

Westlakes Research Limited

Company Limited by Guarantee

Financial statements

For the year ended 31 July 2021

Company Registration Number 02699264

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Westlakes Research Limited

Company Limited by Guarantee

Trustees' Annual Report and Financial Statements

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Westlakes Research Limited

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Trustees' Annual Report

The Trustees present their report together with the financial statements of the Charity for the year ended 31 July 2021.

Reference and administrative details

The Board of Trustees

Mr M Heaslip (Chair)
Prof St John Crean
Prof J Fyfe
Mr P Hyett (resigned 24 May 2021)
Dr L Livesey
Mr W Slavin

Company Secretary

Mr I Fisher

Principal

Dr R Wylie

Registered and principal office

Harris Building
University of Central Lancashire
Corporation Street
Preston
Lancashire
PR1 2HE

External Auditors

KPMG LLP
St Peter's Square
Manchester
M2 3AE

Bankers

Barclays Bank plc
PO Box 229
Navigation Way
Preston
PR2 2XY

Westlakes Research Limited

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Structure, Governance and Management

Governing document

The Company is constituted as a Company limited by a guarantee and is governed by its Memorandum and Articles of Association. It has only one member which is the University of Central Lancashire (UCLan). The Company is also a charity with education objectives which is not registered with the Charity Commission because it comes under Uclan's exempt charitable status as Uclan is its sole member.

Appointment of Trustees

Directors of the Company (Trustees of the charity) are appointed by the board and may also be appointed by the Member (UCLan). A minimum of two Trustees must be domiciled in West Cumbria. The Trustees have delegated the day to day management of the Company to the Principal. This individual reports to the Trustees on a regular basis to advise on charitable developments and co-ordinates the administrative reporting to enable the Trustees to exercise their statutory responsibilities. Dr L Livesey, Professor St John Crean, Prof John Fyfe and Mr P Hyett (resigned 24 May 2021) were appointed by UCLan, Mr M Heaslip and Mr W Slavin are domiciled in West Cumbria. Dr L Livesey and Professor St John Crean are employees of UCLan.

Trustee remuneration

Trustees do not receive any remuneration for their services. Trustee expense claims have been limited to travel and subsistence costs incurred to attend Trustee meetings where they are not covered by the Trustee's employer. Trustee expenses were £nil in the financial year 2020-21 (2019 £1,287).

Trustees induction and training

Training in the duties and responsibilities of Trustees is provided during an induction process. This is under the overall direction of the Chair, which can then be delegated to the Principal and/or the Company Secretary.

Organisation

The Company supports teaching, research and academic developments.

Historically the company was gifted two buildings on the Westlakes Science Park to assist it in the delivery of its charitable objectives and to date the view of the Trustees is that the charity should work with a range of organisations to deliver educational benefits and that it should not itself become a direct provider of education.

The building assets are expected to be a long term, regular and secure source of income though this should not be seen as the only source of income the charity seeks to access. Some income received may be restricted in how it can be spent or have costs associated with how it is secured. The Trustees will always be clear how the costs of securing income will be met and how that income, restricted or unrestricted, will be applied to delivering charitable benefits consistent with the charity's objectives.

The Trustees will identify through their planning cycle the range of educational initiatives they intend to support and how they intend to identify potential providers. The level of funds available for initiatives will be determined by reference to the Reserves Policy (see Reserves Policy paragraph).

A proportion of charitable income will be needed each year to meet the costs of the charity's management, administration and governance. These costs would not be expected to be more than 15% of income in any one year. The Company does not have any direct employees but relies on a number of Service Level Agreements for management and administration, including the role of Principal, with its sole member. Company Secretarial services are provided by the University Secretary and General Counsel.

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Charitable expenditure on initiatives can be agreed in principle by the board each year but cannot be released to providers without there being in place a clear written understanding with the selected provider setting out the purpose, objectives and impact the funding should have, which must be consistent with the charity's purposes, as well as the arrangement for subsequent review once the initiative has been completed and all the appropriate funding provided.

As the company has one sole member with whom it has a number of business and financial relationships this creates two consequences. Firstly, such a relationship means that it is prudent for the Trustees to always make sure that the transactions with its member are transparent and, if deemed appropriate, have prior consent of the Charity Commission. A Memorandum of Understanding has been drawn up to help in the transparency of the relationship. Secondly, the financial statements of the company are consolidated into those of its member by reason of the member being deemed, for technical accounting reasons, having control of the company. Notwithstanding the technical consolidation the company board is independently accountable for achieving its charitable objectives and managing the company's finance.

Risk management

The major risks to which the Company is exposed, in particular those related to the operations and finances of the Company, are assessed and reported at Board meetings. A risk management review is undertaken periodically and reported to the Board. The Principal advises the Board of the key operational risks faced by the Company and UCLAN's financial services, as a professional service provider, provide the board with advice on finance and service risks. The Trustees are satisfied that there are systems in place to mitigate exposure to the major risks.

Objectives and activities for the public benefit

The Company's charitable objectives listed in the Memorandum and Articles of Association are:

- (i) to advance the education of the public in such a manner as may be charitable and in particular but not to limit the generality of the foregoing to promote interest in and the understanding of environmental research including work related to industrial and other wastes;
- (ii) to conduct research and to publish the results of all such research including (but without limiting the generality of the foregoing) to encourage and assist occupational health research, including an epidemiological database, and to conduct research in environment, health and industrial and any related sciences or in any particular aspects thereof;
- (iii) to establish an educational institution to further the Company's objects;
- (iv) to advance the general benefit of the public in such a manner as may be charitable and in particular but not to limit the generality of the foregoing to enhance the environment as a result thereof.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Company's charitable aims and objectives and in planning future activities. The Trustees strongly believe that the association with UCLan, its Member, is essential if its charitable objects are to be optimally achieved. To this end the Trustees have sought guidance from time to time as appropriate from the Charity Commission on the best way for the relationship between the charity and its member is to be structured and managed in order for the association not to be compromised.

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Review of grant making policy and developments

The charity delivers its charitable objectives through the use of its building assets and the giving of grants to other organisations that have the resources to deliver the desired outcomes. In the year under review the charity made grant payments to its member UCLan to support four research areas which had been agreed in a joint business plan that had been approved by the Charity Commission

The four research areas being supported were Place Development and Promotion, Public Value Management, the Governance of Integrated Health and Wellbeing and, Social Exclusion and Community Development.

The total grant funding to the University under the joint business plan was £1,753,000 which was to be spent over an expected 3 year cycle. Prior to the current financial year grant payments of £828,425 have been made and in the current year grant payments of £176,823 have been made to the University.

The Trustees receive regular reports from the University on the academic progress and spending of these research areas and receive assurance from the Principal on the robustness and reliability of these reports.

The independent academic assessment of the work to date has been completed and was satisfactory, a community impact assessment is currently being undertaken having been delayed by the impact of the Covid restrictions. The existing projects are continuing to be funded in line with the board's approval.

Financial Review

The results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

Charitable income in the year came primarily from the long term lease of the Samuel Lindow Building to UCLan for educational purposes and the medium term lease of the Princess Royal Building, which is currently used as an investment property, to a commercial tenant.

In 2020/21 income exceeded expenditure by £42,621 (2019/20 Expenditure exceeded income by £23,792). Whilst charitable income remained constant, charitable expenditure in 20/21 did not exceed the charitable income as previous years. Expenditure was less mainly due to no expenditure activity on the Social Exclusion project from January 2021.

Income from other activities was solely associated with the Princess Royal building which is currently held as an investment property. Net income from this investment is split between a property sinking fund for future maintenance costs (25%) and a contribution to support charitable activities (75%). In 2019/20 the sinking fund was used to provide a new lift to the building and this one off explains the reduction in property based costs year on year. The value of the Princess Royal Building was independently assessed to have reduced in value in the year due to market conditions. This reduction is reflected in the Statement of Financial Activities.

The Balance Sheet at the 31 July 2021 reflects the current values of the property assets and the substantial cash reserves (£1.5m) the Company has accumulated over the last few years, and which are held in General Reserves. It holds £86,378 in its property sinking fund and £734,689 of uncommitted reserves. The board keeps its uncommitted reserves under regular review as it seeks to strike the balance between providing financial protection against unforeseen risks to its properties which provide its main source of income and delivering on its charitable objectives.

The Board has an approved financial strategy, which includes key financial indicators, with the intention of making best use of its current financial strength to achieve further charitable benefits without putting the overall financial standing at risk. These are reported to the board each year with the Financial

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Statements.

Investment powers and policy

Under the Memorandum and Articles of Association, the Company has the power to make any investment that the Trustees think fit subject to relevant law and their duties as charity Trustees.

No formal investment policy exists as the board have chosen to keep accumulated funds in cash deposits. UCLan's financial services supports the Company and investment decisions are reviewed by reference to available cash reserves and cash forecasts covering existing and anticipated commitments and securing the best available returns on cash balances using the Uclan counterparty risk assessment.

Investment performance

The primary areas of investment are the cash deposits and the two buildings owned on the Westlakes Science and Technology Park. The two buildings still represent a substantial investment in a prime location. The Princess Royal Building underwent a rent review in 2018 to ensure the rent received represented a market rental. Financial Reporting Standard 102 requires investment buildings to be revalued each year and the revaluation of the Princess Royal Building in 2020-21 resulted in a loss on investment property of £50,000 (2019/20: £80,000). Whilst annual valuations can create turbulence in the reported financial position the board recognise the importance of keeping the value of this property under review. The Samuel Lindow Building is let to Uclan under a 25 year lease with a requirement to return the building in good order and fit for purpose as an educational building.

The valuers have noted in their latest valuation that due to the outbreak of COVID 19 they are "faced with an unprecedented set of circumstances on which to base a judgement". The valuations are therefore reported on the basis of "material valuation uncertainty" as described in the RICS Red Book Global. They state that less certainty and a high degree of caution should be attached to the valuation and recommend frequent review.

Reserves policy

The Trustees recognise their responsibilities to maintain and protect the buildings that have been gifted together with making sure that the charity has financial strength to deal with unforeseen circumstances. These responsibilities are reflected in its Reserves Policies.

Cash Reserves will be earmarked for two purposes.

Firstly sinking funds will be set up to provide funds for building maintenance, repair and improvement in those cases where such costs cannot be recovered through tenancy agreements. Normally the contribution to such a fund will be 25% of the net revenue income after normal property related costs associated with the building have been taken into account. The balance of the net income will be used to support charitable activities. The sinking fund should never exceed 25% of the relevant property value or be less than 5% of that value at the end of any one financial year. The current sinking fund for the Princess Royal Building is less than this threshold and the board will be addressing that in 2020/21.

Secondly, a General Reserve will be created from retained charitable income not used to support charitable expenditure in the year it was generated. This General Reserve may be used to supplement charitable income in any one year with the prior approval of the Trustees. This General Reserve will also include a contingency element to cover unforeseen circumstances when income may not be sufficient to meet planned expenses. The uncommitted General Reserve should never be less than the normal charitable income in any one year averaged over the last three years (i.e. £126,000) or be greater than £750,000. The uncommitted reserve currently stands at £734,689.

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Going Concern

These accounts have been prepared on a 'going concern' basis. The Trustees are satisfied that it is appropriate for the Company to prepare accounts on a 'going concern' basis as, despite the disruption created by the Covid pandemic, the company's existing underlying financial strength is sufficient to allow it to meet unforeseen circumstances for some period of time. In addition, its primary income source of property rents is with 'blue chip' tenants and its expenditure plans are time limited and affordable within existing accumulated reserves.

Disclosure of Information to Auditors

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Signed on behalf of the Trustees



M Heaslip
Chair of the Trustees



W Slavin
Trustee

Approved by the Trustees on 6th January 2022

Registered office:
Harris Building
University of Central Lancashire
Corporation Street
Preston
Lancashire
PR1 2HE

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Statement of Trustees' Responsibilities in respect of the Trustees' Annual Report and the financial statements

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the Trustees 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 charitable Company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable Company or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable Company and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Independent Auditor's Report to the members of Westlakes Research Limited

Opinion

We have audited the financial statements of Westlakes Research Limited ("the charitable company") for the year ended 31 July 2021 which comprise the statement of financial activities, the Balance Sheet, the Statement of Changes in Reserves and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board of Trustees, the Group Audit Committee and Company Secretary as to the charitable company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Group audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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Independent Auditor's Report to the members of Westlakes Research Limited *(continued)*

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because due to the nature and scope of the company's activities, there are no perceived pressures or incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. This included out of balance journals.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the trustees (as required by auditing standards) and discussed with the trustees the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities and companies legislation) and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the charitable company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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Independent Auditor's Report to the members of Westlakes Research Limited (continued)

Other Information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the strategic report and the trustees' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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Independent Auditor's Report to the members of Westlakes Research Limited (continued)

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Timothy Cutler (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

13 January 2022

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Statement of Financial Activities
For the year ended 31 July 2021

Unrestricted Funds	Note	2021	2020
		£	£
Income			
Charitable activities	2	126,000	126,000
Investments income	3	262,882	256,824
Total Income		388,882	382,824
Expenditure			
Charitable activities	4	229,376	275,971
Other	5	116,886	130,645
Total Expenditure		346,262	406,616
Gain/(Loss) on revaluation of Investment Property		(50,000)	(80,000)
Net Movement In Funds	6	(7,380)	(103,792)
Total funds brought forward		3,937,641	4,041,433
Total funds carried forward		3,930,261	3,937,641

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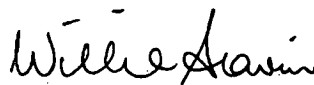
Balance Sheet As at 31 July 2021

	Note	2021	2020
		£	£
Fixed Assets			
Tangible assets	7	1,296,647	1,304,829
Investment property	7	1,170,000	1,220,000
		<u>2,466,647</u>	<u>2,524,829</u>
Current assets			
Debtors	8	10,854	74,719
Cash at bank and in hand		1,552,046	1,455,182
		<u>1,562,900</u>	<u>1,529,901</u>
Creditors: amounts falling due within one year	9	(99,285)	(117,089)
		<u>1,463,615</u>	<u>1,412,812</u>
Net current assets			1,412,812
Total Net assets		<u>3,930,262</u>	<u>3,937,641</u>
Funds of the charity			
Unrestricted Funds			
Revaluation reserve	10	464,293	464,293
General funds	10	3,465,969	3,473,348
Total funds		<u>3,930,262</u>	<u>3,937,641</u>

These financial statements were approved by the Trustees on the 6th January 2022 and are signed on their behalf by:



M Heaslip
Chair of the Trustees



W Slavin
Trustee

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Statement of Changes in Reserves
For the year ended 31 July 2021

Unrestricted Funds	General Funds	Revaluation Reserve	Total
	£	£	£
Balance at 1 August 2019	3,616,579	424,854	4,041,433
Total comprehensive income for the year			
Net movement in funds in the year	(103,792)	-	(103,792)
Transfers between reserves	(39,439)	39,439	-
Balance at 31 July 2020	3,473,348	464,293	3,937,641
Balance at 1 August 2020	3,473,348	464,293	3,937,641
Total comprehensive income for the year	0	0	0
Net movement in funds in the year	(7,379)	0	(7,379)
Transfers between reserves	0	0	0
Balance at 31 July 2021	3,465,969	464,293	3,930,262

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Notes (forming part of the financial statements)

1. Accounting policies

Westlakes Research Limited is a Company limited by guarantee and incorporated and domiciled in the UK.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, in accordance with the Charities SORP FRS102, the Statement of Recommended Practice applicable to Charities in preparing their accounts (SORP 2015) and the Companies Act 2006.

These financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

Income

Income comprises of grant and voluntary income which is recognised when monies are received, research income which is recognised based on the stage of completion and rental income which is recognised in the period reflected in the underlying leases.

The Company's ultimate parent undertaking, the University of Central Lancashire Higher Education Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of the University of Central Lancashire Higher Education Corporation are available to the public and may be obtained from the University Chief Finance Officer, University of Central Lancashire, Adelphi Building, Preston, PR1 2HE. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes.
- Key management personnel compensation

Fixed Assets

Land and buildings are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Certain land and buildings that had been revalued to fair value on or prior to 31 July 2014, the date of transition to SORP 2015/FRS102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Freehold land is not depreciated. Freehold buildings are depreciated on a 1% reducing balance basis.

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment property is measured initially at cost and subsequently at fair value with movements recognised in the Statement of Financial Activities. Properties are not depreciated, but are revalued or reviewed annually according to market conditions as at 31 July each year.

Equipment costing less than £10,000 per individual item is written off as an expense in the year of acquisition.

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Notes (forming part of the financial statements)

Resources Expended

Liabilities are recognised as soon as there is a legal or constructive obligation committing the Company to pay out resources.

Governance costs include the costs of preparation and examination of statutory accounts and the cost of any legal advice given to the Trustees on governance or constitutional matters.

Other expenditure is accounted for on an accruals basis inclusive of any Value Added Tax.

Taxation

The Company is exempt from Income Tax or Corporation Tax on income derived from its charitable activities, as it falls within the various exemptions as a subsidiary of UCLAN.

Critical Accounting estimates and judgements

Investment Property – Properties are revalued to their fair value at the reporting date by Cushman & Wakefield. The valuation is based on assumptions and judgements which are impacted by a variety of factors including market and other economic conditions.

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The trustees plan for a period of 12 months from the date of approval of these financial statements which indicates that, taking account of severe but plausible downsides, including changes arising from the Covid-19 pandemic, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

The trustees therefore continue to adopt the going concern basis in preparing the annual financial statements.

2. Income

	2021	2020
	£	£
Charitable rental income	126,000	126,000

3. Investment income

	2021	2020
	£	£
Investment Rental Income	155,955	155,955
PRB Services costs recovered	106,880	94,129
Bank interest receivable	47	6,740
	<u>262,882</u>	<u>256,824</u>

Note: Income classification has been updated to better the charity SORP guidance.

Westlakes Research Limited

Company Limited by Guarantee

Notes (forming part of the financial statements)

4. Expenditure on charitable activities

	2021	2020
	£	£
Funding for research activities	176,823	224,916
Principal	31,013	29,975
Financial Services SLA	14,832	14,541
Legal and professional fees	6,708	6,539
	<u>229,376</u>	<u>275,971</u>

5. Other Expenditure

	2021	2020
	£	£
Property Services SLA	7,750	7,701
Property Services	82,865	78,921
External Rents	6,967	13,484
Lift Replacement	0	0
Property Depreciation	8,182	8,264
Office & Miscellaneous costs	3,382	3,055
Policy Network subscription	-	12,500
Marketing & Promotion	-	0
Audit and tax fees	7,740	6,720
	<u>116,886</u>	<u>130,645</u>

Note: Expenditure classification has been updated to better the charity SORP guidance

The Charity did not directly employ any staff during the year.

6. Net movement on funds

Net movement on funds in the year is stated after charging:

	2021	2020
	£	£
Depreciation	8,182	8,264
Auditors' remuneration – as auditors	4,600	5,400

Westlakes Research Limited

Company Limited by Guarantee

Notes (forming part of the financial statements)

7. Tangible fixed assets

	Freehold Property £	Investment Property £	Fixtures & Fittings £	Total £
Cost				
At 1 August 2020	1,382,279	1,220,000	-	2,602,279
Gain/-loss on revaluation		(50,000)		(50,000)
At 31 July 2021	1,382,279	1,170,000		2,552,279
Depreciation				
At 1 August 2020	(77,450)	-	-	(77,450)
Charge for the year	(8,182)	-	-	(8,182)
At 31 July 2021	(85,632)	-	-	(85,632)
Net Book Value				
At 31 July 2021	1,296,647	1,170,000	-	2,466,647
At 31 July 2020	1,304,829	1,220,000	-	2,524,829

Included in the net book value of the freehold property is £486,600 (2020: £486,600) relating to the value of land which has not been depreciated.

Land and buildings that had been revalued to fair value on or prior to 31 July 2014, the date of transition to SORP 2015/FRS102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. The Princess Royal Building has been treated as an investment property in accordance with the requirements of FRS102 and was revalued in July 2020.

8. Debtors

	2021 £	2020 £
Accrued Income	10,854	-
Trade debtors	-	73,468
Group debtors	-	-
Other debtors	-	1,251
	10,854	74,719

Westlakes Research Limited

Company Limited by Guarantee

Notes (forming part of the financial statements)

9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Amounts owed to other group undertakings	49,995	79,091
Deferred income	26,448	24,385
Accrued expenditure	16,932	13,613
Trade Creditors	5,910	-
	99,285	117,089

10. Analysis of net assets (between revaluation funds and general funds)

	31 July 2021		31 July 2020	
	Revaluation Reserve	General Funds	Revaluation Reserve	General Funds
	£	£	£	£
Tangible fixed assets as originally stated	464,293	2,041,793	424,854	2,099,975
Transfer between reserves	-	-	39,439	(39,439)
Tangible fixed assets	464,293	2,041,793	464,293	2,060,536
Other net assets	-	1,424,176	-	1,412,812
	464,293	3,465,969	464,293	3,473,348

	31 July 2021		31 July 2020	
	Revaluation Reserve	General Funds	Revaluation Reserve	General Funds
	£	£	£	£
Opening balance	464,293	3,473,348	424,854	3,616,579
Movements through the Statement of Financial Activities	-	(7,379)	-	(103,792)
Historical cost depreciation adjustment	-	-	39,439	(39,439)
	464,293	3,465,969	464,293	3,473,348

Westlakes Research Limited

Company Limited by Guarantee

Notes (forming part of the financial statements)

11. Company limited by guarantee

The charity is a Company limited by guarantee and does not have share capital.

12. Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a company limited by guarantee with one sole member, the University of Central Lancashire. The ultimate parent company is the University of Central Lancashire Higher Education Corporation incorporated in England and Wales. In accordance with section 33.1a of FRS102, Related Party Disclosures, the Company is exempt from disclosing details of arrangements with other companies in the University of Central Lancashire group.

The largest and smallest group in which the results of the Company are consolidated is that headed by the University of Central Lancashire Higher Education Corporation. The consolidated financial statements of the University may be obtained from:

Chief Finance Officer
University of Central Lancashire
Adelphi Building
Preston
PR1 2HE