

Financial Statements IVCC

For the Year Ended 31 July 2022

Registered Charity Number: 1128437

Company No. 06719882

IVCC

Financial Statements for the year ended 31 July 2022

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) S W Charles E Chizema A Court P Housset J E Lefroy (represented by LSTM) Q Liu K Malm (appointed 24 September 2021) J Schofield 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
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 2022.

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)

S W Charles

E Chizema

A Court

P Housset

J E Lefroy (represented by LSTM)

Q Liu

K Malm (appointed 24 September 2021)

M Moody-Stuart (resigned 18 June 2022)

J Schofield

Dr K L Sebati (resigned 14 September 2021)

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

The Board Chair, Sir Stephen O'Brien would like to thank his fellow trustees for their wise and forward-thinking oversight of IVCC during the year. Their strategic guidance is appreciated and respected by our stakeholders and the IVCC team. Professor Qiyong Liu and Dr Pascal Housset have reached the end of their stipulated terms of office and will step down from the Board in December 2022. On behalf of the trustees, the Chair expresses appreciation for their extraordinary dedication, support and counsel over the years. Sir Stephen has also announced that his tenure as a Trustee and as Chair of the Board of Trustees will conclude at the end of 2022. Accordingly, in effecting a seamless transition, the Board has elected Sherwin Charles, currently Vice-Chair, as Chair-elect to assume the Chair upon Sir Stephen's completion of his tenure as a Trustee and the office as Chair of the 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.

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Chief Executive Officer Announcement

After 9 years as IVCC's Chief Executive Officer, Nick Hamon has decided to retire. Nick will step down from his role once the IVCC Board of Trustees has completed its search for Nick's successor and an appropriate transition period, if required, is completed.

Under Nick's guidance and leadership, IVCC has grown from a small team of seven to a full-service Product Development Partnership (PDP) supported by multiple key funders and over 30 staff, covering product development and market shaping projects across sub-Saharan Africa and the Indo-Pacific region, securing over \$300 million of grant income to further vector control innovation. IVCC developed interventions have averted millions of cases of malaria and saved tens of thousands of lives and continue to have significant public health impact.

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 2022.

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 engages 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:

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- Approval of the 2022/23 annual budget
- Instigation of a governance review to be undertaken in calendar year 2022
- Succession plan in the light of the CEO's decision to retire in 2022/23
- Appointment of Vice Chair W S Charles following the announcement that Sir Stephen O'Brien will be stepping down from the position of Chair at the end of 2022
- Launch process for securing Equality and Diversity representation at the IVCC Board of Trustees level

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 product development, market shaping and organisational 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 stakeholders 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.

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.

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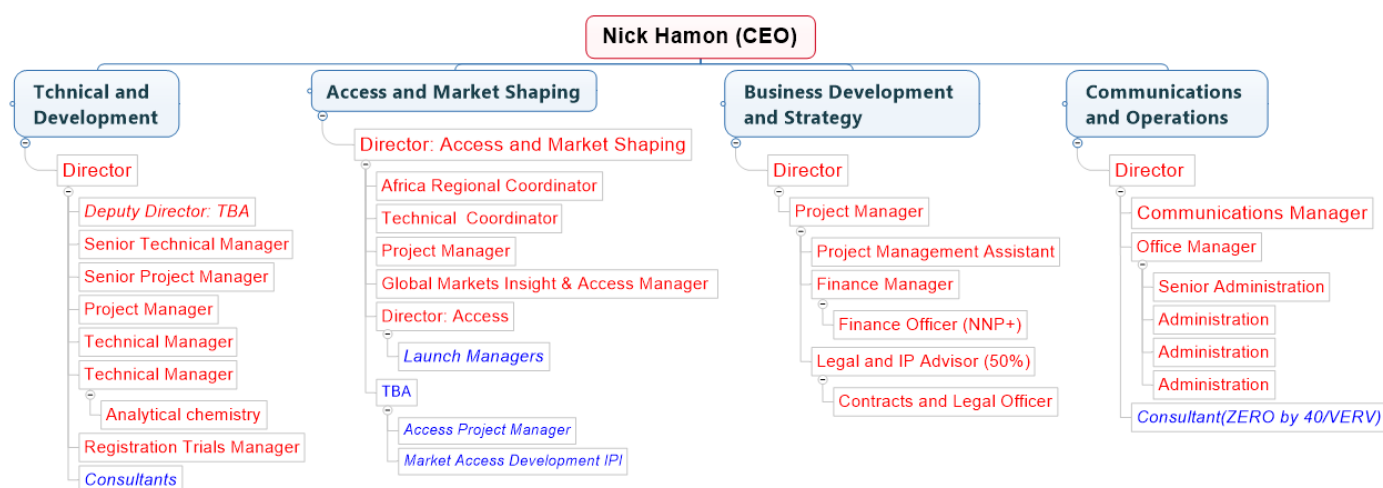


Figure 1: IVCC org chart

Pay Policy for Senior Staff

The pay of senior staff consists of a basic pay element and a performance related pay element (discretionary pay element). IVCC recruits 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 a blend of organisational performance, 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.

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 of 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.

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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.

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

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Risk Management

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

The Board has delegated certain monitoring and control responsibilities to the parent organisation, LSTM. LSTM is responsible for implementing IVCC's Risk Management framework, which includes the Corporate Strategic Risk Register, the Risk Management Policy, and Risk Level KPIs. IVCC's Risk Register contains risks to all activities at a global, enterprise-level.

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.

Going Concern

As detailed in the accounting policies, these financial statements are prepared on a going concern basis. The trustees are satisfied that the use of the going concern accounting principle remains applicable and further analysis of the going concern assessment is contained in the Reserves and Going Concern section of the Financial Review section of the Report of the Trustees.

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.

Objectives and Activities for Public Benefit

IVCC facilitates the development of a complete vector control portfolio of tools (toolbox) supporting malaria and other vector borne disease eradication. IVCC supports product development as well as market uptake to ensure maximum impact. 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.

IVCC is a Product Development Partnership (PDP) and as such 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 interventions, replacing those lost to insecticide resistance, withdrawal of regulatory approval and commercial prioritization.

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- Improve the cost-effectiveness and efficiency of the interventions through better formulation or alternative deployment strategies.
- Open new product classes addressing public health gaps (e.g., outdoor transmission).
- Measure new tools impact to confirm and advise on their purpose and optimal use in the public health toolbox.

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).

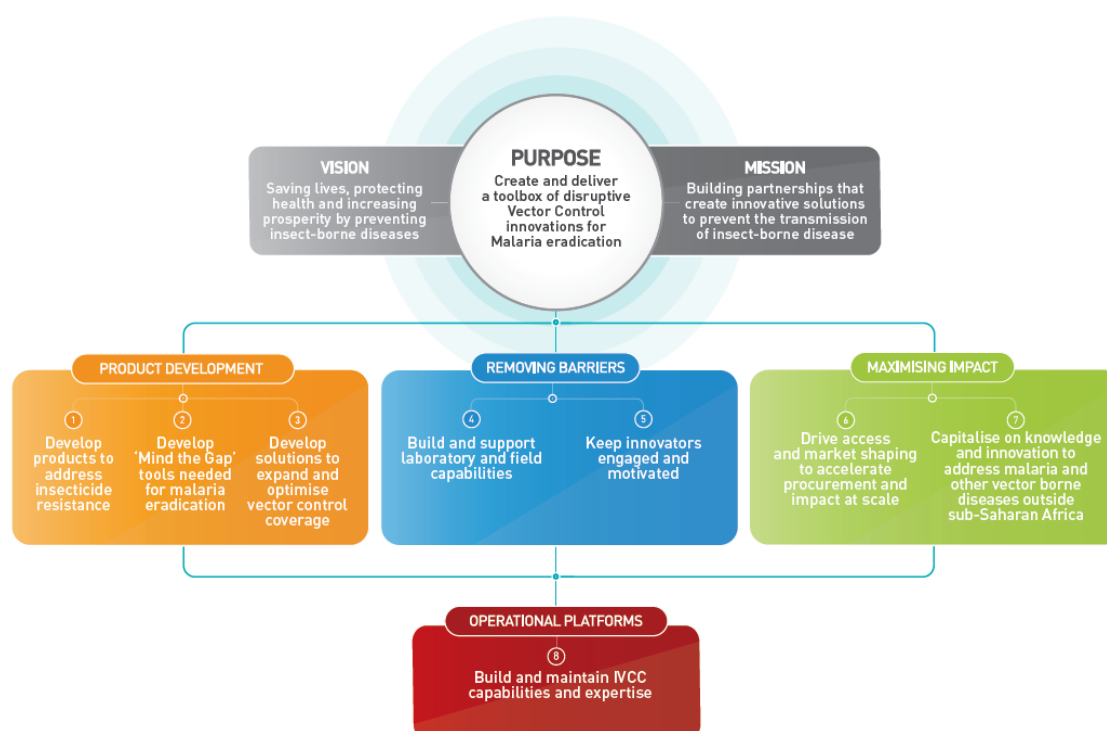


Figure 2: Diagram summarizing IVCC's mission

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. Tenebena™ (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

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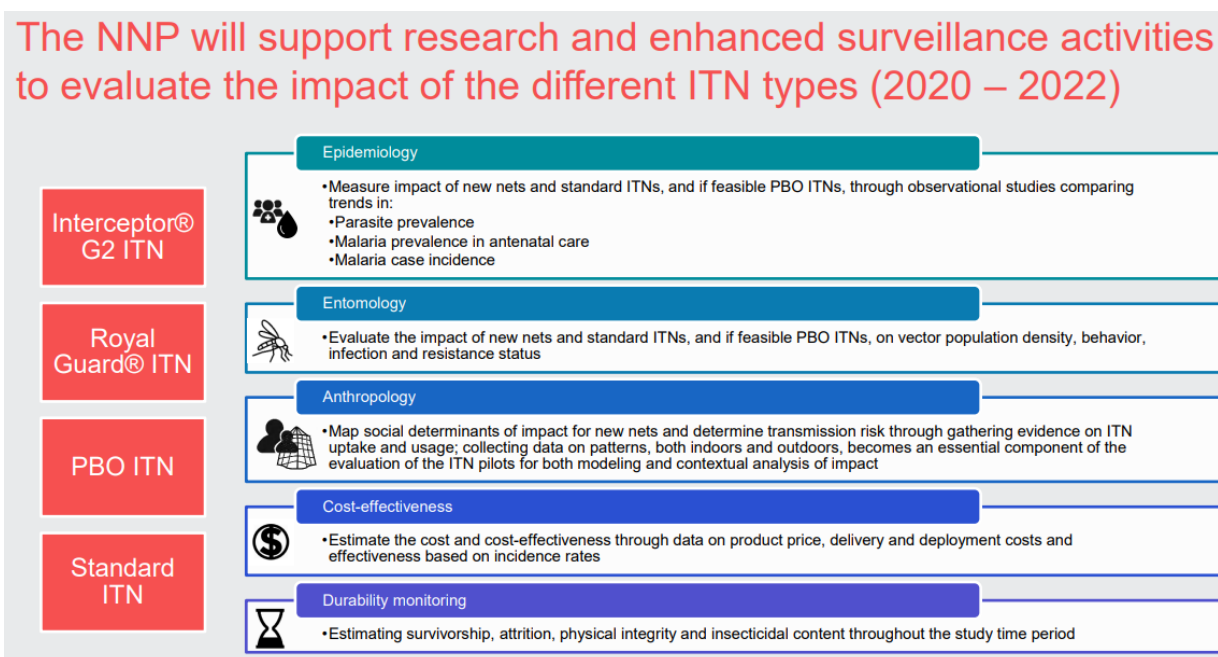
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Project (<https://www.ivcc.com/market-access/new-nets-project/>) and has already proven to provide benefit beyond resistance management¹.

- Preventing outdoor transmission: There is an ongoing ATSB epidemiological evaluation in Kenya, Zambia and Mali to establish this new product public health value (completion expected in 2024).
- 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 an Insecticide Resistance Management (IRM) strategy².

New Net Project (NNP)



The New Nets Project (NNP) works with the next generation of nets, which use two insecticides rather than one. These new nets do not 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 enable WHO to consider making this new policy recommendation. 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 pilot conditions, across countries representing different epidemiological, insecticide resistance and entomological profiles.

¹ [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(21\)02499-5/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(21)02499-5/fulltext)

² https://zero40.com/wp-content/uploads/2021/03/ZEROx40_Insecticide-Resistance-A4_2021.pdf

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The nets were first deployed in 2019 for a pilot effectiveness study in Burkina Faso. In 2020, pilot effectiveness studies were initiated in Mali, Mozambique, Nigeria and Rwanda. These studies are collecting data on epidemiology, entomology, anthropology, cost-effectiveness, and net durability, allowing us to understand the extra benefit of next generation nets in different settings. In addition to the effectiveness pilots, additional countries in 2021 (Cote d'Ivoire, Ghana, Liberia, and Malawi) deployed next generation nets via operational pilots to collect learnings on the distribution of new nets/multiple net types.

Further operational pilots underway in 2022 include Niger, Cameroon, Burundi, and Democratic Republic of the Congo (DRC). Information generated through NNP will help countries make informed decisions about how best to spend their malaria control budgets. Additionally, NNP implemented a co-payment scheme that allowed participating countries to procure the new nets for the same price they would have paid for standard nets. Furthermore, a volume guarantee negotiated with BASF has resulted in significantly lower pricing for one type of next generation net, making them a sustainable choice for countries. For more information: <https://www.ivcc.com/market-access/new-nets-project/>.

Indo-Pacific and other initiatives

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, establishing new testing capacity in Papua New Guinea and by testing IVM strategies in Cambodia. This project is also an opportunity to update the Imperial College malaria transmission model in Southeast Asia. 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 is expected to conclude in Q4 2022 with the full certification of 7 sites throughout Africa.

Vector Expedited Review Voucher (VERV) is an initiative to incentivise industry in developing new vector control products for challenged markets. In July 2022 significant progress was made to establish this into new US legislation, including the introduction of specific text in the Pesticide Registration Improvement Act (PRIA) and the expectation to secure the necessary funding to initiate the program. For more information: <https://www.ivcc.com/vector-control/vector-expedited-review-voucher-verv/>

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 insecticide-treated bed nets 'ITNs' and indoor residual sprays '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.
- Establish new partnerships for LLIN development.
- Strengthen relationship with WHO to anticipate impact of policies and recommendations on product development pipeline.
- Complete GLP accreditation of 4 additional sites (7 in total).
- Establish Attractive Targeted Sugar Bait (ATSB) public health value.
- Support the PQ listing (WHO accreditation of prequalified vector control products) of Sylando® (BASF) and VECTON™ T500 (Mitsui) for a complete IRS toolbox.
- Deliver NNP expected outcomes.
- Use the outcome of the modelling work in our product development strategy and IVM platform.

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- Develop an organisation that can deliver the ongoing mission 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 neglected tropical diseases (NTDs) and new geographical areas (i.e. IPI).
- Support and leverage our expert platform (ESAC and EAC) for optimal project support.
- Renew grants with key funders to sustain IVCC's mission.

Financial Review

Income for the year of £48.6m was £9.1m up from last year, with resources expended of £47.7m up by £9.3m giving a surplus of £1.9m after net gains on investments.

A total of £40.96m was spent on direct charitable project activities (2021: £30.9m) with a further £2.2m paid out on project activities undertaken in-house (2021: £2.4m). Core administration support costs of £4.2m (2021: £4.7m) were also incurred in the year.

The Bill & Melinda Gates Foundation (BMGF) provided 50% of the charity's income in the year, up from 28% in 2020/21. The remaining income includes: 29% UNITAID, 13% FCDO (formerly DFID), 5% DFAT, 1% SDC, and 2% USAID.

Income from charitable activities in 2021/22 was budgeted at £43.9m (Actual 2021/22 actual - £48.5m, 2020/21 - £39.4m). Total income from charitable activities in 2021/22 of £48.6m represents an 11% uplift against budget (£43.9m). The largest single variance in the level and composition of the 2021/22 budgeted income from charitable activities arose due to FCDO income being budgeted at £ nil (2021/22 actual £5.9m). At the time of budget approval, IVCC did not have an active payment schedule under its Memorandum of Understanding (MoU) with FCDO. FCDO awarded IVCC £5.9m during the year and the active MoU was extended from March 2022 to March 2023. Growth in total income from charitable activities is driven by the evolution of the ATSB project and the decision to progress to epidemiological studies, maintaining the trial site programme across three countries.

It is forecast that for 2022/23 income from charitable activities will reduce from 2021/22 actual - £48.5m to £35.3m in 2022/23 representing a contraction of 27% against 2021/22. The principal factor driving the reduction in forecast income for 2022/23 is that the New Nets Project is drawing to its conclusion during 2022/23 with implementing activities due to conclude by 31 December 2022. The New Nets Project accounted for £13.3m in 2021/22 and the 2022/23 budget allocation is estimated at £4.3m.

IVCC's principal grant with BMGF was scheduled to conclude by 30 April 2021 and is currently subject to a no cost extension to 31 December 2022. As of 31 July 2022, IVCC has utilised, on the accrual basis of preparation, 95% of its active grant with the foundation which was awarded in 2016 for up to \$75m. IVCC was invited by BMGF to submit a proposal defining a further funding contribution from BMGF that would cover the period 1 October 2022 to 30 June 2023. The IVCC Bridging Grant provides IVCC with continuity of funding as the organisation undergoes the significant changes outlined in this report including succession arrangements at CEO and Board level and the handover of a novel active ingredient by Syngenta AG at the end of the calendar year. The proposal was formally submitted on 25 August 2022 and awarded on 28 September 2022, delivering a funding contribution linked to milestone-based deliverables of up to \$16m.

IVCC's MoU with FCDO was subject to a further extension from an end date of March 2022 to March 2023. By 31 March 2022, IVCC had 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.

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IVCC's active grant with USAID, effective 1 January 2017, is subject to an estimated completion date of 31 December 2022. The associated budget originally covered the five-year period to 31 December 2021 and during the year, the budget ceiling was increased by \$2m and resulted in obligated expenditure of \$1.8m for the calendar year 2022. IVCC is engaging with USAID on funding possibilities for 2023 and beyond, however, at this stage no tangible indications have been provided and accordingly, no grant income associated with the USAID Cooperative Agreement is reflected in the 2022/23 budget.

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

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 its contractual commitments.

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

Going Concern

IVCC has a strong balance sheet including significant cash and investment holdings. As noted in the Financial Review section, IVCC has been awarded a bridging grant of \$16m covering the period 01 October 2022 to 30 June 2023. IVCC indicated to BMGF, under the grant proposal, a willingness to allocate up to \$4m of operating reserves towards any potential shortfall, subject to authorisation by the IVCC Board of Trustees. IVCC has also identified the portfolio reshaping measures that would be taken should the shortfall of grant income exceed the maximum allocation that IVCC is prepared to cover by accessing operating reserves of up to \$4m.

The organisation benefits hugely from the synergistic relationship with LSTM in terms of high-quality shared services and scientific resources and knowledge.

The Board of Trustees therefore 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.

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

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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.

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

31/10/2022

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 2022, 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 2022 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 pages 11 to 12, 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.

IVCC

Financial statements for the year ended 31 July 2022

- 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.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- 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.

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.

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Financial statements for the year ended 31 July 2022

Grant Thornton UK LLP

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

3/11/2022

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 Liverpool School of Tropical Medicine, 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 and investments).

The financial statements are presented in Sterling (£).

Going Concern

IVCC has a positive bank balance of £20m, investments of £12.9m and no loans outstanding. IVCC's strong asset base is representative of IVCC's significant year-end balance of deferred income on research grants (2021/22 - £10.3m) and income and expenditure reserve (2021/22 - £9.9m).

As noted in the Financial Review section, IVCC has been awarded a bridging grant of up to \$16m covering the period 01 October 2022 to 30 June 2023. The proposal submission outlined the scenario planning measures that IVCC would undertake in the event of a shortfall of grant income in relation to planned IVCC expenditure. IVCC indicated to BMGF, under the grant proposal, a willingness to allocate up to \$4m of operating reserves towards any potential shortfall, subject to authorisation by the IVCC Board of Trustees. IVCC has also identified the portfolio reshaping measures that would be taken should the shortfall of grant income exceed the maximum allocation that IVCC is prepared to cover by accessing operating reserves of up to \$4m.

The organisation benefits hugely from the synergistic relationship with LSTM in terms of high-quality shared services and scientific resources and knowledge.

In assessing going concern management analysed the 2022/23 budget, extrapolated additional period to November 2023 and produced related cash flow forecasts. On the basis of this the board of trustees considers that it continues to be appropriate to consider IVCC to be a going concern.

The Board of Trustees therefore 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. The deferred balances at 31 July 2022 amount to £10,271k.

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 fair value of derivatives at 31 July 2022 amounted to £133k.

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.

IVCC

Financial Statements for the Year Ended 31 July 2022

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.

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.

IVCC

Financial Statements for the Year Ended 31 July 2022

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.

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.

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.

Operating Leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Statement of Financial Activities

		Restricted	Unrestricted	Total	Total
		funds	funds	2022	2021
Income	Note	£000	£000	£000	£000
Incoming Resources					
Income from charitable activities	1	46,980	1,500	48,480	39,212
Investment income		6	123	129	226
Total Incoming Resources		<u>46,986</u>	<u>1,623</u>	<u>48,609</u>	<u>39,438</u>
Resources Expended					
Expenditure on charitable activities	2	46,986	488	47,474	38,205
Other – change in fair value of financial instrument	6	-	184	184	110
Total Resources Expended		<u>46,986</u>	<u>672</u>	<u>47,658</u>	<u>38,315</u>
Net gains on investments	8	-	940	940	-
Net Incoming Resources for the Year		-	1,891	1,891	1,123
Other Recognised Gains / Losses					
Change in fair value of hedging financial instrument	6	-	-	-	110
Net Movement in Funds		-	1,891	1,891	1,233
Total Funds Brought Forward at 1 August 2021		-	8,002	8,002	6,769
Total Funds Carried Forward at 31 July 2022	12	<u>-</u>	<u>9,893</u>	<u>9,893</u>	<u>8,002</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 2022

Balance Sheet as at 31 July

	Note	2022 £000	2021 £000
Current Assets			
Debtors	7	362	940
Investments	8	12,890	19,618
Cash at bank and in hand		<u>19,531</u>	<u>26,141</u>
		32,783	46,699
Creditors: Amounts Falling Due within One Year	9	<u>(22,890)</u>	<u>(38,697)</u>
Net Current Assets		9,893	8,002
Net Assets		<u>9,893</u>	<u>8,002</u>
Income Funds			
Restricted funds		-	-
<i>Unrestricted funds:</i>			
Income and expenditure reserve - unrestricted		<u>9,893</u>	<u>8,002</u>
	12	<u>9,893</u>	<u>8,002</u>

Company Registered Number: 06719882

The Financial statements were approved by the Board of Trustees on 31/10/2022 and signed on its behalf by:



Sir Stephen O'Brien
Chairman

IVCC

Financial Statements for the Year Ended 31 July 2022

Cash Flow Statement

	2022	2021
	£000	£000
Net income for the reporting period	1,891	1,233
Adjustment for Non-Cash Items		
Interest received	(129)	(226)
Net gain on investments	(940)	-
Decrease in debtors	578	4,987
(Decrease) / Increase in creditors	(15,807)	777
Net Cash Flow from Operating Activities	(14,407)	6,771
Taxation paid	-	-
Cash Flows from Investing Activities		
Sale of investments / (Purchase)	7,668	(19,618)
Interest received	129	226
Net Cash generated / (used by) from Investing Activities	7,797	(19,392)
Change in Cash in the Year	(6,610)	(12,621)
Cash at the beginning of the year	26,141	38,762
Cash at the end of the year	19,531	26,141
Analysis of Cash and Cash Equivalents		
Cash in hand	19,531	26,141

IVCC

Financial Statements for the Year Ended 31 July 2022

Notes to the Financial Statements

1 Income

	2022 Total £000	2021 Total £000
Restricted		
Grant income - BMGF	23,694	10,627
Grant income - CHAI	81	13
Grant income - DFAT	2,426	2,202
Grant income - FCDO	5,935	8,190
Grant income - MedAccess	34	51
Grant income - SDC	656	1,703
Grant income - UNITAID	13,327	13,728
Grant income - USAID	827	1,046
	46,980	37,560
Unrestricted		
Overhead income	1,500	1,652
	1,500	1,652

2 Analysis of Expenditure on Charitable Activities

	Activities undertaken directly £000	Grants to institutions £000	Support costs £000	Governance £000	2022 Total £000	2021 Total £000
New & Repurposed AIs	588	15,163	2,373	54	18,178	15,538
Outdoor Transmission	110	10,669	458	38	11,275	4,201
I2I, Access & Regulatory and New Nets project	1,480	15,130	1,330	58	17,998	18,289
NGenIRS	24	(2)	1	-	23	177
	2,202	40,960	4,162	150	47,474	38,205

The total support and governance costs (note 3) 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 £47,474,000 (2021: £38,205,000) of which £488,000 was unrestricted (2021: £439,000) and £46,986,000 was restricted (2021: £37,766,000).

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.

3 Support Cost Allocation

	General support costs £000	Governance function £000	2022 Total £000	2021 Total £000
Core administration	1,289	26	1,315	1,773
Project related costs	2,452	50	2,502	2,603
ESAC meeting costs	128	3	131	144
Conferences & Events	21	-	21	58
Communications & Advocacy	272	6	278	268
Direct governance costs	-	65	65	31
	4,162	150	4,312	4,877

IVCC

Financial Statements for the Year Ended 31 July 2022

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.

4 Analysis of Governance Costs

	2022 £000	2021 £000
Financial statement auditor's remuneration		
Financial statements audit	33	30
Tax compliance services	1	1
Taxation advisory services	-	-
	<u>34</u>	<u>31</u>
Meeting costs	15	-
Trustee travel costs	16	-
Support costs allocation (note 3)	85	97
	<u>150</u>	<u>128</u>

5 Staff Costs

Staff costs recharged during the year were as follows:

	2022 £000	2021 £000
Salaries	1,538	1,689
Social security costs	233	204
Pension costs	355	336
LSTM Consulting USA staff costs recharge to IVCC	831	823
	<u>2,957</u>	<u>3,052</u>

All staff are paid 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.

	2022 Number	2021 Number
Number of FTE's employed as at 31 July	<u>24</u>	<u>25</u>
The numbers of staff who received emoluments in the following ranges was:	2022 Number	2021 Restated Number
£170,001 to £180,000	2	1
£140,001 to £150,000	1	2
£120,001 to £130,000	2	1
£110,001 to £120,000	1	1
£ 100,001 to £110,000	1	1
£ 90,001 to £100,000	1	1
£ 80,001 to £ 90,000	4	2
£ 70,001 to £ 80,000	1	4
	<u>13</u>	<u>13</u>

2021 numbers have been restated due to a spreadsheet error

The pension contributions for these employees were £241,617 (2021: £207,117).

The CEO received remuneration in the year from the charity of £288,212 (2021: £269,101), excluding pension contributions of £14,369 (2021: £15,196). 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 of IVCC key management personnel (the CEO) including employer taxes was £314,112 (2021: £296,840).

Expenses reimbursed to the trustees during the year amounted to £Nil (2021: £Nil).

IVCC

Financial Statements for the Year Ended 31 July 2022

Notes to the Financial Statements

6 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. The gains or losses from fair value movements on foreign exchange all flow through the Statement of Financial Activities. The unrealised exchange loss is £184,000 (2021: £110,000).

7 Debtors

	2022 £000	2021 £000
Trade debtors	61	-
Accrued income on research grants	301	594
Amounts owed by group undertakings	-	143
Forward currency contracts	-	203
	<u>362</u>	<u>940</u>

8 Investments

	2022 £000	2021 £000
Investments held for return:		
Listed investments	2,490	7,432
Cash on interest bearing accounts	10,400	12,186
	<u>12,890</u>	<u>19,618</u>

	2022 £000	2021 £000
Listed investments:		
Fair value brought forward	7,432	-
Additions to investments at cost	-	7,432
Disposal at carrying value	(5,882)	-
Changes in fair value	940	-
Fair value carried forward	<u>2,490</u>	<u>7,432</u>

	2022 £000	2021 £000
Investments by type:		
Traded bonds	2,490	7,432
Cash on interest bearing deposit	10,400	12,186
Total	<u>12,890</u>	<u>19,618</u>

9 Creditors : Amounts Falling Due Within One Year

	2022 £000	2021 £000
Trade creditors	29	83
Deferred income on research grants	10,271	30,884
Amounts owed to group undertakings	594	46
Accruals	11,863	7,532
Forward currency contracts	133	152
	<u>22,890</u>	<u>38,697</u>

10 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.

	2022 £000
Balance as at 1 August 2021	30,884
Amount released to income earned from charitable activities	(28,707)
Amount deferred in the year	8,094
Balance as at 31 July 2022	<u>10,271</u>

IVCC

Financial Statements for the Year Ended 31 July 2022

Notes to the Financial Statements

11 Financial Instruments

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

	2022 £000	2021 £000
Financial assets		
Financial assets that are measured at amortised cost	<u>30,294</u>	<u>39,065</u>
Financial asset measured at fair value through surplus or deficit	<u>2,489</u>	<u>7,635</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>12,486</u>	<u>7,661</u>
Financial liabilities measured at fair value through surplus or deficit	<u>133</u>	<u>152</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.

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 2022 amounting to a net liability of £133,000 (2021: £51,000 asset). A fair value loss of £184,000 (2021: loss of £110,000) 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 :

	2022 £000	2021 £000
Financial assets		
Total interest income for financial assets at amortised cost	<u>129</u>	<u>226</u>
Fair value gains and (losses)		
On derivative financial assets and liabilities measured at fair value through income and expenditure	<u>(184)</u>	<u>(110)</u>
On derivative financial assets and liabilities measured at fair value through the hedge reserve	<u>-</u>	<u>-</u>
Release of the balance on the hedging reserve on cessation of hedge accounting	<u>-</u>	<u>110</u>

12 Income funds

Income funds are analysed as follows:

	Balance 31 July 2021 £000	Income £000	Expenditure £000	Other recognised gains and losses £000	Balance 31 July 2022 £000
Restricted					
Grant funded projects	-	46,986	46,986	-	-
Unrestricted					
Income and expenditure reserve	8,002	1,623	672	940	<u>9,893</u>
	<u>8,002</u>	<u>48,609</u>	<u>47,658</u>	<u>940</u>	<u>9,893</u>

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The unrestricted funds of £9,893,000 reflects surpluses generated by IVCC through its grant activities following achievement of funder deliverables and donations received without performance restrictions.

13 Analysis of Net Assets Between Funds

	Restricted funds £000	Unrestricted funds £000	Total £000
Current assets	23,023	9,760	32,783
Current liabilities	(23,023)	133	(22,890)
Total net assets	-	9,893	9,893

14 Related Party Transactions

During 2022, charitable research grants totalling £2,687,000 (2021: £3,009,000) were passed to IVCC's parent company Liverpool School of Tropical Medicine (LSTM); all had performance conditions attached.

As at 31 July 2022 there was an outstanding inter-company balance of £507,000 creditor (2021: £143,000 debtor) 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 2022 there was an outstanding inter-company balance of £87,000 creditor (2021 : £46,000 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.

15 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.

16 Capital Commitments

The charity had no capital commitments as at 31 July 2022 or 31 July 2021.

17 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, LSTM Consulting Limited and iiDiagnostics Limited in respect of bank overdrafts. The aggregate amount outstanding under this agreement at the balance sheet date was £712,358 (2021: £609,352).

18 Operating Lease Commitments

At 31 July 2022 the company had annual commitments expiring as follows:

	2022 £000	2021 £000
Amounts due in less than one year	-	8
Amounts due between one and five years	-	-
Amounts due in more than five years	-	-
	-	8

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Notes to the Financial Statements

19 Consolidated reconciliation of net funds

	2022	
	£000	
Net funds 1 August 2021	26,141	
Movement in cash and cash equivalents	(6,610)	
Other non-cash changes	-	
Net funds 31 July 2022	19,531	
Change in net funds	(6,610)	
Analysis of net funds:	2022	2021
	£000	£000
Cash and cash equivalents	19,531	26,141
Net funds	19,531	26,141