



Smailes Goldie
Chartered Accountants

**Registrar's
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The Hull & East Yorkshire Medical Research Centre

Consolidated Financial Statements

30th September 2017

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Chartered
accountants
& lawyers



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for the year ended 30th September 2017**

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**The Hull & East Yorkshire Medical
Research Centre (Registered Company Number: 04017833)**

**Report of the Trustees
for the year ended 30th September 2017**

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 2017. 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 2015).

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 M C Auton
Mr T S E Boanas
Prof J G F Cleland
Prof P E Dyer
Ms K M Guest
Mr J E Hartley
Mrs V R Heuck
Mr A N Horncastle
Mr S Howey
Prof M J Lind
Dr C A Rowland-Hill
Prof N D Stafford
Mrs L Bellsey

- appointed 26.10.2017

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

**Report of the Trustees
for the year ended 30th September 2017**

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 Cyclotron facility (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 NHS 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. Six trustees from the Charity attend monthly meetings with the aforementioned senior employees and formal minutes are taken at each meeting. Meetings are also 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 Carbon 11. Delivery and installation will be in the spring of 2019.

**Report of the Trustees
for the year ended 30th September 2017**

ACHIEVEMENT AND PERFORMANCE

Review of the year and future strategy

The Project's Development is now reaching an advanced stage and it is anticipated that the Project Director will shortly present a final report to the trustees seeking approval for the project to commence the construction phase. On the assumption that approval is given, it is estimated that the facility will be operational in the early summer of 2019.

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

The cyclotron facility 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. The applications incorporate cancer, cardiac, dementia and Alzheimer's identification and treatment. The Charity has been advised that at the present time there is no equivalent facility in the UK.

The fundraising focus is now for Phase 2b - the cyclotron and further research facilities. 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.

Principal risks and uncertainties

The development of the Molecular Imaging Research Centre is now at an advanced stage and it is anticipated that construction will commence within the next three months. The cost of the project stands at £7.2 million and the charity's assets are currently in excess of £6 million, therefore the main risk to the charity is bridging this shortfall. It still has a number of opportunities to pursue in terms of fundraising from various individuals and institutions and one of the trustees has committed to underwriting the residual funding gap that might exist in 2018 when the charity is due to pay the balance on both the building and the cyclotron and ancillary equipment. If this arrangement is not enough to cover the full costs of the development then the charity would still have the opportunity of cancelling the order on some of the 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 £8,993,357 (2016: £7,455,190) were held by the charity at 30 September 2017. The balance held as unrestricted funds was £8,243,943 (2016: £6,597,056) of which £1,376,981 is regarded as free reserves, after allowing for funds tied up in tangible fixed assets and investment property.

Restricted funds totalling £749,414 (2016: £858,134) were held at 30 September 2017 with £715,358 (2016: £824,078) tied up in tangible fixed assets.

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, ie low risk.

**Report of the Trustees
for the year ended 30th September 2017**

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 2017 and 2016 was 12.

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 14 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

- Mr J E Hartley

- 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

- Dr C A Rowland Hill

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

**Report of the Trustees
for the year ended 30th September 2017**

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

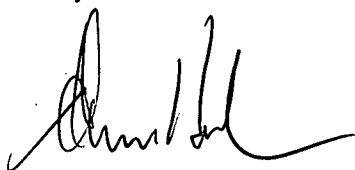
In so far as the trustees are aware:

- 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 19th April 2018 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 The Hull & East Yorkshire Medical Research Centre (the 'charitable company') for the year ended 30th September 2017 on pages eight to twenty four. 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).

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 members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 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.

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 and charitable company 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 annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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

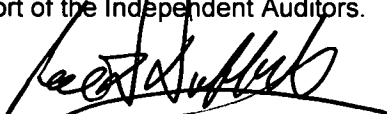
As explained more fully in the Statement of Trustees' Responsibilities set out on page five, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true 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 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 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 a Report of the Independent 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.

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 Independent Auditors.



Peter Duffield LLB FCA (Senior Statutory Auditor)
For and on behalf of Smailes Goldie
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

19th April 2018

Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure account)
for the year ended 30th September 2017

	Notes	Unrestricted fund £	Restricted funds £	2017 Total funds £	2016 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	1,575,107	-	1,575,107	1,672,349
Other trading activities	3	6,504	-	6,504	9,578
Investment income	4	115,391	-	115,391	113,821
Commercial trade operations	5	213,793	-	213,793	206,608
Total		1,910,795	-	1,910,795	2,002,356
EXPENDITURE ON					
Raising funds	6	77,143	-	77,143	80,362
Charitable activities	7				
Medical Research		92,396	14,124	106,520	92,547
Commercial trade operations	5	94,369	94,596	188,965	186,921
Total		263,908	108,720	372,628	359,830
NET INCOME/(EXPENDITURE)		1,646,887	(108,720)	1,538,167	1,642,526
RECONCILIATION OF FUNDS					
Total funds brought forward		6,597,056	858,134	7,455,190	5,812,664
TOTAL FUNDS CARRIED FORWARD		8,243,943	749,414	8,993,357	7,455,190

**The Hull & East Yorkshire Medical
Research Centre (Registered Company Number: 04017833)**

**Consolidated Balance Sheet
At 30th September 2017**

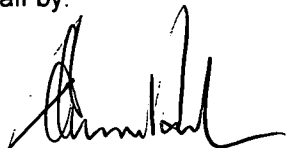
	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	15	1,802,278	1,579,179
Investments			
Investment property	17	<u>5,780,042</u>	<u>5,780,042</u>
		<u>7,582,320</u>	<u>7,359,221</u>
 CURRENT ASSETS			
Debtors	18	107,278	331,604
Cash at bank		<u>1,525,031</u>	<u>821,731</u>
		1,632,309	1,153,335
 CREDITORS			
Amounts falling due within one year	19	<u>(209,213)</u>	<u>(100,826)</u>
 NET CURRENT ASSETS		<u>1,423,096</u>	<u>1,052,509</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		9,005,416	8,411,730
 CREDITORS			
Amounts falling due after more than one year	20	-	(950,000)
PROVISIONS FOR LIABILITIES	21	<u>(12,059)</u>	<u>(6,540)</u>
 NET ASSETS		<u>8,993,357</u>	<u>7,455,190</u>
 FUNDS	22		
Unrestricted funds		8,243,943	6,597,056
Restricted funds		<u>749,414</u>	<u>858,134</u>
 TOTAL FUNDS		<u>8,993,357</u>	<u>7,455,190</u>

The notes form part of these financial statements

**Consolidated Balance Sheet - continued
At 30th September 2017**

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 19th April 2018 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A N Horncastle', written over a horizontal line.

A N Horncastle -Trustee

Charity Balance Sheet
At 30th September 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	15	294,463	36,901
Investments			
Investments	16	1	1
Investment property	17	5,780,042	5,780,042
		<u>6,074,506</u>	<u>5,816,944</u>
CURRENT ASSETS			
Debtors	18	1,690,750	1,943,625
Cash at bank		1,209,586	706,955
		<u>2,900,336</u>	<u>2,650,580</u>
CREDITORS			
Amounts falling due within one year	19	(32,369)	(88,913)
NET CURRENT ASSETS		<u>2,867,967</u>	<u>2,561,667</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,942,473	8,378,611
CREDITORS			
Amounts falling due after more than one year	20	-	(950,000)
NET ASSETS		<u>8,942,473</u>	<u>7,428,611</u>
FUNDS	22		
Unrestricted funds		7,851,372	6,323,386
Restricted funds		1,091,101	1,105,225
TOTAL FUNDS		<u>8,942,473</u>	<u>7,428,611</u>

**Charity Balance Sheet - continued
At 30th September 2017**

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 19th April 2018 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A N Horncastle', written over a horizontal line.

A N Horncastle –Trustee

**Consolidated Cash Flow Statement
for the year ended 30th September 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>1,763,114</u>	<u>1,608,735</u>
Net cash provided by operating activities		<u>1,763,114</u>	<u>1,608,735</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(111,412)</u>	<u>(300,333)</u>
Interest received		<u>1,598</u>	<u>1,575</u>
Net cash used in investing activities		<u>(109,814)</u>	<u>(298,758)</u>
Cash flows from financing activities:			
Loan repayments in year		<u>(950,000)</u>	<u>(950,000)</u>
Change in cash and cash equivalents in the reporting period		703,300	359,977
Cash and cash equivalents at the beginning of the reporting period		<u>821,731</u>	<u>461,754</u>
Cash and cash equivalents at the end of the reporting period		<u>1,525,031</u>	<u>821,731</u>

**Notes to the Consolidated Cash Flow Statement
for the year ended 30th September 2017**

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

	2017	2016
	£	£
Net income for the reporting period (as per the statement of financial activities)	1,538,167	1,642,526
Adjustments for:		
Depreciation charges	194,624	194,621
Interest received	(1,598)	(1,577)
(Increase)/decrease in debtors	64,052	(122,077)
Increase in creditors	(32,131)	(104,758)
Net cash provided by operating activities	<u>1,763,114</u>	<u>1,608,735</u>

**Notes to the Financial Statements
for the year ended 30th September 2017**

1. ACCOUNTING POLICIES

Group and Charity Accounting Policies

Basis of preparing the 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 applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investment properties, which are included at market value.

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 2017 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 expenditure 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 cost related to the category. Where costs 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 a cost 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.

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 back 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.

Notes to the Financial Statements - continued
for the year ended 30th September 2017

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

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 is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to 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 £	2017 Total funds £	2016 Total funds £
Donations	1,428,401	-	1,428,401	1,671,849
Legacies	146,706	-	146,706	500
	<u>1,575,107</u>	<u>-</u>	<u>1,575,107</u>	<u>1,672,349</u>

3. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Fundraising events	<u>6,504</u>	<u>-</u>	<u>6,504</u>	<u>9,578</u>

Notes to the Financial Statements - continued
for the year ended 30th September 2017

4. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Rents received	114,040	-	114,040	112,768
Deposit account interest	<u>1,351</u>	<u>-</u>	<u>1,351</u>	<u>1,053</u>
	<u>115,391</u>	<u>-</u>	<u>115,391</u>	<u>113,821</u>

5. INCOME/(EXPENDITURE) FROM COMMERCIAL TRADE OPERATIONS

	2017 £	2016 £
TURNOVER	213,546	206,086
Administrative expenses	<u>184,072</u>	<u>182,000</u>
OPERATING PROFIT	29,474	24,086
Interest receivable and similar income	<u>247</u>	<u>522</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	29,721	24,608
Tax on profit on ordinary activities	<u>5,415</u>	<u>4,921</u>
PROFIT FOR THE FINANCIAL YEAR	<u>24,306</u>	<u>19,687</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 £	2017 Total funds £	2016 Total funds £
Sundries	<u>396</u>	<u>-</u>	<u>396</u>	<u>180</u>

Other trading activities

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Purchases	9,909	-	9,909	6,157
PR costs	3,020	-	3,020	9,282
Bad debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>63</u>
	<u>12,929</u>	<u>-</u>	<u>12,929</u>	<u>15,502</u>

Notes to the Financial Statements - continued
for the year ended 30th September 2017

6. RAISING FUNDS

Investment management costs

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Administrative expenses	14,688	-	14,688	17,559
Maintenance charges	49,130	-	49,130	47,121
	<u>63,818</u>	<u>-</u>	<u>63,818</u>	<u>64,680</u>
Aggregate amounts	<u>77,143</u>	<u>-</u>	<u>77,143</u>	<u>80,362</u>

7. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Grant funding of activities (See note 8) £	Support costs (See note 9) £	Totals £
Medical Research	<u>14,124</u>	<u>45,000</u>	<u>47,396</u>	<u>106,520</u>

8. GRANTS PAYABLE

	2017 £	2016 £
Medical Research	<u>45,000</u>	<u>40,326</u>

The total grants paid to institutions during the year was as follows:

	2017 £	2016 £
The University of Hull	<u>45,000</u>	<u>40,326</u>

9. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Medical Research	<u>26,991</u>	<u>2,877</u>	<u>17,528</u>	<u>47,396</u>

10. NET INCOME/(EXPENDITURE)

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

	2017 £	2016 £
Auditors' remuneration	10,538	8,500
Depreciation - owned assets	<u>194,624</u>	<u>194,621</u>

Notes to the Financial Statements - continued
for the year ended 30th September 2017

11. TRUSTEE REMUNERATION AND BENEFITS

There was no trustees' remuneration or other benefits for the year ended 30th September 2017 nor for the year ended 30th September 2016.

Trustee expenses

There was no trustee expenses paid for the year ended 30th September 2017 nor for the year ended 30th September 2016.

12. STAFF COSTS

	Group and Charity	
	2017	2016
	£	£
Wages and salaries	-	-

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

13. 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 2017 totalled £1,513,862 (2016: £1,622,839).

14. COMPARATIVES FOR THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	1,672,349	-	1,672,349
Other trading activities	9,578	-	9,578
Investment income	113,821	-	113,821
Commercial trade operation	206,608	-	206,608
Total	2,002,356	-	2,002,356
EXPENDITURE ON			
Raising funds	80,362	-	80,362
Charitable activities			
Medical Research	78,426	14,121	92,547
Commercial trade operation	83,494	103,427	186,921
Total	242,282	117,548	359,830
NET INCOME/(EXPENDITURE)	1,760,074	(117,548)	1,642,526
RECONCILIATION OF FUNDS			
Total funds brought forward	4,836,982	975,682	5,812,664
TOTAL FUNDS CARRIED FORWARD	6,597,056	858,134	7,455,190

Notes to the Financial Statements - continued
for the year ended 30th September 2017

15. TANGIBLE FIXED ASSETS

GROUP	Plant and machinery etc £
COST	
At 1st October 2016	2,513,930
Additions	<u>417,723</u>
At 30th September 2017	<u>2,931,653</u>
DEPRECIATION	
At 1st October 2016	934,751
Charge for year	<u>194,624</u>
At 30th September 2017	<u>1,129,375</u>
NET BOOK VALUE	
At 30th September 2017	<u>1,802,278</u>
At 30th September 2016	<u>1,579,179</u>
CHARITY	
COST	
At 1st October 2016	540,430
Additions	<u>271,686</u>
At 30th September 2017	<u>812,116</u>
DEPRECIATION	
At 1st October 2016	503,529
Charge for year	<u>14,124</u>
At 30th September 2017	<u>517,653</u>
NET BOOK VALUE	
At 30th September 2017	<u>294,463</u>
At 30th September 2016	<u>36,901</u>

Notes to the Financial Statements - continued
for the year ended 30th September 2017

16. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
CHARITY	
MARKET VALUE	
At 1st October 2016 and 30th September 2017	<u>1</u>
NET BOOK VALUE	
At 30th September 2017	<u>1</u>
At 30th September 2016	<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

	2017 £	2016 £
Aggregate capital and reserves	50,886	26,580
Profit for the year	<u>24,306</u>	<u>19,687</u>

17. INVESTMENT PROPERTY

GROUP AND CHARITY

MARKET VALUE

	£
At 1st October 2016 and 30th September 2017	<u>5,780,042</u>

The market value of investment property was assessed by the trustees at 30 September 2017.

If investment properties had not been revalued they would have been included at the following historical cost:

	2017 £	2016 £
Cost	7,271,651	7,271,651
Aggregate depreciation	<u>2,000,227</u>	<u>1,745,918</u>

Notes to the Financial Statements - continued
for the year ended 30th September 2017

18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	-	44,920	-	44,920
Amounts owed by group undertakings	-	-	1,664,238	1,671,852
Other debtors	44,542	202,763	-	160,274
VAT	27,990	19,823	9,612	19,823
Prepayments and accrued income	34,746	64,098	16,900	46,756
	<u>107,278</u>	<u>331,604</u>	<u>1,690,750</u>	<u>1,943,625</u>

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	179,769	14,276	4,525	14,276
VAT	-	10,609	-	-
Accruals and deferred income	29,444	75,837	27,844	74,637
Corporation tax	-	104	-	-
	<u>209,213</u>	<u>100,826</u>	<u>32,369</u>	<u>88,913</u>

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

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Soft loans - after 5 years	<u>-</u>	<u>950,000</u>	<u>-</u>	<u>950,000</u>

Soft Loan

The loan was granted by Allamhouse Limited on 13 December 2012 and was drawn down in full by the charitable company on 16 January 2015. The loan was interest free and was repayable when the charitable company's wholly owned subsidiary, Daisy Medical Research Limited, had surplus cash arising from profits generated from the Phase 2 project after allowing and having provided for all known and reasonable foreseeable liabilities and general running costs of both the subsidiary and the borrower. On 18 October 2016, the balance outstanding on this loan was repaid to Allamhouse Limited.

Notes to the Financial Statements - continued
for the year ended 30th September 2017

21. PROVISIONS FOR LIABILITIES

	Group 2017 £	2016 £	Charity 2017 £	2016 £
Deferred tax	<u>12,059</u>	<u>6,540</u>	-	-
		Deferred tax £		Deferred tax £
Balance at 1st October 2016		6,540		-
Charge to Profit and Loss Account during year		<u>5,519</u>		-
Balance at 30th September 2017		<u>12,059</u>		-

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted funds £	2017 Total funds £	2016 Total funds £
Fixed assets	1,086,920	715,358	1,802,278	1,579,179
Investment property	5,780,042	-	5,780,042	5,780,042
Current assets	1,598,253	34,056	1,632,309	1,153,335
Current liabilities	(209,213)	-	(209,213)	(100,826)
Long term liabilities	-	-	-	(950,000)
Provisions	<u>(12,059)</u>	-	<u>(12,059)</u>	<u>(6,540)</u>
	<u>8,243,943</u>	<u>749,414</u>	<u>8,993,357</u>	<u>7,455,190</u>

23. MOVEMENT IN FUNDS

	At 01.10.16 £	Incoming resources £	Resources expended £	At 30.09.17 £
Unrestricted funds				
General fund	6,597,056	1,910,795	(263,908)	8,243,943
Restricted funds				
Medical equipment	70,956	-	(14,124)	56,832
Phase 2	<u>787,178</u>	-	<u>(94,596)</u>	<u>692,582</u>
	<u>858,134</u>	-	<u>(108,720)</u>	<u>749,414</u>
TOTAL FUNDS	<u>7,455,190</u>	<u>1,910,795</u>	<u>(372,628)</u>	<u>8,993,357</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.

**Notes to the Financial Statements - continued
for the year ended 30th September 2017**

24. COMMITMENTS

Grant Funding -

University of Hull - relating to the Positron Emission Tomography Research Project

The total grant award is £60,000 of which £45,000 was paid during the year (2016 - £15,000).

Research Building Service Costs	£
Payable within one year	42,770
2-5 years	171,080
Over 5 years	470,470

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.

25. RELATED PARTY DISCLOSURES

Beech Hill Residential Investments Limited

A company in which Mr A N Horncastle, a trustee, is a director; during the year the charity received a donation of £16,333 (2016: £17,000) from Beech Hill Residential Investments Limited.

Horncastle Group PLC

A company in which Mr A N Horncastle, a trustee, is a director; during the year the charity received a donation of £16,333 (2016: £17,000) from Horncastle Group PLC.

W A Horncastle Charitable Trust

A charity for which Mr A N Horncastle is a trustee; during the year the charity received a donation of £16,333 (2016: £17,000) from W A Horncastle Charitable Trust.

Allamhouse Limited

A company in which Dr A Allam, a trustee, is a director; during the year the charity received a donation of £1,200,000 from Allamhouse Limited.