

Company Registration No. 08719645 (England and Wales)

**LIFE SCIENCES HUB WALES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**



# LIFE SCIENCES HUB WALES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Prof Sir M Aylward Dr M Hughes Cramer Mr J Evans Dr R C Griffiths Mr R P Jones Mr C Martin Ms C O'Brien
<b>Company number</b>	08719645
<b>Registered office</b>	2nd Floor, 3 Assembly Square Britannia Quay Cardiff Bay CARDIFF UK CF10 4PL
<b>Auditor</b>	Auditor General for Wales 24 Cathedral Road Cardiff UK CF11 9LJ

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# LIFE SCIENCES HUB WALES LIMITED

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# LIFE SCIENCES HUB WALES LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2019**

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The directors present the strategic report and financial statements for the year ended 31 March 2019.

### Review of the business

#### 1. Introduction

The aim of the Life Sciences Hub Wales ("LHSW") is to help the people of Wales benefit from improved healthcare and economic wellbeing, by accelerating the development and adoption of innovation healthcare solutions. We convene partners, orchestrate the innovation system and accelerate opportunities.

LHSW is a company limited by guarantee, with the Welsh Ministers being its sole member. We are recognised as one of the leading mechanisms in delivering the principles of joint stakeholder working and cross portfolio integration, as outlined in the Welsh Government Prosperity for All, the National Strategy. We play a key role in supporting A Healthier Wales, which sets out the Welsh Government's ambitions to support health and care services providers in Wales to work in partnership and are aligned with the Wellbeing and Future Generation Objectives and the Prudent Healthcare principles adopted by Welsh Government based on recommendations of the Parliamentary Review of Health and Social Care 2018.

With the global life sciences industry providing important opportunities to increase economic growth and produce benefits for patients few, if any, sectors are more important to support.

It is a time of huge opportunities for Wales, with its strengths as an agile and connected nation, to build upon the platform of our NHS and the strength of our life science sector, to embrace transformative healthcare innovation, developing innovative new ways to prevent, treat and cure illness and disease.

As a nation, our strengths lie in the academic and clinical excellence of our universities, NHS and industry in fields including digital technology, medical technology, regenerative medicine, diagnostics, eHealth, pharmaceutical services, and neuroscience. With more than 11,000 people employed, in over 370 companies of various sizes, from start-ups to multi-national corporations with an approximate turnover of £2billion, the life sciences industry in Wales is strong but, standing still is not an option in a globally competitive sector.

The enormous gains in health outcomes and life expectancy achieved over the last 30 years can continue but it is likely this will depend on a host of new innovative scientific platforms for improving health. These will include digital big data systems, robotics, artificial intelligence and new therapeutic approaches such as gene or cell therapy. Wales must be strongly positioned to lead in the discovery, evaluation and adoption of these new approaches.

Significant challenges need to be faced including the rising cost of healthcare with over 50% of the Welsh Government's total budget currently committed to health and care. There are increasing demands on restricted financial and human resources across our health and social care services with key factors including an ageing population and increasing prevalence of complex chronic health conditions. Demand on the service is increasingly rapidly, year on year, with over 3 million outpatient attendances, 1 million A&E attendances and 750,000 hospital admissions to NHS Wales in 2016/17. Together with primary care capacity challenges, our health and social care services are under unsustainable pressure.

Systematic, transformative change is required, working in partnership to accelerate and adopt innovation.

We are ambitious, recognising the significant opportunities and challenges ahead, requiring focussed effort and support, sustained over the longer term.

#### 2. Delivering on behalf of the Welsh Government

The Company receives an annual remit, set in 2018/2019 by the then Cabinet Secretary for Economy and Transport, Ken Skates AM. 2018/2019 represented the first financial year since the publication of the Welsh Government's Economic Action Plan.

The Cabinet Secretary set out his request for the main focus to be delivering opportunities for creating value from NHS-Industry engagement that aims to:

# LIFE SCIENCES HUB WALES LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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- i. Improve health and wellbeing outcomes for the people in Wales
- ii. Improve efficiency and value within the Welsh health and care system
- iii. Drive economic development through business growth and good jobs

Specific actions that LSHW committed to achieve in 2018-19 were:

1. Programme Business Case
2. Stakeholder Engagement
3. Opportunity Pipeline

These actions were delivered, leading to securing funding for 2019/20 and will enable us to start implementing our 2019-2024 operational plan and to realise the multiple benefits offered across the Health, Economy, Innovation and Skills agendas for the people of Wales.

LHSW has been successfully repurposed to convene, orchestrate and accelerate collaboration between NHS Wales, industry and research organisations bringing economic growth, sustainable employment and health benefits to the people of Wales. On a UK level, our vital role in driving forward growth and innovation across the life sciences industry has been recognised in the UK Life Sciences Industrial Strategy.

### 3. Business Review

During 2018/19, our first full year since the repositioning of LSHW, we are delighted to have made progress on our commitments to the Welsh Government set out in our 2018/19 business plan and remit letter. Significant progress has been made in putting in place the foundations for our future operations with recruitment of key personnel, investment in operational capacity, enhanced awareness through effective communication and strengthened governance.

Recognising the challenge of recruiting rare skills which are much in demand, we have made progress in building a multi-disciplinary team of specialists including expertise across communications, life sciences industry engagement, health and social care engagement, bid development, and finance and compliance. These skills, experience, and knowledge equip us to fully deliver on our commitments into 2019/20.

Significant progress has been made in developing awareness of our purpose, role and activity implementing our new communications strategy including new website, vibrant event programme and increasing our presence of digital platforms.

#### *Convening partners*

In July 2018 we launched our Strategy, Mission and Vision to an audience of some 250 partners from across the Life Sciences. This was one of 12+ events organised, hosted or attended by LHSW during the year, bringing together leading world experts, academia, industry, the NHS and healthcare providers.

We have engaged NHS Wales' senior leaders in an open and productive way and established ourselves as a recognised partner in the innovation ecosystem.

Digital Health Ecosystem Wales, a collaboration between the Life Sciences Hub Wales and the NHS Wales Informatics Service (NWIS), connecting developers and companies with innovative digital health solutions with the NHS, organised a series of events including on Artificial Intelligence and disruptive technologies forming a strong Wales wide network.

#### *Orchestrate system*

Accelerate, a pioneering collaboration between Welsh universities and the Life Science Hub Wales, which we co-ordinate and manage was launched. The £24m programme, secured in June 2018 is co-funded by the Welsh European Funding Office European Regional Development Fund, the Welsh Government's Health and Social Services Group, Universities, LHSW, and health boards.

# LIFE SCIENCES HUB WALES LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2019**

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Helping to translate innovative ideas into new technology, products, and services for the health and care sector, some 20 projects have been assessed and important partnerships developed with multi-national healthcare providers. Investment has been made in cutting-edge facilities at the universities that innovators and entrepreneurs need to get their idea off the ground.

As part of our work to reverse the disproportionately low share of UK strategic funding opportunities bid for by Welsh organisations, we have been active in coordinating collaborative bids between NHS Trusts, NHS Wales, universities and global industry providers, for investment from Innovate UK into digital pathology and imaging across Wales. Preparative work was also undertaken for Healthy Ageing and Digital Hub bids to Innovate UK and a Centre for Precision Medicine Centre as part of the Cardiff City Deal. Our DHEW programme has organised presentations from Innovate UK, GovTech Catalyst, WEFO, ECH Alliance on Horizon 2020.

Taken a leading role in the development of and helped launch the Innovation Network for Health & Social care in Wales.

### *Accelerate opportunities*

An initial structured pipeline of opportunities from a number of NHS Trusts across Wales have been identified and prioritised.

A comprehensive stakeholder engagement report was submitted to Welsh Government, providing a full overview of all the value and impact of our stakeholder engagement and partner collaboration activity and a programme business case submitted to Welsh Government by the end of March 2019.

### **4. Forward Look**

In January 2019, we finalised an operational plan for 2019-2024, approved and endorsed by Welsh Government in March 2019 with a new remit letter for 2019/20 received securing some £4m of revenue funding for our future operations. The operational plan describes in detail how, over the next 12 months, we will build an evidence base, translating our vision into tangible activity and actions to fulfil our planned outcomes and strategic objectives over the next 5 years.

Our outcomes and actions fall within four overarching, interdependent delivery priorities, each with a clear set of strategic objectives, actions, and expected outcomes for the next financial year.

We also set out the strategic objectives, actions, and expected outcomes of our enabler functions, which include communications, operations, and our Accelerate and Digital Health Ecosystem Wales programmes.

# LIFE SCIENCES HUB WALES LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### Strategic Map for Life Sciences Hub Wales

<b>Mission</b>	To accelerate the development and adoption of innovative solutions for better health and wellbeing.
<b>Vision</b>	To make Wales the place of choice for health, care and wellbeing innovation.
<b>Strategic aims</b>	<p>We have three strategic aims which direct our activity:</p> <ul style="list-style-type: none"> <li>(1) Improve health and wellbeing outcomes for people in Wales</li> <li>(2) Improve efficiency and value within the health and social care system</li> <li>(3) Drive economic development through business growth and jobs</li> </ul>
<b>Achieving aims</b>	<p>We will achieve our aims through 4 key components:</p> <ul style="list-style-type: none"> <li>(1) Convene partners</li> <li>(2) Orchestrate system</li> <li>(3) Build for the future</li> <li>(4) Accelerate opportunities.</li> </ul>
<b>Delivery Priorities</b>	<p>We will achieve our strategic aims by working with stakeholders to:</p> <ul style="list-style-type: none"> <li>(1) Identify and develop innovation from industry</li> <li>(2) Curate and promote innovation within NHS Wales</li> <li>(3) Develop an effective funding identification and delivery function in line with health and social care thematic opportunities</li> <li>(4) Convene and orchestrate stakeholders to drive forward national programmes and innovation deployment.</li> </ul>

### 5. Risk and Risk Management

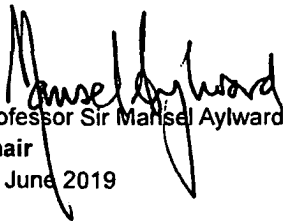
In all that we deliver, now and in the future, we are mindful of external factors that could impact our work. We know that factors such as the increasing demand on health and care resources, an overstretched workforce and health and care budgets, and the uncertainty surrounding the UK leaving the European Union means that the landscape within which we are operating will change significantly over the course of the next five years. Consequently, it's never been more important that the life sciences industry is supported to respond to both risk and opportunity.

We are building a team and a resource that can respond and adapt in an agile, flexible and effective way to external changes to policy and the economy. Our insight and intelligence into future opportunities, from industry innovation to national funding calls, places us in a strong position to adapt and stay one step ahead. Our desire is to continue to work closely with our UK and international partners, increasing the benefit to our national health and social care sector and the economy in Wales.

A robust operations function within the organisation ensures that we remain fully compliant with statutory, regulatory and contractual obligations. We are in a strong position to adapt quickly to ensure that the organisation meets any changes to these requirements if, and when required, so that integrity is assured.

The Directors are of the opinion that a thorough risk management process is in place and that this involves the formal review of all the risks identified. Processes are in place to monitor and mitigate such risks.

On behalf of the board

  
 Professor Sir Mansel Aylward  
 Chair  
 20 June 2019

  
 Chris Martin  
 Director & Chair of ARC  
 20 June 2019

# LIFE SCIENCES HUB WALES LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2019**

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The directors present their annual report and financial statements for the year ended 31 March 2019.

The Corporate Governance Statement commencing on page 8 forms part of this report.

### Principal activities

The Life Sciences Hub Wales Limited is a company limited by guarantee with the Welsh Ministers being its sole member. The company receives an annual remit set by the Cabinet Secretary for Economy and Infrastructure. The overall focus for the Life Sciences Hub Wales is to support the Welsh Government's objective to deliver economic benefits for the life sciences sector.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Prof Sir M Aylward

Dr M Hughes Cramer

Mr J Evans

Dr R C Griffiths

Prof T N Irish

(Resigned 31 March 2019)

Mr R P Jones

Mr C Martin

Dr P J Owen

(Resigned 12 October 2018)

Ms C O'Brien

### DIVIDENDS

No dividends will be distributed for the period ended 31 March 2019.

### GOING CONCERN AND EVENTS AFTER THE REPORTING YEAR END

In adopting the going concern basis for preparing the Financial Statements, the Directors have considered the business activities as well as the Company's principal risks and uncertainties as set out in the risk register.

Confirmation of Welsh Government's support to the Company was received 11 March 2019 for a period of 12 months and the Board is content to conclude for the Company to adopt the going concern basis in the preparation of the annual reports and accounts.

### EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the period is given in the notes to the financial statements.

### DIRECTORS

At the start of the financial year the Directors had been in position since their appointment in 9 October 2017.



# **LIFE SCIENCES HUB WALES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2019**

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### **NON-CURRENT ASSETS**

Details of non-current assets, being fixtures and fittings are shown in note 10 to the financial statements. Details of intangible assets are shown in note 9.

### **RISK MANAGEMENT**

The management of the Company is subject to a number of risks. Accountability for the management of risks relating to the operations of the Company lies with the Board of Directors, including: evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and maintaining sound and effective risk management and internal controls.

The Chief Executive has responsibility for reviewing the effectiveness of the system of internal control; informed by the work of appointed internal auditors and the management of the Company who have responsibility for the development and maintenance of the Internal Control framework, together with comments and recommendations made by the external auditors in their management letter and internal auditors in their reports.

The Company has in place management structures, policies and procedures designed to enable the achievement of these objectives, while managing the risks associated with the environment in which the Company operates. These are reviewed regularly.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk that the Life Sciences Hub Wales faces is not meeting the Welsh Government's remit and therefore either losing or receiving reduced future funding. To mitigate this risk, the Company's Board of Directors has developed a strategy designed to address the remit and this is supported by a detailed operational plan. In addition, the Company monitors its progress and key performance indicators on a quarterly basis to ensure it is meeting all expected targets.

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES**

The main financial risks for the Company are cash flow management and budgeting. For both of these, the Company works closely with the Welsh Government to ensure it maintains a healthy cash balance and exerts strong budgetary control.

With regards to cashflow management, there is no significant credit risk and the Company maintains a healthy cash balance. At the end of the financial year, the Company held a positive cash balance of £997k and therefore, credit, liquidity and cashflow risks are not considered to be a material risk to the Company.

### **FINANCIAL PERFORMANCE FOR THE YEAR**

The results for the year are shown on page 15 onwards.

The Company's financial statements currently show that the Company has reserves of £24K.

Performance (internally and externally) against the Remit is monitored by the Welsh Government and the Company provides regular reports to the Welsh Government to assist in this monitoring process. The Company is required to manage its financial performance within the budget that has been agreed with the Welsh Government, further details of this are set out in the annually agreed Remit Letter and Management Agreement.

# LIFE SCIENCES HUB WALES LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

The Management Agreement normally allows the Company to carry over from one year to the next any drawn but unspent cash balances of up to 2% of the agreed total gross annual budget (as set out in the Remit Letter and being exclusive of income deemed to be private funds). Any proposal to carry over sums in excess of this amount is required to be agreed with the Welsh Government.

The table below shows the position for the 2018-19 financial year:

Item	£'000
Agreed total gross budget	2,723
Allowable carry over – 2%	54
Cash and cash equivalents at 31 March 2019	997
Current assets – trade and other receivables at 31 March 2019	1,131
Current liabilities – trade and other payables at 31 March 2019	(2,154)
<b>Unspent cash balance as at 31 March 2019</b>	<b>(26)</b>

Excess to be paid back to Welsh Government -

No surplus cash balance was held at the end of the year.

The 2018-19 allowable cash carry over (£54k) is calculated as 2% of the budget granted; the budget used to calculate the 2018-19 cash carry over is £2,500k as per the remit letter plus an additional £223k.

After calculating the cash held at the end of 2018-19, considering cash balances, assets and liabilities, Life Science Hub Wales held negative cash of £26k and is therefore compliant with the Welsh Government allowable cash carry over limit of £54k.

Throughout the year, management and Welsh Government have continued to monitor the required level of funding and Welsh Government has made in year adjustments to the level of funding where necessary. The Company accordingly utilised surplus reserves in the delivery of services to regularise the reserves and cash balances held by the end of 31 March 2019, thereby generating a loss for the year ended 31 March 2019.

The Operational Plan for 2019/20 and Remit Letter outlining the operational and financial plans for the year have been approved by the Welsh Government and adequate income has been secured to meet the budgeted expenditure for the year including Welsh Government and other grant making body grants, as well as income from desk licenses, conference facilities and meeting room hire.

The Company will track progress against these key performance indicators.

# LIFE SCIENCES HUB WALES LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### COMPANY PERFORMANCE 2018-19

Company performance is assessed both internally and externally in relation to prescribed targets, quality standards and financial health. For the 2018-19 financial year, the key performance indicators monitored by the Board were:

	Target	Actual
National Programme Delivery	2	2
Enterprise Supported	30	57
Jobs Assisted	100	0
Business Incubation	8	7
Sector Investment Induced (£M)	£10m	£12m
Accelerates Adoption Products	4	4

### Policy in respect of disabled persons

The Company has an Equal Opportunities Policy in place.

### Supplier Payment Policy

The Company is committed to the prompt settlement of invoices and other claims for payments. In the case of goods and services where the supply has been satisfactorily completed the Company's objective is to pay within 30 days of receipt of the invoice.

### Environmental Summary

The Company acknowledges a responsibility for, and a commitment to, protection of the environment at all levels.

### ANNUAL CORPORATE GOVERNANCE STATEMENTS

The Governance Statement below brings together in one place all disclosures about matters relating to the Company's governance risk and control. As Accounting Officer, I am personally responsible for the Governance Statement which outlines how I have discharged my responsibility in managing and controlling the resources of the Company throughout the year.

### CORPORATE GOVERNANCE

Corporate Governance is the system by which organisations are directed and controlled. The Board of the Company is responsible for the governance of the Company and compliance with the Corporate Governance code. The Board's role is to satisfy itself that an appropriate governance structure is in place and to ensure that through the Chief Executive Officer, the organisation operates within the policy framework set by the Welsh Government.

For the year ended 31 March 2019, the Board comprised a Chair and eight Directors appointed by the Welsh Ministers. The Chair is a remunerated position, as are the positions of each director. The Board has met 9 times during the financial year.

A register of Director and senior management team interests is maintained to ensure that potential conflicts of interest are identified.

The Board has appointed an Audit and Remuneration Committee with its own terms of reference to discharge its responsibilities and to obtain the assurance required to demonstrate that good governance practices are in place.

The Directors' attendance at the Board and Committee meetings is shown in the table below.

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# LIFE SCIENCES HUB WALES LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

All Audit and Remuneration Committee meetings are summarised for the Board by means of a verbal report from the Audit and Remuneration Committee Chair at every Board meeting. The Chief Executive Officer was in attendance at all Audit and Remuneration Committee and Board meetings.

### Meetings of the Board of Directors

Name	Board 19-Apr-18	Board 17-May-18	Board 21-Jun-18	Board 20-Sept-18	Board 18-Oct-18
Prof Sir Mansel Alyward	N	Y	Y	Y	Y
Dr Rhodri Griffiths	N	Y	Y	Y	Y
Mr Jarred Evans	Y	Y	Y	Y	Y
Dr Melya Hughes-Crameri	Y	Y	Y	Y	N
Prof Tim Irish	Part	Part	N	N	N
Mr Chris Martin	Y	Y	N	Y	Y
Mrs Catherine O'Brien	N	Y	N	N	Y
Dr Penny Owen	N	N	N	N	N/A
Mr Rupert Jones	Y	Y	N	N	Y

Name	Board 15-Nov-18	Board 20-Dec-18	Board 21-Jan-19	Board 21-Mar-19
Prof Sir Mansel Alyward	Y	Y	Y	Part
Dr Rhodri Griffiths	Y*	Y	Y	Y
Mr Jarred Evans	Y*	Y	N	Y
Dr Melya Hughes-Crameri	Y*	Y*	Y	Y
Prof Tim Irish	N	N	Y	N
Mr Chris Martin	Y	Y	Y	Y
Mrs Catherine O'Brien	N	Y	Y	Part
Dr Penny Owen	N/A	N/A	N/A	N/A
Mr Rupert Jones	Y	Y	Y	Y

### Meeting of the Audit and Remuneration Committee

Name	ARC Meeting 19-Apr-18	ARC Meeting 05-Jun-18	ARC Meeting 01-Aug-18	ARC Meeting 02-Oct-18
Chris Martin	Y	Y	Y	Y
Dr Rhodri Griffiths	Y	Y	Y	Y
Dr Melya Hughes-Crameri	Y	Y	Y*	Y
Mr Rupert Jones	Y	Y	Y	N
**Cari-Anne Quinn (Interim CEO)	Y	Y	Y	Y

# LIFE SCIENCES HUB WALES LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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Name	ARC Meeting 20-Dec-18	ARC Meeting 21-Feb-19	ARC Meeting ***21-Mar-19
Chris Martin	Y	Y	Y
Dr Rhodri Griffiths	Y	Y	Y
Dr Melya Hughes-Crameri	Y*	Y*	Y
Mr Rupert Jones	Y	N	Y
Cari-Anne Quinn	Y	Y	Y

\*Joined by telephone

\*\* Became CEO 01/10/18

\*\*\*Extraordinary ARC meeting held on 21/03/19

### Audit and Remuneration Committee

The Committee comprises four Directors who met seven times in the financial year. The Company engaged Internal Auditors on 20 December 2018 following a competitive tendering process, TIAA were appointed to 31 March 2019, given the strategic options in front of the Company as outlined in the Strategic Report. Internal and External Auditors are invited to attend all meetings of the Audit and Remuneration Committee.

The Committee discharges its responsibilities over issues of risk management systems, internal control, internal audit, statutory audit of consolidated financial statements, remuneration of key executives and staff and wider governance of the Company through its terms of reference.

During the year, the Committee's area of focus included:

- Reviewing risk management policies and procedures
- Reviewing and agreeing core policies
- Receiving the reports of the Internal Auditors
- Ensuring appropriate employment policies are adopted and adhered to
- Ensuring an appropriate pay structure was adopted by the Company

### The Executive Management Team

The executive management team was led by the Chief Executive, who was appointed in October 2018.

The Chief Executive and Board meets regularly to discuss and agree corporate and operational matters as full responsibility for the operation of the Company is delegated to the Chief Executive by the Board. The Company reported performance to Welsh Government to monitor progress against plan.

### Whistleblowing Procedures

The Company communicates and reminds staff with regards to whistleblowing. A whistleblowing policy exists training is provided through the induction process, on an annual basis through the Company's online training provision and is periodically discussed in staff meetings.

# LIFE SCIENCES HUB WALES LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2019**

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I am satisfied that, for the year ended 31 March 2019, a proportionate and sound governance framework and system of internal controls has been in place. They supported the achievement of the Life Sciences Hub Wales's policies aims and objectives; facilitated effective exercise of the Company's functions and safeguarded public funds and assets for which the Accounting Officer is personally responsible. These matters of governance and control are in accordance with the responsibilities in the Management Agreement issued to us by the Welsh Government.

**Cari-Anne Quinn**  
**Chief Executive Officer**  
**Life Sciences Hub Wales Limited**

### **Auditor**

The Auditor General for Wales is the Company's statutory external auditor appointed by Welsh Government.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

  
**Professor Sir Mansel Aylward**  
**Chair**

20 June 2019



**Cari-Anne Quinn**  
**Accounting Officer**

20 June 2019

# **LIFE SCIENCES HUB WALES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2019***

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# LIFE SCIENCES HUB WALES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF LIFE SCIENCES HUB WALES LIMITED

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#### Opinion

I have audited the financial statements of Life Sciences Hub Wales Limited for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its deficit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors are responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

#### Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.



# LIFE SCIENCES HUB WALES LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF LIFE SCIENCES HUB WALES LIMITED

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#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified material misstatements in the strategic report or the directors' report.

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you, if, in my opinion:

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

#### Report

I have no observations to make on these financial statements.

#### Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 12, the directors 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 directors 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 directors' are responsible for assessing the 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 deemed inappropriate.

#### Auditor's responsibilities for the audit of the financial statements

My 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 my 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 the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

#### Responsibilities for regularity

The directors are responsible for ensuring the regularity of financial transactions.

I am responsible for expressing an opinion on whether the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.



**Adrian Crompton**  
Auditor General for Wales  
25 June 2019

24 Cathedral Road  
Cardiff  
UK  
CF11 9LJ

# LIFE SCIENCES HUB WALES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

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		2019	2018
	Notes	£	£
Revenue	4	3,460,615	1,539,750
Gross profit		3,460,615	1,539,750
Other operating income		12,113	67,853
Administrative expenses		(3,598,944)	(1,736,248)
Operating loss	5	(126,216)	(128,645)
Income tax expense	8	-	-
Loss and total comprehensive income for the year	16	(126,216)	(128,645)

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The income statement has been prepared on the basis that all operations are continuing operations.

# LIFE SCIENCES HUB WALES LIMITED

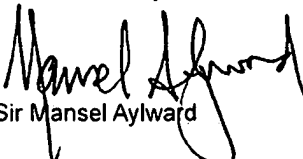
## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 £	2018 £
<b>Non-current assets</b>			
Intangible assets	9	3,976	10,300
Property, plant and equipment	10	9,536	20,719
		<u>13,512</u>	<u>31,019</u>
<b>Current assets</b>			
Trade and other receivables	11	1,166,578	148,587
Cash and cash equivalents		997,281	642,714
		<u>2,163,859</u>	<u>791,301</u>
<b>Total assets</b>		<u>2,177,371</u>	<u>822,320</u>
<b>Current liabilities</b>			
Trade and other payables	13	1,491,901	273,393
Deferred revenue	14	558,560	389,613
		<u>2,050,461</u>	<u>663,006</u>
<b>Net current assets</b>		<u>113,398</u>	<u>128,295</u>
<b>Non-current liabilities</b>			
Trade and other payables	14	103,054	9,242
<b>Total liabilities</b>		<u>2,153,515</u>	<u>672,248</u>
<b>Net assets</b>		<u>23,856</u>	<u>150,072</u>
<b>Equity</b>			
Retained earnings	16	23,856	150,072

For the year ended 31 March 2019, the Company was entitled to exemption from the requirements of Part 16 of the Companies Act 2006 under section 482 of this Act (non-profit making companies subject to public sector audit).

The financial statements were approved by the board of directors and authorised for issue on 20 June 2019 and are signed on its behalf by:

  
Professor Sir Mansel Aylward  
Chair

Company Registration No. 08719645

# LIFE SCIENCES HUB WALES LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

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	<b>Retained earnings £</b>
<b>Balance at 1 April 2017</b>	278,717
<b>Year ended 31 March 2018:</b>	
Loss and total comprehensive income for the year	(128,645)
<b>Balances at 31 March 2018</b>	<u>150,072</u>
<b>Year ended 31 March 2019:</b>	
Loss and total comprehensive income for the year	(126,216)
<b>Balances at 31 March 2019</b>	<u><u>23,856</u></u>

# LIFE SCIENCES HUB WALES LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

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	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	27		354,862		(228,897)
			<hr/>		<hr/>
<b>Net cash inflow/(outflow) from operating activities</b>			354,862		(228,897)
<b>Investing activities</b>					
Purchase of property, plant and equipment		(295)		(14,254)	
		<hr/>		<hr/>	
<b>Net cash used in investing activities</b>			(295)		(14,254)
			<hr/>		<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>			354,567		(243,151)
Cash and cash equivalents at beginning of year			642,714		885,865
Cash and cash equivalents at end of year			<hr/> <hr/>		<hr/> <hr/>

# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

#### Company information

Life Sciences Hub Wales Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 2nd Floor, 3 Assembly Square, Britannia Quay, Cardiff Bay, CARDIFF, UK, CF10 4PL.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

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

#### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Revenue

Income receivable from Welsh Government is recognised in the year in which the income is received in line with the Remit Letter which outlines funding for the period normally to 31 March each year.

Grants receivable from the Welsh Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with the condition attached thereto.

Income from meeting room hire and seminars is recognised at the date of the booking. Deposits paid in advance are held and income recognised on the date that the event takes place.

Other income relates to income arising from the provision of a coffee machine for the use of visitors and is recognised when received.

Interest income and expense is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

#### 1.4 Intangible assets other than goodwill

Intangible assets with a finite life are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases of 3 years.

Intangible assets in the course of construction are not amortised.

# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies (Continued)

#### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. The Company does not group assets for capitalisation.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	3 years
Office equipment	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.7 Cash and cash equivalents

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

#### 1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

#### *Loans and receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies (Continued)

##### ***Impairment of financial assets***

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### ***Other financial liabilities***

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies (Continued)

##### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

##### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### 1.14 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to costs yet to be incurred are deferred and recognised in the Statement of Profit or Loss over the period necessary to match them with the costs for which they are intended to compensate.

Grants received for the purchase of capital equipment are credited to a deferred income account and released to the Statement of Profit or Loss over the expected useful lives of the assets concerned.

##### 1.15 Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 2 Adoption of new and revised standards and changes in accounting policies

##### Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 16	Leases - effective 2019 *
IFRS 17	Insurance Contracts - effective 2021 *

\* accounting periods commencing 1 January

With the exception of IFRS 16 Leases, the Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial standards of the Company. The impact of IFRS 16 Leases, which has been issued by the International Accounting Standards Board (IASB) but not yet adopted by the European Union and will apply from 2019-20, is not reasonably estimable at the date of signing these financial statements.

#### 3 Critical accounting estimates and judgements

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

##### Critical judgements

Accrual estimates at the year-end have been based on work completed or goods received but not invoiced.

Accrued income in relation to the Accelerate project has been estimated based on costs incurred but not yet claimed. This totalled £1,104,287 for the year ended 31st March 2019.

# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 4 Revenue

	2019	2018
	£	£
<b>Revenue analysed by class of business</b>		
Welsh Government - Core funding	2,009,090	1,376,219
Digital Health EcoSystem Wales project	168,025	58,429
License fees and memberships	53,115	70,430
Meeting rooms and seminars	32,397	33,120
Other	275	1,552
WEFO - Accelerate project	1,122,713	-
Welsh Government - Accelerate project	75,000	-
	<u>3,460,615</u>	<u>1,539,750</u>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Other significant revenue</b>		
Grants received - capital	12,113	62,739
VAT repayment supplement	-	5,114
	<u>-</u>	<u>5,114</u>

#### Accelerate project

Accelerate is a two year programme that supports the translation of new technology, products and services, through research and development projects, to improve health and social care within Wales. It is delivered through a collaboration between the Life Sciences Hub Wales Ltd as Lead Beneficiary, Swansea University, Cardiff University and University of Wales Trinity Saint David. It is jointly funded by the Wales European Funding Office through the European Regional Development Fund (ERDF) (financial award £12,339,771) and Welsh Government (financial award £650,000) in addition to match funding from the partners. As Lead Beneficiary, LSHW makes a retrospect claim against the ERDF financial award on behalf of all partners and pays the appropriate proportion to each partner on receipt.

The impact of the Accelerate project can be seen in the Statement of Comprehensive Income (administrative expenses), note 4 - revenue, note 11 - trade receivables and other receivables (prepayments and accrued income) and note 13 - Trade and other payables (accruals).

During the 2019 financial year the company received £1,122,713 from WEFO of which £930,546 was paid to partners. Actual income due to the company totalled £192,158.

### 5 Operating loss

	2019	2018
	£	£
Operating loss for the year is stated after charging/(crediting):		
Government grants	(12,113)	(62,739)
Fees payable to the company's auditor for the audit of the company's financial statements	20,036	14,784
Depreciation of property, plant and equipment	11,479	127,456
Amortisation of intangible assets	6,324	12,351
	<u>6,324</u>	<u>12,351</u>

# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Directors	9	7
Administrative	6	3
Marketing and events	3	1
Business development	-	2
Secondment	-	1
Bridging fund	1	1
DHEW	1	1
Chief Executive Officer	1	1
Innovation & Adoption	3	-
Accelerate	6	-
	<u>30</u>	<u>17</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	900,630	456,808
Social security costs	71,062	39,811
Pension costs	38,422	20,679
	<u>1,010,114</u>	<u>517,298</u>

### 7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>52,430</u>	<u>71,914</u>

The remuneration of Directors comprises salary and National Insurance and is included in the wages and salaries disclosure above.

No directors accrued retirement benefits in the current year or prior year.

# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 8 Income tax expense

	2019 £	2018 £
The charge for the year can be reconciled to the loss per the income statement as follows:		
	2019 £	2018 £
Loss before taxation	(126,216)	(128,645)
Expected tax credit based on a corporation tax rate of 19.00%	(23,981)	(24,443)
Effect of expenses not deductible in determining taxable profit	669,547	322,322
Income not taxable	(643,385)	(297,885)
Effect of change in UK corporation tax rate	-	2,231
Depreciation on assets not qualifying for tax allowances	(2,181)	(2,225)
<b>Taxation charge for the year</b>	<b>-</b>	<b>-</b>

### 9 Intangible assets

	Desk Booking System £	Website Development £	Total £
<b>Cost</b>			
At 1 April 2017	23,050	19,950	43,000
At 31 March 2018	23,050	19,950	43,000
At 31 March 2019	23,050	19,950	43,000
<b>Amortisation and impairment</b>			
At 1 April 2017	7,053	13,296	20,349
Charge for the year	5,697	6,654	12,351
At 31 March 2018	12,750	19,950	32,700
Charge for the year	6,324	-	6,324
At 31 March 2019	19,074	19,950	39,024
<b>Carrying amount</b>			
At 31 March 2019	3,976	-	3,976
At 31 March 2018	10,300	-	10,300
At 31 March 2017	15,997	6,654	22,651

# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 10 Property, plant and equipment

	Fixtures and fittings £
<b>Cost</b>	
At 1 April 2017	389,934
Additions	14,254
	<hr/>
At 31 March 2018	404,188
Additions	296
	<hr/>
At 31 March 2019	404,484
	<hr/>
<b>Accumulated depreciation and impairment</b>	
At 1 April 2017	256,013
Charge for the year	127,456
	<hr/>
At 31 March 2018	383,469
Charge for the year	11,479
	<hr/>
At 31 March 2019	394,948
	<hr/>
<b>Carrying amount</b>	
At 31 March 2019	9,536
	<hr/> <hr/>
At 31 March 2018	20,719
	<hr/> <hr/>
At 31 March 2017	133,921
	<hr/> <hr/>

### 11 Trade and other receivables

	Current	
	2019	2018
	£	£
Trade receivables	22,403	41,537
Other receivables	3,032	514
VAT recoverable	1,693	47,276
Prepayments and accrued income	1,139,450	59,260
	<hr/>	<hr/>
	1,166,578	148,587
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

### 12 Trade receivables - credit risk

#### Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 12 Trade receivables - credit risk (Continued)

No significant receivable balances are impaired at the reporting end date.

### 13 Trade and other payables

	Current 2019 £	2018 £
Trade payables	15,022	79,393
Accruals	1,415,852	189,578
Social security and other taxation	37,848	-
Other payables	23,179	4,422
	<u>1,491,901</u>	<u>273,393</u>

Included within trade payables and accruals above is £396,796 (2018: £183,820) owed by the Company to the Welsh Government in relation to rent, service charge, facilities management and telephone contract costs re-charged to the Company (see note 22 for further details).

### 14 Deferred revenue

	2019 £	2018 £
Arising from government grants	661,542	397,855
Arising from hire revenue	72	1,000
	<u>661,614</u>	<u>398,855</u>

#### Analysis of deferred revenue

Deferred revenues are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £	2018 £
Current liabilities	558,560	389,613
Non-current liabilities	103,054	9,242
	<u>661,614</u>	<u>398,855</u>

### 15 Retirement benefit schemes

#### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £38,422 (2018: £20,679).

# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 16 Retained earnings

	2019 £	2018 £
At the beginning of the year	150,072	278,717
Loss for the year	(126,216)	(128,645)
At the end of the year	<u>23,856</u>	<u>150,072</u>

### 17 Contingent liabilities

There are no contingent liabilities at 31 March 2019.

### 18 Operating lease commitments

#### Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2019 £	2018 £
Minimum lease payments under operating leases	<u>274,336</u>	<u>249,139</u>

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
<b>Land and buildings</b>		
Within one year	<u>-</u>	<u>68,690</u>

On the 31 July 2013, The Welsh Ministers signed a 10-year superior lease agreement with a third party in relation to the property that the Company occupies. On the 4 July 2014, The Welsh Ministers entered a license agreement with the same third party relating to the underletting of this property to the Company. On the same day, the under-lease between The Welsh Ministers and the Company was signed. The under-lease ceased on the 29 June 2018. As at 31 March 2019, completion on a new under-lease to 25 July 2023 was awaited.

### 19 Capital commitments

There were no capital commitments at 31 March 2019 (2018: £nil).

### 20 Capital risk management

The company is not subject to any externally imposed capital requirements.



# **LIFE SCIENCES HUB WALES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2019***

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### **21 Events after the reporting date**

The Financial Statements were authorised for issue on 20 June 2019. The Welsh Government has the power to amend the Financial Statements after issue.

# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 22 Related party transactions

##### Remuneration of key management personnel

The remuneration of the directors, who are key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2019	2018
	£	£
Short-term employee benefits	52,430	71,914
	<u>52,430</u>	<u>71,914</u>
	<u><u>52,430</u></u>	<u><u>71,914</u></u>

The Company is a wholly controlled subsidiary of the Welsh Government and therefore the Welsh Government is regarded as a related party. During the year, the Company received income from the Welsh Government of £2,253,490 consisting of £2,009,090 of core funding and £244,400 WG project income (2018: £1,376,219 of core funding and £58,429 WG project income). During the year, the Welsh Government has re-charged the cost of rent, service charges, facilities management and website costs to the Company, which totaled £507,493 (2018: £542,032).

At 31 March 2019, the Company owed the Welsh Government £396,796 (2018: £183,820) in relation to rent, service charge, facilities management and website costs re-charged to the Company (See note 13).

Payments to Swansea University of £110,238 for seconded staff in relation to the Accelerate project.

Mrs C O'Brien is the Director of Welsh Blood Service which is a division of Velindre NHS Trust. Payments were received from Velindre NHS Trust totaling £64,877.

No guarantees have been given or received.

#### 23 Controlling party

The Welsh Ministers has ultimate control of the Company, being the sole member.

#### 24 Going Concern

In adopting the going concern basis for preparing the Financial Statements, the Directors have considered the business activities as well as the Company's principal risks and uncertainties as set out in the risk register.

Whilst the Company has a confirmed budget for the year to 31 March 2020, a long term funding agreement is expected to be secured after this date.

The Welsh Government has pledged ongoing support for the Life Sciences Hub and are closely involved in the development of the long-term strategy and direction of the Company.

#### 25 Share Capital

The Company is limited by guarantee with the Welsh Ministers agreeing to contribute the sum of £1 in the event of the Company being wound up.

# LIFE SCIENCES HUB WALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### 26 VAT

As at 31 March 2019, the company had an open compliance enquiry with HM Revenue and Customs in relation to Value Added Tax (VAT). On the basis of specialist advice received to date, the directors are of the opinion that it is unlikely any material liability will arise as a result of the enquiry. Therefore, no provision has been recognised in these financial statements, as the likely outcome of the enquiry cannot be measured with reliable accuracy.

### 27 Cash generated from operations

	2019	2018
	£	£
Loss for the year after tax	(126,216)	(128,645)
<b>Adjustments for:</b>		
Amortisation and impairment of intangible assets	6,324	12,351
Depreciation and impairment of property, plant and equipment	11,479	127,456
<b>Movements in working capital:</b>		
(Increase)/decrease in trade and other receivables	(1,017,992)	76,772
Increase/(decrease) in trade and other payables	1,218,508	(631,962)
Increase in deferred revenue outstanding	262,759	315,131
<b>Cash generated from/(absorbed by) operations</b>	<u>354,862</u>	<u>(228,897)</u>