



Smailes Goldie Group
CREATING ADVANTAGE

REGISTERED COMPANY NUMBER: 04017833 (England and Wales)
REGISTERED CHARITY NUMBER: 1095652

The Hull & East Yorkshire Medical Research Centre

Consolidated Financial Statements

30th September 2020

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The Hull & East Yorkshire Medical Research Centre

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for the year ended 30th September 2020**

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The Hull & East Yorkshire Medical Research Centre

Report of the Trustees for the year ended 30th September 2020

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 2020. 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	- Resigned 16.07.2020
Mrs L Bellsey	- Resigned 03.09.2020
Mr T S E Boanas	
Prof J G F Cleland	- Resigned 29.11.2019
Prof P E Dyer	
Ms K M Guest	
Mrs V R Heuck	
Mr D C Heuck	- Appointed 05.03.2020
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 2020

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 is due for completion in August 2021. Equipping and commissioning of the cyclotron and ancillary equipment in the MIRC will be completed by January 2022.

The Hull & East Yorkshire Medical Research Centre

Report of the Trustees for the year ended 30th September 2020

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 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 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 charity was impacted by the COVID-19 pandemic and the control measures that were put in place by the Government towards the end of the first quarter of 2020. As highlighted elsewhere in this report the main impact to the charity was a delay of the Phase 2b project. Despite the measures put in place by the Government to control the spread of COVID-19, the charity continued most of its day-to-day activities, by alternative means where necessary and as a result the pandemic did not have a significant effect on the charity or its ability to continue as a going concern.

Principal risks and uncertainties

The construction of the Molecular Imaging Research Centre is now at an advanced stage with the building completion anticipated by August 2021. The projected cost of the project stands at some £8.5 million the main risk to the charity is bridging this shortfall. It still has several opportunities to pursue in terms of fundraising from various individuals and institutions and is currently in the process of finalising two loan agreements to the value of £750,000. The charity is due to pay the balance on both the building, the cyclotron and ancillary equipment during 2021.

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 £11,815,789 (2019: £9,539,605) were held by the charity at 30 September 2020. The balance held as unrestricted funds was £ 9,853,659 (2019: £9,338,852) of which £1,970,986 is regarded as free reserves, after allowing for funds relating to tangible fixed assets and investment property.

Restricted funds totalling £1,962,130 (2019: £290,932) were held at 30 September 2020 with £4,011,161 (2019: £2,453,736) relating to 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, i.e., low risk.

The Hull & East Yorkshire Medical Research Centre

Report of the Trustees for the year ended 30th September 2020

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 2020 was 12 (2019: 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 2020**

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 6th May 2021 and signed on its behalf by:



Prof N D Stafford – Company Secretary

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 2020 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 2020 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.

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.

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

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

6th May 2021

The Hull & East Yorkshire Medical Research Centre

**Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure account)
for the year ended 30th September 2020**

	Notes	Unrestricted fund £	Restricted funds £	2020 Total funds £	2019 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	178,648	721,044	899,692	1,581,632
Other trading activities	3	10,271	-	10,271	26,777
Investment income	4	117,422	-	117,422	116,363
Commercial trade operations	5	231,591	-	231,591	224,793
Total		537,932	721,044	1,258,976	1,949,565
EXPENDITURE ON					
Raising funds	6	83,366	-	83,366	90,767
Charitable activities					
Medical Research	7	49,287	70,753	120,040	74,481
Commercial trade operations	5	98,022	94,596	192,618	193,471
Total		230,675	165,349	396,024	358,719
NET INCOME/(EXPENDITURE)		307,257	555,695	862,952	1,590,846
Gain on investment property revaluation		1,413,232	-	1,413,232	-
Transfers between Funds		(1,205,682)	1,205,682	-	-
NET MOVEMENT IN FUNDS		514,807	1,761,377	2,276,184	1,590,846
RECONCILIATION OF FUNDS					
Total funds brought forward		9,338,852	200,753	9,539,605	7,948,759
TOTAL FUNDS CARRIED FORWARD		9,853,659	1,962,130	11,815,789	9,539,605

The notes form part of these financial statements

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

**Consolidated Balance Sheet
At 30th September 2020**

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	14	4,700,288	3,198,853
Investments			
Investment property	16	<u>7,193,274</u>	<u>5,780,042</u>
		<u>11,893,562</u>	<u>8,978,895</u>
 CURRENT ASSETS			
Debtors	17	115,496	117,235
Cash at bank		<u>2,446,718</u>	<u>3,208,650</u>
		<u>2,562,214</u>	<u>3,325,885</u>
 CREDITORS			
Amounts falling due within one year	18	<u>(521,193)</u>	<u>(66,631)</u>
 NET CURRENT ASSETS		<u>2,041,021</u>	<u>3,274,213</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		13,934,583	12,238,149
 CREDITORS			
Amount falling due after more than one year	19	<u>(2,083,088)</u>	<u>(2,672,171)</u>
PROVISIONS FOR LIABILITIES	20	<u>(35,706)</u>	<u>(26,373)</u>
 NET ASSETS		<u>11,815,789</u>	<u>9,539,605</u>
 FUNDS			
Unrestricted funds	21	9,853,659	9,338,852
Restricted funds		<u>1,962,130</u>	<u>200,753</u>
 TOTAL FUNDS		<u>11,815,789</u>	<u>9,539,605</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 6th May 2021 and were signed on its behalf by:



Prof. N-D Stafford -- Company Secretary

The notes form part of these financial statements

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

**Charity Balance Sheet
At 30th September 2020**

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	14	3,606,286	2,033,837
Investments			
Investments	15	1	1
Investment property	16	<u>7,193,274</u>	<u>5,780,042</u>
		10,799,561	7,813,880
 CURRENT ASSETS			
Debtors	17	1,788,971	1,712,873
Cash at bank		<u>1,660,345</u>	<u>2,637,512</u>
		3,449,316	4,350,385
 CREDITORS			
Amounts falling due within one year	18	<u>(500,981)</u>	<u>(64,406)</u>
 NET CURRENT ASSETS		2,948,425	4,285,979
 TOTAL ASSETS LESS CURRENT LIABILITIES		13,747,986	12,099,859
 CREDITORS			
Amounts falling due after more than one year	19	<u>(2,083,088)</u>	<u>(2,672,171)</u>
 NET ASSETS		11,664,898	9,427,687
 FUNDS			
Unrestricted funds		10,111,562	9,132,338
Restricted funds		<u>1,553,337</u>	<u>295,349</u>
 TOTAL FUNDS		11,664,898	9,427,687

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 6th May 2021 and were signed on its behalf by:



Prof N D Stafford - Company Secretary

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 2020**

	Notes	2020 £	2019 £
Net cash provided by operating activities	1	<u>390,208</u>	<u>1,808,427</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(1,682,962)	(1,183,077)
Interest received		(70,753)	1,000
Interest paid		<u>1,575</u>	<u>(20,261)</u>
Net cash used in investing activities		(1,752,140)	(1,202,338)
Cash flows from financing activities:			
Loan drawdown in year		<u>600,000</u>	<u>1,472,171</u>
Change in cash and cash equivalents in the reporting period		(761,932)	2,078,260
Cash and cash equivalents at the beginning of the reporting period		<u>3,208,650</u>	<u>1,130,390</u>
Cash and cash equivalents at the end of the reporting period		<u>2,446,718</u>	<u>3,208,650</u>

The notes form part of these financial statements

The Hull & East Yorkshire Medical Research Centre

**Notes to the Consolidated Cash Flow Statement
for the year ended 30th September 2020**

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

	2020	2019
	£	£
Net income for the reporting period (as per the statement of financial activities)	862,952	1,590,846
Adjustments for:		
Depreciation charges	181,527	189,343
Interest received	(1,575)	(1,000)
Interest paid	70,753	20,261
(Increase)/decrease in debtors	1,740	(11,800)
Increase/(decrease) in creditors and provisions	(725,188)	20,777
Net cash provided by operating activities	<u>390,208</u>	<u>1,808,427</u>

The notes form part of these financial statements

The Hull & East Yorkshire Medical Research Centre

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

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 charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with 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) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and the UK Generally Accepted Practice as it applies from 1 January 2015.

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 2020 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.

The Hull & East Yorkshire Medical Research Centre

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

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	2020 Total funds	2019 Total Funds
	£	£	£	£
Donations	178,648	721,044	899,692	1,573,832
Legacies	-	-	-	7,800
	<u>178,648</u>	<u>721,044</u>	<u>899,692</u>	<u>1,581,632</u>

3. OTHER TRADING ACTIVITIES

	Unrestricted funds	Restricted funds	2020 Total funds	2019 Total funds
	£	£	£	£
Fundraising events	<u>10,271</u>	<u>-</u>	<u>10,271</u>	<u>26,777</u>

The Hull & East Yorkshire Medical Research Centre

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

4. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	2020 Total funds	2019 Total funds
	£	£	£	£
Rents received	115,847	-	-	115,363
Deposit account interest	<u>1,575</u>	<u>-</u>	<u>1,575</u>	<u>1,000</u>
	<u>117,422</u>	<u>-</u>	<u>117,422</u>	<u>116,363</u>

5. INCOME/(EXPENDITURE) FROM COMMERCIAL TRADE OPERATIONS

	2020 £	2019 £
TURNOVER	231,590	224,319
Administrative expenses	<u>183,807</u>	<u>186,125</u>
OPERATING PROFIT	47,783	38,194
Interest receivable and similar income	<u>522</u>	<u>474</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	48,305	38,668
Tax on profit on ordinary activities	<u>9,333</u>	<u>7,346</u>
PROFIT FOR THE FINANCIAL YEAR	<u>38,972</u>	<u>31,322</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	2020 Total funds	2019 Total Funds
	£	£	£	£
Sundries	<u>184</u>	<u>-</u>	<u>184</u>	<u>216</u>

Other trading activities

	Unrestricted funds	Restricted funds	2020 Total funds	2019 Total funds
	£	£	£	£
Purchases	7,805	-	7,805	18,705
PR costs	<u>5,060</u>	<u>-</u>	<u>5,060</u>	<u>4,352</u>
	<u>12,865</u>	<u>-</u>	<u>12,865</u>	<u>23,057</u>

The Hull & East Yorkshire Medical Research Centre

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

6. RAISING FUNDS - continued

Investment management costs

	Unrestricted funds	Restricted funds	2020 Total funds	2019 Total funds
	£	£	£	£
Administrative expenses	19,190	-	19,190	16,052
Maintenance charges	<u>51,127</u>	<u>-</u>	<u>51,127</u>	<u>51,442</u>
	<u>70,317</u>	<u>-</u>	<u>70,317</u>	<u>67,494</u>
Aggregate amounts	<u>83,366</u>	<u>-</u>	<u>83,366</u>	<u>90,767</u>

7. CHARITABLE ACTIVITIES COSTS

	Direct costs	Grant funding of activities	Support costs (See note 8)	Total
	£	£	£	£
Medical Research	<u>1,027</u>	<u>-</u>	<u>97,590</u>	<u>98,617</u>

8. SUPPORT COSTS

	Management	Governance	Totals
	£	£	£
Medical Research	<u>25,508</u>	<u>72,082</u>	<u>97,590</u>

9. NET INCOME/(EXPENDITURE)

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

	2020	2019
	£	£
Auditors' remuneration – audit services	10,304	9,010
Auditors' remuneration – non-audit services	11,120	6,785
Depreciation - owned assets	<u>181,527</u>	<u>189,343</u>

10. TRUSTEE REMUNERATION AND BENEFITS

There was no trustees' remuneration or other benefits for the year ended 30th September 2020 nor for the year ended 30th September 2019.

Trustee expenses

There were no trustee expenses paid for the year ended 30th September 2020 nor for the year ended 30th September 2019.

The Hull & East Yorkshire Medical Research Centre

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

11. STAFF COSTS

	Group and Charity	
	2020	2019
	£	£
Wages and salaries	24,132	24,132
Social security costs	1,070	2,154
	<u>25,202</u>	<u>26,286</u>

The average number of employees during the year ended 30th September 2020 was 1 (2019: 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 2020 totalled £823,979 (2019: £1,574,483).

13. COMPARATIVES FOR THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	1,548,303	33,329	1,581,632
Other trading activities	26,777	-	26,777
Investment income	116,363	-	116,363
Commercial trade operations	<u>224,793</u>	<u>-</u>	<u>224,793</u>
Total	1,916,236	33,329	1,949,565
EXPENDITURE ON			
Raising funds	90,767	-	90,767
Charitable activities			
Medical Research	45,569	28,912	74,481
Commercial trade operations	<u>98,875</u>	<u>94,596</u>	<u>193,471</u>
Total	235,211	123,508	358,719
NET INCOME/(EXPENDITURE)	1,681,025	(90,179)	1,590,846
Transfer between funds	-	-	-
NET MOVEMENT IN FUNDS	1,681,025	(90,179)	1,590,846
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>7,657,827</u>	<u>290,932</u>	<u>7,948,759</u>
TOTAL FUNDS CARRIED FORWARD	<u>9,338,852</u>	<u>200,753</u>	<u>9,539,605</u>

The Hull & East Yorkshire Medical Research Centre

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

14. TANGIBLE FIXED ASSETS

	Property under construction £	Plant and machinery etc £	Total £
GROUP			
COST			
At 1st October 2019	2,033,315	2,678,960	4,712,275
Additions	1,569,052	113,910	1,682,962
At 30th September 2020	<u>3,602,367</u>	<u>2,792,870</u>	<u>6,395,237</u>
DEPRECIATION			
At 1st October 2019	-	1,513,422	1,513,422
Charge for year	-	181,527	181,527
At 30th September 2020	<u>-</u>	<u>1,694,949</u>	<u>1,694,949</u>
NET BOOK VALUE			
At 30th September 2020	<u>3,602,367</u>	<u>1,097,921</u>	<u>4,700,288</u>
At 30th September 2019	<u>2,033,315</u>	<u>1,165,538</u>	<u>3,198,853</u>
CHARITY			
COST			
At 1st October 2019	2,033,315	541,222	2,574,537
Additions	1,569,052	4,424	1,573,476
At 30th September 2020	<u>3,602,367</u>	<u>545,646</u>	<u>4,148,013</u>
DEPRECIATION			
At 1st October 2019	-	540,700	540,700
Charge for year	-	1,027	1,027
At 30th September 2020	<u>-</u>	<u>541,727</u>	<u>541,727</u>
NET BOOK VALUE			
At 30th September 2020	<u>3,602,367</u>	<u>3,919</u>	<u>3,606,286</u>
At 30th September 2019	<u>2,033,315</u>	<u>522</u>	<u>2,033,837</u>

The Hull & East Yorkshire Medical Research Centre

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

15. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
CHARITY	
MARKET VALUE	
At 1st October 2019 and 30th September 2020	<u>1</u>
NET BOOK VALUE	
At 30th September 2020	<u>1</u>
At 30th September 2019	<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

	%
Class of share:	holding
Ordinary	100
	2020
	£
Aggregate capital and reserves	150,890
Profit for the year	<u>38,972</u>
	2019
	£
	111,918
	<u>31,322</u>

16. INVESTMENT PROPERTY

GROUP AND CHARITY

	£
MARKET VALUE	
At 1 st October 2019	5,780,042
Revaluation	1,413,232
At 30 th September 2020	<u>7,193,274</u>
NET BOOK VALUE	
At 30 th September 2020	<u>7,193,274</u>
At 30 th September 2019	<u>5,780,042</u>

The market value of investment property was assessed by the trustees at 30 September 2020.

The Hull & East Yorkshire Medical Research Centre

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

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Amounts owed by group undertakings	-	-	1,741,330	1,647,645
Other debtors	83,757	80,056	35,065	35,695
VAT	-	3,913	-	15,141
Prepayments and accrued income	31,739	33,266	12,576	14,372
	<u>115,496</u>	<u>117,235</u>	<u>1,788,971</u>	<u>1,712,873</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	19,482	11,103	12,035	11,103
VAT	377,560	-	366,931	-
Accruals and deferred income	123,830	55,022	121,606	52,797
Social security and other tax	321	506	319	506
	<u>521,193</u>	<u>66,631</u>	<u>500,891</u>	<u>64,406</u>

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

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Other creditors	2,083,088	2,672,171	2,083,088	2,672,171
	<u>2,083,088</u>	<u>2,672,171</u>	<u>2,083,088</u>	<u>2,672,171</u>

Included in the above total is a loan of £283,088 (2019: £272,171) which is unsecured and interest free. The loan is repayable in full on 25 March 2022.

Included in the above total is a loan of £1,800,000 (2019: £1,200,000) 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	
	2020	2019	2020	2019
	£	£	£	£
Deferred tax	35,706	26,373	-	-
				Deferred tax
				tax
				£
Balance at 1st October 2019				26,373
Charge to Statement of financial activities during year				9,333
Balance at 30th September 2020				<u>35,706</u>

The Hull & East Yorkshire Medical Research Centre

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

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted funds	2020 Total funds	2019 Total funds
	£	£	£	£
Fixed assets	689,127	4,011,161	4,700,288	3,198,853
Investment property	7,193,274	-	7,193,274	5,780,042
Current assets	2,528,157	34,057	2,562,214	3,325,885
Liabilities	(521,193)	(2,083,088)	(2,604,281)	(2,738,802)
Provisions	(35,706)	-	(35,706)	(26,373)
	<u>9,853,659</u>	<u>1,962,130</u>	<u>11,815,789</u>	<u>9,539,605</u>

22. MOVEMENT IN FUNDS

	At 30.09.20	Incoming resources	Resources expended	Revaluation gain	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>9,539,605</u>	<u>1,258,976</u>	<u>396,024</u>	<u>1,413,232</u>	<u>-</u>	<u>11,815,789</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.

Amounts transferred during the period relate to unrestricted reserves that have been invested into the Phase 2B development project.

**The Hull & East Yorkshire Medical
Research Centre**

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

23. COMMITMENTS

	2020
	£
Research building service costs	
Payable within one year	49,189
2-5 years	196,756
Over 5 years	442,701
	<u>688,646</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 2020 the charitable group had two capital commitments of £3,573,916 and £1,252,466 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:

	2020	2019
	£	£
Falling due:		
Within one year	114,873	114,873
Between one and five year	459,493	459,493
Over five years	<u>1,841,755</u>	<u>1,956,628</u>
	<u>2,416,121</u>	<u>2,530,994</u>

25. RELATED PARTY DISCLOSURES

At 30 September 2020 the charity owed £300,000 (2019: £300,000), discounted to its present value of £283,088 in the financial statements to a company controlled by a trustee of the charity. The form of this liability is an interest free loan.

During the year ended 30 September 2020 £10,604 (2018: £50,000) was donated to the charity from Horncastle Group PLC a company controlled by a trustee.

On 23 September 2016 the charity received a payment of £1,200,000 from a trustee, Dr A Allam, which was recognised as a deferred donation due to performance conditions being imposed on the donated amount in accordance with a signed donation agreement. The donation has been returned to Dr A Allam as the performance related conditions will not be met.

During the year ended 30th September 2020 Dr A Allam also donated a further £400,000 with the same performance conditions being imposed. This amount was donated the charity via the NHS and was match funded by the NHS. The donation has been returned to Dr A Allam as the performance related conditions will not be met.

There are no further related party transactions requiring disclosure during the year ended 30 September 2020.