

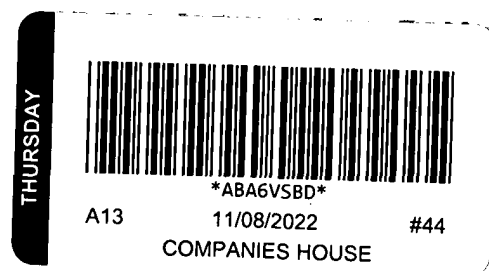
Year ended 31 December 2021

The Heart Research Institute (UK)
Annual report and financial statements
For the year ended
31 December 2021

Company Registration Number 05935975

Charity Number 1116918

Scottish charity registration number SC042984



The Heart Research Institute (UK)

Financial statements

Year ended 31 December 2021

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The Heart Research Institute (UK)

Trustees' Annual Report

Year ended 31 December 2021

The trustees, who are also directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 December 2021.

Reference and administrative details

Registered charity name	The Heart Research Institute (UK)
Charity registration number	1116918
Company registration number	05935975
Scottish charity registration number	SC042984

The trustees

The trustees who served the charity during the period were as follows:

Antony Pollitt	Kerry Cunningham
Elena Pintado	Alan Caton OBE
John Batistich (resigned on the 22nd March 2022)	Adrian Phillips
Stephen Hollings	
Stephen Moodey	

Secretary	Hana Krskova
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Registered office of Company	Bankside 300 Peachman Way Broadland Business Park Norwich Norfolk NR7 0LB
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Auditor	KPMG LLP 319 St Vincent Street Glasgow G2 SAS
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Bankers	Santander UK PLC 2 Triton Square Regent's Place London United Kingdom Bank of Ireland 12 The High Street Kildare Town Co. Kildare
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The Heart Research Institute (UK)

Trustees' Annual Report (*continued*)

Year ended 31 December 2021

Structure, governance and management

Governing document

The Heart Research Institute (UK) is a company limited by guarantee and is governed by its Memorandum and Articles, dated 14 September 2006. It is also registered as a charity with the Charity Commission for England and Wales (No. 1116918) and, with effect from 1 March 2012, the Scottish Charity Regulator (SC042984).

Appointment of trustees

As set out in the Articles of Association trustees are appointed by a resolution of the members for a renewable term of three years. The charity shall have at least three trustees. The charity shall have at least three Trustees who are not trustees and/or employees of The Heart Research Institute Limited.

Trustee induction and training

The charity has espoused a policy of providing new trustees with whatever information and assistance is necessary to help them fulfill their responsibilities under both the Companies Act 2006 and their roles under relevant legislation and regulations affecting the organisation as a charity. The procedures adopted include providing new trustees with a copy of The Essential Trustee: what you need to know supplied by the Charity Commission for England and Wales which describes the roles and responsibilities of trustees, as well as a copy of the company's constitution. The trustees are also encouraged to visit the website of the charity commission for regular updates or changes to legislation and guidelines. Ongoing information updates along with regular communication between The Heart Research Institute Ltd management and the trustees ensures knowledge and information currency.

Organisation

The Heart Research Institute (UK) and The Heart Research Institute Ltd have entered into a 'Services Agreement' to record the basis on which they will work together to further the charities' charitable objects and to outline the services provided by The Heart Research Institute Ltd to The Heart Research Institute (UK).

Under the Services Agreement, the day-to-day fundraising and administrative activities of the charity have been delegated to the management staff of The Heart Research Institute Ltd. These staff members report to a Director of the Institute who, in turn, is subject to the Board of Governors of the Australian company. However, any arrangements and activities affecting the UK charity are also subject to the oversight and review of the board of trustees of The Heart Research Institute (UK). In particular, new fundraising programs require the specific approval of the trustees who will meet as a board to consider and vote on such proposals.

Related Parties

The charity is a wholly owned subsidiary of The Heart Research Institute Ltd, an Australian charity which runs heart research programmes and which has built up expertise in the fields of both running a charity and fundraising in this area. The objects of the charity (as outlined in the following section) are compatible with The Heart Research Institute Ltd and both are committed to the promotion and support of research and the advancement of education in this area. The Heart Research Institute Ltd assists the charity by providing it with the services and support it needs to successfully operate and raise funds in order to support heart research and educate the public.

The Heart Research Institute has a presence in Scotland and has made significant findings that have changed the way we live with and treat Scotland's number one killer. Our scientists are working across a number of research areas to identify factors that contribute to an increased risk of heart disease. Understanding the underlying causes of heart disease is the key to finding a solution.

Risk management

The major risks to which the charity is exposed relate in particular to the commitments made to outside parties who undertake the various fundraising campaigns for the charity. There can be considerable set-up costs involved in new fundraising campaigns, which means there is a delay before a particular campaign realises a surplus. Once the trustees have approved the new campaign, they subsequently receive regular reports of its progress and are kept apprised of any budget irregularities that the campaign may be facing. Restrictions on further commitments can be instituted quickly and, in addition, a request that the outside contractor comply with specific guidelines to keep the program contained can also be implemented efficiently. The trustees also require that safeguards be incorporated into legal agreements with the fundraising contractors to limit the risk exposure of the charity.

The Heart Research Institute (UK)

Trustees' Annual Report *(continued)*

Year ended 31 December 2021

Significant Events

The Trustees believe there were no material impact from COVID-19 on the operations of Heart Research Institute(UK). The Charity has generated sufficient financial resources from its activities to allow the Trustees to believe that the charity is operating successfully in the current economic climate. Trustees have reviewed the cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for the period. Therefore, the Trustees believe that the Heart Research Institute (UK) to continue going concern for at least 12 months from the date of approval of the financial statements.

Other than the above development, no other item, transaction or event of a material and unusual nature is likely, in the opinion of the Trustees, to affect significantly the operations of the Charity, the results of those operations, or the state of affairs of the Charity, in the future years.

Objectives and activities

The Heart Research Institute has four core objectives:

- To investigate mechanisms contributing to the pathogenesis of cardiovascular disease
- To develop new ways to detect symptoms of cardiovascular disease before it leads to clinical problems
- To develop new treatments which can reverse the development of heart disease
- To prevent individuals developing cardiovascular disease in the future

The reason the charity and its parent company are focusing mainly on cardiovascular disease is because this is the major cause of death in the world, a phenomena that is also increasing in third-world countries. However, research into the origins of such disease spans many years and requires the services of highly qualified scientists, as well as the usage of expensive technology. That is why a major activity of the charity and its parent is fundraising, because any funding obtained through competitive grants for specific research projects and infrastructure support from governments or other bodies is insufficient to cover all the costs involved. The charity and its parent have a long-term aim of contributing to a significant reduction in cardiovascular disease, but recognise that eventual success in this regard means extensive investment in research here and now.

The charity's main objectives for the year ended 31 December 2021 were to determine the best distribution of funds raised to assist with meeting its objectives and focus on further development of the lottery and monthly pledge programs. The strategy for achieving these objectives was to maintain arrangements with reputable contractors well experienced in conducting lotteries and monthly pledge programs in the UK. Significant activities that contributed to the achievement of these objectives involved the negotiation and resolution of operational procedures, and the recording and processing of resultant transactions. The trustees have given due consideration to the Charity Commission published guidance on the operation of the public benefit requirement.

Principal financial management policies

The principal financial management policies adopted in the year include the following:

Revenue recognition

Revenue derived from fundraising efforts is recognised when probable.

Provisions

The charity recognises by way of provision any anticipated outgoings relevant to the year under review for which it may have an obligation, whether legal or constructive.

Reserves

The charity's reserves, together with sufficient funds in bank accounts and on deposit, cover all current liabilities. A portion of these reserves are used to fund the HRI International Fellowship scheme and the procurement of research equipment.

Grantmaking policy

The charity awards grants to be used in accordance with its charitable objectives.

The Heart Research Institute (UK)

Trustees' Annual Report (*continued*)

Year ended 31 December 2021

Principal funding sources

Principal funding sources during the year were from the generation of revenue from the lottery and monthly pledge campaigns. Expenditure during the year under review has supported the key objectives of the charity by firmly establishing a viable basis for the future success of the lottery and pledge campaigns.

Investment powers and policy

Under the Memorandum and Articles of Association, to further its objects the charity has the power to invest any funds not immediately required for its objects in or upon any investments, securities or property.

Strategic report

Achievements and performance

Funds raised by the HRI in the UK go directly to scientific research helping to find solutions to this global health challenge. Funds are used to support the front line researchers and to purchase the latest research equipment.

Financial review

The net incoming resources for the year ended 31 December 2021 amounted to £303,663 (2020: £479,023 incoming). The Trustees are confident of the future success of projected activities for 2021 and beyond and that these will result in the building of accumulated surpluses. In addition, the charity enjoys the on-going financial support of its parent company and the significant experience of its management to ensure its future success.

Plans for future periods

The charity will continue to support Post Doctorate Fellowships for young and emerging UK researchers and collaborate with The Heart Research Institute Australia in funding specialist equipment and research so we can understand more about, and to find a cure for cardiovascular diseases, which are the number one killer of people worldwide.

The Heart Research Institute (UK)

Trustees' Annual Report *(continued)*

Year ended 31 December 2021

Statement of Trustees' responsibilities in respect of the trustees' annual report and the financial statements

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

Company and charity law requires the trustees to prepare financial statements for each financial year. Under that law they have 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 judgements 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; and
- 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 and proper 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, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

Auditor

KPMG LLP have been appointed under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and section 487(1) of the Companies Act 2006.

Each of the persons who is a trustee at the date of approval of this report confirms that:

- each trustee has taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information; and
- so far as each trustee is aware, there is no relevant audit information of which the charity's auditor is unaware;

Signed on behalf of the trustees



Antony Pollitt
Chairman
Director/Trustee

25.03.2022

Independent auditor's report to the trustees and members of The Heart Research Institute (UK) Limited

Opinion

We have audited the financial statements of The Heart Research Institute (UK) Limited ("the charitable company") for the year ended 31 December 2021 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cashflows 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 December 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, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

Independent auditor's report to the trustees and members of The Heart Research Institute (UK) Limited (continued)

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 trustees 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 minutes.

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 of the limited opportunity and incentive for fraudulent revenue recognition and the limited judgement in respect of revenue recognition.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the charitable company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

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, through discussion with the directors (as required by auditing standards), and from inspection of the charitable company’s regulatory and legal correspondence and discussed with the directors 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 and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Charitable Company is subject to many other laws and regulations where the

Independent auditor's report to the trustees and members of The Heart Research Institute (UK) Limited (continued)

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

consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: certain aspects of charities, data protection and gambling regulations recognising the nature of the Charitable Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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 noncompliance 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.

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 directors' report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the charitable company has not kept adequate and proper 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

Independent auditor's report to the trustees and members of The Heart Research Institute (UK) Limited (continued)

- 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 6, 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.

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, and to the charitable company's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members, as a body, and its trustees, as a body, for our audit work, for this report or for the opinions we have formed.



Michael Wilkie (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

319 St Vincent Street

Glasgow

G2 5AS

29 March 2022

The Heart Research Institute (UK)

Statement of financial activities (incorporating the income and expenditure account) Year ended 31 December 2021

		Unrestricted Fund 2021 £	Total Funds 2021 £	Total Funds 2020 £
Incoming resources	Note			
Incoming resources from generating funds:				
Voluntary income	3	499,811.00	499,811.00	544,653.00
Activities for generating funds	4	330,017.00	330,017.00	400,389.00
Other income	5	2,602.00	2,602.00	6,430.00
Total incoming resources		832,430.00	832,430.00	951,472.00
Resources expended				
Costs of generating funds:				
Costs of generating voluntary income	6	(22,784.00)	(22,784.00)	(21,909.00)
Fundraising expenditure	7	(134,190.00)	(134,190.00)	(182,733.00)
Charitable activities	8	(343,137.00)	(343,137.00)	(242,000.00)
Governance costs	9	(28,656.00)	(28,656.00)	(25,807.00)
Foreign exchange gain/(loss)		-	-	-
Total resources expended		(528,767.00)	(528,767.00)	(472,449.00)
Net incoming resources for the year		303,663.00	303,663.00	479,023.00
Reconciliation of funds				
Total funds brought forward		2,652,219.00	2,652,219.00	2,173,196.00
Total funds carried forward		2,955,882.00	2,955,882.00	2,652,219.00

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared. All of the above balances relate to continuing activities.

The notes on pages 14 to 18 are an integral part of these financial statements.

The Heart Research Institute (UK)

Balance sheet

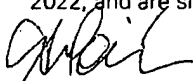
Year ended 31 December 2021

	Note	2021 £	2020 £
Current assets			
Debtors	12	37,100	76,011
Prepayments	13	2,470	2,043
Cash at bank		2,949,966	2,601,526
		<u>2,989,536</u>	<u>2,679,580</u>
Creditors: Amounts falling due within one year	14	(33,654)	(27,361)
Net current assets		<u>2,955,882</u>	<u>2,652,219</u>
Total assets less current liabilities		<u>2,955,882</u>	<u>2,652,219</u>
Net assets		<u>2,955,882</u>	<u>2,652,219</u>
Funds			
Unrestricted income funds	15	2,955,882	2,652,219
Total funds		<u>2,955,882</u>	<u>2,652,219</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The notes on pages 14 to 18 are an integral part of these financial statements.

These financial statements were approved by the trustees and authorised for issue on the 25 March 2022 2022, and are signed on their behalf by:



Antony Pollitt

Director/Trustee

Company Registration Number: 05935975

Charity Number 1116918

Scottish charity registration number SC042984

The Heart Research Institute (UK)

Statement of cash flows

Year ended 31 December 2021

	<i>Note</i>	2021	2020
		£	£
Cash flows from operating activities			
Cash receipts from customers		868,739	928,588
Cash receipts from interests		2,602	6,430
Cash paid to suppliers and employees		(522,901)	(482,748)
Cash generated from operations		348,440	452,270
Net cash from operating activities		348,440	452,270
Net increase in cash and cash equivalents	17	348,440	452,270
Cash and cash equivalents at beginning of year		2,601,526	2,149,256
Cash and cash equivalents at end of year		2,949,966	2,601,526

The notes on pages 14 to 18 are an integral part of these financial statements.

The Heart Research Institute (UK)

Notes to the financial statements

Year ended 31 December 2021

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities:

Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (Charities SORP (FRS 102)),

Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Companies Act 2006.

Assets and liabilities

The Heart Research Institute (UK) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Going concern

The charity has generated sufficient financial resources from its activities to allow the Trustees to believe that the charity is well placed to manage its business risks successfully in the current economic climate.

Accordingly, the Trustees have a reasonable expectation that the charity has adequate resources to continue in existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess of funding received over the costs of administering the charity. The charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation.

The Trustees have reviewed the cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustees have also considered the implications of COVID-19 on these cash flow forecasts and considered that as a result of its operating model explained above, even if no further funding is received in the 12 month period, the charity has sufficient cash reserves to pay all committed costs.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due at least 12 months from the date of approval of the financial statements.

Funds structure

Funds held by the charity are unrestricted, these are funds which are available for use at the discretion of the trustees in accordance with the charitable objects.

Incoming resources

All incoming resources are included in the statement of financial activities when it is probable that the charity will become entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income

Donations generated through the pledge program activity are included within incoming resources when probable.

Other income

Other income, including interest income, are included within incoming resources when probable.

The Heart Research Institute (UK)
Notes to the financial statements (continued)
Year ended 31 December 2021

Activities for generating funds

Income from the lottery activities is included within incoming resources when probable.

Interest receivable

Interest is included in the statement of financial activities when probable by the charity.

Cash at bank

Cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

Debtors

Debtor is included in the statement of financial activities when probable by the charity.

Resources expended

Resources expended are recognised in the statement of financial activities when a liability is incurred. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the activity.

Costs of generating voluntary income include the expenditure associated with the activities undertaken by the charity to generate such income, such as the pledge programme.

Fundraising expenditure includes expenditure associated with the setting up and running the lottery activities undertaken by the charity and consists of the direct costs relating to these activities.

Charitable activities comprise expenditure incurred in working towards the objectives of the charity. An allocation of 20% of both the pledge program recruitment costs and the calling costs of the lottery activity are considered by the charity to be an appropriate percentage which represent increasing the awareness of the charity and its activities.

Grants payable are included the statement of financial activities when approved by the trustees.

Governance costs include expenditure incurred in the governance of the charity and its assets. These are primarily associated with constitutional and statutory requirements.

Taxation

The company is a charity within the meaning of the taxes acts and it is therefore eligible to claim certain exemptions to corporation tax and capital gains tax. As a consequence no taxation arises for the year.

The Heart Research Institute (UK)
Notes to the financial statements (continued)
Year ended 31 December 2021

2 Incoming resources

Incoming resources, derived from the activities of the charitable company, attributable to geographical areas outside of the United Kingdom amounted to 0% (2020: 0%) for the year.

3 Voluntary income

	Unrestricted Funds	Total Funds 2021	Total Funds 2020
	£	£	£
General donations	1,476	1,476	1,041
Pledge program donations	498,335	498,335	543,612
	<u>499,811</u>	<u>499,811</u>	<u>544,653</u>

4 Activities for generating funds

	Unrestricted Funds	Total Funds 2021	Total Funds 2020
	£	£	£
Lottery activities	<u>330,017</u>	<u>330,017</u>	<u>400,389</u>

5 Other income

	Unrestricted Funds	Total Funds 2021	Total Funds 2020
	£	£	£
Interest income	<u>2,602</u>	<u>2,602</u>	<u>6,430</u>
	<u>2,602</u>	<u>2,602</u>	<u>6,430</u>

6 Costs of generating voluntary income

	Unrestricted Funds	Total Funds 2021	Total Funds 2020
	£	£	£
Pledge program	20,787	20,787	1,632
General donations	<u>1,997</u>	<u>1,997</u>	<u>20,277</u>
	<u>22,784</u>	<u>22,784</u>	<u>21,909</u>

7 Fundraising expenditure

	Unrestricted Funds	Total Funds 2021	Total Funds 2020
	£	£	£
Lottery activities	<u>134,190</u>	<u>134,190</u>	<u>165,095</u>
	<u>134,190</u>	<u>134,190</u>	<u>165,095</u>

Included within lottery activity costs is an amount of £65,685 (2020 - £88,192) in relation to lottery calling costs. In accordance with the stated accounting policy 20% of these costs are allocated to awareness costs, this amounts to £13,137 (2020 - £17,638).

8 Costs of charitable activities by activity type

	Activities undertaken directly	Total Funds 2021	Total Funds 2020
	£	£	£
Awareness costs	13,137	13,137	17,638
Research Cost	<u>330,000</u>	<u>330,000</u>	<u>242,000</u>
	<u>343,137</u>	<u>343,137</u>	<u>259,638</u>

During the year the charity contributed £330,000 (2020: £242,000) to the parent company for research and scientific expenditure.

9 Governance costs

	Unrestricted Funds	Total Funds 2021	Total Funds 2020
	£	£	£
Accountancy and Audit Fees	23,682	23,682	22,406
Legal fees	<u>4,974</u>	<u>4,974</u>	<u>3,401</u>
	<u>28,656</u>	<u>28,656</u>	<u>25,807</u>

The Heart Research Institute (UK)
Notes to the financial statements (continued)
Year ended 31 December 2021

10 Net (outgoing)/incoming resources for the year

This is stated after charging:

	2021 £	2020 £
Auditors' remuneration		
-audit of the financial statements	19,000	17,500
	<u>19,000</u>	<u>17,500</u>

11 Directors remuneration and re-imbursed expenditure

There were no services provided by the directors to the company. As a result, there have been no emoluments paid to the directors (2020: nil)

12 Debtors

	2021 £	2020 £
Trade debtors	37,100	76,011
	<u>37,100</u>	<u>76,011</u>

13 Prepayments

	2021 £	2020 £
Prepayments	2,470	2,043
	<u>2,470</u>	<u>2,043</u>

14 Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	8,463	9,614
Other creditors	6,161	225
Accruals	19,030	17,522
	<u>33,654</u>	<u>27,361</u>

15 Unrestricted income funds

	Balance at 1 January 2021 £	Incoming resources £	Outgoing resources £	Balance at 31 December 2021 £
General funds	2,652,219	832,430	(528,767)	2,955,882

16 Related party transactions

The Heart Research Institute Ltd, the ultimate parent company, paid the following transactions on behalf of the charity during the year.

	2021 £	2020 £
Balance due to The Heart Research Institute at year end	6,161	225

During the year none of the trustees have been paid any remuneration or received any other benefits from an employment with their charity or a related entity.

17 Reconciliation of cash flows from operating activities

	2021 £	2020 £
Cash flow from operating activities		
Net surplus	303,663	479,023
(Increase)/decrease in receivables & prepayments	38,484	(18,497)
Increase/(decrease) in payables	6,293	(8,256)
Net cash from operating activities	<u>348,440</u>	<u>452,270</u>

18 Company limited by guarantee

The Heart Research Institute (UK) is a registered charity and company limited by guarantee with no share capital. There is one member of the charitable company at the year end with the liability of the member in the event of a winding up being limited to £1.

The Heart Research Institute (UK)

Notes to the financial statements (continued)

Year ended 31 December 2021

19 Ultimate parent company

The company's ultimate parent company, both this year and the previous year, was The Heart Research Institute Ltd, a company incorporated in Australia. As such, these financial statements will be consolidated within this entity. The Heart Research Institute Ltd is located at the following address:

7 Eliza Street
Newtown
NSW 2042
Australia

20 Controlling interest

The company is ultimately controlled by The Heart Research Institute Ltd both this year (FY2021) and last year (FY2020).