

Company Registration No. 07944232 (England and Wales)

LIVER RESEARCH AND DEVELOPMENT LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
30 JUNE 2020



LIVER RESEARCH AND DEVELOPMENT LIMITED

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LIVER RESEARCH AND DEVELOPMENT LIMITED

COMPANY INFORMATION

Directors Sir Jeremy Elwes CBE
Col Hamon Massey
Sir Graeme Davies (Chairman)
Mr Robert McClatchey resigned 01.11.2020

Statutory Auditors Caton Fry & co Ltd
7-8 The Shrubberies
George Lane
South Woodford
London
E18 1BD

Bankers National Westminster
PO Box 4NU
1 Cavendish Square
London W1A 4NU

Registered Number 07944232 (England and Wales)

Registered Office 111 Coldharbour Lane
London
SE5 9NT

LIVER RESEARCH AND DEVELOPMENT LIMITED

DIRECTORS' REPORT

The Directors present their Report and the Company's Accounts for the year ended 30 June 2020.

The company's registered number (England & Wales) is 07944232.

Principal activity

The company is the wholly owned subsidiary of The Foundation for Liver Research and its principal activity is medical research into various causes of liver damage with a view to commercial collaborations and/or development.

The company remains at an early stage in its development of these projects and seeking collaborations. The company continues to work in partnership with its parent and at this stage continues to be dependent upon it for capital contributions to cover operational losses.

Review for the year

The income for the year totalled £757k (2019: £222k) and total costs amounted to £1,170K (2019: £1,312k), resulting in a trading loss of £413k (2019: loss of £1,090k) for the year.

Directors

The directors who served during the year are as stated below:

Sir Jeremy Elwes CBE
Col Hamon Massey
Sir Graeme Davies
Mr Robert McClatchey resigned 1 November 2020

Going Concern

Given the continued financial support afforded to the company by its parent, The Foundation for Liver Research, in the opinion of the directors no material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified. The large deficit in the current financial year to 30 June 2020 is due to research project work being done years in advance of earned income coming in.

The directors have considered the impact of 'Brexit' on the company and the Foundation and there has been a dip in numbers of job applications from Europe to the Foundation during the year. The directors are continuing to invest in the company and are confident that as UK Government plans become more clear, potential recruits from Europe will be reassured that London and in particular the Institute remain a world-class centre for research. Furthermore, the directors anticipate that changes to employment regulations will make it easier to recruit top-class candidates from outside the UK and Europe.

The directors are aware of the worldwide impact of Covid-19. Every action has been taken to comply with Government recommendations to protect the health and safety of the company's staff and the Director and Chief Scientific Officer of the Foundation will risk assess and keep under constant review guidance on specific risks such as acceptance and treatment of human blood/serum/tissue research samples from areas of high endemicity. It was decided to close the company for a period of time and all staff will work remotely, steps having been taken to ensure that the Foundation meets obligations such as payroll (including sick pay), pension, VAT payments etc. The directors primary concern will remain the wellbeing of its staff during this period.

LIVER RESEARCH AND DEVELOPMENT LIMITED

DIRECTORS' REPORT (continued)

Statement of Directors' responsibilities in respect of the accounts

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Statement of disclosure to auditors

In so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

Appointment of Auditors

The Foundation have appointed Caton Fry & Co Ltd as the companies new auditors.

Small Company Provisions

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

Approved by the Board, and authorised for issue on 17th March 2020 and signed on its behalf by:



Sir Graeme Davies
Director

LIVER RESEARCH AND DEVELOPMENT LIMITED

Independent Auditor's Report to the Members of Liver Research and Development Limited

Opinion on financial statements

We have audited the financial statements of Liver Research and Development Limited for the year ended 30 June 2020 which comprise the profit and loss account, balance sheet 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 Company's affairs as at 30 June 2020 which comprise the profit and loss account, balance sheet and notes to the financial statements, including a summary of significant accounting policies and of its profit 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

LIVER RESEARCH AND DEVELOPMENT LIMITED

Independent Auditor's Report to the Members of Liver Research and Development Limited (continued)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

LIVER RESEARCH AND DEVELOPMENT LIMITED

**Independent Auditor's Report to the Members of Liver Research and Development Limited
(continued)**

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

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

Use of our report

This report is made solely to the 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 Company's members those matters we are required to state 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Caton
For and on behalf of Caton Fry & Co Ltd, Statutory Auditor
London

Date: 18 March 2021

LIVER RESEARCH AND DEVELOPMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £	2019 £
TURNOVER		756,917	221,894
Cost of sales		1,152,789	1,241,939
GROSS LOSS		<u>(395,872)</u>	<u>(1,020,045)</u>
Administration expenses		17,463	69,844
Loss on ordinary activities before taxation		<u>(413,335)</u>	<u>(1,089,889)</u>
Taxation		-	-
LOSS FOR THE FINANCIAL YEAR		<u>413,335</u>	<u>1,089,889</u>

All above amounts are derived from continuing operations.

The notes on pages 10 to 12 form part of these financial statements

LIVER RESEARCH AND DEVELOPMENT LIMITED

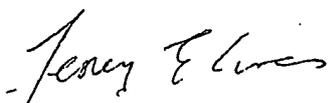
BALANCE SHEET

AS AT 30 JUNE 2020

	Note	2020 £	2019 £
CURRENT ASSETS			
Accrued Income		327,644	301,886
Cash at bank and on deposit		297,786	46,927
		<u>625,330</u>	<u>348,813</u>
CREDITORS – amounts falling due within one year			
	2	<u>(2,635,958)</u>	<u>(1,946,006)</u>
NET CURRENT LIABILITIES		<u>(2,010,528)</u>	<u>(1,597,193)</u>
NET LIABILITIES		<u><u>(2,010,528)</u></u>	<u><u>(1,597,193)</u></u>
SHAREHOLDERS' FUNDS			
Share Capital	3	100	100
Capital introduced	4	2,849,900	2,849,900
Profit and loss account	5	<u>(4,860,528)</u>	<u>(4,447,193)</u>
		<u><u>(2,010,528)</u></u>	<u><u>(1,597,193)</u></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 and authorised for issue on 17 March 2021 and signed on behalf of the Board by:



.....
Sir Jeremy Elwes
Director

Company House: 07944232 (England & Wales)

LIVER RESEARCH AND DEVELOPMENT LIMITED

The notes on pages 10 to 12 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY**FOR THE PERIOD ENDED 30 JUNE 2020**

	Income and Expenditure Account £	Total Equity £
At 1 July 2018	(507,304)	(507,304)
Deficit for the year	(1,089,889)	(1,089,889)
At 1 July 2019	<u>(1,597,193)</u>	<u>(1,597,193)</u>
(Deficit) for the year	(413,335)	(413,335)
At 30 June 2020	<u>(2,010,528)</u>	<u>(2,010,528)</u>

LIVER RESEARCH AND DEVELOPMENT LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 30 JUNE 2020

1. Accounting Policies

General information

The company is a private company limited by shares (Reg No: 07944232) registered in England and Wales with its principle place of business and registered office being 111 Coldharbour Lane, London SE5 9NT.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The financial statements are prepared in sterling which is the functional currency of the company and to the nearest pound.

Going Concern

As stated in Note 6, the directors have received a letter of support from the Foundation for Liver Research, which will enable the company to trade as a going concern.

The following principal accounting policies have been applied:

Income

Income from research grants is recognised when the company 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. All income arose in the United Kingdom.

Income from R&D claims is recognised when the claim is reviewed and approved by HMRC, it is probable that the income will be received, and the amount can be measured reliably.

Expenditure

All expenditure is accounted for on an accruals 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.

Debtors

LIVER RESEARCH AND DEVELOPMENT LIMITED

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE ACCOUNTS (continued)

FOR THE PERIOD ENDED 30 JUNE 2020

1. Accounting Policies (continued)

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities including trade and other debtors and creditors, loans from banks and other third parties.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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.

2. Creditors

	2020	2019
	£	£
Amounts due to the Foundation for Liver Research	2,602,181	1,878,655
Creditors	7,617	36,205
Accruals	26,160	31,146
	<u>2,635,958</u>	<u>1,946,006</u>

3. Share capital

	Allotted, called up and fully paid	
	2020	2019
	£	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

4. Capital Introduced

LIVER RESEARCH AND DEVELOPMENT LIMITED

The Company received £749,900 at incorporation from the parent Company, the Foundation for Liver Research. The company also received a further £2,100,000 from the parent company in the financial year to 30 June 2015.

NOTES TO THE ACCOUNTS (continued)

FOR THE PERIOD ENDED 30 JUNE 2020

5. Net Loss for the year

	2020	2019
	£	£
This is stated after charging:		
Auditors remuneration:		
Audit Fees – current auditors	2,460	-
Audit Fees – Previous Auditors	-	11,280

6. Ultimate parent undertaking and controlling party

The Directors consider that The Foundation for Liver Research is the Company's ultimate controlling party. Its consolidated accounts, which include the accounts of the Company, can be obtained from the Institute of Hepatology, 111 Coldharbour Lane, London SE5 9NT.

The Foundation for Liver Research has provided a guarantee to ensure that the company can continue to operate, as a going concern until, at the earliest, 30th June 2022.

7. Related party transactions

The Company has taken advantage of the exemption from disclosing transactions with its ultimate controlling party given in paragraph 33.1A of FRS102. The amounts due to the parent charity at the year-end is disclosed in Note 2.