

**THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH
FOUNDATION**

**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 5 APRIL 2021**

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

CONTENTS

	Page
Legal and administrative information	2
Trustees' report	3 - 5
Independent examiner's report	6
Statement of financial activities	7
Balance sheet	8
Statement of cash flows	9
Notes to the financial statements	10-15

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Reference and administrative information

Official charity name	The Lorna and Yuti Chernajovsky Biomedical Research Foundation
Charity Registration number	1184405
Registered office	The Chernajovsky Foundation PO Box 1198 Whitstable CT5 9DW
Trustees	Yuti Chernajovsky PhD FRCP Lorna Chernajovsky PhD Paul Peter Tak MDPHd
Administrators and legal advisers	Cripps Pemberton Greenish Number 22 Mount Ephraim Tunbridge Wells Kent TN4 8AS
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Independent Examiner	Steven Wakefield ACA Dixon Wilson Chartered Accountants 22 Chancery Lane London WC2A 1LS

The trustees are appointed in accordance with the terms of the Trust deed dated 9 July 2019 and have the appropriate knowledge and expertise to manage and administer the charity. The trustees have complied with the guidance issued by the Charity Commission. The charity does not make use of volunteers.

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

TRUSTEES' REPORT

For the year ended 5 April 2021

Report of the trustees for the financial year ended 5 April 2021

The trustees present their report and the financial statements of the charity for the period to 5 April 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Trust Deed, the Charities Act 2011 and the Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102 SORP 2019).

Objectives and activities

Under the terms of the original Trust Deed, the trustees have discretion to promote, advance and support charities, charitable organisations, charitable purposes and charitable causes including but not limited to:

The protection and promotion of the health of the public by the provision of grants to support biomedical research in the fields of autoimmunity, inflammation, infectious diseases and ageing especially focussed on the development of practical applications in the form of new targeted treatments.

The trustees must use the income and may use the capital of the charity in promoting the objectives.

The trustees, having regard to the Public Benefit Guidance published by the Charity Commission in accordance with Section 17 of the Charities Act 2011, consider that the purposes and activities of the charity satisfy the requirements of the public benefit test set out in section 4 of the same Act.

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

Review of the year

Following the public launch on 23rd October 2019, a public call for PhD studentships was announced requesting charitable organisations to apply for funding following independent peer review. The trustees reviewed 28 applications and chose to fund 7 grants based upon remit, scientific quality, innovation and value for money. The total cost over the full duration of the grants was £785,089. The start dates of some of the grants were delayed because of the impact of Covid.

Instalments for the grants awarded in the 5 April 2021 year have been paid in accordance with the agreements reached with the donee.

The Covid pandemic necessitated that all meetings of trustees and outside organisations were held virtually and the pandemic dominated much of the year. The grant previously awarded to the British Society for Immunology (BSI) to communicate about Covid to scientists, public and policy makers allowed a series of webinars to take place with attendance of an average of over 1000 with the most popular drawing over 2000 people. Sir Patrick Vallance, UK Government Chief Scientific Advisor requested briefings for SAGE from a Covid Task Force set up by the BSI and oral and written evidence was provided to the House of Commons Select Committee on Science and Technology inquiry into Global Disease Outbreaks.

During the year the Foundation entered into discussions with Connect Immune Research, a group of medical research charities comprising of Versus Arthritis, the Multiple Sclerosis Society and Juvenile Diabetes Research Fund to explore ways of working together to fund research aimed at developing new treatments across autoimmune diseases.

In support of the development of the Autoimmune Translational Research Initiative, the Foundation agreed to part fund a post at the BSI for £15,000 for 12 months to facilitate and drive the initiative.

Incoming resources for the period amounted to £717,948. Reserves will be maintained to provide future incoming resources and awarded as grants when appropriate charitable institutions and causes are identified or when costs become payable.

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

TRUSTEES' REPORT

For the year ended 5 April 2021

Structure, governance and management

The charity is an unincorporated registered charity, constructed under a Trust Deed dated 9 July 2019. The trustees hold the capital and income of the charity's Trust Fund upon trust to apply the income and, as far as may be necessary, the capital for the purposes set out in clause 2.2 of the Trust Deed.

The minimum number of trustees required by the Trust Deed is 3 and the maximum is 5. Future trustees must be appointed by resolution of the trustees and must hold office for at least three years from the date of their appointment. As required by the Trust Deed, the trustees meet no less than twice a year. Except where otherwise provided, every issue may be determined by a simple majority of the votes cast at a meeting of the trustees but a resolution which is in writing and signed by all the trustees is as valid as a resolution passed at a meeting. For this purpose the resolution may be contained in more than one document and will be treated as passed following receipt of the necessary written approval.

Every trustee has one vote on each issue. In the event of a tie, the chairman shall have the deciding vote.

The trustees have not adopted any policies or procedures for the induction and training of trustees.

Reserves policy

It is the trustees' policy not to retain reserves as the charity's overheads are low.

Plans for the future

During the coming financial year 2021/22 the trustees plan to support the PhD projects awarded from the first call.

The trustees will develop further the Autoimmune Research Initiative with charity partners which aims to use common pathological processes in autoimmune diseases as targets to develop novel therapeutics that can be beneficial across many diseases. An international scientific expert meeting is planned for 5th May 2021 to aid priority setting for translational research following brain-storming by leaders in the field.

It is aimed to have a two phased grant support with initial funding of competitive pilot grants to provide proof of principle. On completion of the pilot studies, the most promising will be selected for further investment.

The charity will explore avenues of collaboration with other medical research charities in other areas with an aim of building overarching programmes of translational research across multiple disciplines.

Achievements and performance

The trustees' overall investment objective as stated in the investment management agreement is to maintain a multi-asset portfolio and achieve a balance of income and capital growth. The charity does operate an ethical investment policy.

The performance of the Trust investment portfolio is considered at regular intervals with the investment manager and is benchmarked against various market indices (including the FTSE WMA Stock Market Balanced Index) to ensure that the funds held are performing well. This manager, which is regulated by the Financial Conduct Authority in the United Kingdom, manages the investments within the restrictions set out in the investment management agreement. Any issues are addressed with the trustees as and when they arise. The trustees were satisfied with the performance of the investments during the period. Investments at the period end had a market value of £1,717,865.

Risk management

When making decisions, the trustees assess the risks to which the charity might be exposed. The trustees carry out due diligence on charitable institutions before grants are made and document all major decisions. As part of the grant making process, the trustees agree to follow up with the donee to ensure that funds have been applied for the agreed purpose. This could be by way of a progress report, personal visit by one of the trustees or completion of an event. Donation receipts are obtained from each donee.

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

TRUSTEES' REPORT

For the year ended 5 April 2021

Statement of responsibilities

The trustees are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the charity for that year.

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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

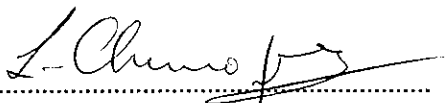
Disclosure of information to Independent Examiner

In so far as the trustees are aware, at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the independent examiner in connection with preparing their report, of which the charity's independent examiner is unaware; and
- the trustees, having made enquiries of fellow trustees and the charity's independent examiner that they ought to have individually taken, have each taken all steps that they are obliged to take as trustees in order to make themselves aware of any relevant independent examination information and to establish that the independent examiner is aware of that information.

Yuti Chernajovsky

For and on behalf of the trustees



Dated 4/2/22

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 5 APRIL 2021

Independent examiner's report to the trustees of the Chernajovsky Foundation

I report to the trustees on my examination of the accounts of the Trust for the year ended 5 April 2021.

Responsibilities and basis of report

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act'). You are satisfied that an audit is not required for this year under charity law and that an independent examination is needed.

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145 (5) (b) of the Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently, I express no opinion as to whether the accounts present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 - accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
- 2 - the accounts do not accord with those records; or
- 3 - the accounts do not comply with the applicable requirements concerning the form and content of the accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.
- 4 - the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no matters in connection with the examination to which attention should be drawn in order to enable a proper understanding of the accounts to be reached.

STEVEN WAKEFIELD ACA
Dixon Wilson
22 Chancery Lane
London
WC2A 1LS



Date: 5 February 2022

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 5 April 2021

	Notes	2021 £	2020 £
<u>Income and endowments from:</u>			
Investment income	2	21,789	5,891
Royalties	3	696,158	2,303,600
Total income		<u>717,947</u>	<u>2,309,491</u>
<u>Expenditure on:</u>	1		
Raising funds	4	<u>487</u>	<u>1,230</u>
Charitable activities	5	<u>803,340</u>	<u>26,678</u>
Total expenditure		<u>803,827</u>	<u>27,908</u>
Net gains/(losses) on investments		<u>84,433</u>	<u>(107,269)</u>
Net (expenditure)/income		<u>(1,447)</u>	<u>2,174,314</u>
Reconciliation of funds			
Funds brought forward		<u>2,174,314</u>	<u>-</u>
Funds carried forward		<u><u>2,172,867</u></u>	<u><u>2,174,314</u></u>

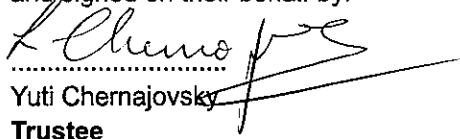
THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

BALANCE SHEET

AS AT 5 APRIL 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	6		1,717,865		1,045,006
Current assets					
Debtors	7	351,522		459,000	
Cash at bank and in hand		854,595		678,708	
		<u>1,206,117</u>		<u>1,137,708</u>	
Creditors: amounts falling due within one year	8	<u>(751,115)</u>		<u>(8,400)</u>	
Net current assets			455,002		1,129,308
Total assets less current liabilities			<u>2,172,867</u>		<u>2,174,314</u>
The Funds of the Charity					
Unrestricted funds			2,172,867		2,174,314
			<u>2,172,867</u>		<u>2,174,314</u>

The financial statements on pages 7 to 15 were approved by the Trustees on 4/2/22 and signed on their behalf by:


Yuti Chernajovsky
Trustee

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

STATEMENT OF CASH FLOWS

for the year ended 5 April 2021

	2021 £	2020 £
Net movement in funds	(1,447)	2,174,314
Less		
Income from investments	(21,790)	(5,891)
Income from Royalties	(696,158)	(2,303,600)
Net losses on investments	(84,433)	107,269
Decrease in debtors	107,478	(459,000)
Increase in creditors	742,715	8,400
	46,365	(478,508)
Net cash used in operating activities		
dividends and interest	717,948	2,309,491
proceeds from sale of investments	1,012,595	31,690
purchase of investments	(1,601,021)	(1,183,965)
	129,522	1,157,216
Net cash used by financing activities		
change in cash and cash equivalents	175,887	678,708
cash and cash equivalents brought forward	678,708	-
changes in cash value due to exchange rate movements	-	-
cash and cash equivalents carried forward	854,595	678,708

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 5 April 2021

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Account and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective on 1 January 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Trust constitutes a public benefit entity as defined by FRS 102.

1.1 Going concern

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern, and that there are no key assumptions that affect items in the accounts.

1.2 Funds structure

The charity has an unrestricted fund created by the assignment of royalties and the income of the Trust is unrestricted. the terms of the Trust allow the capital of the fund to be spent if the Trustees so determine.

Unrestricted income comprises funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

1.3 Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations and legacies are recognised when the charity has been notified in writing of both the amount and the settlement date.

Dividends are accounted for on an ex-dividend accruals basis. Interest on deposits and fixed interest securities are accounted for on an accruals basis.

1.4 Support and governance costs

The charity does not incur support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Governance costs relate to charitable activities.

1.5 Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Trust. This is accrued once the recipient has been notified of the grant award.

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 5 April 2021

2 Accounting policies

(Continued)

1.6 Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value. Listed investments are subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Unlisted investments are subsequently measured at fair value, unless fair value cannot be measured reliably, in which case they are measured at cost less impairment. The Trust does not acquire put options, derivatives or other complex financial instruments. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the period.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors.

1.7 Foreign currencies

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction. Monetary assets and liabilities are translated into sterling at the exchange rate on the balance sheet date. All exchange differences are recognised through the statement of financial activities.

1.8 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets or financial liabilities.

1.9 Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

1.10 Taxation

The charity is exempt from taxation under sections 521 to 536 of the Income Tax Act 2007.

2 Investments

	2021	2020
	£	£
UK fixed interest	873	-
UK dividends	1,427	-
UK bank interest	349	2,291
Overseas fixed interest	14,276	2,827
Overseas dividends	4,865	773
	<u>21,790</u>	<u>5,891</u>

Investment income for the year was attributable to the Unrestricted Income Fund

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 5 April 2021

3 Other income

	2021	2020
	£	£
Royalties from YEDA	696,158	2,303,600

By a Deed of Assignment dated 14 August 2019 royalties due to Yuti Chernajovsky were formally assigned to the Trustees until further notice

4 Raising Funds

Expenditure on raising funds during the year consisted wholly of investment management fees and was bank charges which are attributable to the Unrestricted Fund.

	2021	2020
	£	£
Bank fees	487	1,229

5 Analysis of expenditure on charitable activities

	2021	2020
	£	£
Accountancy services	7,059	2,400
Legal fees	5,137	7,588
Administrative costs	3,055	10,319
Audit	-	6,000
Independent examination fee	3,000	-
Trustee travel expenses	-	371
	18,251	26,678
Grants and donations	785,089	-
	803,340	26,678

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 5 April 2021

6 Grants and donations

Grants and donations paid to charitable causes and institutions:

	2021	2020
		£
British Immunology Society	20,000	-
University of Surrey - Maluquer de Motes and Gutierrez	83,500	-
University of Surrey - Mc Vey and Pandha	95,981	-
MS Society - Pingan	106,764	-
BSRA - McGettrick and Edwards	143,790	-
Sheffield University - Wilson, Toth, Ballantuono and Richards	98,138	-
Birmingham University - Dhruv Parekh and David Thicket	142,908	-
WHRI - Perretti and Cooper	94,008	-
	785,089	-

6 Investments

	2021	2020
		£
Quoted investments		
Fair value brought forward at 6 April 2020	1,045,006	-
Additions at cost	1,601,021	1,183,965
Disposal proceeds	(1,012,595)	(31,690)
Net gains/losses on investments	7,975	(15,361)
Unrealised gains on investments	76,458	(91,908)
Fair value at 5 April 2021	1,717,865	1,045,006

Investments at fair value consist of:

UK holdings

Fixed interest securities	784,293	822,938
Quoted equities	179,449	88,357

Overseas holdings

Fixed interest securities	428,477	-
Quoted equities	325,646	133,711

Fair value at 5 April 2021	1,717,865	1,045,006
-----------------------------------	------------------	------------------

The net losses on investment assets during the period were attributable to the Unrestricted Fund

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2021

7 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Accrued income	-	349
Accrued income from YEDA	351,522	458,651
	<u>351,522</u>	<u>459,000</u>

8 Creditors: amounts falling due within one year

	2021 £	2020 £
Donations and grants	735,215	-
Independent examination fee	3,000	-
Audit fee	6,000	6,000
Accountancy fee	6,900	2,400
	<u>751,115</u>	<u>8,400</u>

9 Related party transactions

The trustees are authorised by the Trust Deed to pay professional charges to trustees engaged in a professional capacity on the instructions of the other trustees.

THE LORNA AND YUTI CHERNAJOVSKY BIOMEDICAL RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2021

10 Financial assets and liabilities

The following are financial assets and liabilities that qualify as basic financial instruments and are initially recognised at transaction value and subsequently measured at their fair value.

Financial assets	2021	2020
		£
Accrued investment income	36,570	349
Accrued income from YEDA	351,523	458,651
	<u>388,093</u>	<u>459,000</u>

Financial Liabilities

Donations and grants payable	735,214	-
------------------------------	---------	---

The following are financial assets that qualify as basic financial instruments and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Financial assets

Investments	1,717,865	1,045,006
-------------	-----------	-----------