



Smailes Goldie Group
CREATING ADVANTAGE

The Hull & East Yorkshire Medical Research Centre

Consolidated Financial Statements

30 September 2021



SD-0203165-1-6

The Hull & East Yorkshire Medical Research Centre

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for the year ended 30th September 2021**

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The Hull & East Yorkshire Medical Research Centre

Report of the Trustees for the year ended 30th September 2021

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 30th September 2021. 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).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

04017833 (England and Wales)

Registered Charity number

1095652

Registered office

The Daisy Building
Castle Hill Hospital
Castle Road
Cottingham
East Yorkshire
HU16 5JQ

Trustees

Dr A Allam
Mr T S E Boanas
Prof P E Dyer
Ms K M Guest
Mr D C Heuck
Mrs V R Heuck
Mr A N Horncastle
Mr S Howey
Prof M J Lind
Dr C A Rowland-Hill
Mr M S Simms – resigned 07.03.2021
Prof N D Stafford

Company Secretary

Prof N D Stafford

Auditors

Smailes Goldie
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

Solicitors

Andrew Jackson
Marina Court
Castle Street
Hull
HU1 1TJ

Gosschalks
Queens Gardens
Hull
HU1 3DZ

The Hull & East Yorkshire Medical Research Centre

Report of the Trustees for the year ended 30th September 2021

REFERENCE AND ADMINISTRATIVE DETAILS (Continued)

Bankers

Handelsbanken
First Floor, Westcott House
Hesslewood Business Park
Hessle
East Yorkshire
HU13 0PF

National Westminster Bank plc
The Square
Willerby
East Yorkshire
HU10 7XW

Yorkshire Bank
46 Prospect Centre
Prospect Street
Hull
HU2 8PW

Beverley Building Society
57 Market Place
Beverley
HU17 8AA

OBJECTIVES AND ACTIVITIES

Objectives and activities

The company's objectives are to establish and fund the provision of medical research facilities for enquiry into the causes, natural history, prevention, diagnosis and treatment of illnesses and diseases of all kinds and to disseminate the useful results of such research for the benefit of the public. Such facilities will be developed for the study of diseases of the heart and cancers, with the anticipation that similar facilities will be offered to other specialist areas of medical research as the centre develops and expands. The trustees have considered the Charity Commission's guidance on public benefit and are of the opinion that it is fulfilled by the charity's continued pursuit of its objectives.

Public benefit

The directors have reviewed the activities of the Charity and confirm that they are in accord with its objectives. The directors also confirm that the Charity's aims and objectives fall within the descriptions of purposes section in the Charities Act 2011 and are recognised as charitable and carried out for the benefit of the public at large.

ACHIEVEMENT AND PERFORMANCE

Review of the year and future strategy

The Daisy Building Phase 1, which was brought into use in July 2008, continues to fulfil, at the anticipated level of use, the functions envisaged when the Charity was founded. Sited prominently at the NHS Castle Hill Hospital in East Yorkshire, it provides a focal point for the public perception of the work of the Charity.

The Phase 2 Project is to provide, in conjunction with the NHS, scanning facilities (Phase 2a) and a Molecular Imaging Research Centre (Phase 2b) for both research and clinical applications. The project involves research cooperation with both the University of Hull and the NHS, with the intention of creating a unique, world-class facility.

The project incorporates the provision of a PET-CT scanning patient service facility. The provision of this facility, which became fully operational in May 2014, now generates income to recover its cost over a period of 40 years and provides additional funding for the future research activities of the charity.

The agreement with the Alliance Medical Ltd specifies defined periods of time for the use of the scanning facility for research purposes. Additionally, there is the patient benefit of an onsite state-of-the-art facility for clinical trials, as well as clinical service. This was not previously available in East Yorkshire.

Planning for the Phase 2b project (referred to above) commenced in October 2014. Technical project teams from the NHS Trust and University of Hull are led by three senior employees from those organisations; one of whom took the role of Project Director. External specialists are engaged to assist as necessary. Meetings are held with senior representatives from the manufacturer of the cyclotron (GE Healthcare), which is now approaching the final stage of its development capable of producing a range of radioisotopes. Construction of the Molecular Imaging Research Centre (Phase 2b) commenced in June 2019 and the building will be handed over to the charity during 2022. Equipping and commissioning of the cyclotron and ancillary equipment in the MIRC will be completed in 2022 assuming there are no further disruptions resulting from the Covid pandemic.

The Hull & East Yorkshire Medical Research Centre

Report of the Trustees for the year ended 30th September 2021

ACHIEVEMENT AND PERFORMANCE

Review of the year and future strategy

The charity, with legal advice from its solicitors, has in place all the necessary property, financial and construction agreements and contracts.

The directors (trustees) are satisfied that this project fulfils the Objective and Activities as defined in the Memorandum of Association.

The Molecular Imaging Research Centre referred to above will provide research benefits, as well as having clinical applications. It is, however, dependent on the scanning facilities to enable it to achieve its full research potential. The site for this new building is adjacent to the Scanning Centre. The close proximity enables the manufacture and delivery of innovative tracers for injecting into patients. Some of these tracers have a short life (measured in minutes) before they become ineffective. They enable the provision of very high definition imaging, and hence patient benefits, which are not possible at the present time in most UK facilities. The applications incorporate cancer, cardiac, dementia and Alzheimer's identification and treatment. The development at Castle Hill Hospital will provide a unique opportunity for a truly translational research programme in PET-CT imaging.

The fundraising focus is now for Phase 2b - the Molecular Imaging Research Centre. The timescale will be dependent on achieving necessary funding.

The grant funded project undertaken by the University of Hull in conjunction with the cyclotron manufacturer GE Healthcare, as referred to in prior years' Reports and Financial Statements, has now finished.

The opening of the Scanning Centre and plans for Phase 2b, with its attendant publicity, continues to have a very positive effect on the charity's regional profile.

The ongoing PET-CT research programme headed by Professor Steve Archibald and Dr Azeem Saleem demonstrates the success of the partnership between the NHS and the University of Hull. A number of successful grant funding applications has brought in considerable income with grants from institutions such as the Medical Research Council (MRC), the Engineering and Physical Sciences Research Council (EPSRC) and Cancer Research UK (CRUK). Following on from such successes the group has now been invited to become a member of PET Network UK, a research organisation whose other members are Oxford, Cambridge, Cardiff and Edinburgh universities and Imperial and Kings colleges.

Inevitably the charity has been affected by the Covid pandemic which has delayed the project considerably, however, despite measures put in by Government in 2020/21 the charity has been able to pursue most of its day-to-day activities.

Principal risks and uncertainties

The construction of the Molecular Imaging Research Centre is now at an advanced stage with completion and handover of the building scheduled for 2022, subject to the influences of the "Coronavirus situation". The cost of the project stands at £8.75 million and the charity's assets are currently in excess of £7.5 million, therefore the main risk to the charity is bridging this shortfall. It still has a number of opportunities to pursue fundraising from various individuals and institutions and one of the trustees has committed to underwriting any residual funding gap that might exist when the charity is due to pay the balance on both the building and the cyclotron and ancillary equipment.

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

FINANCIAL REVIEW

Reserves and investment policy

Total reserves of £12,055,828 (2020: £11,815,789) were held by the charity at 30 September 2021. The balance held as unrestricted funds was £9,505,954 (2020: £9,853,659) of which £1,950,925 is regarded as free reserves, after allowing for funds relating to tangible fixed assets and investment property.

Restricted funds totalling £2,549,874 (2020: £1,962,130) were held at 30 September 2021 with £4,610,229 (2020: £4,011,161) relating to tangible fixed assets.

The Hull & East Yorkshire Medical Research Centre

Report of the Trustees for the year ended 30th September 2021

Reserves are accumulated until such time as expenditure is required for capital projects and/or research grant funding. As in previous years and for the foreseeable future, all monies will be invested as deposits with banks and building societies, i.e. low risk.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Hull and East Yorkshire Medical Research Centre is a registered charity and a company limited by guarantee, without share capital. The Charity's governing document is its Memorandum and Articles of Association. This restricts its operations to all such lawful acts as are necessary or incidental to the attainment of its objectives.

Members of the charitable company

Members of the company, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 1.

Members of the charitable company guarantee to contribute an amount not exceeding £10 each to the assets of the charitable company in the event of a winding up. The total number of such guarantees at 30 September 2021 was 10 and at 2020 was 13.

Recruitment and appointment of new trustees

The directors of the company are appointed in accordance with the governing document, the company's Memorandum and Articles of Association. The directors are all experienced professionals of varying disciplines, all of which are relevant to the Charity's activities and requirements.

Policies and Procedures for the induction and training of new trustees

The charity provides all new trustees with the following induction material; the charity's governing document and financial information, including up-to-date accounts, together with explanatory material and recent minutes from trustee meetings.

The charity provides support and regularly reviews the development needs of the trustee board to make sure that all trustees are fully acquainted with all matters relating to charity finance, governance and propriety.

Organisational structure

The company's directors meet on a quarterly basis, with additional meetings convened where circumstances dictate. They are responsible for the strategic decisions and policies of the Charity. At the present time there are 11 members from medical, business and professional backgrounds.

Remuneration policy

All trustees give their time freely and no trustee remuneration was paid in the year. Details of trustees' expenses and related party transactions are disclosed in note 25 to the accounts.

Related parties

The under-mentioned directors (trustees) are employed by:

The University of Hull
- Prof M J Lind

The relationship relates to the research grant awarded to the University and the use and/or potential use of the Daisy Research Facility for charitable purposes.

Hull and East Yorkshire Hospitals NHS Trust
- Mr M S Simms – resigned 07.03.2021
- Dr C A Rowland-Hill

The relationship relates to the use and/or potential use of the Research Facility for charitable purposes.

The Hull & East Yorkshire Medical Research Centre

Report of the Trustees for the year ended 30th September 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of The Hull & East Yorkshire Medical Research Centre for the purposes of company law) are responsible for preparing the Report of the trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

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

AUDITORS

The auditors, Smailes Goldie, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 3 March 2022 and signed on its behalf by:

A N Horncastle -Trustee

Report of the Independent Auditors to the Members of The Hull & East Yorkshire Medical Research Centre

Opinion

We have audited the financial statements of Hull & East Yorkshire Medical Research Centre (the 'charitable company') and its subsidiaries (the 'group') for the year ended 30th September 2021 which comprise the Consolidated Statement of Financial Activities, Balance sheet, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and charitable company's affairs as at 30th September 2021 and of its incoming resources and application of resources, including its income and expenditure, 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 and Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

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 group and charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees, other than the financial statements and our Report of the independent auditor's 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 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.

Report of the Independent Auditors to the Members of The Hull & East Yorkshire Medical Research Centre

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 our knowledge and understanding of the group and charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient 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's 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 five, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 group and the 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 and/or the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud are 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, was focused on specific laws and regulations which we considered may have a direct material effect on the charity only and consolidated financial statements or the operations of the charitable company and the group, including the Companies Act 2006, the Charities Act 2011, data protection, anti-bribery, employment, fundraising regulations, health and safety legislation, health and social care regulations and childcare regulations. An understanding of these laws and regulations and the extent of compliance was obtained through discussion with management and inspecting legal and regulatory correspondence.

We assessed the susceptibility of the charitable company's and consolidated financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management 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 to identify any unusual or unexpected relationships; tested journal entries to identify unusual transactions; assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and investigated the rationale behind significant or unusual transactions.

Report of the Independent Auditors to the Members of The Hull & East Yorkshire Medical Research Centre

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 charity only and consolidated financial statement disclosures to underlying supporting documentation; reading the minutes of meetings of those charged with governance; enquiring of management as to actual and potential litigation and claims; and reviewing correspondence with HMRC, relevant regulators and the charitable company's legal advisors.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Luke Taylor BSc (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Smailes Goldie
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

3 March 2022

The Hull & East Yorkshire Medical Research Centre

**Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure account)
for the year ended 30th September 2021**

	Notes	Unrestricted fund £	Restricted funds £	2021 Total funds £	2020 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	852,880	100,000	952,880	899,692
Other trading activities	3	6,572	-	6,572	10,271
Investment income	4	116,331	-	116,331	117,422
Commercial trade operations	5	244,074	-	244,074	231,591
Total		1,219,857	100,000	1,319,857	1,258,976
EXPENDITURE ON					
Raising funds	6	82,080	-	82,080	83,366
Charitable activities	7				
Medical Research		52,139	75,685	127,824	120,040
Commercial trade operations	5	196,232	-	196,232	192,618
Total		330,451	75,685	406,136	396,024
NET INCOME/(EXPENDITURE)		889,406	24,315	913,721	862,952
(Loss)/Gain on investment property revaluation		(673,682)	-	(673,682)	1,413,232
Transfers between Funds		(563,429)	563,429	-	-
NET MOVEMENT IN FUNDS		(347,705)	587,744	240,039	2,276,184
RECONCILIATION OF FUNDS					
Total funds brought forward		9,853,659	1,962,130	11,815,789	9,539,605
TOTAL FUNDS CARRIED FORWARD		9,505,954	2,549,874	12,055,828	11,815,789

The notes form part of these financial statements

The Hull & East Yorkshire Medical Research Centre (Registered number: 04017833)

**Consolidated Balance Sheet
At 30th September 2021**

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	14	5,645,666	4,700,288
Investments			
Investment property	16	<u>6,519,592</u>	<u>7,193,274</u>
		<u>12,165,258</u>	<u>11,893,562</u>
 CURRENT ASSETS			
Debtors	17	347,459	115,496
Cash at bank		<u>1,905,516</u>	<u>2,446,718</u>
		<u>2,252,975</u>	<u>2,562,214</u>
 CREDITORS			
Amounts falling due within one year	18	<u>(515,605)</u>	<u>(521,193)</u>
 NET CURRENT ASSETS		<u>1,737,370</u>	<u>2,041,021</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		13,902,628	13,934,583
 CREDITORS			
Amount falling due after more than one year	19	<u>(1,800,000)</u>	<u>(2,083,088)</u>
 PROVISIONS FOR LIABILITIES	20	<u>(46,800)</u>	<u>(35,706)</u>
 NET ASSETS		<u>12,055,828</u>	<u>11,815,879</u>
 FUNDS	21		
Unrestricted funds		9,505,954	9,853,659
Restricted funds		<u>2,549,874</u>	<u>1,962,130</u>
 TOTAL FUNDS		<u>12,055,828</u>	<u>11,815,789</u>

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

The financial statements were approved by the Board of Trustees on 3 March 2022 and were signed on its behalf by:

A N Horncastle -Trustee

The notes form part of these financial statements

The Hull & East Yorkshire Medical Research Centre (Registered number: 04017833)

**Charity Balance Sheet
At 30th September 2021**

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	14	4,610,231	3,606,286
Investments			
Investments	15	1	1
Investment property	16	<u>6,519,592</u>	<u>7,193,274</u>
		<u>11,129,824</u>	<u>10,799,561</u>
 CURRENT ASSETS			
Debtors	17	2,163,879	1,788,971
Cash at bank		<u>876,773</u>	<u>1,660,345</u>
		<u>3,040,652</u>	<u>3,449,316</u>
 CREDITORS			
Amounts falling due within one year	18	<u>(513,379)</u>	<u>(500,981)</u>
 NET CURRENT ASSETS		<u>2,527,273</u>	<u>2,948,425</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		13,657,097	13,747,986
 CREDITORS			
Amounts falling due after more than one year	19	<u>(1,800,000)</u>	<u>(2,083,088)</u>
 NET ASSETS		<u>11,857,097</u>	<u>11,664,898</u>
 FUNDS			
Unrestricted funds		11,608,185	11,440,302
Restricted funds		<u>248,912</u>	<u>224,596</u>
 TOTAL FUNDS		<u>11,857,097</u>	<u>11,664,898</u>

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

The financial statements were approved by the Board of Trustees on 3 March 2022 and were signed on its behalf by:

A N Horncastle –Trustee

The notes form part of these financial statements

The Hull & East Yorkshire Medical Research Centre

**Consolidated Cash Flow Statement
for the year ended 30th September 2021**

	Notes	2021 £	2020 £
Net cash provided by operating activities	1	<u>667,432</u>	<u>390,208</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(1,127,183)	(1,682,962)
Interest received		-	1,575
Interest paid		<u>(81,451)</u>	<u>(70,753)</u>
Net cash used in investing activities		(1,208,634)	(1,752,140)
Cash flows from financing activities:			
Loan drawdown in year		<u>-</u>	<u>600,000</u>
Change in cash and cash equivalents in the reporting period		(541,202)	(761,932)
Cash and cash equivalents at the beginning of the reporting period		<u>2,446,718</u>	<u>3,208,650</u>
Cash and cash equivalents at the end of the reporting period		<u>1,905,516</u>	<u>2,446,718</u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the year ended 30th September 2021**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021	2020
	£	£
Net income for the reporting period (as per the statement of financial activities)	913,721	862,952
Adjustments for:		
Depreciation charges	181,804	181,527
Interest received	-	(1,575)
Interest paid		70,753
(Increase)/Decrease in debtors	(231,963)	1,739
(Decrease) in creditors and provisions	(277,581)	(725,188)
Net cash provided by operating activities	<u>667,432</u>	<u>390,208</u>

**Notes to the Financial Statements
for the year ended 30th September 2021**

1. ACCOUNTING POLICIES

Group and Charity Accounting Policies

Basis of preparing the financial statements

The Hull and East Yorkshire Medical Research Centre is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address is given on page 1 of these financial statements.

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated. The charitable company adopted FRS 102 in the current year and there has been no effect on transition.

Basis of consolidation

The group financial statements consolidate the financial statements of the Charity and its subsidiary undertaking, Daisy Medical Research Limited, at 30 September 2021 using acquisition accounting.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and when the amount can be measured reliably.

Donations and legacies

Donations and gifts are included in full in the Statement of Financial Activities when receivable. The value of services provided by volunteers has not been included. Donated goods are included at the donated valuation by the donor.

Grants receivable

Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

Investment income

Incoming resources from investments are included when receivable.

Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all expenses related to the category. Where expenses cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

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

Grants offered subject to conditions which have not been met at the year-end date are noted as a commitment but not accrued as expenditure.

Notes to the Financial Statements - continued
for the year ended 30th September 2021

1. ACCOUNTING POLICIES – continued

Allocation and apportionment of costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include office costs, finance, personnel and governance costs which support the charities activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - straight line over 5-10 years

Investment property

Investment property for which fair value can be reliably measured are measured at its fair value at each reporting date with changes recognised in the statement of financial activities.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds to be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Concessionary loans

Concessionary loans include those payable to third parties which are interest free or below market interest rates and are made to advance charitable purposes. Loans are accounted for in accordance with the terms of the loan agreement.

2. DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total Funds £
Donations	823,080	100,000	923,080	899,692
Legacies	29,800	-	29,800	-
	<u>852,880</u>	<u>100,000</u>	<u>952,880</u>	<u>899,692</u>

The Hull & East Yorkshire Medical Research Centre

**Notes to the Financial Statements - continued
for the year ended 30th September 2021**

3. OTHER TRADING ACTIVITIES

	Unrestricted funds	Restricted funds	2021 Total funds	2020 Total funds
	£	£	£	£
Fundraising events	6,015	-	6,015	10,271
Shop income	557	-	557	-
	<u>6,572</u>	<u>-</u>	<u>6,572</u>	<u>10,271</u>

4. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	2021 Total funds	2020 Total funds
	£	£	£	£
Rents received	116,331	-	116,331	115,847
Deposit account interest	-	-	-	1,575
	<u>116,331</u>	<u>-</u>	<u>116,331</u>	<u>117,422</u>

5. INCOME/(EXPENDITURE) FROM COMMERCIAL TRADE OPERATIONS

	2021 £	2020 £
TURNOVER	244,074	231,591
Administrative expenses	<u>185,138</u>	<u>183,807</u>
OPERATING PROFIT	58,936	47,784
Interest receivable and similar income	<u>-</u>	<u>522</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	58,936	48,306
Tax on profit on ordinary activities	<u>11,094</u>	<u>9,333</u>
PROFIT FOR THE FINANCIAL YEAR	<u>47,842</u>	<u>38,973</u>

The principal activity of the subsidiary undertaking in the year under review was that of medical research and medical treatment.

6. RAISING FUNDS

Raising donations and legacies

	Unrestricted funds	Restricted funds	2021 Total funds	2020 Total Funds
	£	£	£	£
Sundries	<u>562</u>	<u>-</u>	<u>562</u>	<u>184</u>

Other trading activities

	Unrestricted funds	Restricted funds	2021 Total funds	2020 Total funds
	£	£	£	£
Purchases	6,048	-	6,048	7,805
PR costs	<u>5,035</u>	<u>-</u>	<u>5,035</u>	<u>5,060</u>
	<u>11,083</u>	<u>-</u>	<u>11,083</u>	<u>12,865</u>

Notes to the Financial Statements - continued
for the year ended 30th September 2021

6. RAISING FUNDS - continued

Investment management costs

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
Administrative expenses	18,797	-	18,797	19,190
Maintenance charges	51,638	-	51,638	51,127
	<u>70,435</u>	<u>-</u>	<u>70,435</u>	<u>70,317</u>
Aggregate amounts	<u>82,080</u>	<u>-</u>	<u>82,080</u>	<u>83,366</u>

7. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Grant funding of activities £	Support costs (See note 8) £	Total £
Medical Research	<u>1,305</u>	<u>-</u>	<u>126,519</u>	<u>127,824</u>

8. SUPPORT COSTS

	Management £	Finance £	Information Technology £	Governance costs £	Total £
Medical Research	<u>24,595</u>	<u>81,451</u>	<u>2,779</u>	<u>17,694</u>	<u>126,519</u>

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2021 £	2020 £
Auditors' remuneration – audit services	11,030	10,304
Auditors' remuneration – non-audit services	6,664	11,120
Depreciation - owned assets	<u>181,805</u>	<u>181,527</u>

10. TRUSTEE REMUNERATION AND BENEFITS

There was no trustees' remuneration or other benefits for the year ended 30th September 2021 nor for the year ended 30th September 2020.

Trustee expenses

There were no trustee expenses paid for the year ended 30th September 2021 nor for the year ended 30th September 2020.

Notes to the Financial Statements - continued
for the year ended 30th September 2020

11. STAFF COSTS

	Group and Charity	
	2021	2020
	£	£
Wages and salaries	24,132	24,132
Social security costs	-	1,070
	<u>24,132</u>	<u>25,202</u>

The average number of employees during the year ended 30th September 2021 was 1 (2020: 1).

No employee received emoluments in excess of £60,000.

12. NET INCOMING RESOURCES OF PARENT CHARITY

As permitted by Section 408 of the Companies Act 2006, the Statement of Financial Activities of the parent charity is not presented as part of these financial statements. The parent charity's net incoming resources for the year ended 30 September 2021 totalled £866,637 (2020: £823,979).

13. COMPARATIVES FOR THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	178,648	721,044	899,692
Other trading activities	10,271	-	10,721
Investment income	117,422	-	117,422
Commercial trade operations	<u>231,591</u>	<u>-</u>	<u>231,591</u>
	537,932	721,044	1,258,976
Total			
EXPENDITURE ON			
Raising funds	83,366	-	83,366
Charitable activities			
Medical Research	49,287	70,753	120,040
Commercial trade operations	<u>98,022</u>	<u>94,596</u>	<u>192,618</u>
	230,675	165,349	396,024
Total			
NET INCOME/(EXPENDITURE)	307,257	555,695	862,952
Gain on investment property revaluation	1,413,232	-	1,413,232
Transfer between funds	<u>(1,205,682)</u>	<u>1,205,682</u>	<u>-</u>
	514,807	1,761,377	2,276,184
NET MOVEMENT IN FUNDS			
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>9,338,852</u>	<u>200,753</u>	<u>9,539,605</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>9,853,659</u></u>	<u><u>1,962,130</u></u>	<u><u>11,815,789</u></u>

Notes to the Financial Statements - continued
for the year ended 30th September 2021

14. TANGIBLE FIXED ASSETS

	Property under construction £	Plant and machinery etc £	Total £
GROUP			
COST			
At 1st October 2020	3,602,367	2,792,870	6,395,237
Additions	1,005,249	121,934	1,127,183
At 30th September 2021	<u>4,607,616</u>	<u>2,914,804</u>	<u>7,522,420</u>
DEPRECIATION			
At 1st October 2020	-	1,694,949	1,694,949
Charge for year	-	181,805	181,805
At 30th September 2021	<u>-</u>	<u>1,876,754</u>	<u>1,876,754</u>
NET BOOK VALUE			
At 30th September 2021	<u>4,607,616</u>	<u>1,038,050</u>	<u>5,645,666</u>
At 30th September 2020	<u>3,602,367</u>	<u>1,097,921</u>	<u>4,700,288</u>
CHARITY			
COST			
At 1st October 2020	3,602,367	545,646	4,148,013
Additions	1,005,249	-	1,005,249
At 30th September 2021	<u>4,607,616</u>	<u>545,646</u>	<u>5,153,262</u>
DEPRECIATION			
At 1st October 2020	-	541,727	541,727
Charge for year	-	1,304	1,304
At 30th September 2021	<u>-</u>	<u>543,031</u>	<u>543,031</u>
NET BOOK VALUE			
At 30th September 2021	<u>4,607,616</u>	<u>2,615</u>	<u>4,610,231</u>
At 30th September 2020	<u>3,602,367</u>	<u>3,919</u>	<u>3,606,286</u>

The Hull & East Yorkshire Medical Research Centre

Notes to the Financial Statements - continued for the year ended 30th September 2021

15. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
CHARITY	
MARKET VALUE	
At 1st October 2020 and 30th September 2021	<u>1</u>
NET BOOK VALUE	
At 30th September 2021	<u>1</u>
At 30th September 2020	<u>1</u>

The charity's investments at the balance sheet date in the share capital of companies comprise the following:

Daisy Medical Research Limited

Nature of business: Medical research and treatment

	% holding
Class of share:	
Ordinary	100

	2021 £	2020 £
Aggregate capital and reserves	198,732	150,890
Profit for the year	<u>47,843</u>	<u>38,973</u>

16. INVESTMENT PROPERTY

GROUP AND CHARITY

	£
MARKET VALUE	
At 1st October 2020	7,193,274
Revaluations	(673,682)
At 30th September 2021	<u>6,519,592</u>
NET BOOK VALUE	
At 30th September 2021	<u>6,519,592</u>
At 30th September 2020	<u>7,193,274</u>

The market value of investment property was assessed by the trustees at 30 September 2021 and is based on valuations undertaken by the Hull and East Yorkshire Hospitals NHS Trust as at 30 April 2021.

Notes to the Financial Statements - continued
for the year ended 30th September 2021

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Amounts owed by group undertakings	-	-	1,849,808	1,741,330
Other debtors	39,922	83,757	14,748	35,065
VAT	35,271	-	47,474	-
Tax	245,455	-	245,455	-
Prepayments and accrued income	26,811	31,739	6,394	12,576
	<u>347,459</u>	<u>115,496</u>	<u>2,163,879</u>	<u>1,788,971</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	24,964	19,482	24,963	12,035
VAT	-	377,560	-	366,931
Accruals and deferred income	195,913	123,830	193,688	121,606
Social security and other tax	317	321	317	319
Other creditors	294,411	-	294,411	-
	<u>515,605</u>	<u>521,193</u>	<u>513,379</u>	<u>500,891</u>

Included in the above total is a loan of £294,411 (2020: £283,088) which is unsecured and interest free. The loan is repayable in full on 25 March 2022. The 2020 total was disclosed with other creditors due after more than one year, at note 19.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Other creditors	1,800,000	2,083,088	1,800,000	2,083,088
	<u>1,800,000</u>	<u>2,083,088</u>	<u>1,800,000</u>	<u>2,083,088</u>

Included in the above total is a loan of £1,800,000 (2020: £1,800,000) which is unsecured. The loan is repayable in full on 31 December 2035 and interest is payable at 3.5% per annum.

20. PROVISIONS FOR LIABILITIES

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Deferred tax	46,800	35,706	-	-

	Deferred tax
	£
Balance at 1st October 2020	35,706
Charge to Statement of Financial Activities during the year	11,094
Balance at 30th September 2021	<u>46,800</u>

Notes to the Financial Statements - continued
for the year ended 30th September 2021

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted funds £	2021 Total funds £	2020 Total funds £
Fixed assets	1,035,437	4,610,229	5,645,666	4,700,288
Investment property	6,519,592	-	6,519,592	7,193,274
Current assets	2,218,919	34,056	2,252,975	2,562,214
Liabilities	(221,194)	(2,094,411)	(2,315,605)	(2,604,281)
Provisions	(46,800)	-	(46,800)	(35,706)
	<u>9,505,954</u>	<u>2,549,874</u>	<u>12,055,828</u>	<u>11,815,789</u>

22. MOVEMENT IN FUNDS

	At 01.10.20	Incoming resources	Resources expended	Revaluation Loss	Transfers between reserves	At 30.09.21
	£	£	£	£	£	£
Unrestricted funds						
General fund	9,853,659	1,219,857	(330,451)	(673,682)	(563,429)	9,505,954
Restricted funds						
Medical equipment	34,057	-	-	-	-	34,057
Phase 2	1,928,073	100,000	(75,685)	-	563,429	2,515,817
	<u>1,962,130</u>	<u>100,000</u>	<u>(75,685)</u>	<u>-</u>	<u>563,429</u>	<u>2,549,874</u>
TOTAL FUNDS	<u>11,815,789</u>	<u>1,319,857</u>	<u>(406,136)</u>	<u>(673,682)</u>	<u>-</u>	<u>12,055,828</u>

Medical Equipment fund - donations received for medical equipment to be purchased and used for research.

Phase 2 fund - Funds donated for development of Phase 2 as explained in the trustees' report.

Comparative information in respect of the preceding period is as follows:

	At 01.10.19	Incoming resources	Resources expended	Revaluation Loss	Transfers between reserves	At 30.09.20
	£	£	£	£	£	£
Unrestricted funds						
General fund	9,338,852	537,932	(230,675)	1,413,232	(1,205,682)	9,853,659
Restricted funds						
Medical equipment	34,057	-	-	-	-	34,057
Phase 2	166,696	721,044	(165,349)	-	1,205,682	1,928,073
	<u>200,753</u>	<u>721,044</u>	<u>(165,349)</u>	<u>-</u>	<u>1,205,682</u>	<u>1,962,130</u>
TOTAL FUNDS	<u>9,538,605</u>	<u>1,258,976</u>	<u>(396,024)</u>	<u>1,413,232</u>	<u>-</u>	<u>11,815,789</u>

**Notes to the Financial Statements - continued
for the year ended 30th September 2021**

23. COMMITMENTS

	2021
	£
Research building service costs	
Payable within one year	51,638
2-5 years	206,552
Over 5 years	361,466
	<u>619,656</u>

The research building service costs are subject to an annual increase in respect of the Health Service cost index.

The commitments are covered, except for a relatively small amount of irrecoverable VAT, by rental income receivable on the 25 year lease.

At 30 September 2021 the charitable group has a capital commitment of £3,573,916 which is contracted but not provided for in the financial statements.

24. LEASING AGREEMENTS

The investment property is let out to tenants under operating leases. At the year end the committed lease receipts due under non-cancellable leases are as follows:

	2021	2020
	£	£
Falling due:		
Within one year	114,873	114,873
Between one and five year	459,493	459,493
Over five years	<u>1,726,882</u>	<u>1,841,755</u>
	<u>2,301,248</u>	<u>2,416,121</u>

25. RELATED PARTY DISCLOSURES

At 30 September 2021 the charity owed £300,000 (2020: £300,000), discounted to its present value of £294,411 in the financial statements to a company controlled by a trustee of the charity. The form of this liability is an interest free loan.

There are no further related party transactions requiring disclosure during the year ended 30 September 2021.