

Charity number: 1134579

Company number: 07156633 (England and Wales)

THE FOUNDATION FOR LIVER RESEARCH
(a company limited by guarantee)

REPORT AND ACCOUNTS

YEAR ENDED 30 JUNE 2021

THE FOUNDATION FOR LIVER RESEARCH

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Year ended 30 June 2021

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THE FOUNDATION FOR LIVER RESEARCH

GENERAL INFORMATION

Year ended 30 June 2021

Charity number	1134579
Company number	07156633 (England and Wales)
Address	Institute of Hepatology 111 Coldharbour Lane London SE5 9NT
Website	www.liver-research.org.uk
Trustees	Sir Jeremy Elwes CBE Col Hamon Massey Prof Alan McGregor Sir Graeme Davies (Chairman) Prof Sir Ian Gilmore Prof John Iredale (resigned 31 January 2022) Lord Hunt of Kings Heath Mr Simon Wainwright Mr Charles Hopkinson-Woolley (appointed 15 Feb 2022)
Bankers	National Westminster Bank plc PO Box 4NU 1 Cavendish Square London W1A 4NU Cambridge & Counties Bank Charnwood Court 5B New Walk Leicester LE1 6TE
Solicitors	Pitmans LLP 46 The Avenue Southampton SO17 1AX
Auditors	Caton Fry & Co Ltd 7 The Shrubberies, South Woodford, London E18 1BD
Investment advisors	James Hambro & Partners 45 Pall Mall London SW1Y 5JG
Key management team	
Acting Director Chief Executive Officer	Dr Shilpa Chokshi Natalie Day

THE FOUNDATION FOR LIVER RESEARCH

REPORT OF THE TRUSTEES

For the year ended 30 June 2021

The Trustees of the Foundation for Liver Research (the Foundation) submit their report and audited accounts for the year ended 30 June 2021. The financial statements have been prepared in accordance with the accounting policies set out on pages 16 to 19 and comply with the Charity's Trust Deed, the Charities Act 1993 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2015.

History and Background

The Foundation for Liver Research was established under a Trust Deed dated 7 August 1974 with a mission to develop and extend research into the human liver and its diseases and to enhance medical research generally. Initially the Foundation supported research carried out by Professor Roger Williams and his team at King's College Hospital and in 1994, the Trustees entered into an arrangement with University College London to establish a new Institute of Hepatology on the University's central London campus, acquiring a freehold site and constructing a purpose-built research facility. In 2009, the Trustees decided to ensure the Institute's long-term independence by re-focusing work on basic scientific research in line with the charity's original objectives and ending the arrangement with UCL. At the same time a decision was made to incorporate the Foundation. The assets and undertaking of the Foundation were transferred with effect from 1 July 2010 to a new charitable company limited by guarantee and registered under the same name.

Between 2011 and 2014 the Institute was affiliated to Birkbeck College, with formal scientific and research links between the two institutions. In January 2014, the Trustees of the Foundation signed a new agreement with King's College London (KCL) and King's College Hospital (KCH) to relocate the Institute of Hepatology to the Denmark Hill campus in south east London. The Chenies Mews premises and adjoining house in Huntley Street (bought in 2000) were sold to UCL Hospitals Charitable Trust to fund the cost of the new build and relocation, and staff moved into the new premises in June 2016. The agreement with KCL was updated and renewed in 2017 and a further Operational Agreement was signed relating to honorary appointments for senior staff of the FLR with KCL, and the preparation, submission and management of joint research grant applications made through KCL where work will be carried out by and within the IoH.

The Institute continues to operate as an independent research organisation, forging close links with both the academic Institute of Liver Studies at KCL, a range of other academic departments within KCL and with the clinical liver services of Kings College Hospital, thus enhancing the clinical translational research objectives of all partners and ultimately leading to improvements in the care of patients with liver disease both locally and in a wider context. The IoH also continues to form links with other academic and clinical centres nationally and internationally.

Reserves Policy

The Trustees have considered the requirement for free reserves i.e., those unrestricted funds not invested in fixed assets, designated for specific purposes, or otherwise committed. Given the nature of the Institute's work, the Trustees believe that the current level of such reserves should be sufficient to cover the costs of running the Institute for a period of one year, anticipated to be £2.5 million currently however the Foundation has plans to increase the number of Research project and staff levels. The free reserves at 30 June 2021 are £4,527,337 (2020 - £3,774,281) which is the cash reserves of the Foundation. The Foundation does not actively fundraise to the general public and holds higher reserves to ensure that longer term projects can continue to be funded for the foreseeable future or until the project is completed. At the year end the group also held restricted income funds of £322,118 (2020 - £256,114) and expendable endowment capital funds of £42,054,127 (2020 - £39,692,014).

Financial Review and Going Concern

Grants for specific research projects, legacies and other income donations totalled £661,482 (2020 - £1,172,780). The overall surplus for the year before gains on investments was £181,857 (2020 - £618,208). The consolidated results for the year show a net movement in funds of £2,582,478 (2020 - (£195,726)).

The value of the Foundation's investment portfolio during the year under review increased by net gains of £1,448,621 (2020 - £57,974) which is reflected in the consolidated statement of financial activities.

THE FOUNDATION FOR LIVER RESEARCH

REPORT OF THE TRUSTEES (continued)

For the year ended 30 June 2021

The Foundation's financial position at the balance sheet date is sufficient to meet ongoing expenditure and existing plans and commitments and accordingly the financial statements are presented on a going concern basis.

Funding Policy

During the period under review, the Foundation funded all the core costs of the Institute, beginning the period with a total of 21 staff and ending with 21.

The Trustees' continuing aim is to consolidate the work of the research groups within The Roger Williams Institute of Hepatology and in recent years they have chosen not to fund research carried out elsewhere. The Foundation has co-funded a number of joint appointments of clinical academic staff. In memory of Professor Roger Williams, the Trustees have decided to fund a new Small Grants Programme which will be open to applicants based in the UK. The Scheme will be advertised nationally, and initial plans are for a single award of £40,000 or two awards of £20,000 to be made annually. The first Call for Proposals will be advertised in Autumn 2021.

The Trustees have also decided to fund two PhD studentships each year for students registered with King's College London and carrying out their research in the Roger Williams Institute of Hepatology. This represents a strong and ongoing commitment to the future of research in hepatology and to growing scientific expertise in the specialty. In memory of Professor Williams, the FLR will also fund a new biennial Clinical Research Fellowship in conjunction with King's College Hospital.

In January 2021 the Foundation signed a Memorandum of Understanding with the British Liver Trust, reflecting the desire of both charities to work together in the area of raising public awareness of liver disease and advocating for improvements in patient care. The Foundation has agreed to jointly fund a Policy and Public Affairs Manager, employed by the British Liver Trust, to work on this programme. The two charities have agreed to endorse the independent work programmes of the other charity wherever appropriate, and to speak together in areas of mutual interest.

The Trustees continue to delegate management of the Roger Williams Institute of Hepatology and specific budgetary decisions in relation to research themes to the Acting Director (Dr Shilpa Chokshi), supported by the Head of Administration (Miss Natalie Day), and the Trustees review progress at each of the quarterly meetings. The Head of Administration for the Institute is also Chief Executive of the Foundation and has delegated responsibility for maintaining an overview of the Foundation's expenditure and rental/investment income.

Annual Review

During the period under review, the Foundation continued to focus its research funding on the Institute of Hepatology. In particular, the Foundation's main objective for the period was to continue to support and develop a carefully selected portfolio of research programmes based around the overall theme of Liver Cell Injury and Repair. The research portfolio of the Institute now comprises seven main areas:

- Liver Immunology
- Liver Failure in Cirrhosis
- Models of Liver Disease, Injury and Regeneration
- Metabonomics and Proteomics
- Targeted Therapies in Acute-on-Chronic Liver Failure
- The Role of the Gut-Microbiome in Liver Injury and Disease Progression
- Epigenetics of Non-Alcoholic Fatty Liver Disease

THE FOUNDATION FOR LIVER RESEARCH

REPORT OF THE TRUSTEES (continued)

For the year ended 30 June 2021

All groups continue to make research and clinical links both nationally and internationally. The Foundation accepts that it is difficult to apply fixed measures of success to research activity of the kind carried out within the Institute. Accordingly, in assessing research achievements the Trustees give considerable weight to the number of publications in peer reviewed journals, the number of presentations at national and international conferences and success in obtaining external grant support for new and existing projects. The numbers of papers published in peer reviewed publication has continued to grow year on year and the annual totals for the five years to date are given below:

Year	Publications in Pubmed
2017	27
2018	25
2019	21
2020 (until 29th Sept)	23
2021	20

The Covid pandemic has continued to have an impact on work though staff returned to work in the Institute from May 2020 and the Health & Safety Committee continued to monitor Government guidance on safe working precautions. The Institute was closed for 3 weeks at the end of December 2020 and beginning of January 2021 as concerns about infection levels rose but after a review of precautions, work on site resumed.

The Foundation was in receipt of a number of legacies during the year and the Trustees also acknowledge with gratitude the unsolicited donations from members of the public, many made in memory of family and friends. The Foundation relies heavily upon income from these sources and the Trustees continue to be most grateful to those who support its work.

Meetings of the Trustees were held online via Zoom on: 16th September 2020, 2nd December 2020, 17th March 2021 and 16th June 2021.

Future Plans

The immediate objectives of the Institute remain as follows:

1. To achieve a high level of scientific expertise and study within the Institute's laboratories through recruitment of top-level scientists and ensuring adequate governance leading to publications in high impact journals.
2. To undertake research projects/programmes of sufficient importance and quality to merit major grant support from NIHR, Wellcome Trust and MRC involving multi-centre collaborations.

A sub-committee of the Trustees was formed in September 2020 to begin an international search for a new Director for the Institute of Hepatology, with the expectation that it will be at least 12 months to find a suitable candidate, with the added complications of the Covid pandemic and Brexit.

Board of Trustees

Sir Graeme Davies continues as Chairman of the Trustees. The Trust Deed limits the number of Trustees to ten and in considering the appointment of new Trustees the Foundation seeks to maintain a balance of experience from differing backgrounds to maximise the effectiveness of the Board. The Trustees collectively have the authority to appoint and dismiss Trustees by resolution at a meeting of the Trustees.

THE FOUNDATION FOR LIVER RESEARCH

REPORT OF THE TRUSTEES (continued)

For the year ended 30 June 2021

On appointment, Trustees are provided with information on the structure and administration of the charity, including copies of the most recent Annual Report & Accounts and the scientific Annual Report, together with details of the way in which research output is measured. They are also invited to visit the laboratories at the Institute of Hepatology and meet with the Director and senior staff.

The Trustees delegate day to day management of the Institute to the Director of the Institute who reports on the activities of the Institute at the quarterly meetings of the Trustees and speaks regularly with the Chairman and other Trustees as and when necessary.

Investment Policy

The Trustees' investment powers permit the Foundation's funds to be invested in a wide range of securities and assets. Capital and income can be applied for general charitable purposes at the discretion of the Trustees.

Seeking to diversify the Foundation's investments and secure a regular income stream, in August 2013 the Foundation completed the purchase of a building within an office park in Swindon. In November 2014 a leasehold property in Bristol was purchased and in March 2015 a further group of five properties were bought from the Rufford Foundation. Further purchases have been made in January 2018 (Isle of Wight) and June 2019 (Polegate, East Sussex). The Bristol property was sold in 2018 for a small profit and the Foundation reinvested in a property in Hedge End, Southampton. In November 2019 the Foundation completed the purchase of 4 distribution warehouses. Following this purchase, the Foundation has approximately 60% of its assets invested in commercial property. All properties have been purchased as going concerns with tenants in place. Together the properties will bring the Foundation an annual income of £1.86m. Rent collection is handled by the Institute of Hepatology finance team and a property agent is retained to inspect and report on the condition of the properties on an annual basis.

The Trustees continue to monitor closely rental payments during the covid crisis and agreed to requests from a number of tenants to vary the payment schedule. At year end, the rental income was approximately 40% in arrears but this has improved to less than 10% as at 1st October 2021.

The Foundation is committed to ensuring that it makes investment decisions responsibly and with integrity, having due regard to ethical, social, environmental and governance issues.

This policy for Socially Responsible Investment ("SRI") has been developed to allow the Foundation to pursue an ethical approach while minimising any negative impact on its investment returns. Investment decisions informed by socially responsible and ethical considerations will also take into account the Charity Commission position that trustees have a duty to maximise returns on investment for charitable benefit.

Appointment of auditors and consideration of tax issues

The Foundation has appointed Caton Fry as auditors. A subsidiary company, Liver Research and Development Limited CN 7944232, was registered and all Trustees serving as at 28th February 2012 have become Directors of the new charitable company. BDO LLP continue to advise the Foundation with respect to an annual claim for a research and development tax rebate.

Public Benefit

The trustees have paid due regard to the guidance issued by The Charity Commission on public benefit in deciding what activities the charity should undertake.

At some time during their life, one in ten people will have a problem with their liver. In the UK there are approximately 5,000 deaths each year from cirrhosis and chronic liver disease, a figure which is steadily increasing, and liver disease is one of the top ten causes of death in the Western world. In late 2020/early 2021 it is anticipated that liver disease will have overtaken heart disease as the leading cause of premature death in the UK.

THE FOUNDATION FOR LIVER RESEARCH

REPORT OF THE TRUSTEES (continued)

For the year ended 30 June 2021

The Trustees believe that by funding basic scientific research into liver disease at the Institute, the Foundation fulfils its mission to extend and develop knowledge of the human liver and the various ways in which it may become diseased. In doing so they consider that the Foundation is contributing to the development of new methods of diagnosis and treatment which will ultimately be to the benefit of everyone affected by liver disease.

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

Pay Policy for Institute Staff

The pay of senior staff is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the Foundation, salaries for all research staff are benchmarked against pay levels of academics and clinicians of the relevant seniority and experience working within the university and health sector in the UK. Salaries of non-research staff are benchmarked against comparable roles in the charity sector.

Structure, Governance and Management

Governing Document

The Foundation for Liver Research is a company limited by guarantee governed by its Memorandum and Articles of Association dated 12 February 2010. It is registered as a charity with the Charity Commission and as a company with Companies House.

Related Parties and Co-operation with Other Organisations

None of the Trustees receive remuneration or other benefit from their work with the Foundation. Any connection between a Trustee or senior management of the Foundation with another medical research charity must be disclosed to the full Board of Trustees in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.

Risk Management

The Trustees maintain a risk register which they review annually. This assessment helps to identify the major risks to which the Foundation is exposed, the likelihood of occurrence and the impact upon continuation of activities. In reviewing the risks, the Trustees and senior management of the Institute have put in place systems to mitigate these risks.

The Foundation's principal risks are as follows:

- The risk that live specimens and/or valuable research is lost as a result of power failure at the Institute. Mitigation measures include facility for generator support of key areas and details of generator supply contract prominently displayed in the Institute of Hepatology.
- Retention of key personnel. Mitigated through regular mentoring meetings, annual appraisals and benchmarking of salaries against comparable organisations in the sector
- Loss of income. Mitigated through diversification of investments with 60% of FLR assets now in properties providing rental income and remainder managed on behalf of FLR with regular review of investment objectives and performance of James Hambro.

Trustees' Responsibilities in Relation to the Financial Statements

The charity Trustees (who are also Directors of The Foundation for Liver Research for the purposes of company law) are responsible for preparing a Trustees' Annual Report (incorporating the Directors' Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

THE FOUNDATION FOR LIVER RESEARCH

REPORT OF THE TRUSTEES (continued)

For the year ended 30 June 2021

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the charitable company and the groups' transactions and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the Directors are aware:

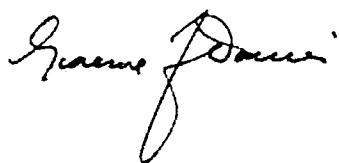
Statement as to Disclosure to our Auditors

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Small Company Provisions

The report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved and signed on behalf of the Trustees:



Sir Graeme Davies
Chairman

Date:

THE FOUNDATION FOR LIVER RESEARCH

Independent Auditor's Report to the Members of The Foundation for Liver Research

For the year ended 30 June 2021

Opinion

We have audited the financial statements of The Foundation for Liver Research ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 30 June 2021 which comprise the consolidated statement of financial activities, the consolidated and company balance sheet, the consolidated 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 Group's and of the Parent Charitable Company's affairs as at 30 June 2020 and of the Group's incoming resources and application of resources 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 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 Group and the Parent Charitable Company in accordance with the ethical requirements 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 related to going concern

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.

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 about the Group or the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant section of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report.

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.

THE FOUNDATION FOR LIVER RESEARCH

Independent Auditor's Report to the Members of The Foundation for Liver Research (continued)

For the year ended 30 June 2021

We have nothing to report in this regard.

Opinions 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 Trustees' Report (incorporating the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Trustee's report.

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 by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities in relation to the financial statements, 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 determines 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 Group's and the Parent 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 Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

THE FOUNDATION FOR LIVER RESEARCH

Independent Auditor's Report to the Members of The Foundation for Liver Research (continued)

For the year ended 30 June 2021

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 at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most are significant are those that relate to:
 - Compliance with Statement of Recommended Practice: Accounting and Reporting by Charities 2015 as this is financial reporting framework that the financial statements are based on.
 - The key laws and regulations we have considered in this context included the Companies Act and Charities Act. In addition, we have considered provisions of other laws and regulation that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

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

- We assessed the risks of material misstatements in respect of fraud as follows:
 - Enquiry of senior management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
 - Used analytical procedures to identify any unusual or unexpected relationships;
 - Discussed areas of the financial statements with management that were susceptible to misstatement.
- Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above by:-
 - Carrying out an accounts disclosure checklist to confirm that the financial statements comply with the financial reporting framework.

THE FOUNDATION FOR LIVER RESEARCH

Independent Auditor's Report to the Members of The Foundation for Liver Research (continued)

For the year ended 30 June 2021

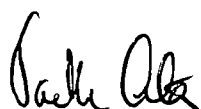
- We corroborated our enquiries through:
 - review of correspondence with HMRC, Charities Commission and Companies House;
 - review of correspondence with other regularity bodies.
- We considered the risk of fraud through management override, and, in response, we incorporated testing of manual journal entries into our audit approach both at the year end and during the course of the year. We tested journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.
- Based on the results of our risk assessment we designed our audit procedures to identify and to address material misstatements in relation to fraud, including:
- We corroborated our enquiries through:
 - reviewing a sample of payments to documentation and procedures being followed in line with the financial procedures and controls in place;
 - reviewed the accounting policies adopted by the entity were in line with standard practice and were being followed appropriately by the company.

The engagement partner considers the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

There are inherent limitations in the audit procedures, described above and 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. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion."

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.



Jonathan Edward Caton FCA FCCA
For and on behalf of Caton Fry & Co Ltd, statutory auditor

Essex House,
7 The Shrubberies,
George Lane,
South Woodford,
London E18 1BD

Date 10 March 2022

THE FOUNDATION FOR LIVER RESEARCH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

Year ended 30 June 2021

	Note	Unrestricted Income Fund	Restricted Income Fund	Expendable Endowment Capital Fund	Total 2021	Total 2020
		£	£	£	£	£
Incoming resources						
Voluntary income:	2	455,827	205,655	-	661,482	1,172,780
Investment income	3	2,161,239	-	-	2,161,239	2,130,434
Total incoming resources		2,617,066	205,655	-	2,822,721	3,303,214
Resources expended						
Costs of generating funds:						
Investment management fees		-	-	46,466	46,466	44,346
Investment property expenses		-	-	175,846	175,846	241,332
Charitable Expenditure:						
Medical research activities:						
Subsidiary company	4	1,504,483	-	-	1,504,483	1,170,252
Charity research activities	4	774,418	139,651	-	914,069	1,229,076
Total resources expended		2,278,901	139,651	222,312	2,640,864	2,526,123
Net incoming/(outgoing) resources before transfers & investment gains		338,165	66,004	(222,312)	181,857	618,208
Gains on change in market value of investments	9	-		1,448,621	1,448,621	57,974
(Losses)/Gains on revaluation of Investment properties	10	-		952,000	952,000	(871,908)
Net incoming/(outgoing) resources before transfers		338,165	66,004	2,178,309	2,582,478	(195,726)
Transfers between funds	13	(183,804)		183,804	-	-
Net movements in funds		154,361	66,004	2,362,113	2,582,478	(195,726)
Reconciliation of Funds:						
Funds balances brought forward		9,380,350	256,114	39,692,014	49,328,478	49,524,204
Funds balances carried forward		9,534,711	322,118	42,054,127	51,910,956	49,328,478

All above amounts are derived from continuing operations and all gains and losses for the year are shown above.

The notes on pages 16 to 27 form part of these financial statements.

THE FOUNDATION FOR LIVER RESEARCH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) – COMPARATIVE NOTE

Year ended 30 June 2020

	Note	Unrestricted Income Fund	Restricted Income Fund	Expendable Endowment Capital Fund	Total 2020
		£	£	£	£
Incoming resources					
Voluntary income:	2	1,010,823	161,957	-	1,172,78
Investment income	3	2,130,434	-	-	2,130,434
Total incoming resources		3,141,257	161,957	-	3,303,214
Resources expended					
Costs of generating funds:					
Investment management fees				44,346	44,346
Investment property expenses				241,332	241,332
Charitable Expenditure:					
Medical research activities:					
Subsidiary company	4	1,170,252	-	-	1,170,252
Charity research activities	4	1,064,733	164,343	-	1,229,076
Total resources expended		2,234,985	164,343	285,678	2,685,006
Net incoming/(outgoing) resources before transfers & investment gains		906,272	(2,386)	(285,678)	618,208
(Losses) on disposal of Tangible Fixed Assets					-
Gains on change in market value of investments	9			57,974	57,974
(Losses)/Gains on revaluation of Investment properties	10			(871,908)	(871,908)
Net incoming/(outgoing) resources before transfers		906,272	(2,386)	(1,099,612)	(195,726)
Transfers between funds	14	(1,918,953)	10,384	1,908,569	-
Net movements in funds		(1,012,681)	7,998	808,957	(195,726)
Reconciliation of Funds:					
Funds balances brought forward		10,393,031	248,116	38,883,057	49,524,204
Funds balances carried forward		9,380,350	256,114	39,692,014	49,328,478

All above amounts are derived from continuing operations and all gains and losses for the year are shown above.

The notes on pages 15 to 26 form part of these financial statements.

THE FOUNDATION FOR LIVER RESEARCH

BALANCE SHEET

Company number: 07156633

At 30 June 2021

	Note	2021 £	Group 2020 £	2021 £	Charity 2020 £
Fixed assets					
Tangible fixed assets	8	5,522,751	5,815,159	5,522,751	5,815,159
Trading subsidiary investment	16	-	-	100	100
Investments	9	15,151,127	13,741,014	15,151,127	13,741,014
Investment properties	10	26,903,000	25,951,000	26,903,000	25,951,000
		<u>47,576,878</u>	<u>45,507,173</u>	<u>47,576,978</u>	<u>45,507,273</u>
Current assets					
Debtors	11	838,951	1,138,223	1,851,742	2,312,760
Cash at bank and in hand		<u>4,527,337</u>	<u>3,774,281</u>	<u>3,884,333</u>	<u>3,476,495</u>
		5,366,288	4,912,504	5,736,075	5,789,255
Creditors: amounts falling due within one year	12	<u>(1,032,210)</u>	<u>(1,091,199)</u>	<u>(1,005,462)</u>	<u>(1,057,582)</u>
Net current assets		<u>4,334,078</u>	<u>3,821,305</u>	<u>4,730,613</u>	<u>4,731,673</u>
Net assets		<u>51,910,956</u>	<u>49,328,478</u>	<u>52,307,591</u>	<u>50,238,946</u>
Funds	13,14				
Expendable endowment capital fund		42,054,127	39,692,014	42,054,127	39,692,014
Unrestricted funds		9,534,711	9,380,350	9,931,346	10,290,818
Restricted funds		<u>322,118</u>	<u>256,114</u>	<u>322,118</u>	<u>256,114</u>
		<u>51,910,956</u>	<u>49,328,478</u>	<u>52,307,591</u>	<u>50,238,946</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

The financial statements were approved by the Board of Trustees, and authorised for issue, on 7th March 2022 and were signed on its behalf by:



Colonel H P D Massey
Trustee

The notes on pages 15 to 26 form part of these financial statements.

THE FOUNDATION FOR LIVER RESEARCH

CONSOLIDATED STATEMENT OF CASHFLOWS

For the Year ended 30 June 2021

	Note	2021 £	2020 £
Cash used in operating activities	17	(1,426,429)	(1,241,235)
Cash flows from investing activities			
Dividends, interest and rents from investments		2,161,239	2,130,434
Purchase of Property, Plant & Equipment		(20,261)	(8,206,959)
Proceeds from Sales of Investments		4,181,144	9,883,620
Purchase of Investments		(4,834,669)	(3,377,531)
Net cash provided by investing activities		1,487,453	429,564
(Decrease)/Increase in cash and cash equivalents in the reporting period		61,024	(811,671)
Cash & Cash equivalents at the beginning of the reporting period		6,244,324	7,055,995
Total cash and cash equivalents at the end of the year	18	6,305,348	6,244,324

The notes on pages 16 to 27 form part of these financial statements.

THE FOUNDATION FOR LIVER RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. ACCOUNTING POLICIES

Statutory Information

The Foundation for Liver Research is a charitable company, limited by guarantee, domiciled in England and Wales, registration number 07156633. The registered office is 111 Coldharbour Lane, London SE5 9NT.

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) (effective 1 January 2015) – (Charities SORP (FRS 102)) and the Companies Act 2006. The Foundation meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value as modified by adjusting investments to market value at the balance sheet date. The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest pound.

Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary, Liver and Research Development Limited, on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Foundation has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The surplus for the Charity only was £3,668,473 (2020: £1,531,125).

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Foundation has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Foundation's ability to continue as a going concern because of the endowment funds available, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The trustees are of the opinion that due to the investment portfolio held, which can be converted into cash at short notice, the short-term impact of Covid-19 will not affect the going concern status of the foundation or its subsidiary.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable, and the amount can be reliably measured.

Income from research grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Foundation that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution.

THE FOUNDATION FOR LIVER RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2021

Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from investments and interest on funds held on deposit are included when receivable and the amounts can be measured reliably by the charity; this is normally upon notification of the interest or dividend paid or payable.

The rental income from the investment properties is recognised on the basis of the rental period it covers and is invoiced to the tenants on a quarterly basis in advance with any income that is invoiced in advance of year end treated as deferred income.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Foundation's work or for specific charitable projects being undertaken.

The Foundation has an expendable endowment capital for which the trustees have the power to spend the capital as they deem fit for charitable purposes. Income earned on the fund is unrestricted in nature. The costs of professional fees incurred in managing the investment assets and investment properties, which are part of the expendable endowment fund, are charged against the fund.

Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company's management to exercise judgement in applying the Company's accounting policies. In the opinion of the Directors, there are no significant areas of judgement or key assumptions that affect items in the financial statements.

The judgements that will have the most significant effect on the amounts recognised in the financial statements are as follows:

- Rates of depreciation and useful life of an asset. The directors review depreciation rates however, the actual useful life of an asset will depend on a number of variable factors.
- Revaluation of investment properties. The directors obtain an independent valuation of the investment property portfolio however, the market value is dependent upon market conditions at the time of valuation.

Expenditure

All expenditure is accounted for on an accrual basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

The classification of expenditure costs was reviewed, and it was considered appropriate to reclassify the professional fees incurred in managing the investment properties under costs of generating funds rather than direct charitable expenditure for this year and the comparative year.

Redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point the Foundation is demonstrably committed to either: terminate the employment of an employee or group of employees before normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. The Foundation is considered to be demonstrably committed only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal from the plan.

THE FOUNDATION FOR LIVER RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2021

Tangible fixed assets

Fixtures and Fittings costing £500 or more and Laboratory Equipment costing £2,500 or more are capitalised at cost and recognised when future economic benefits are probable, and the cost of the asset can be measured reliably. They are depreciated over their expected useful lives on a straight-line basis as follows:

Buildings	- 2%
Fixtures, fittings and equipment	- under £50k 20% per annum
	- over £50k 10% per annum

No depreciation has been provided on the freehold land.

Valuation of Investment Properties

Investment properties are either held freehold or leasehold to earn rentals or for capital appreciation or both. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure.

After initial recognition, the Foundation measures all of its investment property at fair value and a desktop valuation is done by an independent RICS registered surveyor on an annual basis. A gain or loss arising from a change in the fair value of investment property shall be recognised in the SOFA for the period in which it arises.

An investment property is de-recognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and the gains be recognised in the SOFA.

Investments

Investments are initially recognised at their transaction value and subsequently measured at fair value at the Balance Sheet date using the closing market price. The SOFA includes the net gains and losses arising on the revaluation and disposals throughout the year.

Valuation of Subsidiary

The Foundation's shareholding in the wholly owned subsidiary, Liver Research & Development Ltd is included at the cost of share capital owned.

Debtors

Debtors are amounts owed to the charity. They are measured on the basis of their recoverable amount.

Cash and cash equivalents

Cash at bank is held to meet the day to day running costs of the charity as they fall due. Cash equivalents are short term, highly liquid investments, usually in 90-day notice interest bearing savings accounts.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the foundation anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

THE FOUNDATION FOR LIVER RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2021

Financial instruments

The Foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Taxation

The Foundation is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a Charitable Company for UK Corporation Tax purposes.

Accordingly, the Foundation is potentially exempt from taxation in respect of income and capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2. Voluntary income

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Legacies	3,690	-	3,690	125,241
Research Grants	46,842	205,655	252,497	219,413
Donations & Other Income	405,295	-	405,295	828,126
	<u>455,827</u>	<u>205,655</u>	<u>661,482</u>	<u>1,172,780</u>

3. Investment income

	2021 £	2020 £
Distributions on UK fixed interest and interest on deposits	28,149	10,260
Distributions on UK equities (listed on a recognised stock exchange) and unit trusts	73,739	110,770
Distributions on Overseas equities (listed on a recognised stock exchange) and unit trusts	100,303	268,044
Rent receivable	1,942,377	1,705,896
Time Deposit Interest	16,671	35,464
	<u>2,161,239</u>	<u>2,130,434</u>

4. Charitable Activities

	<u>2021</u>			<u>2020</u>		
	Direct costs £	Support costs £	Total £	Direct costs £	Support costs £	Total £
Research undertaken by subsidiary company	1,476,812	27,671	1,504,483	1,152,789	17,463	1,170,252
Medical research activities	885,473	28,596	914,069	1,190,676	38,400	1,229,076
	<u>2,355,356</u>	<u>56,267</u>	<u>2,411,623</u>	<u>2,343,465</u>	<u>55,863</u>	<u>2,399,328</u>

THE FOUNDATION FOR LIVER RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2021

5. Allocation of costs

	<u>2021</u>			<u>2020</u>		
	Support & Governance £	Medical Research activities £	Total £	Support & Governance £	Medical Research activities £	Total £
Staff costs	8,231	1,334,953	1,343,184	8,231	1,396,905	1,405,136
Laboratory consumables and overheads		440,751	440,751			
Premises		197,454	197,454		142,745	142,745
Communications & Marketing		19,402	19,402		20,492	20,492
Depreciation		312,669	312,669		268,811	268,811
Auditors' remuneration	14,082		14,082	10,560		10,560
Fees payable in respect of accounting and taxation services	33,006		33,006	33,124		33,124
Legal and professional fees	948		948	3,948		3,948
Sundry expenses		50,127	50,127		136,932	136,932
	<u>56,267</u>	<u>2,355,356</u>	<u>2,411,623</u>	<u>55,863</u>	<u>2,343,465</u>	<u>2,399,328</u>

6. Net income/expenditure for the year

	<u>2021</u> £	<u>2020</u> £
This is stated after charging:		
Depreciation	312,669	268,811
Auditors remuneration:		
Audit Fees – new auditors	15,282	12,960
Audit Fees – old auditors	(1,200)	(2,400)
Tax Services – old auditors	26,905	33,124

7. Staff costs

	<u>2021</u> £	<u>2020</u> £
Wages and Salaries	1,071,357	1,179,639
Redundancy Costs	47,500	-
Social Security Costs	101,450	114,203
Pension Costs	122,877	111,294
	<u>1,343,184</u>	<u>1,405,136</u>

None of the Trustees received reimbursement of travel expenses relating to their attendance at Board meetings throughout the year, £NIL (2020: £166). None of the Trustees received any remuneration during the year.

Key management personnel's salary costs of £208,566 (2020: £379,898) are included in the figures above.

Contributions of £122,877 (2020: £111,069) were made to defined contributions pension scheme on behalf of employees. Of these £34,361 (2020: £31,860) related to key management personnel.

THE FOUNDATION FOR LIVER RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2021

7. Staff costs (continued)

The Foundation had an average of 21 employees during the year under review (2020: 21).

Employees earning over £60,000 can be broken down as follows:

	2021	2020
£ 60,001 – £ 70,000	1	1
£ 70,001 – £ 80,000	0	1
£ 80,001 – £ 90,000	1	0
£200,001 – £210,000	0	1

8. Tangible fixed assets (Charity and Group)

	Freehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 July 2020	5,645,266	1,416,701	7,061,967
Additions	-	20,261	30,864
Disposals	-	(74,166)	(74,166)
At 30 June 2021	5,645,266	1,362,796	7,008,062
Depreciation			
At 1 July 2020	375,108	871,700	1,246,808
Charge for the year	94,172	218,497	312,669
Disposals	-	(74,166)	(74,166)
At 30 June 2021	469,280	1,016,031	1,485,311
Net book value			
At 30 June 2021	5,175,986	346,765	5,522,751
At 30 June 2020	5,270,158	545,001	5,815,159

9. Fixed asset investments (Charity and Group)

	2021 £	2020 £
Stocks, shares, unit trusts and cash		
Market value at 1 July	11,270,971	17,719,086
Additions during the year at cost	4,834,669	3,377,531
Disposals at carrying value	(4,181,144)	(9,883,620)
Net gains on investments	1,448,621	57,974
	13,373,117	11,270,971
Cash balances (held by investment managers)	1,778,010	2,470,043
Market value at 30 June	15,151,127	13,741,014
Historical Cost at 30 June	11,538,009	10,589,994

THE FOUNDATION FOR LIVER RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2021

9. Fixed asset investments (Charity and Group) continued	2021 £	2020 £
Analysis of investments at market value:		
UK fixed interest and deposits	2,621,880	2,824,141
UK equities (listed on a recognised stock exchange) and unit trusts	1,380,723	1,298,528
UK other (cash balances)	3,820,336	4,612,447
Overseas equities (listed on a recognised stock exchange) and unit trusts	7,328,188	5,005,898
	15,151,127	13,741,014

10. Investment Properties (Charity and Group)

Cost	Investment Property £
At 1 July 2020	25,951,000
Addition of New Property	-
Revaluation	952,000
At 30 June 2021	26,903,000

Property Investment valuation per property

	2021 £	2020 £
Lancaster	1,800,000	1,915,000
Rufford Portfolio	12,375,000	11,745,000
St Cross Business Park, IoW	3,688,000	3,146,000
J1 & J2 Chaucer Business Park, Polegate	1,100,000	1,120,000
Imperial House	3,670,000	3,875,000
DX Portfolio	4,270,000	4,150,000
Market Value at 30 June	26,903,000	25,951,000

The basis for the valuation, on all properties was an independent valuation report to give a more accurate market value of the properties. This was carried out in June 2021 at the behest of the Trustees by Carl Walker, a RICS registered surveyor employed by Vail Williams for the following properties Lancaster Place, Rufford Portfolio, J1&J2 Chaucer Business Park and Imperial House and by Simon Wainwright for St Cross Business Park and the DX Portfolio.

11. Debtors

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	728,883	691,617	728,883	691,617
Owed by subsidiary company	-	-	1,012,791	1,502,181
Taxation recoverable	-	327,644	-	-
Prepayments and accrued income	110,068	118,962	110,068	118,962
	838,951	1,138,223	1,851,742	2,312,760

THE FOUNDATION FOR LIVER RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2021

12. Creditors: amounts falling due within one year (Charity and Group)

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	112,665	173,581	109,977	165,964
Audit, accountancy and tax fees	37,410	35,658	13,350	10,560
Investment management fees	11,141	11,141	11,141	11,141
VAT	277,388	184,726	277,388	184,726
Deferred Rent	506,581	500,367	506,581	500,367
Other Creditors and accruals	87,025	185,726	87,025	184,824
	1,032,210	1,091,199	1,005,462	1,057,582

13. Analysis of movement in funds – 2021

	1 July 2020 £	Income £	Expenditure £	Other gains/(losses) £	Transfers £	30 June 2021 £
Restricted Funds						
Sorenson	150,000	-	-	-	-	150,000
ERAB	21,482	4,453	(324)	-	-	25,611
EF CLIF	9,001	-	(9,001)	-	-	-
Imperial (NUC-B)	21,053	-	(21,053)	-	-	-
Ochre Bio	4,277	-	-	-	-	4,277
Hepion Pharma	15,869	46,435	(34,198)	-	-	28,106
SPARC	9,432	-	(7,681)	-	-	1,751
C & G Lawson Fdn	25,000	-	-	-	-	25,000
MRC via KCL	-	50,000	(50,000)	-	-	-
Hobson Charitable Fdn	-	50,000	(17,394)	-	-	32,606
Assoc. of Physicians	-	19,767	-	-	-	19,767
Kings College Hospital Charity	-	35,000	-	-	-	35,000
Total Restricted Funds	256,114	205,655	(139,651)	-	-	322,118
Expendable Endowment Capital Funds	39,692,014	-	(222,312)	2,400,621	183,804	42,054,127
Unrestricted Funds	9,380,350	2,617,066	(2,278,901)	-	(183,804)	9,534,711
Total Funds	49,328,478	2,822,721	(2,640,864)	2,400,621	-	51,910,956

Restricted funds represent the following research areas:

Sorensen: Capital Expenditure for new Lab Institute – to be spent in 2021/22

ERAB: Investigating the role of long-coding RNA in Alcoholic Liver Disease (ALD)

EF CLIF: Proposal to assess the role of checkpoint receptors in Acute-on-Chronic Liver Failure. This project is funded 50/50 between EF-CLIF and the Foundation.

Imperial (NUC-B): Nucleos(t)ide withdrawal in HBeAg negative hepatitis B virus infection to promote HBsAg clearance. (Nuc-B)

THE FOUNDATION FOR LIVER RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2021

Restricted funds represent the following research areas (continued):

Ochre Bio – Collaboration Research agreement for the SiRNA Liver Slice Project

Hepion – Investigation of the anti-hepatitis B and D efficacy and the anti-fibrotic potency of the cyclophilins inhibitor CRV 431

SPARC – Determining the Role of Extracellular Vesicles as Communicosomes in progression to Multi Organ Failure in Advanced Liver Disease

C & G Lawson Fdn – Contribution towards transcriptomic equipment to be purchased 2021/22.

Medical Research Council – Dietary Interactions and the risk of NAFLD across India

Hobson Charitable Foundation – The role of cell free DNA as a driver of coagulation dysfunction and critical illness in chronic liver disease

Association of Physicians – Applying circulating cell-free DNA methylation technologies to produce novel prognostic markers in chronic liver failure syndromes

Kings College Hospital Charity – Evaluation of point-of-care testing for pathogen infection and antimicrobial resistance in decompensated cirrhosis and acute-on-chronic liver failure (ALF)

Capital funds represents the rental property portfolio and the investment assets portfolio.

Other gains and losses

Other gains/losses comprise of gains on the change in market value of the investment portfolio of £1,448,621, and a profit of £952,000 on the revaluation of the investment properties.

14. Analysis of movement in funds – Comparative Note for 2020

	1 July 2019 £	Income £	Expenditure £	Other gains/ (losses) £	Transfers £	30 June 2020 £
Restricted funds						
Sorensen	150,000	-	-	-	-	150,000
Dunse	3,147	-	(3,147)	-	-	-
Polk Ostero	76,303	-	(76,303)	-	-	-
ERAB	21,482	-	-	-	-	21,482
EF CLIF	710	36,697	(28,406)	-	-	9,001
Imperial (NUC-B)	(3,526)	25,323	(744)	-	-	21,053
Kings College (NETRF)	-	9,919	(20,303)	-	10,384	-
Ochre Bio	-	5,077	(800)	-	-	4,277
Hepion	-	46,435	(30,566)	-	-	15,869
SPARC	-	13,506	(4,074)	-	-	9,432
C&G Lawson Fdn	-	25,000	-	-	-	25,000
Total restricted funds	248,116	161,957	(164,343)	-	10,384	256,114
Expendable endowment						
Capital funds	38,883,057	-	(285,678)	(813,934)	1,908,569	39,692,014
Unrestricted funds	10,393,031	3,141,257	(2,234,985)	-	(1,918,953)	9,380,350
Total funds	49,524,204	3,303,214	(2,685,006)	(813,934)	-	49,328,478

THE FOUNDATION FOR LIVER RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2021

15. Analysis of Group net assets between funds 2021

	Unrestricted Income Fund £	Restricted Income Fund £	Expendable Endowment Capital Fund £	Total £
Analysis of Funds				
Tangible fixed assets	5,522,751	-	-	5,522,751
Investment Assets	-	-	15,151,127	15,151,127
Property portfolio asset investments	-	-	26,903,000	26,903,000
Net current assets	4,011,960	322,118	-	4,334,078
	<u>9,534,711</u>	<u>322,118</u>	<u>42,054,127</u>	<u>51,910,956</u>

Analysis of Group net assets between funds – Comparative Note for 2020

	Unrestricted Income Fund £	Restricted Income Fund £	Endowment Capital Fund £	Total £
Analysis of Funds				
Tangible fixed assets	5,815,159	-	-	5,815,159
Investment Assets	-	-	13,741,014	13,741,014
Property portfolio asset investments	-	-	25,951,000	25,951,000
Net current assets	3,565,191	256,114	-	3,821,305
	<u>9,380,350</u>	<u>256,114</u>	<u>39,692,014</u>	<u>49,328,478</u>

Analysis of Charity net assets between funds 2021

	Unrestricted Income Fund £	Restricted Income Fund £	Expendable Endowment Capital Fund £	Total £
Analysis of Funds				
Tangible fixed assets	5,522,751	-	-	5,522,751
Investment in Trading Subsidiary	100	-	-	100
Investment Assets	-	-	15,151,127	15,151,127
Property portfolio asset investments	-	-	26,903,000	26,903,000
Net current assets	4,408,495	322,118	-	4,730,613
	<u>9,931,346</u>	<u>322,118</u>	<u>42,054,127</u>	<u>52,307,591</u>

THE FOUNDATION FOR LIVER RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2021

15. Analysis of Group net assets between funds 2021 - continued

Analysis of Charity net assets between funds – Comparative Note 2020

	Unrestricted Income Fund £	Restricted Income Fund £	Expendable Endowment Capital Fund £	Total £
Analysis of Funds				
Tangible fixed assets	5,815,159	-	-	5,815,159
Investment in Trading Subsidiary	100	-	-	100
Investment Assets	-	-	13,741,014	13,741,014
Property portfolio asset investments	-	-	25,951,000	25,951,000
Net current assets	4,475,559	256,114	-	4,731,673
	<u>10,290,818</u>	<u>256,114</u>	<u>39,692,014</u>	<u>50,238,964</u>

16. Trading Subsidiary Investment

Cost	£
At 1 July 2020	100
Additions	-
At 30 June 2021	100

Net Income from trading activities of subsidiary

The Charity has a wholly owned subsidiary incorporated in England and Wales, Liver Research and Development Limited, (Company Number: 07944232) which was incorporated on 9 February 2012. Its registered office is the same as its parent. Its principal activity is medical research into various causes of liver damage with a view to finding possible commercial collaborations. The large deficit in the current financial year to 30 June 2021 is due to research project work being done years in advance of earned income coming in.

A summary of its trading results for the period ended 30 June 2021 is as follows:

	2021 £	2020 £
Turnover	418,478	756,917
Cost of sales	(1,476,812)	(1,152,789)
Gross Loss	(1,058,334)	(395,872)
Administrative expenses	(27,671)	(17,463)
Taxation	-	-
Loss for the year	(1,086,005)	(413,335)
Current Assets	643,006	625,330
Current Liabilities	(3,739,539)	(2,635,958)
Reserves:		
Called up share capital	100	100
Capital introduced from the parent undertaking	2,849,900	2,849,900
Profit and loss account	(5,946,533)	(4,860,528)
Shareholder's funds	(3,096,533)	(2,010,528)

The Charity has given a letter of support to Liver Research & Development Ltd to ensure it can continue as a going concern until, at the earliest, 30th June 2022.

THE FOUNDATION FOR LIVER RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2021

17. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income for the reporting period (as per the statement of financial activities)	2,582,478	(195,726)
Adjustments for:		
Depreciation charges	312,669	268,811
Gains on investments	(1,448,621)	(57,974)
(Gains)/Losses on investment properties	(952,000)	871,908
Dividends, interest and rents from investments	(2,161,239)	(2,130,434)
(Increase)/decrease in debtors	299,273	(434,995)
Increase/(decrease) in creditors	(58,989)	437,175
Net cash used in operating activities	(1,426,429)	(1,241,235)

18. Analysis of changes in net debt

	2021 £	2020 £
Cash in hand	4,527,338	3,774,281
Un-invested cash with investment managers (see Note 9)	1,778,010	2,470,043
	6,305,348	6,244,324

19. Related party Transactions

As explained in Note 16, Liver Research and Development Ltd (LRD) is a wholly owned subsidiary of The Foundation for Liver Research (FLR). In the year FLR incurred costs of £1,476,812 (2020: £1,152,789) and received £418,478 (2020: £429,263) on behalf of LRD. At the year-end £1,012,791 was due from LRD to FLR and is included in Note 11 within debtors, this figure includes the following impairments in FLR. On 30 June 2019, a provision of £1.1m was made by FLR against the balance due from LRD. This was reviewed on 30 June 2021 and the Trustees consider that a further provision of £1.6m is needed.

There was one related party transaction, the name of the related party was Mr Simon Wainwright, who is a Trustee and a Director of JP Wainwright. The total amount of the transactions in the year was £41,243 which related to professional fees and asset management fees for 5 properties within the Foundation's property portfolio. The amount outstanding at the year-end was £9,414 and the Trustees confirm that this was carried out at an arm length basis.