

Company Registration No. 08719645 (England and Wales)

LIFE SCIENCES HUB WALES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

LIFE SCIENCES HUB WALES LIMITED

COMPANY INFORMATION

Directors

Prof Sir M Aylward
Mr J Evans
Mr R P Jones
Mr C Martin
Ms C O'Brien
Ms V J Bates (Appointed 1 January 2021)
Ms E J Cassin (Appointed 1 January 2021)
Prof J H E Laing (Appointed 1 January 2021)
Mr P Max (Appointed 1 January 2021)
Mr L Richards (Appointed 1 January 2021)

Company number

08719645

Registered office

2nd Floor, 3 Assembly Square
Britannia Quay
Cardiff Bay
CARDIFF
UK
CF10 4PL

Auditor

Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

LIFE SCIENCES HUB WALES LIMITED

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LIFE SCIENCES HUB WALES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the Strategic Report, Governance and Accountability Report and Financial Statements for the year ended 31 March 2021.

Review of the business

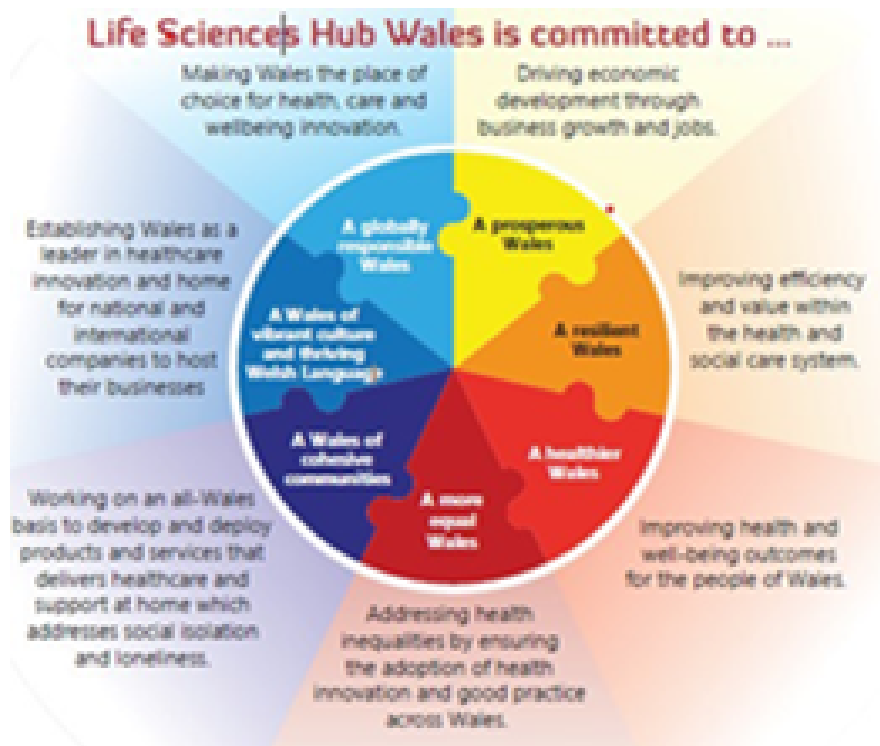
1. Context

The aim of Life Sciences Hub Wales (“LSHW”) is to help the people of Wales benefit from improved health, social care and economic wellbeing, by accelerating the development and adoption of innovative healthcare solutions. LSHW convenes partners, orchestrates the innovation system and delivers a pipeline of high value opportunities as well as supporting transformational change.

With the global life sciences industry providing important opportunities to enable economic recovery and produce benefits for patients, few, if any, sectors are more important to support. Investing in health delivers better patient benefits and can be a critical lever for future growth and an important part of economic recovery. Instead of thinking of health as a cost to society, focusing on health as an investment can deliver significant social and economic returns and provide a prescription for prosperity.

The pressing need to transform to a health, well-being and prevention focused integrated system of care, enabled by the adoption of new therapeutic approaches and use of new technologies remains true. Covid-19 has presented an unprecedented public health challenge and highlighted system weaknesses. The scale of challenge is compounded as we face fiscal and economic uncertainty in its wake.

The response provided a glimpse of the possible with innovation implemented at unprecedented scale and pace, when critical barriers were removed and the complex ecosystem comprising of interdependent relationships between academia, patients, the NHS, social care, medical research funders, and life sciences companies both big and small worked in unison. We have been proud to play a part to support their heroic efforts.



LIFE SCIENCES HUB WALES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

The need for whole system transformation is aligned with the Welsh Government's agenda. This includes supporting the objectives of the Wellbeing of Future Generations Act (Wales), and the requirements of 'A Healthier Wales', which supports a shift to a wellness-based system with prevention as its keystone. It acknowledges the importance of encouraging personal responsibility and a more integrated approach to health and social care, with care provided closer to home, alongside delivering more personalised treatments, via innovative life science and digital technologies – such as precision medicine and advanced therapies. 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.

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 everyone 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 2020/21 the Minister set out his request for the main focus to be the continued development of LSHW activities to deliver in line with LSHW's vision and previously agreed strategic aim of helping to make Wales the place of choice for health, care and wellbeing innovation. The focus for LSHW during 2020-2021 has therefore been on delivery - achieving agreed targets across five impact areas:

- Healthy Ageing
- Digital, AI and Robotics
- Precision Medicine
- Advanced Therapeutic Medicinal Products
- Value-based Health Care



Strategy map: This graphic outlines the vision and mission of LSHW, its strategic aims, delivery priorities and methodology to help it achieve its ambition

LIFE SCIENCES HUB WALES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Our 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.

These activities and associated key performance indicators as set in our annual business plan were delivered, leading to securing funding for 2021/22, enabling us to continue to play our unique role in bringing health, social care and industry together to accelerate the development and adoption of innovative solutions for better health and wellbeing. Across the UK and internationally, there is a significant focus and investment in the life sciences sector to support post-pandemic recovery – which will also be a key focus in the 2021-22 business year.

3. Business Review

During the 2020-21 business year, Life Sciences Hub Wales demonstrated its value and significant contribution to both the health and social care sectors and the economy in Wales.

The organisation has been a key strategic support during a period of unprecedented pressure – through harnessing key partnerships with local, national and international life sciences companies to provide relevant and timely solutions.

Our work with companies has included providing impartial guidance and oversight to leading innovation projects, working with a plethora of private sector organisations to identify and deploy products and services to support critical supplies and supporting the set up and delivery of new business ventures across Wales. At the same time, we are working with Welsh Government to support a number of inward investment projects which have the potential to bring sustainable employment to the country.

With a focus on delivery, a flavour only of the progress made during 2020/21 against delivery activities is provided below.

Response to Covid-19

- All industry engagement was undertaken by Life Sciences Hub Wales, enabling data capture, initial due diligence and assessment of offers from industry to be processed and referred where required.
- As result of working with Export Wales, SMART Cymru, NHS Wales Shared Services Partnership and other partners, as well as being part of the CERET team, we were able to process over 2,285 enquiries, referring 556 to the NHS, Welsh Government and other relevant organisations. LSHW's due diligence in reviewing submissions ensured that the most appropriate submissions were referred and the Company's role was acknowledged in Audit Wales' report on the 'Procuring and Supplying PPE for the COVID-19 Pandemic' in Wales.
- The Digital Solutions Fund included a call to industry, receiving and triaging over 200 submissions.
- Through our Digital Health Ecosystem Wales programme (DHEW), we played an integral part in the rapid delivery of the video consultation services for all GPs in Wales.

Digital AI and Robotics (including Healthy Aging)

- We have brought additional funding and resource into Wales through new funding opportunities, developing consortia and offering peer review advice and guidance to maximise success.
- We supported Public Health Wales to secure funding to deliver the Networked Data Lab Wales with NHS Wales Informatics Service (NWIS), Secure Anonymised Information Linkage (SAIL) Databank, and Social Care Wales. Moreover, we assisted with several bids to the Health Foundation's Adopting Innovation competition.

LIFE SCIENCES HUB WALES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Precision Medicine

- Strategically contributed to major transformation programmes across Wales – convening cross-sector stakeholders while delivering key business insights, expertise and partnerships.
- In partnership with the NHS Wales Health Collaborative, we have acted as chair to convene the key Welsh stakeholders spanning local and international industry, health, and social care. This is to consider the national service requirements and scope the case for a pioneering Centre of Excellence for Precision Medicine

Advanced Therapies

- We have worked in partnership to orchestrate an early-stage landscape, helping to bridge the gap between research and treatment for citizens in Wales. We have strengthened links with key organisations such as Advanced Therapies Wales, Cell and Gene Therapy Catapult, and Health and Care Research Wales through regular meeting and convening opportunities.
- Our organisation has further supported Advanced Therapies Wales in their launch, who are creating impact through public engagement, clinical trial support, health and economics commissioning, and regulatory support and compliance. As part of this, we have provided strategic and commercial insight through an in-depth market assessment report that maps out this nascent field.

Value-Based Health Care

- We are supporting NHS Wales in unblocking barriers to innovation through taking a system-change approach to delivering innovation and working with industry.
- Life Sciences Hub Wales partnered with the Value in Health team to deliver an online conference attended by over 600 delegates.

4. 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. All of our communications, engagement and event activity has a digital first focus. This has allowed us to facilitate and deliver a busy programme of events and networks for our stakeholders. In total, 33 events were delivered.

LIFE SCIENCES HUB WALES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5. Summary of Outputs



6. Forward Look

We will continue our work in health and wealth with a focus on project delivery which accelerate the adoption of innovative solutions in our health and care system, delivering better patient care, improved efficiency and value. This will drive economic development, safeguarding and creating high-value Welsh jobs and a return on investment through funding and investment secured.

During 2021-22 we will continue to build a 'digital first' approach to engagement building on our agile response to Covid-19. We will widen and strengthen our stakeholder engagement, strengthen our position as a front door to industry and crucially expand our coverage internationally, building networks and relationships. This is key in a highly competitive global market for capturing opportunities, identifying and adopting new innovations and to showcase Welsh progress and achievements to the world.

LIFE SCIENCES HUB WALES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

We will continue to focus on key impact areas offering opportunities for short term delivery and longer-term transformative change selected, shaped and informed by extensive engagement with NHS Wales and social care partners to identify their needs and ambitions. The Life Sciences Hub Wales Business Plan for 2021-22 is aligned with national programmes and market opportunities:

- Digital and AI (including DHEW programme and Healthy Ageing)
- Precision Medicine
- Advanced Therapies
- Value-Based Health Care
- In addition, we will continue to deliver national programmes, including Accelerate

We will continue to engage with our partners in health and social care, responding in an agile manner to their needs and priorities, remain responsive to market changes and continue to align our activities to health sector policies, as we work together with our stakeholders to build back better in Wales.

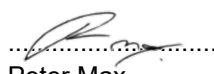
On behalf of the board



Chris Martin

Acting Chair

29 July 2021



Peter Max

Chair of ARAC

29 July 2021

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Governance and Accountability Report

This section sets out how Life Sciences Hub Wales' (LSHW) governance and risk management framework supports the achievement of the Company's aims and objectives.

We outline how Life Sciences Hub Wales is managed, the role and constitution of the Board of Directors and its two sub-committees, the assurance and accountability arrangements, and the risks the Company is exposed to and how these are managed. We also describe the ongoing work to continuously improve the governance system and processes.

These governance processes also ensure that the annual report and financial statements, when taken as a whole, provide a fair and balanced reflection of LSHW's governance arrangements and how these support the Company's business model, strategy and performance (detailed in the Strategic Report on pages 1-6).

This section comprises the following reports/statements:

- **Directors' Report** – this sets out the membership of the Board, Board member responsibilities and includes various statutory performance disclosures required by the Companies Act 2006. It also lists the responsibilities of the Directors in the preparation of the annual report and financial statements, as well as providing an overview of the key risks that LSHW is exposed to and the risk management system in place (pages 7-11).
- **The Corporate Governance Statement** – this discloses LSHW's governance framework, the activities of the Board of Directors and includes annual (summary) reports of the Board's two sub-committees. This statement also makes disclosures as required by Managing Welsh Public Money (pages 12-17).
- **The Independent Auditor's Report** - this provides an overview of the outcome of the annual audit undertaken by LSHW's external auditors, Audit Wales (pages 20-23).

1. Director's Report

The Directors present their annual report together with the audited financial statements and independent auditor's report for Life Sciences Hub Wales Limited (LSHW) for the year ended 31 March 2021.

- The following information required by the Companies Act 2006 can be found in the following section of the annual report.
- Details of LSHW's objectives, future developments and significant events since the balance sheet date are included in Strategic Report (pages 1-6).
- LSHW's risk management disclosures are set out on pages 9-10.
- Information about the accounting policies adopted by LSHW is given in note 1 to the financial statements.
- LSHW's capital structure is discussed in the financial statements.

Dividends

No dividends will be distributed for the period ended 31 March 2021.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Directors

Prof Sir M Aylward

Mr J Evans

Dr R C Griffiths

(Resigned 24 September 2020)

Mr R P Jones

Mr C Martin

Ms C O'Brien

Ms V J Bates

(Appointed 1 January 2021)

Ms E J Cassin

(Appointed 1 January 2021)

Prof J H E Laing

(Appointed 1 January 2021)

Mr P Max

(Appointed 1 January 2021)

Mr L Richards

(Appointed 1 January 2021)

As LSHW is an Arms-Length Body of Welsh Government, all (Non-Executive) Directors are appointed by the Minister for Health and Social Services. At the start of the financial year the directors in post had been in position since their appointment on 9 October 2017. In September 2020, the Minister re-appointed the Directors for a second, three-year term of office including the Chair.

Five Directors were successfully appointed by the Minister to fill vacancies following the public appointments process. These Directors were appointed from 1 January 2021, for a three-year term.

Each of the Directors, whose names are listed on page 8 of the annual report and financial statements, confirms that to the best of their knowledge:

- The financial statements, which have been prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit of LSHW;
- The annual report includes a fair review of the development and performance of the business and the position of LSHW, together with a description of the principal risks and uncertainties it faces; and
- The annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for LSHW's shareholders to assess the Company's position, performance, business model and strategy.

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 LSHW's principal risks and uncertainties, as set out in the Company's Corporate Risk Register.

Formal confirmation of Welsh Government's support to LSHW to end of March 2022 was received on 24 March 2021 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.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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 LSHW's culture. LSHW is committed to a proactive approach to risk management. It 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 operated in changed significantly from March 2020, due to the Covid-19 pandemic, throughout which, robust risk management and continued strong governance has continued.

The management of LSHW 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, as Accounting Officer, has responsibility for reviewing the effectiveness of the system of internal control. This is informed by the work of appointed internal auditors and the management of LSHW 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.

LSHW 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.

Work has been undertaken during 2020/21 to continue to improve LSHW's risk and assurance system. The approach to the identification, management and monitoring of risks has been strengthened, enabled by the introduction of a revised risk architecture. Risk registers have been augmented to improve the articulation and understanding of risk and links between individual risks and the wider assurance system have been made. The Board Assurance Framework (BAF) has been updated, and further work is ongoing to ensure that it functions as an effective element of the risk and assurance system. The Risk Management Policy, and supporting processes, has been revised and will be considered by the Board, in addition to its risk appetite, in Quarter 1, 2021/22.

Principal risks and uncertainties

The principal strategic risks are identified on the BAF, with the assurances on the effectiveness of the controls mapped accordingly. Corporate Risks are identified on the Corporate Risk Register which is continually monitored by the Senior Leadership Team and received at each meeting of the Audit and Risk Assurance Committee, and the Board of Directors on a bi-annual basis.

The principal risks identified on the Corporate Risk Register during 2020/21 can be summarised as follows:

- **Covid-19 pandemic** – a number of risks related to different aspects of the LSHW's business continuity, staff welfare and healthcare system support (within the context of the pandemic) were identified and managed. A range of mitigating controls were introduced to ensure that the business was able to operate effectively, that governance remained robust and that the health, safety and welfare of all employees was protected.
- **Non-delivery of Key Performance Indicators (KPIs)** – the change in focus to support NHS Wales during the Covid-19 pandemic inevitably had an impact on agreed KPIs for 2020/21. Causation is not only due to the re-allocation of internal resources, but also the limited capacity of partners to progress and adopt innovation during the pandemic. The Company re-aligned its strategic direction accordingly and was able to realise opportunities from this risk and accelerate innovation to support the health and care sector. The challenge going forward is to sustain the contacts and partnerships made for the long-term benefit of Wales.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

- **Recruitment** – a number of risks associated with potential non-delivery relate to a scarcity of potential employees with requisite skills, knowledge and experience to fill specialist vacant roles, owing to job market conditions. LSHW has sought to mitigate this risk through proactive recruitment campaigns and the re-alignment of team structures and job roles to ensure aims and objectives are achieved.

Financial Risk Management Objectives and Policies

The main financial risks for LSHW are cash flow management and budgeting. For both, LSHW 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 LSHW held a positive cash balance of £869k 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 24 onwards.

LSHW'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. LSHW 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 Framework Document.

The Framework Document allows LSHW 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 2020/21 financial year:

	£000s
Agreed total gross budget	4,000
Allowable carry-over 2%	80
Cash and cash equivalents at 31 March 2021	869
Current assets - trade and other receivables at 31 March 2021	309
Current liabilities - trade and other payables at 31 March 2021	(1,143)
Unspent cash balance as at 31 March 2021	35

Excess to be paid back to Welsh Government

The 2020/21 allowable cash carry over (£80k) is calculated as 2% of the budget granted.

After calculating the cash held at the end of 2020/21, considering cash balances, assets and liabilities, LSHW held positive cash of £35k and is therefore compliant with the Welsh Government allowable cash carry over limit of £80k.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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. LSHW accordingly utilised surplus reserves in the delivery of services to regularise the reserves and cash balances held by the end of 31 March 2021, thereby generating a profit for the year ended 31 March 2021.

The Business Plan for 2021/22 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 budget expenditure for the year.

Company Performance

In 2020-21 LSHW further consolidated its position as the lead facilitator for the development and adoption of innovation in health and social care across Wales. This was within the challenging context of Covid-19.

The Company has tracked its progress against its agreed key performance indicators and reported this to Welsh Government. Going forward, the Company will report its performance to Welsh Government on a quarterly basis.

Further details of LSHW's performance is provided in the Strategic Report (pages 1-6).

Equality and Diversity

LSHW is committed to promoting equality of opportunity for all employees and job applicants. It is 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. LSHW has a 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 the Company's employees is vital to developing a dynamic and creative environment which will benefit all stakeholders and ultimately the people of Wales. Recruiting line managers are provided with additional E&D training, and all job opportunities are advertised through multiple channels to maximise market reach.

The principles of non-discrimination and equality of opportunity also apply to the way in which LSHW treats visitors, job applicants, clients, customers, suppliers and former employees. This applies in the workplace and 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

LSHW 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, LSHW's objective is to pay within 30 days of receipt of the invoice.

Environmental Summary

LSHW 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.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2. Annual Corporate Governance Statement

Corporate Governance is the system by which organisations are directed and controlled.

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

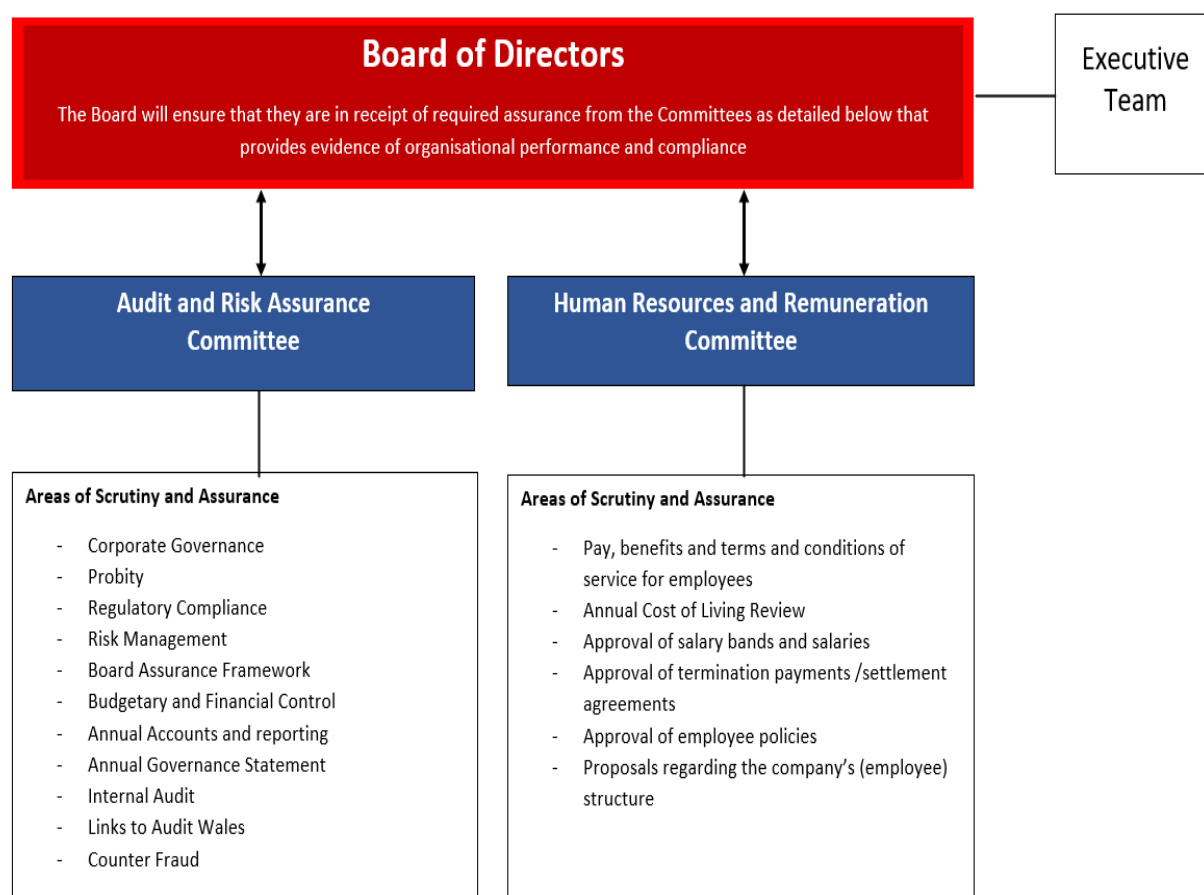
The Board of Directors

The Board of Directors is responsible for the governance of LSHW and compliance with the UK 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. It also has responsibility for the strategic direction, organisational culture and the successful delivery of the Company's aims and objectives.

The Board has established two standing Board Committees, chaired by Non-Executive Directors, that have key roles in relation to the system of governance and assurance, decision-making, scrutiny, development discussions, an assessment of current risks and performance monitoring.

Figure 1 details the relationship between the Board and its committees, together with the Senior Leadership (Executive) Team.

Figure 1: Overview of Governance Framework



LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

For the year ended 31 March 2021, the Board comprised a Chair and ten Directors appointed by the Minister of Health and Social Services. The Chair is a remunerated position, as are the positions of each Director. The Board met nine times during the financial year.

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

- the Company's performance against the 2020/21 Business Plan;
- business activity undertaken within the Impact Areas and two programmes (Accelerate and Digital Health Ecosystem Wales);
- consideration and approval of the LSHW Business Plan for 2021/22;
- the business continuity of the Company during the Covid-19 pandemic (and related employee welfare issues).

The Board maintained its oversight of company finance and received the Management Accounts and Report at each meeting.

Appointments and Departures of (Non-Executive) Directors

In September 2020, the Minister re-appointed the Directors in post for a second, three-year term of office including the Chair.

Dr Rhodri Griffiths, Non-Executive Director, resigned his position from 24 September 2020. Dr Griffiths is now a member of the Senior Leadership Team as Innovation Adoption Director.

Five Directors were successfully appointed by the Minister for Health and Social Services to fill vacancies on the Board:

- Mr Peter Max
- Professor Hamish Laing
- Ms Erica Cassin
- Ms Victoria Bates
- Mr Len Richards

The recruitment and appointment of these Directors was undertaken in accordance with the public appointments process. These Directors were appointed from 1 January 2021, for a three-year term of office.

It should be noted that Mr Richards previously attended Board meetings as an observer, on behalf of NHS Wales Chief Executives, prior to his appointment as a Director.

Life Sciences Hub Wales Chair

During the year the Chair, Professor Sir Mansel Aylward CB, has been unwell and arrangements were made for Dr Chris Martin, Deputy Chair, to undertake this role in an (interim) acting capacity from 6 July 2020 – 31 March 2021.

Board Development and Effectiveness

In accordance with the good governance principle of continuous improvement, the Board is committed to reflecting on its effectiveness. The Board was not able to undertake scheduled board development sessions in 2020/21 due to the ongoing pandemic although a session to discuss strategic issues and stakeholders was held in February 2021. A Board Development Plan for 2021/22 has been developed and was considered by the Board at its meeting on 31 March 2021. This will be finalised in Quarter 1, 2021/22 and will shape the Board's ongoing development going forward.

The Board informally considered its own effectiveness on a regular basis via a review of each board/committee at the conclusion of each meeting. This has led to some improvements to board and committee administrations and processes. This year was a challenging one for the Board due to the number of Non-Executive vacancies, with the recruitment process delayed by the Covid-19 pandemic.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

From 2021/22, the Board (and each committee) will undertake a comprehensive self-assessment of its effectiveness. This will include consideration of its administrative processes, the information it receives, the skills and development needs of its members and its compliance with its Framework document and the UK Corporate Governance Code. This exercise will be undertaken on an annual basis, at the end of each financial year.

Board Interests

A register of director and Senior Leadership 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.

In November 2020, the Audit and Risk Assurance Committee approved a revised policy and procedure for the management of conflict and declarations of interests, gifts, hospitality and sponsorship. This has strengthened existing arrangements and also extended annual declarations to employees. A separate register has been created as a consequence.

Audit and Risk Assurance Committee

The Committee comprised three Directors who met four times in the financial year. The Internal Auditor (TIAA appointed June 2019) and External Auditors (Audit Wales appointed by Welsh Government) attend all meetings of the 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 LSHW through its terms of reference. These were reviewed and approved by the Committee in February 2021, for the 2021/22 financial year. This approval was ratified by the Board on 31 March 2021.

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

- reviewing risk management arrangements and key risks.
- reviewing and actioning governing policies and procedures.
- receiving the reports of the Internal and External Auditors.

Following a procurement process, the Committee re-appointed TIAA as the Company's internal auditors at a private session of the Committee on 23 February 2021. TIAA are contracted to deliver a three-year rolling audit plan and strategy.

For further details regarding LSHW's risk and assurance system and risk profile, see the Director's Report, pages 9-10.

Human Resource and Remuneration Committee

The Committee ensures a focus on LSHW's commitment to the well-being 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.
- considering and reviewing key employee policies and benefits.
- ensuring appropriate pay and benefit awards.

The Committee reviewed and approved its Terms of Reference for the 2021/22 reporting year at its meeting on 17 February 2021 (ratified by the Board on 31 March 2021).

Board and Committee attendance

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 2021

Board of Directors

	16 Apr 2020	20 May 2020	15 Jul 2020	21 Aug 2020 *	16 Sep 2020	25 Nov 2020	16 Dec 2020	27 Jan 2021	31 Mar 2021
Prof Sir Mansel Aylward CB	Y	N	N	N/A	N	N	N	N	Y
Dr Chris Martin	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr Jarred Evans	Y	Y	Y	Y	Y	Y	Y	Y	Y
Dr Rhodri Griffiths ^	Y	Y	Y	Y	Y^				
Ms Catherine O'Brien	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr Rupert Jones	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr Peter Max +								Y	Y
Prof Hamish Laing +								Y	Y
Ms Victoria Bates +								Y	Y
Ms Erica Cassin +								Y	Y
Mr Len Richards +								Y	Y

Notes

* Extraordinary meeting held to recommend the re-appointment of the Chair to the Minister of Health and Social Services.

^ Resigned 24 September 2020.

+ Appointed from 1 January 2021.

Audit and Risk Assurance Committee

	18 May 2020	15 Jul 2020	17 Nov 2020	23 Feb 2021
Dr Chris Martin (Chair: 1 April 2020 – 31 January 2021)	Y	Y		
Mr Peter Max + (Chair from 1 February 2021)				Y
Dr Rhodri Griffiths ^	Y	Y		
Ms Catherine O'Brien (from 1 October 2020)			Y	Y
Mr Rupert Jones	Y	Y	Y	Y

Notes

Mr Jones chaired ARAC on 17 November 2020 as Dr Martin was Acting Chair from July 2020. Dr Martin therefore withdrew from membership of the Committee for the remainder of 2020/21.

+ Appointed to the Committee from 27 January 2021.

^ Resigned as a Director on 24 September 2020. Ms O'Brien joined the Committee from this point to ensure quoracy.

Human Resource and Remuneration Committee

	15 Jul 20	16 Sep 20	17 Nov 20	17 Feb 21
Dr Chris Martin (Chair)	Y	Y	Y	Y
Dr Rhodri Griffiths ^	Y	Y		
Mr Rupert Jones	Y	Y	Y	Y
Ms Catherine O'Brien (from 1 October 2020)			Y	Y
Ms Erica Cassin + (from 27 January 2021)				Y

The HRRC is called on an ad hoc basis when required.

+ Appointed to the Committee from 27 January 2021.

^ Resigned as a Director on 24 September 2020. Ms O'Brien joined the Committee from this point to ensure quoracy.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

The Senior Leadership Team

The Senior Leadership Team (SLT) was led by the Chief Executive, Ms Cari-Anne Quinn, who was appointed in October 2018.

The Chief Executive and Board meet regularly to discuss and agree corporate and operational matters as full responsibility for the operation of LSHW is delegated to the Chief Executive by the Board. LSHW reports its performance to Welsh Government as per management framework and remit.

During the year, the SLT comprised the Chief Executive, the Innovation Adoption Director, Communications Director and Operations Director. The SLT, which meets on a weekly basis, is responsible for the day-to-day running of LSHW in line with the agreed strategy and reports and makes recommendations to the Board.

Appointment of Head of Governance, Risk and Compliance

From July 2021, the Board of Directors, and Accounting Officer, have been supported by the Head of Corporate Governance, Risk and Compliance. This new appointment was made in recognition of the need to allocate dedicated resource to strengthen and maintain LSHW's governance framework and system of internal control.

UK Corporate Governance Code

LSHW is required to comply with the UK Corporate Governance Code. The information provided in this corporate governance statement provides an assessment of how LSHW complies with the main principles of the Code as they relate to an Arms Length Body in Wales. It should be noted that not all reporting elements of the Code are outlined in this governance statement but are reported more fully in the wider Annual Report. There have been no reported departures from the Corporate Governance Code.

Quality of Data

The Board felt that the information it and its key committees received generally supports scrutiny and assurance. Assurances against strategic risks are also mapped and monitored through the Board Assurance Framework. Indeed, the Board has noted that board and committee reporting and administration has been strengthened during 2020/21. The Board and committees reflect on the quality of the data and information received at the conclusion of each meeting, as part of the ongoing maintenance of its effectiveness.

Information Governance and Data Security

LSHW has well established arrangements for information governance, which includes considerations of data protection and information security (including the current cyber security landscape) to ensure that information is processed in line with relevant information governance law, regulations and Information Commissioner's Office (ICO) guidance. The Audit and Risk Assurance Committee provides oversight, advice and assurance to the Board with regard to information governance issues.

The Senior Information Risk Office (SIRO) is the Deputy Chair of the Company, Dr Chris Martin. The role of the SIRO is that of the advocate for information risk on the Board. The SIRO is responsible for setting up an accountability framework within the organisations to achieve a consistent and comprehensive approach to information risk assessment.

Information governance incidents and 'near misses' are reported through the organisation's incident management system. Any serious incidents are reported fully to the SIRO and full Root Cause Analysis investigations are undertaken, the result of which are presented to the Operations Director and CEO (as appropriate) who ensure that the SIRO is made aware of conclusion of the investigation. We did not report any data security lapses to the ICO during 2020/21.

Freedom of Information Requests

The Freedom of Information Act (FOIA) 2000 gives the public right of access to a variety of records and information held by public bodies and provides commitment to greater openness and transparency in the public sector. We did not receive any requests for information by the end of March 2021.

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Whistleblowing Procedures

LSHW communicates with and reminds all employees with regard to whistleblowing, and a Whistleblowing Policy is in place. Training is provided through the induction process, on an annual basis through the Company's online training provision and periodically discussed in staff meetings.

Conclusion

I am satisfied that, for the year ended 31 March 2021, a proportionate and robust 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.



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

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Auditor

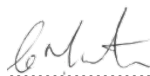
The Auditor General for Wales is the Company's statutory external auditor appointed by Welsh Government.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


.....

Chris Martin

Acting Chair

Date: 29 July 2021.....

LIFE SCIENCES HUB WALES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

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 UK. 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 2021 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 accounting standards in conformity with the requirements of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

LIFE SCIENCES HUB WALES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LIFE SCIENCES HUB WALES LIMITED

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 have been prepared in accordance with applicable legal requirements.

Matters on which I 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 my audit have not been received from branches not visited by my team;
- 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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 19, 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.

LIFE SCIENCES HUB WALES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LIFE SCIENCES HUB WALES LIMITED

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the company's internal auditor's and those charged with governance, including obtaining and reviewing supporting documentation relating to Life Science's Hub Wales Limited's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud; and
- Obtaining an understanding of Life Sciences Hub Wales Limited's framework of authority as well as other legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the company.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the directors; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the company's controls, and the nature, timing and extent of the audit procedures performed.

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.

LIFE SCIENCES HUB WALES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LIFE SCIENCES HUB WALES LIMITED

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.

Report

I have no observations to make on these financial statements.

Use of our report

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

Adrian Crompton
Auditor General for Wales

24 Cathedral Road
Cardiff
CF11 9LJ

LIFE SCIENCES HUB WALES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Revenue	4	5,834,478	5,640,148
Gross profit		5,834,478	5,640,148
Other operating income		1,464	7,388
Administrative expenses	5	(5,795,795)	(5,634,431)
Operating profit	6	40,147	13,105
Finance costs	9	(40,071)	(24,778)
Profit/(loss) before taxation		76	(11,673)
Income tax expense	10	-	-
Profit/(loss) and total comprehensive income for the year	19	76	(11,673)

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 2021

	Notes	2021 £	2020 £
Non-current assets			
Intangible assets	11	-	1,902
Property, plant and equipment	12	577,136	828,281
		<u>577,136</u>	<u>830,183</u>
Current assets			
Trade and other receivables	13	2,749,306	2,469,282
Cash and cash equivalents		868,857	683,837
		<u>3,618,163</u>	<u>3,153,119</u>
Total assets		<u>4,195,299</u>	<u>3,983,302</u>
Current liabilities			
Trade and other payables	15	3,081,415	2,599,114
Lease liabilities	16	247,925	234,687
Deferred revenue	17	501,244	341,585
		<u>3,830,584</u>	<u>3,175,386</u>
Net current liabilities		<u>(212,421)</u>	<u>(22,267)</u>
Non-current liabilities			
Trade and other payables	17	-	195,352
Lease liabilities	16	352,456	600,381
		<u>352,456</u>	<u>795,733</u>
Total liabilities		<u>4,183,040</u>	<u>3,971,119</u>
Net assets		<u>12,259</u>	<u>12,183</u>
Equity			
Retained earnings	19	<u>12,259</u>	<u>12,183</u>


For the year ended 31 March 2021, 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 2021

The financial statements were approved by the board of directors and authorised for issue on 29 July 2021.....
and are signed on its behalf by:


.....

Chris Martin

Acting Chair

Company Registration No. 08719645

LIFE SCIENCES HUB WALES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Retained earnings £
Balance at 1 April 2019	23,856
Year ended 31 March 2020:	
Loss and total comprehensive income for the year	(11,673)
	<hr/>
Balance at 31 March 2020	12,183
	<hr/>
Year ended 31 March 2021:	
Profit and total comprehensive income for the year	76
	<hr/>
Balance at 31 March 2021	12,259
	<hr/> <hr/>

LIFE SCIENCES HUB WALES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	30		459,778		(200,843)
			_____		_____
Net cash inflow/(outflow) from operating activities			459,778		(200,843)
Financing activities					
Payment of lease liabilities		(274,758)		(112,601)	
		_____		_____	
Net cash used in financing activities			(274,758)		(112,601)
			_____		_____
Net increase/(decrease) in cash and cash equivalents			185,020		(313,444)
Cash and cash equivalents at beginning of year			683,837		997,281
			_____		_____
Cash and cash equivalents at end of year			868,857		683,837
			=====		=====

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 UK 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 the directors 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 2021

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 2021

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 recognises 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 2021

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 2021

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

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 1/1/2023

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company.

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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 £2,627,900 for the year ended 31st March 2021 (2020: £2,794,742). The submission of claims was suspended by the funder, Wales European Funding Office (WEFO), for the first six months of the financial year because of the Covid-19 pandemic. On 25 June 2020 WEFO confirmed a non-financial extension of the project from 31 March 2021 to 30 April 2022. The hold placed on the submission of claims was subsequently extended by WEFO pending the approval of a revised delivery plan (finance and indicators) to align with the extended project term. The revised delivery plan was submitted by LSHW to WEFO in January 2021. WEFO have indicated that formal approval will be provided in July 2021.

The implementation of IFRS 16 in 2019/20 included an element of estimate and judgement. 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.

4 Revenue

	2021 £	2020 £
Revenue analysed by class of business		
Welsh Government - Core funding	2,797,761	2,806,582
Digital Health EcoSystem Wales project	117,547	169,092
License fees	39,415	50,446
Desk, meeting room and conference suite hire	-	21,554
Other	5,070	4,880
WEFO - Accelerate project	2,608,163	2,382,947
Welsh Government - Accelerate project	266,522	204,647
	<u>5,834,478</u>	<u>5,640,148</u>

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

4 Revenue

(Continued)

	2021 £	2020 £
Other significant revenue		
Grants received - capital	1,464	7,388

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 2021 financial year income of £2,608,163 (2020 £2,382,947) has been recognised in the financial statements from WEFO of which £2,482,477 (2020: £2,008,154) was paid to partners. Actual income due to the company totalled £125,687 (2020: £374,793).

5 Administrative expenses

Contained in administrative expenses is:

	2021	2020
	£000	£000
Staff costs	2,101.1	1,584.9
Re-distribution of WEFO grant to partner bodies	2,482.5	2,008.2
Facilities/ accommodation costs	206.3	512.1
ICT costs	210.8	213.8
Office running costs	128.2	56.00
Marketing	123.6	150.5
Events	1.8	140.2
Travel	3.7	74.8
Depreciation and Amortisation	253.0	131.0
Finance and compliance	283.2	406.1
Other	1.6	356.8
Total expenditure	5,795.8	5,634.4

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(1,464)	(7,388)
Fees payable to the company's auditor for the audit of the company's financial statements	17,486	20,986
Depreciation of property, plant and equipment	251,145	128,924
Amortisation of intangible assets (included within administrative expenses)	1,902	2,074

7 Employees

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

	2021 Number	2020 Number
Directors	7	7
Administrative	12	8
Marketing and events	8	7
Secondment	3	3
DHEW	2	2
Chief Executive Officer	1	1
Innovation & Adoption	10	8
Accelerate	6	7
Total	49	43

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,767,487	1,363,481
Social security costs	177,981	137,130
Pension costs	111,220	84,280
	2,056,688	1,584,891

8 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	60,835	41,470

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

8 Directors' remuneration

(Continued)

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.

9 Finance costs

	2021 £	2020 £
Unwinding of lease interest regarding IFRS 16 implementation	40,071	24,778
	<u>40,071</u>	<u>24,778</u>
	<u><u>40,071</u></u>	<u><u>24,778</u></u>

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10 Income tax expense

	2021 £	2020 £
The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:		
	2021 £	2020 £
Profit/(loss) before taxation	76	(11,673)
Expected tax charge/(credit) based on a corporation tax rate of 19.00%	14	(2,218)
Effect of expenses not deductible in determining taxable profit	1,148,444	1,031,771
Income not taxable	(1,100,377)	(1,004,790)
Utilisation of tax losses not previously recognised	(364)	(268)
Depreciation on assets not qualifying for tax allowances	(47,717)	(24,495)
Taxation charge for the year	-	-

11 Intangible assets

	Desk Booking System £	Website Development £	Total £
Cost			
At 1 April 2019	23,050	19,950	43,000
At 31 March 2020	23,050	19,950	43,000
At 31 March 2021	23,050	19,950	43,000
Amortisation and impairment			
At 1 April 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
Charge for the year	1,902	-	1,902
At 31 March 2021	23,050	19,950	43,000
Carrying amount			
At 31 March 2021	-	-	-
At 31 March 2020	1,902	-	1,902
At 31 March 2019	3,976	-	3,976

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

12 Property, plant and equipment

	Leasehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 April 2019	-	404,484	404,484
Additions	947,669	-	947,669
At 31 March 2020	947,669	404,484	1,352,153
At 31 March 2021	947,669	404,484	1,352,153
Accumulated depreciation and impairment			
At 1 April 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
Charge for the year	247,218	3,927	251,145
At 31 March 2021	370,828	404,189	775,017
Carrying amount			
At 31 March 2021	576,841	295	577,136
At 31 March 2020	824,059	4,222	828,281
At 31 March 2019	-	9,536	9,536

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

Right-of-use assets	2021 £	2020 £
Net values		
Property	576,841	824,059
Additions	-	947,669
Depreciation charge for the year		
Property	247,218	123,610

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

13 Trade and other receivables

	2021 £	2020 £
Trade receivables	41,142	13,784
Other receivables	-	2,075
VAT recoverable	-	1,470
Prepayments and accrued income	2,708,164	2,451,953
	<u>2,749,306</u>	<u>2,469,282</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 £2.4m (2020: £2m) 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

	2021 £	2020 £
Trade payables	83,183	121,256
Accruals	2,978,268	2,473,892
Social security and other taxation	1,100	-
Other payables	18,864	3,966
	<u>3,081,415</u>	<u>2,599,114</u>

Included within trade payables and accruals above is £248,335 (2020: £211,922) owed by the Company to the Welsh Government in relation to facilities management, electricity and soundproofing works re-charged to the Company (see note 26 for further details).

Included within Accruals above £2.4m (2020: £2m) 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 2021

16 Lease liabilities

	2021 £	2020 £
Maturity analysis		
Within one year	247,925	234,687
In two to five years	352,456	600,381
Total undiscounted liabilities	<u>600,381</u>	<u>835,068</u>

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:

	2021 £	2020 £
Current liabilities	247,925	234,687
Non-current liabilities	352,456	600,381
	<u>600,381</u>	<u>835,068</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. 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.

17 Deferred revenue

	2021 £	2020 £
Arising from government grants	466,249	491,817
Arising from hire and other revenue	34,995	45,120
	<u>501,244</u>	<u>536,937</u>

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

17 Deferred revenue

(Continued)

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:

	2021 £	2020 £
Current liabilities	501,244	341,585
Non-current liabilities	-	195,352
	<u>501,244</u>	<u>536,937</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 £111,220 (2020: £84,280).

19 Retained earnings

	2021 £	2020 £
At the beginning of the year	12,183	23,856
Profit/(loss) for the year	76	(11,673)
At the end of the year	<u>12,259</u>	<u>12,183</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 was submitted by LSHW in 2020. LSHW received a letter from HMRC's VAT Error Correction Unit dated 24/6/21 which acknowledges receipt of the initial claim and requested additional information from LSHW, which is being considered.

21 Contingent liabilities

There are no contingent liabilities at 31 March 2021 (2020: none).

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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:

	2021 £	2020 £
Expense relating to short-term leases	-	142,146

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:

	2021 £	2020 £
Land and buildings		
Within one year	274,758	274,758
Between two and five years	366,344	641,102
	<u>641,102</u>	<u>915,860</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 2021 (2020: £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 28/7/2021. 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 2021

26 Related party transactions

Remuneration of key management personnel

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

	2021 £	2020 £
Short-term employee benefits	60,835	41,470
	<u>60,835</u>	<u>41,470</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 £3,183,294 consisting of £2,797,761 of core funding and £385,533 WG project income for Accelerate and DHEW (2020: £2,806,582 of core funding and £373,739 WG project income). During the year, the Welsh Government invoiced £476,311 for services provided including the cost of rent, service charges, facilities management, and website (2020: £782,486). At 31 March 2021, the company owed the Welsh Government £274,231 (2020: £211,922) in relation to facilities management, electricity and soundproofing works re-charged to the Company (See note 15).

Sir Mansel Aylward is a professor at Swansea University. During the year Swansea University invoiced the company £687,333 (2020: £270,081) and the company received income from the university of £23,330 (2020: £nil). The company owed the university £182,611 (2020: £nil) and was owed £27,996 by the university (2020: £nil) at the year end.

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 £nil (2020: £70,192). Velindre NHS Trust were invoiced for £38,275 (2020: £102,539) for services supplied by Life Sciences Hub Wales during the year and owed £228 (2020: £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 2022, 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.

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.

LIFE SCIENCES HUB WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

30 Cash generated from/(absorbed by) operations

	2021 £	2020 £
Profit/(loss) for the year after tax	76	(11,673)
Adjustments for:		
Finance costs	40,071	24,778
Amortisation and impairment of intangible assets	1,902	2,074
Depreciation and impairment of property, plant and equipment	251,145	128,924
Decrease in provisions	-	(24,778)
Movements in working capital:		
Increase in trade and other receivables	(280,024)	(1,302,704)
Increase in trade and other payables	286,949	1,107,213
Increase/(decrease) in deferred revenue outstanding	159,659	(124,677)
Cash generated from/(absorbed by) operations	459,778	(200,843)