts. Foreign currency forward contracts are held to manage the exposure to fluctuations in US dollar rates and are designated as cash flow hedges. Hedge accounting ceased effective 1 August 2020.

Cash flows on the US dollar research income and the foreign currency forward contracts are at regular intervals, based on predicted project related cash flows. The forward contracts had a mark to market valuation as at 31 July 2021 amounting to a net asset of £51,000 (2020: £51,000 asset). A fair value loss of £110,000 (2020: loss of £153,000) for the year has been recognised within unrestricted funds and income/expenditure for the year in respect of foreign currency forward contracts.

The foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates corresponding to the maturity of the contracts.

IVCC's income, expense, gains and losses in respect of financial instruments are summarised below :

	2021 £000	2020 £000
Financial assets		
Total interest income for financial assets at amortised cost	<u>226</u>	<u>558</u>
Fair value gains and (losses)		
On derivative financial assets and liabilities measured at fair value through income and expenditure	<u>(110)</u>	<u>(153)</u>
On derivative financial assets and liabilities measured at fair value through the hedge reserve	<u>-</u>	<u>642</u>
Release of the balance on the hedging reserve on cessation of hedge accounting	<u>110</u>	<u>-</u>

13 Income funds

Income funds are analysed as follows:

	Balance 31 July 2020 £000	Income £000	Expenditure £000	Other recognised gains and losses £000	Balance 31 July 2021 £000
Restricted					
Grant funded projects	-	37,766	37,766	-	-
Unrestricted					
Income and expenditure reserve	6,879	1,672	549	-	8,002
Hedge reserve	(110)	-	-	110	-
	<u>6,769</u>	<u>39,438</u>	<u>38,315</u>	<u>110</u>	<u>8,002</u>

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Notes to the Financial Statements

The unrestricted funds of £8,002,000 reflects surpluses generated by IVCC through its grant activities following achievement of funder deliverables and donations received without performance restrictions.

14 Analysis of Net Assets Between Funds

	Restricted funds £000	Unrestricted funds £000	Total £000
Current assets	38,849	7,850	46,699
Current liabilities	(38,849)	152	(38,697)
Total net assets	-	8,002	8,002

15 Related Party Transactions

During 2021, charitable research grants totalling £3,009,000 (2020: £1,164,000) were passed to IVCC's parent company Liverpool School of Tropical Medicine (LSTM); all had performance conditions attached.

As at 31 July 2021 there was an outstanding inter-company balance of £143,000 debtor (2020: £152,000 creditor) owed by LSTM relating to net of salary related costs, general supplies, investment revaluation reserve transfer and service level agreement charges.

As at 31 July 2021 there was an outstanding inter-company balance of £46,000 creditor (2020 : £63,000 creditor) owed to LSTM Consulting USA Inc, relating to payroll recharges for US staff as detailed in note 6.

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

16 Ultimate Controlling Party

The Trustees consider that the ultimate controlling party is Liverpool School of Tropical Medicine, a company registered in England and Wales (company no. 00083405), which is also a registered UK charity (charity no. 222655).

The group accounts are publicly available from Companies House.

17 Capital Commitments

The charity had no capital commitments as at 31 July 2021 or 31 July 2020.

18 Contingent Liabilities

A composite cross guarantee structure exists between Liverpool School of Tropical Medicine, IVCC, Well Travelled Clinics Limited, Liverpool International Health Ventures Limited, Liverpool International Health I.P. Limited and LSTM Consulting Limited in respect of bank overdrafts. The aggregate amount outstanding under this agreement at the balance sheet date was £609,352 (2020: £531,361).

19 Operating Lease Commitments

At 31 July 2021 the company had annual commitments expiring as follows:

	2021 £000	2020 £000
Amounts due in less than one year	8	8
Amounts due between one and five years	-	-
Amounts due in more than five years	-	-
	<u>8</u>	<u>8</u>

IVCC

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Notes to the Financial Statements

20 Consolidated reconciliation of net funds

	2021	
	£000	
Net funds 1 August 2020	38,762	
Movement in cash and cash equivalents	(12,621)	
Other non-cash changes	-	
Net funds 31 July 2021	26,141	
Change in net funds	(12,621)	
Analysis of net funds:	2021	2020
	£000	£000
Cash and cash equivalents	26,141	38,762
Net funds	26,141	38,762

21 Post balance sheet events

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