

Company registration number: 03936652 (England & Wales)
Charity registration number: 1090320

**North West Lung Centre
Group Strategic Report,
Report of the Trustees and
Consolidated Financial Statements
For the year ended 31 March 2023**

North West Lung Centre
Consolidated Financial Statements
For the year ended 31 March 2023

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North West Lung Centre
Reference and Administrative details
For the year ended 31 March 2023

Company registration number	03936652
Charity registration number	1090320
Trustees	Professor J Vestbo Mr J H Alcock Dr A M Jones Professor C S Murray Mr A K Webb Dr H Badri Dr L A Brown
Company secretary	Professor J Vestbo
Registered office & principal address	The Langley Building Southmoor Road Wythenshawe Manchester M23 9QZ
Auditors	Warr & Co Limited Chartered Accountants and Statutory Auditors Mynshull House 78 Churchgate Stockport SK1 1YJ
Solicitors	Davis Blank Furniss Units 13-15 Brewery Yard Deva City Office Park Trinity Way Manchester M2 7BD
Bankers	Royal Bank of Scotland Plc 467 Wilmslow Road Withington Manchester M20 4AN
Investment managers	Investec Wealth & Investment Management Ltd 2 nd Floor, 3 Hardman Street Spinningfields Manchester M3 3HF

North West Lung Centre Trustees Annual Report For the year ended 31 March 2023

The trustees who are also directors of the charitable company for the purposes of the Companies Act 2006, present their report and the audited financial statements of the charity and the group for the year ended 31 March 2023. The trustees have adopted the provisions of 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).

Trustees of the charity

The trustees who have served during the year and since the year end were as follows:

Professor J Vestbo
Mr J H Alcock
Dr A M Jones
Professor C S Murray
Mr A K Webb
Dr H Badri
Dr L A Brown (Appointed 18/07/2023)

Objectives and activities

The objects of the charity are:

- To promote research into the causes and treatment of human diseases and disseminate the same to the public.
- To engage in research and development of respiratory medicines and general medicines for use in connection with the treatment referred to above.
- To promote the health and wellbeing of patients with respiratory or related diseases.

Through its close involvement with Manchester University NHS Foundation Trust (Wythenshawe) and in particular the North West Lung Research Centre, the Charity seeks to promote and assist in funding research into lung disease in the North West of England. It seeks to do this by identifying worthwhile and relevant research projects and supporting these financially using funds donated directly as well as those donated by its subsidiary companies.

Public benefit statement

The trustees have considered the Charity Commission guidance on public benefit and consider that the objectives and activities of the charity provide a public benefit in that they contribute to the advancement of public health with a specific focus on the North West of England.

Strategic Report

Achievements and performance

The Charity's principal subsidiary, Medicines Evaluation Unit Ltd (MEU), has had another excellent year and the activities continue to grow. The company's turnover for the year ended 31st March 2023 was £17,573,750 and it has been in a position to donate £1,100,000 to the Charity. The company operates a thirty-six bed facility following the completion of its £1.2 million extension 10 years ago and plans are in place to expand the facility further over the next few years.

The Charity continues to provide infrastructure support for respiratory research at the North West Lung Research Centre, Manchester University NHS Foundation Trust, the University of Manchester, and from 2017 also the Respiratory Team of the NIHR Manchester Biomedical Centre, as well as support for projects and posts. Not least the latter has enabled several of the current University faculty to start and/or accelerate their research and has therefore often led to attraction of further substantial funding. With the growing revenue of the Charity's principal subsidiary, Medicines Evaluation Unit Ltd (MEU), there are ongoing discussions on larger strategic research investments (people or equipment) as part of the Charity's future strategy.

**North West Lung Centre
Trustees Annual Report
For the year ended 31 March 2023**

**Strategic Report
Achievements and performance- continued**

The funding awarded this year supports:

1. Continued research using the dedicated research MRI scanner for cardiorespiratory research at Wythenshawe Hospital. The scanner was originally set up with the help of a Charity donation of £500k as well as funding from the British Heart Foundation, as well as a private donor, the University of Manchester, and the Manchester University Hospital NHS Foundation Trust. The scanner provides an excellent basis for collaborative respiratory and cardiac research.

2. A laboratory technician and a research manager – who work as part of a team of four technicians providing close to patient sample handling and downstream processing for most of the research projects undertaken in the NWLC including The Manchester Asthma and Allergy Study (MAAS), UBIOPRED, Airprom, Manchester Allergy, Respiratory and Thoracic Surgery Biobank (ManARTS, previously ManRAB), studies conducted within the NIHR Manchester Clinical Research Facility in addition to studies in Idiopathic Pulmonary Fibrosis and COPD.

In the last few years several COVID studies carried out in collaboration between clinical researchers at Wythenshawe Hospital and researchers at the University's renowned Lydia Becker Institute of Immunology and Inflammation have been carried out here.

3. Pickering Fellowship – The Charity has over the years part funded a senior post for a clinical academic as a bridge to securing an external fellowship. The Charity is currently supporting four such posts. One post has been taken up by a researcher studying neuronal mechanisms underlying occupational asthma; this fellowship is also the first to link research ongoing at both Wythenshawe Hospital and North Manchester Hospital. Another studies proteomics in CF and non-CF bronchiectasis, a frequent area of respiratory medicine that has previously been neglected but which we see as a need and an area we want to expand in Manchester. A third has just started research in interstitial lung diseases. And the fourth in respiratory immunological mechanisms.

The Charity is very proud of the fellowships. We believe they are an important way of growing new respiratory academics and previous Pickering fellows have all gone on to do well in respiratory research, securing significant external funding and clinical academic posts within the NHS and University.

4. A PhD student analysing findings from the Manchester Early Detection of Lung Cancer programme. This work is led by Professor Phil Crosbie – who himself initiated his research career as a Pickering Fellow. The Manchester approach to lung cancer screening using mobile scanner facilities and combining with screening for other chronic lung diseases is set to be the model used by NHS England when lung cancer screening goes nationwide.

5. Laboratory consumable and equipment support – providing funding for shared consumables, equipment maintenance contracts, repair and replacement.

6. A research assistant to provide support in the creation and maintenance of databases.

7. To continue and grow Volatile organic compound work, established in the AMR building at Wythenshawe hospital, a grant of £375k over 3 years will be given to provide one post-doc and 2 other members of staff will be given.

8. Salaries for one research nurse and 2 research practitioners, to work on acute respiratory event research as part of the BRC Respiratory theme (infection, asthma and COPD).

9. Support for 2 experimental medicine studies into long covid, one in children and one in adults.

**North West Lung Centre
Trustees Annual Report
For the year ended 31 March 2023**

**Strategic Report
Achievements and performance- continued**

10. Support towards administrative staff salaries for respiratory research theme, to increase productivity of key researchers.

11. Salary support for a senior research nurse in the asthma program for 30 months.

12. 12 months' salary for post-doc clinical engineer within the respiratory symptoms theme, app 59k.

13. The charity put out a call for application in August 2022 for small project grants (£50K each). The Scientific Committee met on 16/01/23 to discuss applications from the October 2022 project grant call. We had 16 applications all of high quality. The following 8 grants were approved for funding:

a) Development of a patient centred, patient reported outcome measure (PROM) for patients with Inducible Laryngeal Obstruction (ILO). £7711.17 will be available from 1/8/23 for 24 months.

b) Use of a unique and realistic lung macrophage model to investigate disease and therapy of cystic fibrosis bacterial pathogens. of £25,000 will be available from 1/4/23 for 24 months.

c) A multiomics biomarker discovery study in IPF. £50,000 will be available from 1/4/23 for 20 months.

d) Investigating the role of IL-13 in susceptibility to viral infection in COPD. £25,665 will be available from 1/4/23 for 12 months.

e) Neural Correlates of Low Dose Opioid Therapy in Refractory Chronic Cough. £48,771 will be available from 1/7/23 for 18 months.

f) Resolving monocyte and monocyte-derived macrophage extracellular matrix cross-talk and dysregulation: identification of novel biomarker-guided precision treatment targets for Idiopathic Pulmonary Fibrosis. £50,000 will be available from 1/4/23 for 24 months.

g) Investigating the mechanism of beta-lactam allergy—an essential step in developing better diagnostic test and treatment. £49,797 will be available from 1/4/23 for 12 months.

h) Analysis of mast cell signatures and inhibitory receptor expression to guide new drug applications in asthma and COPD. £27,492 00 will be available from 1/4/23 for 18 months.

The charity is funding four ongoing awards which have been nominated by the directors of Medicines Evaluation Unit Limited. Income received in prior years for these awards which has not been paid to the recipients amounts to £632,082 and is held in restricted funds in the accounts. The awards focus on studies of bacterial persistence in COPD.

**Strategic Report
Financial review**

The group accounts reflect a net increase in funds during the year of £2,786,832 (2022 £4,134,555). At the year end, the group's reserves totalled £30,327,064 (2022 £27,540,231).

There were unrealised losses on the Charity's investment portfolio of £85,091 (2022 gains £76,163) and realised losses of £35,608 (2022 £76,734) on investment disposals. The net loss on the Charity's investment portfolio amounted to £49,483 (2022 £571). Investment income at £16,642 compares with £16,301 received in the previous accounting year.

Reserves policy

It is the trustees policy to maintain sufficient reserves to enable the Charity to continue to support studies of lung disease at the Manchester Foundation Trust – Wythenshawe Hospital Site. In particular, the funding of technicians salaries underpinning the major 10-15 year study of prospective longitudinal epidemiological studies into the development of lung disease. In addition, the trustees seek to maintain unrestricted reserves at a level that will enable them to contribute to other related studies whenever possible.

**North West Lung Centre
Trustees Annual Report
For the year ended 31 March 2023**

Investment powers and policy

Under the Articles of Association the trustees have the power to make any investments on behalf of the Charity that they see fit. In considering investment decisions the trustees make due consideration of social, environmental and ethical matters.

Future plans

Following the COVID-19 pandemic, the Charity has seen an increase in research studies and results from the non-costed extensions already funded by the Charity.

The trustees are currently involved in ongoing discussions regarding competitive bids for PhD projects including clinical and non-clinical applications as part of the Charity's future strategy. Additional applications to fund smaller research projects will be divided "early career investigators" and "standard applications".

We anticipate that future Pickering Fellowships will be available for application in 2024.

Small travel grants will be made available in 2023-24 for early career researcher to apply to attend National and International conferences to present their work.

Structure, governance and management

Governing Document

North West Lung Centre is a charitable company limited by guarantee, incorporated on 29 February 2000 and registered as a charity on 30 January 2002. The governing document is the company's Memorandum and Articles of Association.

Recruitment and appointment of Trustees

New trustees are appointed following recommendation from the existing trustees. Under the requirements of the Memorandum and Articles of Association, one third of the trustees shall retire by rotation at each Annual General Meeting. If the resulting vacancies are not filled, then the retiring trustees are, providing they are willing to act, deemed to be reappointed unless the meeting resolves not to fill the vacancies.

Trustee induction and training

All existing trustees are familiar with the work of the charity, new trustees are assisted and encouraged to make themselves aware of the operation of the Charity and the context within which it operates. In particular:

- The obligations of trustees and directors.
- The main documents which set out the operational framework for the charity including the Memorandum and Articles of Association.
- Resourcing and the current financial position as set out in the latest published accounts.
- Future plans and objectives.

Risk Management

The trustees have conducted a review of the major risks to which the charity is exposed. Where appropriate, systems of procedures have been established to mitigate the risks the charity face.

Organisation

The trustees are responsible for the strategic direction and policy of the charity, and the management of the day-to-day activities of the charity. The Articles dictate that there shall be a minimum of three trustees but there is no prescribed maximum.

The liabilities of the members is limited. In winding up each member shall be required to contribute an amount not exceeding £10. Application for membership of the Charity must be approved by the trustees and the number of members shall not be less than two.

**North West Lung Centre
Trustees Annual Report
For the year ended 31 March 2023**

Related Parties

The Charity owns 84.92% of the share capital of Medicines Evaluation Unit Limited and 69.87% of the share capital of CROS Solutions Limited. Medicines Evaluation Unit Limited is a company principally engaged in evaluating medicines for the pharmaceuticals industry. CROS Solutions Limited is a clinical research organisation.

Statement of trustees' responsibilities

The trustees (who are also the directors of North West Lung Centre for the purposes of company law) are responsible for preparing the Report of the trustees, including the group strategic 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 period which show a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period. In preparing those accounts 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 accounts; 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 adequate accounting records which disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

We, the trustees of the charitable company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Warr & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

Signed on behalf of the board on 30 January 2024



Prof. C Murray
Trustee and Board Secretary

Independent Auditor's Report to the Members of North West Lung Centre

For the year ended 31 March 2023

Opinion

We have audited the financial statements of North West Lung Centre (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated statement of financial activities, Company statement of financial activities, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement, Company cash flow statement and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company affairs as at 31 March 2023 and of the group's surplus 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information in the Report of the trustees, but does not include the financial statements and our Report of the auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report to the Members of North West Lung Centre For the year ended 31 March 2023

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page six, the trustees, who are also directors of the parent charitable company 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 a Report of the auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Independent Auditor's Report to the Members of North West Lung Centre For the year ended 31 March 2023

Auditors' responsibilities for the audit of the financial statements

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations were as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with the trustees and other management and review of appropriate industry knowledge;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by;

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we;

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- undertook substantive testing on a sample basis;
- reviewed the application of accounting policies with focus on those with heightened estimation uncertainty.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to;

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

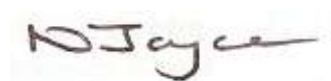
Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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

**Independent Auditor's Report to the Members of North West Lung Centre
For the year ended 31 March 2023**

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the auditors 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.



Nicola Joyce ACA, FCCA (Statutory Senior Auditor)
for and on behalf of Warr & Co Limited
Chartered Accountants & Statutory Auditors
Mynshull House
78 Churchgate
Stockport
Sk1 1YJ

Dated 31 January 2024

North West Lung Centre
Consolidated Statement of Financial Activities
(Including an Income and Expenditure Account)
For the year ended 31 March 2023

	<i>Note</i>	Unrestricted fund 2023 £	Restricted fund 2023 £	Total funds 2023 £	Total funds 2022 £
INCOME					
Donations and legacies	4	61,680	-	61,680	17,192
Other trading activities:					
Trading income	5	18,686,389	-	18,686,389	17,276,417
Other income	5	-	-	-	55,200
Income from investments	6	225,589	-	225,589	147,419
TOTAL INCOME		18,973,658	-	18,973,658	17,496,228
EXPENDITURE					
Expenditure on raising funds:					
Trading expenses		12,971,547	-	12,971,547	11,509,066
Investment management fees		11,730	-	11,730	12,540
Expenditure on charitable activities:					
Promotion of research	7	2,007,049	75,000	2,082,049	1,521,185
Governance costs	7	21,288	-	21,288	21,244
TOTAL RESOURCES EXPENDED		15,011,614	75,000	15,086,614	13,064,035
Net incoming resources before gains/(losses) on investments		3,962,044	(75,000)	3,887,044	4,432,193
Net gains/(losses) on investments		(454,256)	-	(454,256)	260,997
Net income before taxation		3,507,788	(75,000)	3,432,788	4,693,190
Taxation	11	342,263	-	342,263	359,168
Net movement in funds		3,850,051	(75,000)	3,775,051	5,052,358
Net movement in funds for the year is attributable to:					
- Parent charity		2,861,832	(75,000)	2,786,832	4,134,555
- Non-controlling interests		988,219	-	988,219	917,803
		3,850,051	(75,000)	3,775,051	5,052,358

North West Lung Centre
Consolidated Statement of Financial Activities
(Including an Income and Expenditure Account)
For the year ended 31 March 2023

	Unrestricted fund 2023 £	Restricted fund 2023 £	Total funds 2023 £	Total funds 2022 £
RECONCILIATION OF FUNDS				
Total funds brought forward at 1 April 2022	27,586,384	707,802	28,294,186	23,516,193
Net movement in funds for the year is attributable to:				
- Parent charity	2,861,832	(75,000)	2,786,832	4,134,555
- Non-controlling interests	988,219	-	988,219	917,803
- Dividends paid to non-controlling interests in subsidiary undertakings	(387,511)	-	(387,511)	(274,365)
Total funds carried forward at 31 March 2023	<u>31,048,924</u>	<u>632,802</u>	<u>31,681,726</u>	<u>28,294,186</u>

All income and expenditure derives from continuing activities.

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

North West Lung Centre
Company Statement of Financial Activities
(Including an Income and Expenditure Account)
For the year ended 31 March 2023

	<i>Note</i>	Unrestricted fund 2023 £	Restricted fund 2023 £	Total funds 2023 £	Total funds 2022 £
INCOME					
Donations and legacies	4	1,161,680	-	1,161,680	1,219,988
Income from investments	6	27,200	-	27,200	16,453
TOTAL INCOME		1,188,880	-	1,188,880	1,236,441
EXPENDITURE					
Expenditure on raising funds:					
Investment management fees		11,730	-	11,730	12,540
Expenditure on charitable activities:					
Promotion of research	7	2,007,049	75,000	2,082,049	1,521,185
Governance costs	7	21,288	-	21,288	21,244
TOTAL RESOURCES EXPENDED		2,040,067	75,000	2,115,067	1,554,969
Net incoming resources before gains/(losses) on investments		(851,187)	(75,000)	(926,187)	(318,528)
Net gains/(losses) on investments		(49,483)	-	(49,483)	(571)
Net movement in funds		(900,670)	(75,000)	(975,670)	(319,099)
Total funds brought forward at 1 April 2022		(59,308)	707,082	647,774	966,873
Total funds carried forward at 31 March 2023		(959,978)	632,082	(327,896)	647,774

North West Lung Centre
Consolidated Balance Sheet
For the year ended 31 March 2023

	<i>Note</i>	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Fixed assets					
Tangible assets	16	4,547,244	-	4,547,244	4,203,099
Investments	17	6,925,895	-	6,925,895	7,140,324
		<u>11,473,139</u>	<u>-</u>	<u>11,473,139</u>	<u>11,343,423</u>
Current assets					
Debtors	18	8,251,658	-	8,251,658	6,069,362
Cash at bank and in hand		21,373,473	632,082	22,005,555	17,016,060
		<u>29,625,131</u>	<u>632,082</u>	<u>30,257,213</u>	<u>23,085,422</u>
Creditors					
Amounts falling due within one year	19	7,981,455	-	7,981,455	5,101,235
		<u>21,643,676</u>	<u>632,082</u>	<u>22,275,758</u>	<u>17,984,187</u>
Net current assets					
		<u>33,116,815</u>	<u>632,082</u>	<u>33,748,897</u>	<u>29,327,610</u>
Total assets less current liabilities					
		<u>31,314,323</u>	<u>632,082</u>	<u>31,946,405</u>	<u>28,309,384</u>
Creditors					
Amounts falling due after more than one year	20	1,732,053	-	1,732,053	976,747
Provisions for liabilities	21	70,439	-	70,439	41,479
Total assets		<u>31,314,323</u>	<u>632,082</u>	<u>31,946,405</u>	<u>28,309,384</u>
Funds attributable to:					
- Parent charity		29,694,982	632,082	30,327,064	27,540,231
- Non-controlling interests		<u>1,619,341</u>	<u>-</u>	<u>1,619,341</u>	<u>769,153</u>
		<u>31,314,323</u>	<u>632,082</u>	<u>31,946,405</u>	<u>28,309,384</u>

The financial statements were approved and authorised for issue by the Board on 30 January 2024
Signed on behalf of the board of trustees



Prof. C Murray
Trustee



Mr A K Webb
Trustee

Company registration number 03936652

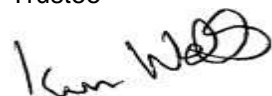
**North West Lung Centre
Company Balance Sheet
For the year ended 31 March 2023**

	Note	Unrestricted fund 2023 £	Restricted fund 2023 £	Total funds 2023 £	Total funds 2022 £
Fixed assets					
Investments	17	837,444	-	837,444	882,015
		<u>837,444</u>	<u>-</u>	<u>837,444</u>	<u>882,015</u>
Current assets					
Debtors	18	-	-	-	636
Cash at bank and in hand		2,341,919	632,082	2,974,001	2,328,035
		<u>2,341,919</u>	<u>632,082</u>	<u>2,974,001</u>	<u>2,328,671</u>
Creditors					
Amounts falling due within one year	19	2,407,288	-	2,407,288	1,586,165
		<u>(65,369)</u>	<u>632,082</u>	<u>566,713</u>	<u>742,506</u>
Net current assets					
		<u>772,075</u>	<u>632,082</u>	<u>1,404,157</u>	<u>1,624,521</u>
Total assets less current liabilities					
Creditors					
Amounts falling due after more than one year	20	1,732,053	-	1,732,053	976,747
		<u>(959,978)</u>	<u>632,082</u>	<u>(327,896)</u>	<u>647,774</u>
Total assets					
Funds					
Unrestricted funds				(959,978)	(59,308)
Restricted funds				<u>632,082</u>	<u>707,082</u>
				<u>(327,896)</u>	<u>647,774</u>

The financial statements were approved and authorised for issue by the Board on 30 January 2024
Signed on behalf of the board of trustees



Prof. C Murray
Trustee



Mr A K Webb
Trustee

Company registration number 03936652

North West Lung Centre
Consolidated Statement of Changes in Equity
For the year ended 31 March 2023

	Unrestricted funds	Restricted funds	Share capital	Share premium	Total fund balances
	£	£	£	£	£
At 1 April 2021	22,861,903	654,287	78	14,697	23,530,965
Changes in equity					
Net movement in funds	4,999,563	52,795	-	-	5,052,358
New shares issued	-	-	426	-	426
Dividends paid to Non-controlling interests	(274,365)	-	-	-	(274,365)
At 31 March 2022	<u>27,587,101</u>	<u>707,082</u>	<u>504</u>	<u>14,697</u>	<u>28,309,384</u>
Changes in equity					
Net movement in funds	3,850,052	(75,000)	-	-	3,775,052
Share premium and unpaid share capital recognised	-	-	-	249,480	249,480
Dividends paid to Non-controlling interests	(387,511)	-	-	-	(387,511)
At 31 March 2023	<u>31,049,642</u>	<u>632,082</u>	<u>504</u>	<u>264,177</u>	<u>31,946,405</u>

	Total controlling interest	Non-controlling interest	Total fund balances
	£	£	£
At 1 April 2021	23,405,676	125,289	23,530,965
Changes in equity			
Net movement in funds	4,134,555	917,803	5,052,358
New shares issued	-	426	426
Dividends paid to Non-controlling interests	-	(274,365)	(274,365)
At 31 March 2022	<u>27,540,231</u>	<u>769,153</u>	<u>28,309,384</u>
Changes in equity			
Net movement in funds	2,786,833	988,219	3,775,052
New shares issued	-	249,480	249,480
Dividends paid to Non-controlling interests	-	(387,511)	(387,511)
At 31 March 2023	<u>30,327,064</u>	<u>1,619,341</u>	<u>31,946,405</u>

North West Lung Centre
Company Statement of Changes in Equity
For the year ended 31 March 2023

	Unrestricted funds	Restricted funds	Total fund balances
	£	£	£
At 1 April 2021	312,586	654,287	966,873
Changes in equity			
Net movement in funds	<u>(371,893)</u>	<u>52,795</u>	<u>(319,098)</u>
At 31 March 2022	<u>(59,307)</u>	<u>707,082</u>	<u>647,775</u>
Changes in equity			
Net movement in funds	<u>(900,669)</u>	<u>(75,000)</u>	<u>(975,669)</u>
At 31 March 2023	<u>(959,976)</u>	<u>632,082</u>	<u>(327,894)</u>

North West Lung Centre
Consolidated Cash Flow Statement
For the year ended 31 March 2023

		2023	2022
		£	£
	<i>Note</i>		
Cash flows from operating activities			
Cash generated from operations	23	6,045,338	5,246,583
Interest paid		-	-
Government grants		-	-
Tax paid		-	-
Net cash from operating activities		6,045,338	5,246,583
Cash flows from investing activities			
Purchase of tangible fixed assets		(589,366)	(74,882)
Purchase of fixed asset investments		(2,320,338)	(3,445,301)
Sale of tangible fixed assets		-	2,750
Sale of fixed asset investments		2,080,511	1,452,045
Interest received		85,233	40,929
Dividends received		140,356	106,490
Net cash from investing activities		(603,604)	(1,917,969)
Cash flows from financing activities			
Amount withdrawn by directors		(92,376)	-
Share issued to non-controlling interests		(110,916)	426
Share premium recognised from non-controlling interests		138,564	-
Dividends paid to non-controlling interests		(387,511)	(274,365)
Net cash from financing activities		(452,239)	(273,939)
Increase/(decrease) in cash and cash equivalents		4,989,495	3,054,675
Cash and cash equivalents at beginning of year	24	17,016,060	13,961,385
Cash and cash equivalents at end of year	24	22,005,555	17,016,060

**North West Lung Centre
Company Cash Flow Statement
For the year ended 31 March 2023**

		2023	2022
		£	£
	<i>Note</i>		
Cash flows from operating activities			
Cash generated from operations	23	(476,322)	(577,785)
Tax paid		-	-
Net cash from operating activities		(476,322)	(577,785)
Cash flows from investing activities			
Purchase of fixed asset investments		(97,199)	(174,805)
Sale of fixed asset investments		92,287	171,044
Interest received		10,558	152
Dividends received		1,116,642	1,219,097
Net cash from investing activities		1,122,288	1,215,488
Increase/(decrease) in cash and cash equivalents		645,966	637,703
Cash and cash equivalents at beginning of year	24	2,328,035	1,690,332
Cash and cash equivalents at end of year	24	2,974,001	2,328,035

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

1 Statutory Information

North West Lung Centre is a private charitable company, limited by guarantee and registered in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office is given in the charity information on page one of these financial statements. The nature of the charity's operations and principal activities are detailed in the Trustees Report.

2 Accounting policies

Basis of preparing the financial statements

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006, the recommendations of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities (FRS 102) (effective 1 January 2019) and UK Generally Accepted Accounting Practice. The financial statements have been prepared on a going concern basis under the historical cost convention modified to the extent that listed investments are included at fair value.

The financial statements are presented in sterling, which is the functional currency of the company. All amounts stated are rounded to the nearest £1.

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

Group financial statements

These financial statements consolidate the results of the Charity and its subsidiaries, Medicines Evaluation Unit Limited and CROS Solutions Limited on a line by line basis..

All financial statements are made up to 31 March 2023. All inter-company transactions and balances between group companies are eliminated on consolidation.

Medicines Evaluation Unit Limited and CROS Solutions Limited have been included in the group financial statements using the purchase method of accounting. Accordingly, the group financial statements and statement of cash flows include the results and cash flows of both companies. The non-controlling interest of each company has been separately disclosed.

Going concern

The trustees recognise that the charity has future funding commitments that exceed the charitable company's reserves as an individual entity at the balance sheet date. When undertaking their assessment of the group's financial position they have considered the expected continuing positive cash flows to be generated by the subsidiary undertakings and are confident that there is a reasonable expectation that the group will have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of the financial statements. Thus, the group company has prepared the financial statements on a going concern basis.

Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Any capital gains or losses arising on the investments form part of the unrestricted fund. Investment management charges and legal advice relating to the investments are charged against the unrestricted fund.

Restricted funds represent funds received from Medicines Evaluation Unit Limited which are intended to fund specific research projects as requested by the directors.

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

2 Accounting policies – continued

Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income, the amount can be measured reliably and it is probable that the income will be received.

No amount is included in the financial statements for volunteer time in line with the SORP.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends and interest. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the charity's right to receive payment is established.

Expenditure recognition

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 where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. The costs of each activity are made up of the total of direct costs and a share of other costs including support costs involved in undertaking each activity. Costs are categorised under the following headings:

- Costs of raising funds include costs incurred in attracting voluntary income, managing the charity's investment portfolio and those costs incurred in trading activities that raise funds.
- Expenditure on charitable activities comprises expenditure associated with the funding of research into lung disease and other activities of the Charity as detailed in the Trustees report; and
- Other expenditure represents those items not falling into the categories above and generally relates to Governance costs which include those costs primarily associated with constitutional and statutory requirements.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Short leasehold land and buildings	Over the term of the lease
Medical and office equipment	25% on cost
Fixtures and fittings	15% on cost
Motor vehicles	25% on cost
Computer equipment	33% on cost

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

2 Accounting policies – continued

Investments

Fixed asset Investments are recognised initially at transaction price excluding transaction costs. Subsequently, they are measured at fair value at each reporting date with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

For the purposes of the Charity's balance sheet, the investments in Medicines Evaluation Unit Limited and CROS Solutions Limited are shown at the cost to the charity, which is the share capital of the company.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at banks, and other short term liquid investments.

Financial instruments

The company has elected to apply the provisions of section 11 'Basic Financial Instruments' of FRS102 to all of its financial instruments.

Financial instruments are recognised in the group and company balance sheets when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors 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 financial 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 creditors, bank loans and loans from fellow group companies 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 creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

2 Accounting policies – continued

Taxation

Taxation for the year comprises current and deferred tax in respect of the group companies. Tax is recognised in the Consolidated Statement of Financial Activities, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The parent company meets the definition of a charitable company and is potentially exempt from taxation in respect of its income and capital gains to the extent that such income or gains are applied exclusively to charitable purposes.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Turnover from trading activities

Turnover is recognised at the fair value of the consideration received or receivable for services provided in connection with the operation of clinical trials and related services.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of future receipts. The difference between the fair value of the consideration and the normal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged as an expense on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The groups subsidiary undertakings contribute to a defined contribution pension scheme. Contributions payable are charged as an expense in the period to which they relate.

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

2 Accounting policies – continued

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. Costs relating to any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the trustees and directors are required to make judgements, estimates and assumptions about 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.

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Management have used their expectation of the estimated useful lives of each category of assets in order to ensure the appropriate provision is made for depreciation. Details of the estimated useful lives are noted in the accounting policies and the depreciation provision is stated in note 16.

Amounts recoverable under contracts are measured by management who by reference to individual contracts assess the stage of completion by determining the proportion of work completed and costs incurred to ensure that revenue is recognised in the correct accounting period.

4 Income from donations and legacies

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
General donations	<u>61,680</u>	<u>17,192</u>	<u>1,161,680</u>	<u>1,219,988</u>

5 Income from other trading activities

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trading activities				
Turnover - clinical trials	18,686,389	17,276,417	-	-
Other income	-	55,200	-	-
	<u>18,686,389</u>	<u>17,331,617</u>	<u>-</u>	<u>-</u>

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

6 Income from investments

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank interest	85,234	40,929	10,558	152
Income from listed investments	140,355	106,490	16,642	16,301
	<u>225,589</u>	<u>147,419</u>	<u>27,200</u>	<u>16,453</u>

7 Expenditure on charitable activities

	Company	
	2023	2022
	£	£
Promotion of research		
Research grants to institutions	2,052,618	1,514,477
Grants to individuals	-	1,026
Travel costs	9,787	2,395
Donations	19,644	3,287
	<u>2,082,049</u>	<u>1,521,185</u>

	Company	
	2023	2022
	£	£
Governance costs		
Legal and professional fees	5,000	5,000
Auditors remuneration	10,900	9,900
Sundries	5,074	6,132
Bank charges	314	212
	<u>21,288</u>	<u>21,244</u>

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

8 Analysis of grants

The majority of grants are made to institutions in furtherance of the charitable objectives as detailed in the Trustees Report. Most of the grants awarded by the company during the year were to the Manchester University NHS Foundation Trust and The University of Manchester, the total cost of grants awarded includes support costs and is disclosed on the face of the SoFA as Promotion of Research, a breakdown of the costs is included in note 7 to the accounts.

Where awards have been granted and not claimed within the award period any remaining funds are credited back to the company following expiry of the award period and deducted from the value of new awards during the year.

The following institutions received grant support from the charity during the year.

	2023	2022
	£	£
Manchester University NHS Foundation Trust	721,940	690,701
The University of Manchester	1,358,077	822,889
The University Hospital of South Manchester	(5,208)	-
Pennine Acute Hospital NHS Trust	(22,191)	-
Others	-	886
	<u>2,052,618</u>	<u>1,514,476</u>

The nature of projects supported during the year are as follows;

	2023	2022
	£	£
Research projects	916,241	989,327
Salary awards	785,980	389,374
Fellowship awards	(22,191)	120,000
Purchase of equipment and consumables	372,588	15,775
	<u>2,052,618</u>	<u>1,514,476</u>

9 Movements in funding commitments

The Charity awards a number of grants, some are awarded and paid out in the same financial year. However, some grants especially those relating to research or funding specific posts are multi-year grants paid over a longer period.

The movement in funding commitments during the year is as follows:

	Current liabilities	Non-current liabilities	Total
	£	£	£
Opening balance at 1 April 2022	1,562,752	976,747	2,539,499
New funding awards approved during the year	1,335,355	1,131,136	2,466,491
Unused amounts reversed during the year	(413,873)	-	(413,873)
Movement from non-current to current	375,830	(375,830)	-
Amounts paid during the year	<u>(476,339)</u>	<u>-</u>	<u>(476,339)</u>
Closing balance at 31 March 2023	<u>2,383,725</u>	<u>1,732,053</u>	<u>4,115,778</u>

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

10 Auditors remuneration

	2023	2022
	£	£
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	<u>6,000</u>	<u>6,000</u>
Fees payable to the charity's auditor in respect of non -audit services not included in the above.	<u>4,900</u>	<u>4,930</u>

11 Taxation

	2023	2022
	£	£
Current tax:		
UK corporation tax	(371,223)	(337,588)
Deferred tax	<u>28,960</u>	<u>(21,580)</u>
Tax on net income	<u>(342,263)</u>	<u>(359,168)</u>
UK Corporation tax has been charged at 19% (2022 19%)		

Reconciliation of tax credit included in the Consolidated Statement of Financial Activities

	2023	2022
	£	£
Net income before taxation	4,408,458	4,693,190
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022 19%)	837,607	891,706
Effects of:		
Expenses not deductible for tax purposes	63,934	60,629
Income not taxable for tax purposes	-	(47,269)
Depreciation in excess of capital allowances	2,378	17,079
Capital allowances in excess of depreciation	(551)	-
Research and development tax claim	(1,277,339)	(1,283,427)
Deferred tax adjustment	28,960	(21,580)
Other tax adjustment	<u>2,748</u>	<u>23,694</u>
Total tax credit	<u>(342,263)</u>	<u>(359,168)</u>

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

12 Net income

	Group	
Net income is stated after charging/(crediting):	2023	2022
	£	£
Operating lease rentals	51,314	47,841
Depreciation - owned assets	245,222	241,246
(Profit) /loss on disposal of fixed assets	83,881	25,248

13 Trustees remuneration and expenses

The trustees neither received nor waived any remuneration during the year (2022 £Nil).

Travel expenses amounting to £6,118 (2022 £2,395) were reimbursed to one of the trustees during the year and conference expenses amounting to £522 (2022 £nil) were reimbursed to one of the trustees during the year.

14 Staff costs and employee benefits

	Group		Company	
	2023	2022	2023	2022
The average number of employees during the year was as follows:				
	83	67	-	-
Admin	79	73		
Clinical	162	140		

The total staff costs and employee benefits were as follows:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Wages and salaries	6,397,750	5,910,124	-	-
Social security	701,382	588,202	-	-
Other pension costs	234,103	220,457	-	-
	7,333,235	6,718,783	-	-

The number of group employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows:

	Group		Company	
	2023	2022	2023	2022
	Number	Number	Number	Number
£60,001- £70,000	3	3	-	-
£70,001 - £80,000	1	-	-	-
£80,001- £90,000	-	1	-	-
£90,001 - £100,000	1	-	-	-
£100,001- £110,000	0	2	-	-
£130,001- £140,000	1	1	-	-
£170,001 - £180,000	1	0	-	-
£210,001- £220,000	1	1	-	-

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

14 Staff costs and employee benefits - continued

The key management personnel of the group comprise the directors of the subsidiary undertakings Medicines Evaluation Unit Limited and CROS Solutions Limited whose employee benefits totalled £387,070 (2022: £388,331).

15 Comparatives for the company statement of financial activities

	Note	Unrestricted fund 2022 £	Restricted fund 2022 £	Total funds 2022 £
INCOME				
Donations and legacies	4	1,017,193	202,795	1,219,988
Other trading activities:				
Income from investments	6	16,453	-	16,453
TOTAL INCOME		1,033,646	202,795	1,236,441
EXPENDITURE				
Expenditure on raising funds:				
Investment management fees		12,540	-	12,540
Expenditure on charitable activities:				
Promotion of research	7	1,371,185	150,000	1,521,185
Governance costs	7	21,244	-	21,244
TOTAL RESOURCES EXPENDED		1,404,969	150,000	1,554,969
Net incoming resources before gains/(losses) on investments		(371,323)	52,795	(318,528)
Net gains/(losses) on investments		(571)	-	(571)
Net movement in funds		(371,894)	52,795	(319,099)
Total funds brought forward at 1 April 2022		312,586	654,287	966,873
Total funds carried forward at 31 March 2023		(59,308)	707,082	647,774

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

16 Tangible fixed assets

Group	Short Leasehold	Plant and Machinery	Fixtures and fittings	Motor Vehicles	Computer equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2022	5,497,683	797,152	530,548	6,959	247,288	7,079,630
Additions	414,255	146,913	28,198	-	-	589,366
At 31 March 2023	5,911,938	944,065	558,746	6,959	247,288	7,668,996
Depreciation						
At 1 April 2022	1,541,043	686,065	395,256	6,959	247,208	2,876,531
Charge for the year	130,329	79,259	35,553	-	80	245,221
At 31 March 2023	1,671,372	765,324	430,809	6,959	247,288	3,121,752
Net book value						
At 31 March 2023	4,240,566	178,741	127,937	-	-	4,547,244
At 31 March 2022	3,956,640	111,087	135,292	-	80	4,203,099

North West Lung Centre
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17 Fixed asset investments

Group	Listed investments	Unlisted investments	Total
	£	£	£
Cost or valuation			
At 1 April 2022	7,140,323	1	7,140,324
Additions	2,320,338	-	2,320,338
Disposals	(2,113,254)	-	(2,113,254)
Movement in valuation	(421,513)	-	(21,513)
At 31 March 2023	6,925,894	1	6,925,895
Market value			
At 31 March 2023	6,925,894	1	6,925,895
At 31 March 2022	7,140,323	1	7,140,324

Company	Shares in group undertakings	Listed investments	Total
	£	£	£
Cost or valuation			
At 1 April 2022	1,656	880,359	882,015
Additions	-	97,199	97,199
Disposals	-	(56,679)	(56,679)
Movement in valuation	-	(85,091)	(85,091)
At 31 March 2023	1,656	835,788	837,444
Market value			
At 31 March 2023	1,656	835,788	837,444
Market value			
At 31 March 2022	1,656	880,359	882,015

Subsidiary undertakings

The following were subsidiary undertakings of the charity at 31 March 2023.

Name	Registered Office Address	Class of share	Holding
Medicines Evaluation Unit Limited	The Langley Building, Southmoor Road, Wythenshawe, Manchester M23 9QZ	Ordinary 'A'	84.92%
CROS Solutions Limited	2C South Stage Michigan Avenue, Salford, M50 2GY	Ordinary 'A'	69.87%

North West Lung Centre
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18 Debtors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	2,879,967	3,453,729	-	-
Amounts recoverable on contracts	3,225,955	1,241,021	-	-
Other debtors	287,950	473,681	-	-
Directors' current accounts	92,376	-	-	-
Tax	1,258,688	887,465	-	-
Called up share capital not paid	110,916	-	-	-
Prepayments and accrued income	395,806	13,466	-	636
	8,251,658	6,069,362	-	636

19 Creditors – Amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	47,285	36,140	-	-
Amounts owed to participating interests	-	-	-	-
Social security and other taxes	47,783	126,025	-	-
VAT	-	344,976	-	-
Other creditors	2,383,725	1,564,433	2,383,725	1,564,433
Accruals and deferred income	5,502,662	3,029,661	23,563	21,732
	7,981,455	5,101,235	2,407,288	1,586,165

20 Creditors – Amounts falling due after more than one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Other creditors	1,732,053	976,747	1,732,053	976,747

North West Lung Centre
Notes to the Consolidated Financial Statements
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21 Provisions for liabilities and charges

	Group	
	2023	2022
	£	£
Deferred tax		
Accelerated capital allowances	70,439	41,479
		Deferred Tax
		£
Group		
Balance as at 1 April 2022		41,479
Transfer to Statement of Financial Activities		28,960
Balance as at 31 March 2023		70,439

22 Leasing commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2023	2022
	£	£
Not later than one year	108,985	113,737
Later than one year and not later than five years	245,535	249,315
In more than five years	285,973	338,768
	640,493	701,820

23 Reconciliation of cash generated from operations

	2023	2022
	£	£
Group		
Net incoming resources before taxation	3,432,788	4,693,191
Depreciation charges	245,222	241,246
(Profit)/loss on disposal of fixed assets	32,743	25,248
(Gain)/loss on valuation of investments	421,513	(286,245)
Governments grants	-	-
Finance costs	-	-
Finance income	(225,589)	(147,419)
	3,906,677	4,526,021
Decrease/(increase) in trade and other debtors	148,169	(3,894,733)
Increase /(decrease) in trade and other creditors	1,990,492	4,615,295
Cash generated from operations	6,045,338	5,246,583

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

23 Reconciliation of cash generated from operations – continued

Company	2023	2022
	£	£
Net incoming resources before taxation	(975,670)	(319,098)
(Profit)/loss on disposal of fixed assets	(35,608)	76,734
(Gain)/loss on valuation of investments	85,091	(76,163)
Finance income	(1,127,200)	(1,219,249)
	(2,053,387)	(1,537,776)
Decrease/(increase) in trade and other debtors	636	-
Increase /(decrease) in trade and other creditors	1,576,429	959,991
Cash generated from operations	(476,322)	(577,785)

24 Cash and cash equivalents

Group	2023	2022
	£	£
Year ended 31 March 2023		
Cash and cash equivalents	22,005,555	17,016,060
	2022	2021
	£	£
Year ended 31 March 2022		
Cash and cash equivalents	17,016,060	13,961,385
Company	2023	2022
	£	£
Year ended 31 March 2023		
Cash and cash equivalents	2,974,001	2,328,035
	2022	2021
	£	£
Year ended 31 March 2022		
Cash and cash equivalents	2,328,035	1,690,332

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

25 Analysis of changes in net funds

Group

	At 01.04.2022	Cash flow	At 31.03.2023
	£	£	£
Net cash			
Cash at bank and in hand	<u>17,016,060</u>	<u>4,989,495</u>	<u>22,005,555</u>

Company

	At 01.04.2022	Cash flow	At 31.03.2023
	£	£	£
Net cash			
Cash at bank and in hand	<u>2,328,035</u>	<u>645,966</u>	<u>2,974,001</u>

26 Movements in funds

Group

	At 01.04.2022	Net movement in funds	At 31.03.2023
	£	£	£
Unrestricted funds			
General funds	<u>27,587,101</u>	<u>3,462,541</u>	<u>31,049,642</u>
Restricted funds	<u>707,082</u>	<u>(75,000)</u>	<u>632,082</u>
Total funds	<u>28,294,183</u>	<u>3,387,541</u>	<u>31,681,724</u>

Net movement in funds included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General funds	<u>18,973,658</u>	<u>15,511,117</u>	<u>3,462,541</u>
Restricted funds	<u>-</u>	<u>75,000</u>	<u>(75,000)</u>
Total funds	<u>18,973,658</u>	<u>15,586,117</u>	<u>3,387,541</u>

North West Lung Centre
Notes to the Consolidated Financial Statements
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26 Movements in funds – continued

General unrestricted funds are available to be utilised in furtherance of the objectives of the charity as determined by the trustees.

Restricted funds held are in respect of furtherance of projects specified by the directors of the group's subsidiary companies and include awards as detailed in the trustees report.

Group

Comparatives for movements in funds

	At 01.04.2021 £	Net movement in funds £	At 31.03.2022 £
Unrestricted funds			
General funds	<u>22,861,903</u>	<u>4,725,198</u>	<u>27,587,101</u>
Restricted funds	<u>654,287</u>	<u>52,795</u>	<u>707,082</u>
Total funds	<u>23,516,190</u>	<u>4,777,993</u>	<u>28,294,183</u>

Net movement in funds included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General funds	<u>17,293,433</u>	<u>12,568,235</u>	<u>4,725,198</u>
Restricted funds	<u>202,795</u>	<u>150,000</u>	<u>52,795</u>
Total funds	<u>17,496,228</u>	<u>12,718,235</u>	<u>4,777,993</u>

Company

	At 01.04.2022 £	Net movement in funds £	At 31.03.2023 £
Unrestricted funds			
General funds	<u>(59,307)</u>	<u>(900,669)</u>	<u>(959,976)</u>
Restricted funds	<u>707,082</u>	<u>(75,000)</u>	<u>632,082</u>
Total funds	<u>647,775</u>	<u>(975,669)</u>	<u>(327,894)</u>

North West Lung Centre
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For the year ended 31 March 2023

26 Movements in funds - continued

Company

Net movement in funds included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General funds	<u>1,188,880</u>	<u>2,089,550</u>	<u>(900,670)</u>
Restricted funds	<u>-</u>	<u>75,000</u>	<u>(75,000)</u>
Total funds	<u>1,188,880</u>	<u>2,164,550</u>	<u>(975,670)</u>

Comparatives for movements in funds

	At 01.04.2021	Net movement in funds	At 31.03.2022
	£	£	£
Unrestricted funds			
General funds	<u>312,586</u>	<u>(371,894)</u>	<u>(59,308)</u>
Restricted funds	<u>654,287</u>	<u>52,795</u>	<u>707,082</u>
Total funds	<u>966,873</u>	<u>(319,099)</u>	<u>647,774</u>

Net movement in funds included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General funds	<u>1,033,646</u>	<u>1,405,540</u>	<u>(371,894)</u>
Restricted funds	<u>202,795</u>	<u>150,000</u>	<u>52,795</u>
Total funds	<u>1,236,441</u>	<u>1,555,540</u>	<u>(319,099)</u>

North West Lung Centre
Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

27 Directors' advances, credits and guarantees

The following advances and credits to directors subsisted during the years ended 31 March 2023 and 31 March 2022;

	2023	2022
	£	£
D Rogers		
Balance outstanding at the start of the year	-	-
Amount advanced	<u>46,188</u>	<u>-</u>
Balance outstanding at the end of the year	<u>46,188</u>	<u>-</u>
Prof S D Singh		
Balance outstanding at the start of the year	-	-
Amount advanced	<u>46,188</u>	<u>-</u>
Balance outstanding at the end of the year	<u>46,188</u>	<u>-</u>

28 Related Party Transactions

During the year, total dividends of £234,465 (2022- £182,910) were paid to the directors of Medicines Evaluation Unit Limited and CROS Solutions Limited.

Medicine Evaluation Unit Limited provided a loan of £46,188 to E Batty during the year, the full amount was outstanding at the balance sheet date. E Batty is a shareholder of Medicines Evaluation Unit Limited and a director and shareholder of CROS Solutions Limited.

A Pickering Fellowship award was granted to the Pennine Acute Hospital NHS Trust in 2018 in respect of funding a study undertaken by Dr H Badri prior to her appointment as a trustee of the charity in 2020. The initial award amounted to £162,000 with a final sum of £10,148 paid during the year (2022 - £60,302). The award period ended in March 2022 and unused funds amounting to £22,191 have been reversed in the current year as shown in note 8.

Legal fees of £5,000 (2022 - £5,000) were paid to Eversley Resolutions, a business operated by Mr J Alcock, a trustee of the charitable company. The amount was fully paid during the year and there are no amounts outstanding at the balance sheet date.

The charity incurred costs amounting to £6,462 (2022 - £nil) in respect of a retirement party attended by two of the trustees.

There are no other related party transactions.

