

Company Registration No. 08719645 (England and Wales)

LIFE SCIENCES HUB WALES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



LIFE SCIENCES HUB WALES LIMITED

COMPANY INFORMATION

Directors

Prof Sir M Aylward
Mr J Evans
Dr R C Griffiths
Mr R P Jones
Mr C Martin
Ms C O'Brien

Company number

08719645

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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 2020

The directors present the strategic report and financial statements for the year ended 31 March 2020.

Review of the business

1. Context

The aim of Life Sciences Hub Wales ("LSHW") is to help the people of Wales benefit from improved healthcare and economic wellbeing, by accelerating the development and adoption of innovative healthcare solutions. LSHW convenes partners, orchestrates the innovation system and accelerates opportunities.

At a time when our healthcare system faces its greatest challenge in the Covid-19 pandemic, the public sector, academia, industry and the third sector have united in responding to this unprecedented public health challenge, supporting NHS Wales and social care providers to introduce transformative innovation at pace and scale. We have been proud to play a part to support their heroic efforts.

Wales, as other nations globally, will face a further period of fiscal uncertainty as a result of the pandemic, compounding the significant challenges which already exist i.e. the rising costs of healthcare and increasing demand. The need to do more, better, and for less, is likely to remain for an unknown but evidently extended period.

The pressing need to deliver 'A Healthier Wales' continues to hold true, with a greater emphasis on preventing illness; the adoption of new therapeutic approaches; and new technologies enabling transformative change to a wellness-based system, with care provided closer to home and in which health and social care are fully integrated.

This represents the most significant challenge since the visionary formation of the NHS and in the words of its founder "calls for something bolder than a mere adaptation". To address we *must* innovate and accelerate delivery and adoption.

With the global life sciences industry providing important opportunities to enable economic recovery and produce benefits for patients, few, if any sectors are of more importance to support. As a nation, our strengths lie in the academic and clinical excellence of our universities, NHS Wales and industry in fields including digital technology, medical technology, eHealth and pharmaceutical services. We need to protect this currently threatened and fragile base, build upon and invest in supporting areas which provide sustainable return on investment and deliver improved wellness benefits, to sustain, support and build our foundational and knowledge-based economy.

In aiding a recovery, Wales needs to be strongly positioned within highly competitive international markets to lead in the discovery, evaluation and adoption of new innovative scientific platforms for improving health and wellness. This includes digital big data systems, robotics, artificial intelligence, age tech, advanced therapeutic and precision medicine approaches such as gene or cell therapy.

With additional uncertainties in relation to structural funds due to the impending departure of the UK from the EU, we must improve our performance and increase our presence to secure investment to fuel our recovery including from UK public sources e.g. UKRI, Innovate UK. There is a need to strengthen our international partnerships to enable accelerated adoption, to work collaboratively in addressing ongoing health challenges and to build new export pathways.

Momentum from positive public and clinical behavioural change, accepting and adopting innovation in response to Covid-19 at an accelerated scale and pace needs to be retained and built upon. Rapid adoption of digital solutions, e.g. primary care and secondary care outpatient e-appointments need to act as a springboard to capture the benefits of a digital revolution in healthcare which will create value across the Welsh health and social care system and make it easier for transformational partnerships to develop and thrive.

Making NHS Wales more accessible and capable of engaging confidently with industry and other external partners, to build collaboration and accelerate innovation and adoption of improved products and services remains vital.

LIFE SCIENCES HUB WALES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Central to our work is collaboration on national and international levels, working with a range of partners – government, academia, commerce and healthcare providers – all with the common aim of realising a step change in improving the health and wealth of the people in Wales.

This will depend upon all of us working together, and not least involving the people of Wales in co-design, co-production and co-ownership to find innovative and new ways to develop and deliver our healthcare systems and processes.

2. Delivering on behalf of the Welsh Government

The Company receives an annual remit, by the Minister for Health and Social Services. For 2019/20 the Minister set out his request for the main focus to be the continued development of LSHW activities to deliver the three strategic aims of:

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

Activities focused on economic development to support health, accelerating change, and creating value across the Welsh health and social care system by engaging industry to bring forward solutions, products and services for the benefit of the population of Wales. Specifically, to:

- Identify and develop innovation from industry - to support the life sciences industry to grow and flourish in Wales, identifying and supporting industry driven innovation solutions from within Wales, the UK and internationally to address health and social care needs.
- Curate and promote innovation within NHS Wales - to represent the whole of health and social care to share good practice by identifying proven innovation solutions delivered within NHS Wales and support the case for national adoption.
- Develop an effective funding identification and delivery function in line with health and social care areas - to access external funding to support innovation for health and social care, understanding key thematic opportunities for each growth areas and identify key industry and academic partners. Develop and produce consortium funding bids (to include the Cardiff Capital Region and Industrial Strategy Challenge Fund opportunities) that will bring new money to Wales to support the development and deployment of health and social care innovation.
- Convene and orchestrate stakeholders to drive forward national programmes and innovation deployment - to represent the whole of health and social care to share good practice by identifying proven innovation solutions and support the case for national adoption and commercialisation.

These activities and associated key performance indicators were delivered, leading to securing funding for 2020/21, enabling us to continue to offer multiple benefits across the health, economy, innovation and skills agendas for the people of Wales.

3. Business Review

Significant progress has been made in continuing to build our capacity with recruitment of key personnel, investment in operational capacity, enhanced awareness through effective communication and further strengthened governance.

With a focus on delivery, a flavour only of the progress made during 2019/20 against key priorities is provided below.

LIFE SCIENCES HUB WALES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3.1 *Identify and develop innovation from industry*

We are building our knowledge of innovative products and services by engaging with industry from start-ups, local SMEs to multi-nationals and monitoring market developments. We are breaking down the barriers of accessing clinical expertise and NHS Wales decision makers, with LSHW becoming a focal point for industry to engage with NHS Wales and becoming a trusted partner for them to engage confidently with industry.

With various multinationals, we are working on, amongst others, artificial intelligence, robotics and healthy ageing solutions. The local SME business community are involved in several areas of our work: attending events, discussing business growth projects, bringing forward innovation solutions, and participating in consortia funding bids.

Accelerate, a European funded programme on which LSHW leads, working closely with partners Cardiff University, Swansea University and University of Wales Trinity St David, has continued to develop, securing an extension to the duration of the programme through a reprofiling exercise and growth in the number of projects supported.

In partnership with NHS Wales Informatics Service we deliver the Digital Health Ecosystem Wales (DHEW) programme which supports a strong network of over 100 organisations from across NHS, social care, academia and industry making it easier and faster to adopt digital healthcare technology.

3.2 *Curate and promote innovation within NHS Wales*

Regular meetings with NHS Wales health boards and trusts, healthcare professionals, management and senior decision-makers have been undertaken pan Wales to understand their needs and priorities and to build strong and trusted relationships, enhanced by establishing and convening networks in partnership.

3.3 *Develop an effective funding and delivery function in line with health and social care priority areas*

LHSW is orchestrating consortia and convening partnerships to enable Wales to increase the number and quality of bids, combining the strengths of partners to increase success rates in UK and international funding calls. LSHW has created a series of industry focused special interest groups aimed at convening the relevant industry partners ahead of launching an industry challenge for innovation, a funding bid, or collaborative project.

3.4 *Convene and orchestrate stakeholders to drive forward national programmes and innovation deployment*

Accelerating the adoption of best practice and innovation, either pulled from within the NHS or pushed from industry across health boards and trusts pan Wales forms a key part of our work.

3.5 *Networks and events*

A key part of LSHW's work is the convening of key stakeholders and partners to identify new solutions, develop them and take them to market for the benefit of the health and social care sector in Wales.

A busy programme has cemented LSHW as a location of choice to facilitate events and networks for our stakeholders. In total, 36 events have welcomed 1,747 attendees.

4. Forward Look

In 2020/21 we will continue our successful programme of engagement and events (through digital platforms due to social distancing requirements), further develop partnerships bringing them to fruition and focus on ensuring our existing pipeline of opportunities is delivered. As an agile organisation, we will respond to the needs identified by Welsh Government in support of the response to Covid-19 continuing to work with partners across sectors.

LIFE SCIENCES HUB WALES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

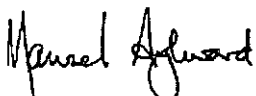
Our core delivery priorities remain the same, but our work programme will be further accelerated as our team is now established. To ensure maximum return on investment and impact during 2020/21, LSHW will proactively focus activities on delivering the pipeline of projects sourced in 2019/20 focusing on five key impact areas:

- Healthy Ageing
- Digital, AI and Robotics
- Precision Medicine
- Advanced Therapeutic Medicinal Products
- Value Based Healthcare

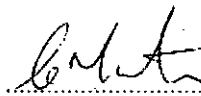
In addition, we will continue to deliver national programmes including Accelerate, DHEW, cross cutting programmes across all key impact areas and further enhance and strengthen our marketing and communications and operational functions.

The key impact areas have been selected, shaped and informed by our extensive engagement with NHS partners identifying their needs and ambitions, alignment with national programmes, market opportunities and the existing pipeline of interest from industry.

On behalf of the board



Professor Sir Mansel Aylward
Chair
15 July 2020



Chris Martin
Director & Chair of ARAC
15 July 2020

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

The Corporate Governance Statement commencing on page 11 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 Minister for Health and Social Services who the First Minister of Wales has allocated primary responsibility for oversight of the Company. The overall focus for Life Sciences Hub Wales Ltd is of helping to make Wales the place of choice for health, care and wellbeing innovation.

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 Crameri

(Resigned 27 October 2019)

Mr J Evans

Dr R C Griffiths

Mr R P Jones

Mr C Martin

Ms C O'Brien

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

DIVIDENDS

No dividends will be distributed for the period ended 31 March 2020.

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.

Formal confirmation of Welsh Government's support to the Company to end of March 2021 was received 15 April 2020 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 further in the report and in the notes to the financial statements.

NON-CURRENT ASSETS

Details of non-current assets, being fixtures and fittings are shown in Note 12 to the financial statements. Details of intangible assets are shown in Note 11.

RISK MANAGEMENT

Our overall aim is to make effective risk management an integral part of our culture. LSHW is committed to a proactive approach to risk management and recognises the value of maintaining an effective risk management culture, seeking to identify, analyse, manage and control the risks it faces. The environment in which LSHW operates changed significantly from March 2020 due to the Covid-19 pandemic throughout which robust risk management and continued strong governance has continued.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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. During the year a comprehensive Board Assurance Framework was developed, and the ongoing work of the Audit and Risk Assurance Committee reviewed and focused.

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 it operates. These are reviewed regularly.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk that the Life Sciences Hub Wales faces is not delivering its key performance targets, thus reducing its impact on the health and wealth of Wales and not meeting the Welsh Government's remit. This would result in the withdrawal of or reduced 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 annual business plan. In addition, the Company reports to Welsh Government on a monthly basis and monitors its progress and key performance indicators on at least 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, the Company works closely with the Welsh Government to ensure it maintains a healthy cash balance and exerts strong budgetary control as per requirements of the Framework Document with Welsh Government.

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, with assurances in place from Welsh Government the Company held a positive cash balance of £683k 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 19 onwards.

The Company's financial statements currently show that the Company has reserves of £12k.

Performance against 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 Interim Framework Document.

The Interim Framework Document 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.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

The table below shows the position for the 2019/20 financial year:

	£000s
Agreed total gross budget	4,000
Allowable carry-over 2%	80
Cash and cash equivalents at 31 March 2020	683
Current assets - trade and other receivables at 31 March 2020	456
Current liabilities - trade and other payables at 31 March 2020	(1,122)
Unspent cash balance as at 31 March 2020	17
Excess to be paid back to Welsh Government	-

The 2019-20 allowable cash carry over (£80k) is calculated as 2% of the budget granted.

After calculating the cash held at the end of 2019-20, considering cash balances, assets and liabilities, Life Science Hub Wales held positive cash of £17k and is therefore compliant with the Welsh Government allowable cash carry over limit of £80k.

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 2020, thereby generating a loss for the year ended 31 March 2020.

The Business Plan for 2020/21 and Remit Letter outlining the operational and financial plans for the year have been approved by the Welsh Government. Adequate income has been secured to meet the budgeted expenditure for the year including Welsh Government and grants from other organisations, 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 2020

COMPANY PERFORMANCE

2019/20 was an exciting and vibrant time for Life Sciences Hub Wales (LSHW), establishing its position as the lead facilitator for the development and adoption of innovation in health and social care across Wales.

Building on initial stakeholder engagement conducted in 2018/19, the Company developed strong and trusted relationships with health and social care organisations.

In collaboration with NHS Wales colleagues, a number of innovative solutions were brought forward by directly targeting industry or via challenge events with proven solutions. This included a national NHS Wales consideration of next generation robotics for colorectal cancer surgery – the identification of artificial intelligence, deep learning solutions for breast screening to increase capacity in screening services.

Market forces have also directed activity within the life sciences sector resulting in collaboration with a number of multinational businesses to support strategic engagement with NHS Wales. This has included new product development, as well as convening consortia-based collaborative projects to work on the following projects: value-based healthcare, artificial intelligence supported diagnostics, diabetes, respiratory, dermatology, and social isolation.

As part of the strategy to drive a culture of innovation within Wales, LSHW commenced a programme of thought leadership initiatives which included the 'Healthy Thinking' and 'Syniadau Iach' podcast series. These featured key influencers from industry and health such as Sir Sam Everington (social prescribing), Sir Michael Marmot (tackling health inequality) and First Minister, Mark Drakeford (the future health of Wales).

It also commenced a programme of engagement with international life sciences industries, as a speaker and exhibitor at: Nordic Life Sciences Days (Sweden), Intelligent Health AI (Switzerland) and supported Welsh Government missions to Medica (Germany) and Arab Health (Dubai). LSHW has continued its leading role as a partner in the Twins International Multi Helix (TIM). A network of clusters/science parks across three continents – North America, Europe and Asia.

In conjunction with Health Technology Wales, a national body working to improve the quality of care in Wales, a series of health economics and health technology assessment training courses were developed and delivered. These provide insights into the importance for when both health and industry present a case for new health technologies.

LSHW has responded to additional opportunities which support the vision and mission of the Company such as the delivery of a Spread and Scale Academy. Held in partnership with Cardiff and Vale University Health Board and the Bevan Commission, the week-long training course provided clinical teams the opportunity to develop tools and techniques to support behavioural change to bring about the implementation of innovative projects in a healthcare setting at scale. Fifty attendees successfully completed the training and developed seventeen innovation projects for adoption by NHS Wales. An evaluation of this work is being undertaken but has been delayed by Covid-19.

To expediate the adoption pathway for innovation, LSHW jointly recruited a Director of Transformation with Cardiff and Vale University Health Board. Commencing in December 2019, this initiative will initially run as a pilot project with the intention to progress similar joint recruitment with other health boards and trusts in the future.

Identify and develop innovation from industry

We scoped and identified seven key challenges that the health and care sector faces and engaged with industry to identify solutions. These include cancer, healthy ageing, precision medicine and digital innovation, as well as a special call to industry to support the Covid-19 challenge. Industry solutions included development of advanced therapeutic products, health and social care applications for artificial intelligence and machine learning, robotic surgery through to the production of PPE including masks, scrubs and visors.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

During the period, we worked with 170 businesses, which included an additional 73 enquiries related to Covid-19 at the end of the year. We supported 33 Welsh life sciences businesses through providing expertise and guidance, facilities and referrals. In addition, we identified 45 UK and international life sciences businesses seeking to do business in Wales.

Curate and promote innovation within NHS Wales

We worked in partnership with health and social care sectors in Wales to identify a mechanism to understand, identify and prioritise innovation opportunities. These included:

- **The Innovation Network for Health & Social Care Wales**
The network brings together innovation champions, leads and practitioners from across the health and social care system in Wales, and from partner organisations, including industry, academia, third sector, social enterprises, and other bodies. Following the inaugural event on 14 June 2019, the network now has over 120 members.
- **Driving innovation in cancer**
In a collaborative project with the All Wales Cancer Innovation Group, we established the Cancer Industry Forum, which was launched in October, and held its first forum meeting in February.
- **The Health and Social Care Communicators Network**
Established to bring communications professionals from health and social care together to encourage greater collaborative working between the sectors and their agendas for the benefit of the people of Wales.

Develop an effective funding and delivery function in line with health and social care priority areas

We have identified some new funding opportunities for health and care innovation. Convening key stakeholders and partners to participate and collaborate in these funding opportunities.

A series of 'Hub Sparks' events convened 107 industry stakeholders, resulting in the creation of a consortium to address healthy ageing in a social care setting.

Our digital programme, the Digital Health Ecosystem Wales (DHEW) convened two separate consortia groups which worked collaboratively to progress funding applications to address analytical capability across Welsh health.

Primary KPIs

Key Performance Indicator	Target	YTD
Funding/Investment Secured	£3m	£130k
Jobs Supported	25	10
Gross Value Added*	£1m	£550k

*GVA is calculated at £55,000 per job created

This year's KPIs represent part-year activity through to January 2020, at which point our business focus and activity was transformed to respond to the challenges of Covid-19.

During March, the LSHW work programme was significantly affected by Covid-19. We reached out across our industry networks to identify new and innovative suppliers for health and social care to support critical resource requirements for PPE, testing and digital solutions.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

The Company's international conference, 'Tomorrow's Health', which was set to host 600 health and care, industry and academic delegates scheduled for March 2020 was cancelled in recognition and support of our NHS Wales colleagues who were focused on Covid-19 preparations. The Conference was replaced with a Covid-19 Call to Industry virtual event which attracted 200 delegates, from 150 organisations and delivered a pipeline of 137 industry enquiries. These enquiries were further developed into projects or PPE supply opportunities

POLICY IN RESPECT OF DISABLED PERSONS

Life Science Hub Wales is committed to promoting equality of opportunity for all employees and job applicants. We are committed to creating a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit.

LSHW does not discriminate against employees on the basis of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. The Company has comprehensive Equality and Diversity Policy and all our team members are provided with annual Equity and Diversity (E&D) training.

Ensuring that we attract and retain the widest and most diverse range of talent in our employees is vital to developing a dynamic and creative environment which will benefit all of our stakeholders and ultimately the people of Wales. Recruiting line managers are provided with additional E&D training, and all job opportunities are advertised through multiply channels to maximise market reach.

The principles of non-discrimination and equality of opportunity also apply to the way in which we treat visitors, job applicants, clients, customers, suppliers and former employees. This applies in the workplace, outside the workplace (when dealing with customers, suppliers or other work-related contacts, and on work-related trips or events including social events).

All employees have a duty to act in accordance with our Equality and Diversity Policy and treat colleagues with dignity at all times, and not to discriminate against or harass other employees, regardless of their status.

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. We are privileged to occupy an energy efficient office in Cardiff. LSHW strives to ensure that we follow best practice throughout the business operation across all locations.

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.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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 Company operates within the policy framework set by the Welsh Government.

For the year ended 31 March 2020, the Board comprised a Chair and six Directors appointed by the Welsh Ministers. The Chair is a remunerated position, as are the positions of each Director. The Board met nine 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. Board and Committee members are asked to disclose conflicts as a standard agenda item for all formal meetings.

Audit and Risk Assurance Committee

The Committee comprised four Directors who met five times in the financial year. Internal Auditor (TIAA appointed June 2019) and External Auditors (Wales Audit Office appointed by Welsh Government) are invited to attend all meetings of the Audit and Risk Assurance Committee.

The Committee discharges its responsibilities over issues of risk management, internal control, internal audit, statutory audit of consolidated financial statements 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 actioning governing policies
- Receiving the reports of the Internal and External Auditors

Human Resource and Remuneration Committee

The newly formed committee ensures a focus on the Company's commitment to the wellness and the importance of recruitment, retention and development of employees. During the year the Committee's area of focus included:

- Ensuring appropriate employment policies are adopted and adhered to
- Ensuring appropriate pay awards

The Directors' attendance at the Board and Committee meetings is shown in the table below. The Chief Executive Officer was in attendance at all meetings of the Board and its sub-committees.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Meetings of the Board of Directors

	16 May 2019	20 Jun 2019	25 Jul 2019	15 Aug 2019	19 Sep 2019	21 Nov 2019	19 Dec 2019	16 Jan 2020	03 Mar 2020
Prof Sir Mansel Aylward	Y	Y	Y	Y	N	N	Y	Y	Y
Dr Rhodri Griffiths	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr Jarred Evans	Y	Y	N	N	Y	Y	Y	Y	N
Dr Melya Hughes-Crameri	Y	Y	Y	Y	Y ^{*A}				
Dr Chris Martin	Y	Y	Y	Y	Y	Y	Y	Y	Y
Ms Catherine O'Brien	N	Y	N	Y	Y	N	Y	Y	N
Mr Rupert Jones	Y	Y	Y	Y	N	Y	Y	N	Y
* Joined by telephone									
^ Resigned									

Meeting of the Audit and Remuneration Committee

	20 Jun 2019	15 Aug 2019	24 Oct 2019	19 Dec 2019	03 Mar 2020
Dr Chris Martin (Chair)	Y	Y	Y	Y	Y
Dr Rhodri Griffiths	Y	Y	Y	Y	Y
Dr Melya Hughes-Crameri	Y	Y	N ^A		
Mr Rupert Jones	Y	Y	N	Y	Y

^A Resigned

Meeting of the Human Resource and Remuneration Committee

	24 Oct 2019
Dr Chris Martin (Chair)	Y
Dr Rhodri Griffiths	Y
Mr Rupert Jones	N

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 reports its performance to Welsh Government as per management framework and remit.

During the year, the Executive Management Team comprised the Chief Executive, an interim Innovation and Adoption Director, a Communications Director and Operations Director. The Executive Management team is responsible for the day-to-day running of the organisation in line with the agreed strategy and makes recommendations to the Board.

Response to Covid-19

In response to the developing Covid-19 pandemic, the Company deployed its business continuity plan mid-March 2020 to protect employees and minimise the opportunity to contract / spread the virus.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

In advance of the introduction of national social distancing measures which required all those who could work from home, to do so, the Company reconsidered its Flexible Working Policy to support home working. This early, and optional, provision to work from home had the dual benefit of supporting a transition to home working - providing the opportunity for employees to test equipment and become familiar with different communication technology.

International travel was suspended. Team members were encouraged to reschedule, cancel or hold meetings utilising digital technology. Local and national travel was at the discretion of employee and line manager. Desk, meeting room and conference suite hire by third parties ceased.

A Covid-19 Taskforce was established to engage and represent all areas of the business. The taskforce included representatives from human resources, health and safety, compliance and communication to monitor UK and Welsh Government directives and coordinate the planning and execution of the Company's preparations and response to the COVID-19 pandemic, its impact on working life and serve as the function to provide support to the team on issues including well-being, operational matters, HR, and provide general information/communication.

The Company's two offices were closed to all employees from 23 March 2020, whereupon home working became mandatory for all employees.

As the impact of the pandemic became further understood, Company policies were further modified on a temporary basis to reflect legislative changes, support those affected by the virus and in recognition of the need for even greater flexibility for employees balancing family life with time-critical needs at work.

As part of Welsh Government's (WG) co-ordinated cross-governmental response to the social and economic impact of Covid-19 in Wales, at the end of March 2020 Welsh Ministers appointed Life Sciences Hub Wales Ltd as the main point of contact to support and advise industry responding to the Covid-19 needs of the health sector.

Facilitating engagement between industry and health and social care is the Company's primary remit, however the nature of the support was a diversification from traditional activity - from the translation of innovation into the health and care system to working in partnership with NHS Wales Shared Services Partnership and the National Procurement Services to source and qualify infection control products and medical devices.

The diversification required quick deployment of systems and process to support activity and record key decisions. The Company's governance, risk management and decision-making controls enabled the Company to respond to the crisis in an agile manner through the normal course of business.

Direction, oversight and scrutiny of leadership decisions and operational activity was achieved through regular Board and Audit and Risk Assurance Committee meetings. However, in recognition of the need to act responsively, and the potential increased risk inherent in crisis management the Board of Directors adopted an agile approach to discharge their duties, participation in weekly team meetings and leadership meetings. This achieved timely challenge on decisions and consideration of risks which ensured proportionate safeguards were in place to secure continued regularity, propriety, feasibility and value for money in the use of public funds.

Whistleblowing Procedures

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

I am satisfied that, for the year ended 31 March 2020, 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 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.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

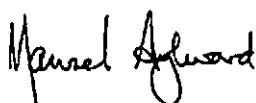
Auditor

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



Prof Sir M Aylward
Director

Date: 15 July 2020



Cari-Anne Quinn
Chief Executive Officer

Date: 15 July 2020

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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

Opinion

I have audited the financial statements of Life Sciences Hub Wales Limited for the year ended 31 March 2020 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 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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 Senedd 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;
- the strategic report and the directors' report have 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

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 15, 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. 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 Senedd and the financial transactions conform to the authorities which govern them.



Adrian Crompton
Auditor General for Wales
23 July 2020

24 Cathedral Road
Cardiff
UK
CF11 9LJ

LIFE SCIENCES HUB WALES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Revenue	4	5,640,148	3,460,615
Gross profit		5,640,148	3,460,615
Other operating income		7,388	12,113
Administrative expenses	5	(5,634,431)	(3,598,944)
Operating profit/(loss)	6	13,105	(126,216)
Finance costs	9	(24,778)	-
Loss before taxation		(11,673)	(126,216)
Income tax expense	10	-	-
Loss and total comprehensive income for the year	19	(11,673)	(126,216)

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 2020

	Notes	2020 £	2019 £
Non-current assets			
Intangible assets	11	1,902	3,976
Property, plant and equipment	12	828,281	9,536
		<u>830,183</u>	<u>13,512</u>
Current assets			
Trade and other receivables	13	2,469,282	1,166,578
Cash and cash equivalents		683,837	997,281
		<u>3,153,119</u>	<u>2,163,859</u>
Total assets		<u>3,983,302</u>	<u>2,177,371</u>
Current liabilities			
Trade and other payables	15	2,599,114	1,491,901
Lease liabilities	16	234,687	-
Deferred revenue	17	341,585	558,560
		<u>3,175,386</u>	<u>2,050,461</u>
Net current (liabilities)/assets		<u>(22,267)</u>	<u>113,398</u>
Non-current liabilities			
Trade and other payables	17	195,352	103,054
Lease liabilities	16	600,381	-
		<u>795,733</u>	<u>103,054</u>
Total liabilities		<u>3,971,119</u>	<u>2,153,515</u>
Net assets		<u>12,183</u>	<u>23,856</u>
Equity			
Retained earnings	19	<u>12,183</u>	<u>23,856</u>

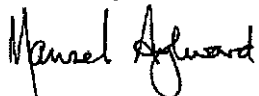
For the year ended 31 March 2020, the Company was entitled to exemption from the requirements of Part 16 of the Companies Act 2006 under section 482 of this Act (non-profit making companies subject to public sector audit).

LIFE SCIENCES HUB WALES LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2020

The financial statements were approved by the board of directors and authorised for issue on 15 July 2020 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 2020

	Retained earnings £
Balance at 1 April 2018	150,072
Year ended 31 March 2019:	
Loss and total comprehensive income for the year	(126,216)
Balances at 31 March 2019	<u>23,856</u>
Year ended 31 March 2020:	
Loss and total comprehensive income for the year	(11,673)
Balances at 31 March 2020	<u><u>12,183</u></u>

LIFE SCIENCES HUB WALES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	30		(200,843)		354,862
			<hr/>		<hr/>
Net cash (outflow)/inflow from operating activities			(200,843)		354,862
Investing activities					
Purchase of property, plant and equipment		-		(295)	
		<hr/>		<hr/>	
Net cash used in investing activities			-		(295)
Financing activities					
Payment of lease liabilities		(112,601)		-	
		<hr/>		<hr/>	
Net cash used in financing activities			(112,601)		-
			<hr/>		<hr/>
Net (decrease)/increase in cash and cash equivalents			(313,444)		354,567
Cash and cash equivalents at beginning of year			997,281		642,714
			<hr/>		<hr/>
Cash and cash equivalents at end of year			683,837		997,281
			<hr/> <hr/>		<hr/> <hr/>

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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 desk, meeting room and conference suite hire 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 2020

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:

Leasehold land and buildings	Over the remaining period of the lease
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 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.8 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.

1.9 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, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

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.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, 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.

1.10 Financial liabilities

The company recognizes financial debt when the company becomes a party to the contractual provisions of the instruments. 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, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

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

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

1.11 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.

1.12 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.

1.13 Retirement benefits

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

1.14 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.15 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.

1.16 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.

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

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 16 - Leases

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Adoption of new and revised standards and changes in accounting policies (Continued)

The company has applied IFRS 16 for the first time from 1st April 2019. As the lease in question did not commence until October 2019, no adjustments or restatements have been made to the opening balance of retained earnings for the current period.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1st April 2019. An exercise undertaken has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the company.

IFRS 16 has changed how the company accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases the company:

- a) recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;
- b) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and
- c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Adoption of new and revised standards and changes in accounting policies (Continued)

The amount of adjustment for each financial statement line affected by the application of IFRS 16 is illustrated below.

Note 12 - property plant and equipment being value of right to use asset DR asset additions: £947,669

Note 16- lease liabilities being recognition of lease agreement CR: (£947,669)

Note 16 - lease liabilities being payments of liability DR: £137,379

Statement of comprehensive income being removal of rental charges CR: (£137,379)

Note 12 - property plant and equipment being depreciation charge CR asset depreciation charge: (£123,610)

Statement of comprehensive income being depreciation charge: DR: £123,610

Statement of comprehensive income being unwinding of lease interest DR: £24,778

Note 16 - lease liabilities being lease interest CR: (£24,778)

The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and leases liabilities. It resulted in a decrease in other expense and an increase in depreciation and amortisation expense and in interest expense.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application was 5.5%. An incremental borrowing rate has been applied to the lease which was calculated using the average property yield in the area of the premises. The lease term of the premises is deemed to be the period stated in the rental contract which is 46 months. The lease contract does not include any extension options or early termination options.

The application of IFRS 16 has an impact on the statement cash flows of the company:

- a) Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities
- b) cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by IAS 7 and
- c) cash payments for the principal portion for leases liability, as part of financing activities.

The adoption of IFRS 16 did not have an impact on net cash flows.

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 17

Insurance contracts- effective from 1/1/2021

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.

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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.

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 £2,364,862 for the year ended 31st March 2020 (2019: £1,104,287)

See note 2 for the assumptions and estimates made in relation to the implementation of IFRS 16.

4 Revenue

	2020	2019
	£	£
Revenue analysed by class of business		
Welsh Government - Core funding	2,806,582	2,009,090
Digital Health EcoSystem Wales project	169,092	168,025
License fees	50,446	53,115
Desk, meeting room and conference suite hire	21,554	32,397
Other	4,880	275
WEFO - Accelerate project	2,382,947	1,122,713
Welsh Government - Accelerate project	204,647	75,000
	<u>5,640,148</u>	<u>3,460,615</u>
	2020	2019
	£	£
Other significant revenue		
Grants received - capital	<u>7,388</u>	<u>12,113</u>

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Revenue (Continued)

Accelerate project

Accelerate is a three 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 of an appropriate invoice.

The impact of the Accelerate project can be seen in the Statement of Comprehensive Income (administrative expenses), note 4 - revenue, note 13 - trade receivables and other receivables (prepayments and accrued income) and note 15 - trade and other payables (accruals).

During the 2020 financial year income of £2,382,947 (2019: £1,122,713) has been recognised in the financial statements from WEFO of which £2,008,154 (2019: £930,546) was paid to partners. Actual income due to the company totalled £374,793 (2019: £192,158).

5 Administrative expenses

Contained in administrative expenses for the year ended 31st March 2020 is:

	£000
Staff costs	1,584.9
Re-distribution of WEFO grant to partner bodies	2,008.2
Facilities / Accommodation costs	512.1
ICT costs	213.8
Office Running Costs	56.0
Marketing	150.5
Events	140.2
Travel	74.8
Depreciation & Amortisation	131.0
Finance & Compliance	406.1
Other	356.8
Total expenditure	5,634.4

6 Operating profit/(loss)

	2020 £	2019 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(7,388)	(12,113)
Fees payable to the company's auditor for the audit of the company's financial statements	20,986	20,036
Depreciation of property, plant and equipment	128,924	11,479
Amortisation of intangible assets	2,074	6,324
	<u> </u>	<u> </u>

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

7 Employees

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

	2020 Number	2019 Number
Directors	7	9
Administrative	8	6
Marketing and events	7	3
Secondment	3	-
Bridging fund	-	1
DHEW	2	1
Chief Executive Officer	1	1
Innovation & Adoption	8	3
Accelerate	7	6
	<u>43</u>	<u>30</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,363,481	900,630
Social security costs	137,130	71,062
Pension costs	84,280	38,422
	<u>1,584,891</u>	<u>1,010,114</u>

8 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	<u>41,470</u>	<u>52,430</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 2020

9 Finance costs

	2020 £	2019 £
Unwinding of lease interest regarding IFRS 16 implementation	24,778	-
	<u>24,778</u>	<u>-</u>

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Income tax expense

	2020 £	2019 £
The charge for the year can be reconciled to the loss per the income statement as follows:		
	2020 £	2019 £
Loss before taxation	(11,673)	(126,216)
Expected tax credit based on a corporation tax rate of 19.00%	(2,218)	(23,981)
Effect of expenses not deductible in determining taxable profit	1,031,771	669,547
Income not taxable	(1,004,790)	(643,385)
Utilisation of tax losses not previously recognised	(268)	-
Depreciation on assets not qualifying for tax allowances	(24,495)	(2,181)
Taxation charge for the year	-	-

11 Intangible assets

	Desk Booking System £	Website Development £	Total £
Cost			
At 1 April 2018	23,050	19,950	43,000
At 31 March 2019	23,050	19,950	43,000
At 31 March 2020	23,050	19,950	43,000
Amortisation and impairment			
At 1 April 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
Charge for the year	2,074	-	2,074
At 31 March 2020	21,148	19,950	41,098
Carrying amount			
At 31 March 2020	1,902	-	1,902
At 31 March 2019	3,976	-	3,976
At 31 March 2018	10,300	-	10,300

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

12 Property, plant and equipment

	Leasehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 April 2018	-	404,188	404,188
Additions	-	296	296
At 31 March 2019	-	404,484	404,484
Additions	947,669	-	947,669
At 31 March 2020	947,669	404,484	1,352,153
Accumulated depreciation and impairment			
At 1 April 2018	-	383,469	383,469
Charge for the year	-	11,479	11,479
At 31 March 2019	-	394,948	394,948
Charge for the year	123,610	5,314	128,924
At 31 March 2020	123,610	400,262	523,872
Carrying amount			
At 31 March 2020	824,059	4,222	828,281
At 31 March 2019	-	9,536	9,536
At 31 March 2018	-	20,719	20,719

Property, plant and equipment includes right-of-use assets, as follows.

Right-of-use assets	2020 £	2019 £
Net values		
Property	824,059	-
Additions	947,669	-
Depreciation charge for the year		
Property	123,610	-

See note 2 of the financial statements for further details.

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

13 Trade and other receivables

	Current 2020 £	2019 £
Trade receivables	13,784	22,403
Other receivables	2,075	3,032
VAT recoverable	1,470	1,693
Prepayments and accrued income	2,451,953	1,139,450
	<u>2,469,282</u>	<u>1,166,578</u>

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

Included within prepayments and accrued income above is £2m (2019: £0.9m) relating to Accelerate partner expenditure which LSHW claims on their behalf and pays to the partner on receipt of an appropriate invoice.

14 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.

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

15 Trade and other payables

	2020 £	2019 £
Trade payables	121,256	15,022
Accruals	2,473,892	1,415,852
Social security and other taxation	-	37,848
Other payables	3,966	23,179
	<u>2,599,114</u>	<u>1,491,901</u>

Included within trade payables and accruals above is £211,922 (2019: £396,796) 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 26 for further details).

Included within Accruals above £2m (2019: £0.9m) relating to Accelerate partner expenditure which LSHW claims on their behalf and pays to the partner on receipt of an appropriate invoice.

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

16 Lease liabilities	2020	2019
Maturity analysis	£	£
Within one year	234,687	-
In two to five years	600,381	-
Total undiscounted liabilities	835,068	-

Lease liabilities 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:

	2020	2019
	£	£
Current liabilities	234,687	-
Non-current liabilities	600,381	-
	835,068	-

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. On 7 October 2019 completion on a new under-lease to 25 July 2023 was completed under IFRS 16. See note 2 for the effects of IFRS 16.

The fair value of the company's lease obligations is approximately equal to their carrying amount.

Other leasing information is included in note 22.

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

17 Deferred revenue	2020	2019
	£	£
Arising from government grants	491,817	661,542
Arising from hire revenue	45,120	72
	<u>536,937</u>	<u>661,614</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:

	2020	2019
	£	£
Current liabilities	341,585	558,560
Non-current liabilities	195,352	103,054
	<u>536,937</u>	<u>661,614</u>

18 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 £84,280 (2019: £38,422).

19 Retained earnings

	2020	2019
	£	£
At the beginning of the year	23,856	150,072
Loss for the year	(11,673)	(126,216)
	<u>12,183</u>	<u>23,856</u>

20 Contingent asset

LSHW reached an agreement with HMRC on the business / non-business method to calculate recoverable input tax on its activities in 2019. The methodology agreed applied from 1 April 2018. LSHW considers that there is a reasonable possibility of a £51K rebate for the period 2018-19. The rebate claim is yet to be submitted by LSHW.

21 Contingent liabilities

There are no contingent liabilities at 31 March 2020 (2019: none).

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Other leasing information

Lessee

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

	2020 £	2019 £
Expense relating to short-term leases	142,146	274,336

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

	2020 £	2019 £
Land and buildings		
Within one year	274,758	-
Between two and five years	641,102	-
	<u>915,860</u>	<u>-</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. On 7 October 2019 completion on a new under-lease to 25 July 2023 was completed under IFRS 16.

Information relating to lease liabilities is included in note 16.

23 Capital commitments

There were no capital commitments at 31 March 2020 (2019: £nil).

24 Capital risk management

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

25 Events after the reporting date

The Financial Statements were authorised for issue on 15 July 2020. 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 2020

26 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*.

	2020	2019
	£	£
Short-term employee benefits	41,470	52,430
	<u>41,470</u>	<u>52,430</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 £4,231,757 consisting of £2,806,582 of core funding and £373,739 WG project income (2019: £2,009,090 of core funding and £244,400 WG project income). During the year, the Welsh Government invoiced £782,486 for services provided including the cost of rent, service charges, facilities management, and website (2019: £507,493).

At 31 March 2020, the Company owed the Welsh Government £211,922 (2019: £396,796) in relation to rent, service charge, facilities management and website costs re-charged to the Company (See note 15).

Swansea University invoiced £270,081 (2019: £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.

Invoices for the supply of services were received from Velindre NHS Trust totalling £70,192 (2019: £64,877).

Velindre NHS Trust were invoiced for £102,539 for services supplied by Life Sciences Hub Wales during the year and owed £10,449 at the year end.

27 Controlling party

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

28 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 2021, 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.

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

29 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.

30 Cash (absorbed by)/generated from operations

	2020 £	2019 £
Loss for the year after tax	(11,673)	(126,216)
Adjustments for:		
Finance costs	24,778	-
Amortisation and impairment of intangible assets	2,074	6,324
Depreciation and impairment of property, plant and equipment	128,924	11,479
Decrease in provisions	(24,778)	-
Movements in working capital:		
Increase in trade and other receivables	(1,302,704)	(1,017,992)
Increase in trade and other payables	1,107,213	1,218,508
(Decrease)/increase in deferred revenue outstanding	(124,677)	262,759
Cash (absorbed by)/generated from operations	<u>(200,843)</u>	<u>354,862</u>