



Plummer Parsons
Chartered Accountants

Charity Registration No. 1186102

Company Registration No. 12266787 (England and Wales)

THE CHRONIC DISEASE RESEARCH FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2020

THE CHRONIC DISEASE RESEARCH FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr M Benaim Dr E Bochukova Dr J Bristow Mr N S Pike Mr M D B Simon Dr E Stonehill	(Appointed 16 October 2019) (Appointed 17 October 2019) (Appointed 17 October 2019) (Appointed 16 October 2019) (Appointed 16 October 2019) (Appointed 16 October 2019)
Charity number	1186102	
Company number	12266787	
Principal address	4th Floor South Wing Block D St Thomas' Hospital London SE1 7EH	
Registered office	4 Bedford Row London WC1R 4TF	
Auditor	Plummer Parsons 18 Hyde Gardens Eastbourne East Sussex BN21 4PT	
Bankers	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ	
Solicitors	Collyer Bristow LLP 4 Bedford Row London WC1R 4TF	

THE CHRONIC DISEASE RESEARCH FOUNDATION

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THE CHRONIC DISEASE RESEARCH FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 5 APRIL 2020

The trustees present their report and financial statements for the year ended 5 April 2020.

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 Foundation's Memorandum and Articles of Association, the Companies Act 2006 and "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 2019)".

Objectives and activities

The Foundation's objects are to provide funds for projects, fellowships and equipment to researchers studying the genetic basis for the common chronic diseases for developed countries and to support studies using twins to uncover clues about causes and risk factors of diseases

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

Grants provided are, in the main, awarded to the Department of Twin Research and Genetic Epidemiology, King's College London (KCL), with the results of each study being monitored by the Foundation's trustees. The results of these studies advance the medical profession as a whole and as such benefit all areas of society.

When the Foundation makes an award, it reserves the right, without notice, to terminate it should it so wish. In such a case, the Foundation will reimburse the Institution for expenditure properly and reasonably incurred under the award up to the termination date but will not be responsible for claims for compensation for which the Institution may be liable as an employer.

Achievements and performance

The Foundation received an award of £464,801 (plus an administration fee of 5%) in 2014/2015 from the Denise Coates Foundation for the project CDRF-9/2016 "The urinary microbiome and its relation to morbidity in older people". A total of £342,881 was paid for the project to April 2020 to Kings College London. This is shown as restricted funds in the accounts.

The Foundation received from the Denise Coates Foundation in 2018/2019 an award of £701,673 to fund the establishment of a Microbiome Laboratory, plus £650,000 (plus an additional 5% administration fee) to perform DNA extraction of stored samples and fund the cost of sequencing those samples - CDRF-17/2018. The awards will run until August 2022 for an equivalent of £377,918 per annum.

In addition, the Foundation received an award of £321,088 (plus an administration fee of 5%) in 2019 from the Denise Coates Foundation for the fellowship, CDRF-18/2019 "Targeting the gut microbiome and its metabolites to improve cardiovascular outcomes" equivalent to £80,272 per annum.

The Foundation also received in 2019 from the Denise Coates Foundation an award of £704,687 (plus an administration fee of 5%) for the project, CDRF-19/2019 "Using the faecal metabolomics and serum glycomics to unravel the microbiome inflammatory pathways causative of cardiovascular disease" equivalent to £234,896 per annum.

The Denise Coates Foundation has pledged to fund the Foundation an annual amount of £250,000 over a five-year period per annum (plus an administration fee of 5%). The Year 4 Grant was paid on 1st April 2020.

THE CHRONIC DISEASE RESEARCH FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

These funds have been used for the following grants:

- CDRF-10/2017 “Exploring the cardio-metabolic health associated with the faecal metabolome” – an amount of £148,422 over 4.5 years. Equivalent to £32,987 per annum. The amount of £19,505 was paid to April 2020.
- CDRF-11/2017 ‘Utilising omega 3 and fibre to improve metabolic health’ – an amount of £155,234 over 4 years. Equivalent to £38,809 per annum. The amount of £86,464 was paid to April 2020.
- CDRF-12/2017 “A statistical framework for personalised nutrition recommendations based on genetic and anthropometric data” – an amount of £87,844 over 3 years. Equivalent to £29,281 per annum. The amount of £48,559 was paid to April 2020.
- CDRF-13/2018 “Gut microbiome modulation of fasting glucose homeostasis and postprandial glycaemic response in TwinsUK and PREDICT: Towards personalised diet for healthy ageing” – an amount of £147,494 over 3 years. Equivalent to £49,165 per annum. The amount of £129,943 was paid to April 2020.
- CDRF-14/2018 “Changes in peripheral blood mononuclear (PBMC) immunophenotypes during immunotherapy for stage 4 melanoma with correlations with gut microbiome, clinical responses and side effect profiles (PRIMM study) – an amount of £9,400 for a pilot study. The amount was paid in full.
- CDRF-15/2018 “Influence of the gut microbiome on inter-individual differences in blood pressure at fasting and in response to a combined glycaemic and lipaemic test meal challenge” – an amount of £149,999 over 4 years. Equivalent to £37,499 per annum. The amount of £32,061 was paid to April 2020.
- CDRF-16/2018 “Assessing the role of long and short-term food choices on gut microbiome-induced visceral fat mass accumulation” – an amount of £142,923. Equivalent to £40,835 per annum. The amount of £80,421 was paid to April 2020.
- CDRF-20/2020 “Targeted metabolomics of urine samples to understand the role of the gut microbiota in food polyphenol metabolism” – an amount of £9,990. A pilot study. None was paid to April 2020.

The total commitments over the next 12 months are £206,952. The Denise Coates Foundation pledge will cover that commitment and if for any reason, they do not honour their commitment, there are sufficient funds available to cover the cost of these awards.

Financial review

The results for the year show a surplus of £999,095 (2019: deficit of £72,499). The closing Net Assets were £2,539,050 (£2019: £1,539,955).

The Trustees’ policy regarding free reserves is to set a minimum for such reserves equal to approximately three months’ projected management and administrative expenditure. The Trustees aim to achieve this by judicious management of resources.

Using this reserves policy, the Foundation needs to have reserves of above £15,060 based on the 2020 administration costs. At the end of the year, unrestricted funds amount to £140,804, which is well in excess of this level.

Excess funds will be carried forward to be used for future grant awards at the trustees’ discretion.

The Foundation’s primary source of income is grants received, along with a small amount of interest income.

The Foundation raised £379 in donations from private donors.

THE CHRONIC DISEASE RESEARCH FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

The Trustees' investment policy is governed by the Memorandum and Articles of Association which permit the funds available to be invested in a wide range of securities and assets.

The Trustees' investment policy is to aim for safety commensurate with immediate and planned spending requirements. Accordingly, funds are held as cash balances and not invested.

The Trustees will continue to manage the Foundation's investments in conformity with the policy and its constitution. They are averse to risk and surplus funds will presently be held on deposit.

The Foundation's cash-flow situation is comfortable, but the Trustees want any excess funds to be invested wisely and will be considering the option of investing the funds. Currently excess funds are held in the Shawbrook 60-day account which pays 0.90% p.a. interest and the Shawbrook 1-year fixed saver which pays 1.39% p.a. interest.

The trustees are responsible for the management of the risks faced by the Foundation.

All major risks to which the Foundation is exposed have been reviewed and systems have been established to mitigate these risks.

Structure, governance and management

The Foundation is a company limited by guarantee and was established by its Memorandum and Articles of Association. It is registered with the Charity Commission under charity number 1186102 and is registered with Companies House under the company number 12266787.

The incorporated charity took over the activities of the previously unincorporated charity on 17 March 2020.

The Foundation's governing instrument is its Memorandum and Articles of Association which allow for any activities covered by the Foundation's objectives, with no specific restrictions.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr M Benaim	(Appointed 16 October 2019)
Dr E Bochukova	(Appointed 17 October 2019)
Dr J Bristow	(Appointed 17 October 2019)
Mr N S Pike	(Appointed 16 October 2019)
Mr M D B Simon	(Appointed 16 October 2019)
Dr E Stonehill	(Appointed 16 October 2019)

Appropriately qualified people are selected according to requirements at the time of appointment, such as scientific or medical knowledge in the field of research in which the Foundation is interested, as well as legal and commercial knowledge. As part of the induction programme, the Trustees are provided with a copy of the Memorandum and Articles of Association and a copy of the past 3 years' accounts. The aims and goals of the Foundation are explained to newly appointed Trustees by the Foundation's Medical Director.

The management of the Foundation is the responsibility of the Trustees who are appointed under the terms of the Memorandum and Articles of Association. The Trustees meet regularly to discuss and implement policy.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Auditor

Plummer Parsons were appointed as auditor to the company and a resolution proposing that they be re-appointed will be put at a General Meeting.

THE CHRONIC DISEASE RESEARCH FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 5 APRIL 2020*

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.

Mr M Benaim

Trustee

Dated: 2 November 2020

Mr N S Pike

Trustee

Dated: 2 November 2020

THE CHRONIC DISEASE RESEARCH FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 5 APRIL 2020

The trustees, who are also the directors of The Chronic Disease Research Foundation for the purpose of company law, 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).

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 Foundation and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 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 Foundation will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation 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 Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE CHRONIC DISEASE RESEARCH FOUNDATION

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE CHRONIC DISEASE RESEARCH FOUNDATION

Opinion

We have audited the financial statements of The Chronic Disease Research Foundation (the 'Foundation') for the year ended 5 April 2020 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 5 April 2020 and of its 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 Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Uncertainty relating to the U.K. withdrawal from the European Union

At the date of this report, there exists considerable uncertainty concerning the possible effect of withdrawal of the U.K from the European Union ("Brexit"). We are required as auditors to assess the reasonableness of any estimates and assumptions made by the trustees, the adequacy of disclosures made and the appropriateness of the going concern basis applied in preparing the financial statements. We are however unable to predict all the possible future implications for the charity of this most significant shift in the future trading and economic environment.

Uncertainty relating to the impact of Coronavirus (Covid-19)

At the date of this report, there exists considerable uncertainty regarding the potential impact of the Coronavirus and the economic consequences, both within the U.K. and overseas, which may result from government policies to contain the spread. The duration and geographical extent of any possible lockdown or future government policies are unknown. We are required as auditors to assess the reasonableness of any estimates and assumptions made by the trustees, the adequacy of disclosures made and the appropriateness of the going concern basis applied in preparing the financial statements. We are consequently unable to predict what the economic consequences may be and the impact on the charity's ability to continue its activities.

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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Foundation'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.

THE CHRONIC DISEASE RESEARCH FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE CHRONIC DISEASE RESEARCH FOUNDATION

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the Foundation for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Other matter

The comparative financial statements are unaudited.

THE CHRONIC DISEASE RESEARCH FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE CHRONIC DISEASE RESEARCH FOUNDATION

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Plummer Parsons

2 November 2020

**Chartered Accountants
Statutory Auditor**

18 Hyde Gardens
Eastbourne
East Sussex
BN21 4PT

Plummer Parsons is eligible for appointment as auditor of the Foundation by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

THE CHRONIC DISEASE RESEARCH FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 5 APRIL 2020

Current financial year

		Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Total 2019 £
	Notes				
<u>Income from:</u>					
Donations and legacies	3	379	1,339,567	1,339,946	945,304
Investments	4	24,740	-	24,740	6,438
Total income		<u>25,119</u>	<u>1,339,567</u>	<u>1,364,686</u>	<u>951,742</u>
<u>Expenditure on:</u>					
Charitable activities	5	-	365,591	365,591	1,024,241
Net income/(expenditure) for the year/ Net movement in funds		<u>25,119</u>	<u>973,976</u>	<u>999,095</u>	<u>(72,499)</u>
Fund balances at 6 April 2019		<u>115,685</u>	<u>1,424,270</u>	<u>1,539,955</u>	<u>1,612,454</u>
Fund balances at 5 April 2020		<u><u>140,804</u></u>	<u><u>2,398,246</u></u>	<u><u>2,539,050</u></u>	<u><u>1,539,955</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE CHRONIC DISEASE RESEARCH FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 5 APRIL 2020

Prior financial year

		Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
	Notes			
<u>Income from:</u>				
Donations and legacies	3	304	945,000	945,304
Investments	4	6,438	-	6,438
Total income		<u>6,742</u>	<u>945,000</u>	<u>951,742</u>
<u>Expenditure on:</u>				
Charitable activities	5	-	1,024,241	1,024,241
Net income/(expenditure) for the year/ Net movement in funds		6,742	(79,241)	(72,499)
Fund balances at 6 April 2018		108,943	1,503,511	1,612,454
Fund balances at 5 April 2019		<u>115,685</u>	<u>1,424,270</u>	<u>1,539,955</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE CHRONIC DISEASE RESEARCH FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT 5 APRIL 2020

	Notes	2020 £	£	2019 £	£
Current assets					
Cash at bank and in hand		3,375,640		2,306,399	
Current liabilities	10	(836,590)		(766,444)	
Net current assets		<u>2,539,050</u>		<u>1,539,955</u>	
Income funds					
Restricted funds	11	2,398,246		1,424,270	
Unrestricted funds		140,804		115,685	
		<u>2,539,050</u>		<u>1,539,955</u>	

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 5 April 2020, although an audit has been carried out under section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 2 November 2020

Mr M Benaim
Trustee

Mr N S Pike
Trustee

Company Registration No. 12266787

THE CHRONIC DISEASE RESEARCH FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 5 APRIL 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	15	1,044,501		1,283,303	
Investing activities					
Interest received		24,740		6,438	
Net cash generated from investing activities		<u>24,740</u>		<u>6,438</u>	
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents		<u>1,069,241</u>		<u>1,289,741</u>	
Cash and cash equivalents at beginning of year		2,306,399		1,016,658	
Cash and cash equivalents at end of year		<u><u>3,375,640</u></u>		<u><u>2,306,399</u></u>	

THE CHRONIC DISEASE RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2020

1 Accounting policies

Charity information

The Chronic Disease Research Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is 4 Bedford Row, London, WC1R 4TF.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Foundation's Memorandum and Articles of Association, the Companies Act 2006 and "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 2019)". The Foundation is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Foundation. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Chronic Disease Research Foundation is a member of the umbrella organisation, the Association of Medical Research Charities.

1.2 Going concern

At the date of this report, there exists considerable uncertainty regarding the potential impact of the Coronavirus and the economic consequences, both within the U.K. and overseas, which may result from government policies to contain the spread. The duration and geographical extent of any possible lockdown or future government policies are unknown. Whilst we are unable to predict what the economic consequences may be and the impact on the charity's future ability to continue trading, we have continued to use the going concern basis as appropriate in the preparation of these accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Foundation.

1.4 Income

Income is recognised when the Foundation is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Foundation has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Foundation has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

THE CHRONIC DISEASE RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

1 Accounting policies

(Continued)

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Expenditure

Grants provided are, in the main, awarded to various departments of Kings College London (KCL). The research and fulfilment of the project is undertaken by KCL, with the results of each study being monitored by the Foundation's trustees. The results of these studies advance the medical profession as a whole and as such benefit all areas of society.

When the Foundation makes an award, it reserves the right, without notice, to terminate it should it so wish. In such a case, the Foundation will reimburse the Institution for expenditure properly and reasonably incurred under the award up to the termination date but will not be responsible for claims for compensation for which the Institution may be liable as an employer.

Grants are recognised in the accounts when the Foundation is committed to making the payment, based on the requirements of each grant agreement.

Support/governance costs are those that related to the running of the Foundation and fulfilling its statutory obligations. These costs are recognised when incurred.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Foundation's contractual obligations expire or are discharged or cancelled.

THE CHRONIC DISEASE RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

2 Critical accounting estimates and judgements

In the application of the Foundation's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020 £	2020 £	2020 £	2019 £	2019 £	2019 £
Donations and gifts	379	-	379	304	-	304
Grants	-	1,339,567	1,339,567	-	945,000	945,000
	<u>379</u>	<u>1,339,567</u>	<u>1,339,946</u>	<u>304</u>	<u>945,000</u>	<u>945,304</u>

4 Investments

	Unrestricted funds	Unrestricted funds
	2020 £	2019 £
Interest receivable	24,740	6,438
	<u>24,740</u>	<u>6,438</u>

5 Charitable activities

	Charitable Expenditure 2020 £	Charitable Expenditure 2019 £
Grant funding of activities (see note 6)	305,348	994,634
Share of governance costs (see note 7)	60,243	29,607
	<u>365,591</u>	<u>1,024,241</u>

THE CHRONIC DISEASE RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

6 Grants payable

	Charitable Expenditure 2020 £	Charitable Expenditure 2019 £
Grants to institutions:		
Role of urinary microbiome in relation to Morbidity in Older People	108,682	108,845
Role of the cardi-metabolic health associated faecal metabolome	-	8,007
Utilising Omega 3 and Fibre to improve metabolic health: a proof of concept nutritional intervention study targeting the Gut Microbiome	-	76,329
A statistical framework for personalised nutrition recommendations based on genetic and anthropometric data	16,976	22,645
Gut microbiome modulation of fasting glucose homeostasis and postprandial glycaemic response in TwinsUK and PREDICT: towards personalised diet for healthy aging	57,808	72,135
Changes in peripheral blood mononuclear cell (PBMC) immunophenotypes during immunotherapy for stage 4 melanoma	9,400	-
Influence of the gut microbiome on inter-individual differences in blood pressure at fasting and in response to a combined glycaemic and lipaemic test meal challenge	32,061	-
Assessing the role of long and short-term food choices on gut microbiome-induced visceral fat mass accumulation	80,421	-
Microbiome Laboratory	-	701,673
Other	-	5,000
	<u>305,348</u>	<u>994,634</u>

All except one of the above grants were made to Kings College, London. The remaining grant of £9,400 was made to an NHS Trust.

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THE CHRONIC DISEASE RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

7 Support costs

	Support costs	Governance costs	2020	Support costs	Governance costs	2019
	£	£	£	£	£	£
Audit fees	-	7,200	7,200	-	-	-
Accountancy	-	5,500	5,500	-	3,840	3,840
Legal and professional	-	29,077	29,077	-	18,966	18,966
Management expenses	-	18,376	18,376	-	6,707	6,707
Bank charges	-	90	90	-	94	94
	<u>-</u>	<u>60,243</u>	<u>60,243</u>	<u>-</u>	<u>29,607</u>	<u>29,607</u>
	<u><u>-</u></u>	<u><u>60,243</u></u>	<u><u>60,243</u></u>	<u><u>-</u></u>	<u><u>29,607</u></u>	<u><u>29,607</u></u>
Analysed between						
Charitable activities	-	60,243	60,243	-	29,607	29,607
	<u><u>-</u></u>	<u><u>60,243</u></u>	<u><u>60,243</u></u>	<u><u>-</u></u>	<u><u>29,607</u></u>	<u><u>29,607</u></u>

Governance costs includes payments to the auditors of £7,200 for audit fees (2019- £650 for Independent Examination fees) and £5,500 for other services (2019 - £3,190).

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration, reimbursement of expenses or benefits from the Foundation during the year.

9 Employees

There were no employees during the year.

THE CHRONIC DISEASE RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

10 Current liabilities

	2020 £	2019 £
Trade payables	822,958	701,673
Accruals and deferred income	13,632	64,771
	<u>836,590</u>	<u>766,444</u>

Trade creditors includes £701,673 towards the cost of a new Microbiome Laboratory at Kings College London. The work has been completed, but details of the amounts payable are yet to be received. A creditor has therefore been included for the anticipated amount.

Accruals includes £4,272 (2019: £59,010) towards project expenditure incurred but not invoiced until after the year end.

Contingent liabilities

At the end of the year, the Foundation has agreed to make further grants of up to £2,270,669 to various projects. The timing of these payments is not yet known.

Some of the grants received contain a claw-back clause if all of the grant conditions are not followed. The trustees do not anticipate that these clauses should be enacted and will do everything in their power to ensure that the terms are adhered to.

THE CHRONIC DISEASE RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

11 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds				Balance at 5 April 2020 £
	Balance at 6 April 2018 £	Incoming resources £	Resources expended £	Balance at 6 April 2019 £	Incoming resources £	Resources expended £	Transfers £	
Urinary microbiome	337,979	-	(130,633)	207,346	-	(108,682)	21,788	120,452
Laboratory	701,673	650,000	(701,673)	650,000	-	-	-	650,000
Microbiome research projects	452,499	250,000	(162,328)	540,171	250,000	(196,666)	(21,788)	571,717
Gut microbiome	-	-	-	-	1,025,779	-	-	1,025,779
Administration	11,360	45,000	(29,607)	26,753	63,788	(60,243)	-	30,298
	<u>1,503,511</u>	<u>945,000</u>	<u>(1,024,241)</u>	<u>1,424,270</u>	<u>1,339,567</u>	<u>(365,591)</u>	<u>-</u>	<u>2,398,246</u>

The Urinary Microbiome fund relates to the restricted income and expenditure towards a project relating to the Urinary microbiome and its relation to morbidity in older people. Funding for the project included £23,200 to be used towards the foundations administration costs.

The Laboratory fund consists of amounts received with the restricted purpose of funding the cost of equipping and operating a laboratory for 4 years.

The Microbiome research projects fund is for the support of activities relating to the study of the Microbiome and aging.

The Gut microbiome fund relates to projects evaluating the effect of gut microbiomes on cardiovascular outcomes.

The Administration fund relates to the amounts that have been received with the propose of being used to cover the foundations administration costs.

The inter-fund transfer during the year is to adjust for previous expense allocations which have been revised.

THE CHRONIC DISEASE RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

12 Analysis of net assets between funds

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
Fund balances at 5 April 2020 are represented by:						
Current assets/ (liabilities)	140,804	2,398,246	2,539,050	115,686	1,424,269	1,539,955
	<u>140,804</u>	<u>2,398,246</u>	<u>2,539,050</u>	<u>115,686</u>	<u>1,424,269</u>	<u>1,539,955</u>

13 Related party transactions

Transactions with related parties

During the year the Foundation entered into the following transactions with related parties:

During the year, £29,077 was charged by Collyer Bristow for administration and other legal services and the amount of £8,802 remained outstanding at the year end. (2019: £19,141, of which £2,641 was outstanding). Mr M D B Simon, trustee, is a partner of Collyer Bristow.

Expenditure in the year includes £295,948 to projects of which Prof Tim Spector (Medical Director) is the lead researcher. A further £2,270,669 has been approved for payment to projects led by Prof Spector and this is contained in Contingent liabilities (2019: £730,922 paid with £832,565 in Contingent liabilities).

In June 2018, the charity was granted an option agreement, to buy £43,242 shares in Zoe Global Limited, at any point in the subsequent 15 years. The Foundation's Medical Director, Prof Tim Spector, is one of the Founders of Zoe Global Limited. At the end of the year, the value of these share options couldn't be quantified, as the company is still in the very early stages and the Foundation doesn't expect to exercise its options within the next two years. The trustees will re-assess this at each subsequent year end.

THE CHRONIC DISEASE RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2020

14 Merger accounting

On 17 March 2020 the company took over the activities of the unincorporated Chronic Disease Research Foundation (charity number: 1055375). These activities are being continued in full and the provision in relation to merger accounting have been applied in accordance with the FRS102 SORP. As such, the accounts of the previous charity have been included as comparatives, to demonstrate the continuation of activities.

15 Cash generated from operations	2020 £	2019 £
Surplus/(deficit) for the year	999,095	(72,499)
Adjustments for:		
Investment income recognised in statement of financial activities	(24,740)	(6,438)
Movements in working capital:		
(Increase)/decrease in trade and other receivables	-	701,672
Increase in trade and other payables	70,146	660,568
Cash generated from operations	<u>1,044,501</u>	<u>1,283,303</u>

16 Analysis of changes in net funds

The Foundation had no debt during the year.