

# QUADRAM INSTITUTE BIOSCIENCE

## Annual Report and Accounts

for the year ended 31 March 2019

Quadram Institute Bioscience is a company limited by guarantee and a registered charity: registered company number: 03009972; registered charity number: 1058499.

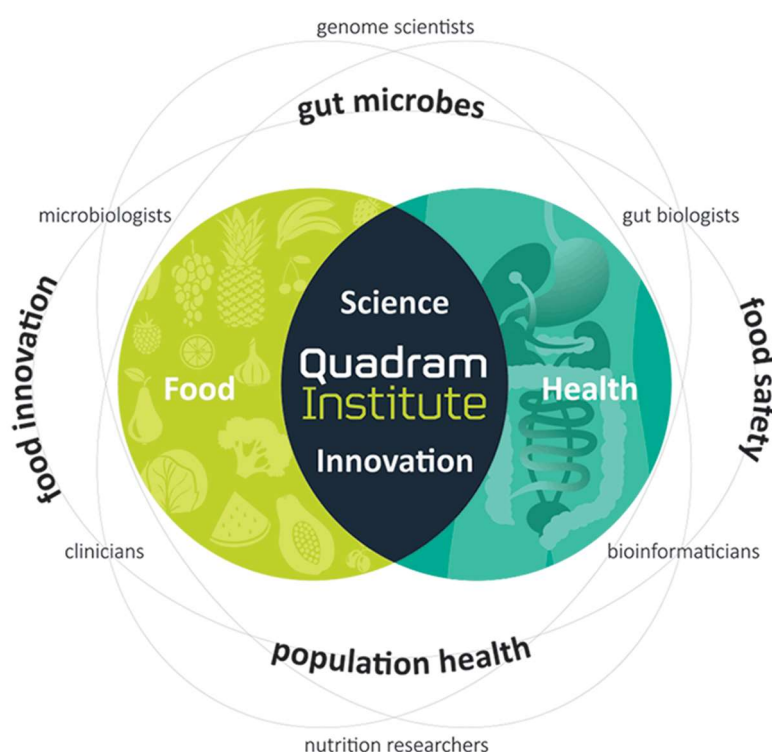
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## THE QUADRAM INSTITUTE

Quadram Institute Bioscience is one of four founding partners in the establishment of the Quadram Institute – a new multi-million-pound food and health research centre that was completed in autumn 2018.

The Quadram Institute is at the forefront of a new interface between food science, gut biology and health, developing solutions to worldwide challenges in food-related disease and human health. It brings together research teams from the former Institute of Food Research, the Norfolk and Norwich University Hospitals NHS Foundation Trust (NNUH) and the University of East Anglia (UEA), as well as NNUH's regional gastrointestinal endoscopy unit and a clinical research facility.



The new centre has been funded by the partners and the Biotechnology and Biological Sciences Research Council (BBSRC), part of UK Research and Innovation. The Quadram Institute has capacity for 300 research staff with a further 100 staff supporting one of Europe's largest endoscopy facilities. It is engaged in fundamental and translational food and health research, alongside clinical studies, endoscopy and industry, working together to become a leading international hub for food and health research. It combines scientific excellence and clinical expertise, delivering patient care and accelerating innovation.

The Quadram Institute maximises the unique world-class bioscience cluster based at the Norwich Research Park, including excellent plant and microbial science at the John Innes Centre and The Sainsbury Laboratory and computational science and sequencing expertise at the Earlham Institute.

## INTRODUCTION TO THE ANNUAL REPORT

The Quadram Institute Bioscience trustees (who are also directors in company law) are pleased to present their Annual Report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 March 2019 which are also prepared to meet the requirements for a directors' report (incorporating a strategic report) and accounts for Companies Act purposes.

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and with the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS102.

## TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT

### QUADRAM INSTITUTE BIOSCIENCE

QIB is focussed on the relationship between food and health with an emphasis on the gut microbiota and the potentially pathogenic microorganisms that can be present in the food chain. QIB is delivering its vision of excellence, with an ambitious programme to increase the number of Research Leaders in the institute to 40 by 2024, attracting the best minds from around the world, funded by a combination of the Quadram Institute partners, other funding bodies and industry.

QIB will leverage BBSRC strategic funding to attract investment from other research councils, funding organisations and industry to become a world leading institute for food and health research. Moreover, it is forging links with other world-class academics to become a hub for national and international networks of related research organisations that promotes collaboration and training necessary to accelerate innovation and deliver solutions to UK and global food and health challenges.

### REVIEW OF THE YEAR

This has been an exciting year for QIB. Its 200 scientists moved into the new Quadram Institute building in March 2019 just after the Norfolk and Norwich University Hospital (NNUH) Endoscopy Unit welcomed its first patients into the world-leading new facility, the largest in Europe. The laboratories were up and running straight away and research is well underway addressing QIB's key vision of understanding how food and microbes interact to promote health & prevent disease.

Key milestones achieved in the year include:

- Occupation of the new Quadram Institute Building;
- Completion of the benefits realisation plan for the Quadram Institute (QI);
- Move of four UEA research teams to join the research of QIB. The group leaders are Professor John Wain, Professor Tom Wileman, Dr Stephen Robinson and Dr Justin O'Grady.

### Scientific achievements during the year include:

- The cellular processes that occur at the onset of gut conditions are complex and understanding them requires an interdisciplinary approach. Tamás Korcsmáros, a group leader at QIB and the Earlham Institute, and his team have combined microbiology and cell biology with

network analysis and computational biology to understand autophagy, a key process in the defence against pathogens and maintenance of healthy cells at the gut lining. Impaired autophagy has been implicated in inflammatory conditions such as Crohn's Disease. Tamás' new network analysis, combined with data, from cell organoid studies has identified 18 cellular processes linked to impaired autophagy in the Paneth cells of the gut lining.

- A further study by Tamás Korcsmáros provided the first systematic overview of how autophagy has evolved to combat pathogens, showing how an arms race has developed with pathogens evolving ways of fighting back against autophagy. The results of his research offer clues as to what is behind the successful invasion strategy of gut pathogens, such as Salmonella.
- John Wain is playing a key part in a new project to develop the most comprehensive picture yet of the emergence and transmission of Campylobacter bacteria in rural Bangladesh. With funding of \$1.2 Million from The Bill & Melinda Gates Foundation, the project will take a One Health approach, analysing human, behavioural, animal and microbial metagenomic data to identify

where new interventions would most effectively prevent *Campylobacter* transmission. The project is led by the Milken Institute School of Public Health at the George Washington University and will involve working with The Child Health Research Foundation (CHRF) in Dhaka. CHRF have been involved in an ongoing surveillance study in Mirzapur, Bangladesh since 2007.

- QIB and the Norfolk & Norwich University Hospital launched the PEARL Study to better understand the importance of beneficial microbes in the development of the infant microbiota. How the baby is delivered, whether baby they receive antibiotic treatment and what they eat can affect the establishment of this pioneer microbial community, which can potentially increase the risk of developing conditions including immune defects, allergies, infections and chronic intestinal diseases. Information from the PEARL Study will be critical to develop safe new therapies to promote health and treat disease during pregnancy and early life.
- The MOTION Study, involving participants aged 60 and over, was also launched and will examine gut microbes and the role they might play in healthy ageing, declining mental health and the risk of developing dementia. This knowledge will be extremely useful in increasing our understanding of factors involved in declining physical and mental health in old age, and in developing new strategies or therapies that can help maintain mental health during old age.
- QIB Director, Ian Charles, signed a Memorandum of Understanding with the University of Newcastle (UoN), Australia. This agreement will allow QI and UoN to develop cooperation in shared interests around food security, food safety, gut health and the microbiome.
- Kate Kemsley and colleagues have launched a new test to differentiate between buffalo and cow's milk. The test uses Multiple Reaction Monitoring Mass Spectrometry (MRM MS) to identify characteristic differences in the amino acid composition of  $\alpha$ s1-Casein proteins. Applying the test to commercial products, the QIB team found that many restaurant meals and supermarket pizzas claiming to be buffalo mozzarella are mislabelled.
- Kate Kemsley has also, this year, developed a new technique to distinguish between superior Arabica coffee and cheaper, lower quality Robusta. Using the new technique Kate undertook a survey of ground roast coffee samples labelled as 100% Arabica and found that 10% of these coffees contained significant levels of Robusta coffee. The technique employs a benchtop NMR spectrometer from Oxford Instruments that uses radio waves and strong magnets to get detailed information about the molecular composition of a sample. Most of the world's coffee is produced by millions of smallholders, many of whom are from developing countries. Better surveillance, which this new technique could help deliver, will protect consumers as well as ensuring that these farmers receive a fair price for their produce.
- The Food Databanks National Capability, based at QIB, in collaboration with Public Health England, has launched a new UK Composition of Foods Integrated Dataset (CoFID) searchable website. The website allows users to search the current McCance and Widdowson dataset. First published in book form in 1940, CoFID contains reference data on the levels of nutrients in thousands of the most commonly eaten foods in the UK.
- Cathrina Edwards contributed to a new standard method for simulating the digestion of food developed by 27 different partner institutes collaborating in the EU-funded COST Action INFOGEST. The method has been designed and validated as a tool for researchers wishing to understand how changes to the composition or structure of food affect its digestion in the body.
- QIB group leader Alison Mather has been named as one of 50 female leaders in healthcare business in the UK. Produced by BioBeat, 50 Movers and Shakers in BioBusiness emphasises the current role of women in leading, inspiring and innovating to ensure new technologies and treatments continue to improve UK research, health and society. Alison was recognised as a rising star for developing revolutionary bioscience products for healthcare.
- Lindsay Hall has won the W H Pierce Prize, which is awarded by the Society for Applied Microbiology to a young microbiologist who has made a substantial contribution to the science of applied microbiology.
- Arjan Narbad has received a prestigious award by China's Jiangsu Province. The competitive award is presented to foreign nationals who have made significant contribution or formed successful collaborations with Jiangsu Province. Arjan was nominated by Jiangnan University, with whom he has helped to establish the UK-China Joint Centre for Probiotics Research. The two organisations initiated the UK-China Joint Centre for Probiotics

Research in 2016, supported by the Newton Fund. Their latest study has highlighted how different strains of probiotic bacteria differed in their ability to restore the microbiota of mice that had received antibiotics.

- The first Artist in Residence has joined the Quadram Institute on a mission to enable scientists and the public to explore microbial science by making art. Artist Jennie Pedley will be hosting workshops for scientists, in schools and for the public in a Norwich library. Model worlds, created by bringing together scientists and the public, will go on display at the Norwich Science Festival.
- Scientists at QIB and the University of East Anglia (UEA) developed a new, rapid way of diagnosing bacterial lower respiratory tract infections in hours rather than days, that could improve patient care and slow the spread of antimicrobial resistance. Current diagnostic methods can take three days and may still not identify the cause. Justin O'Grady has successfully developed a clinical metagenomics test (genomic analysis of multiple organisms obtained from a single sample) to precisely identify the bacterial causes of lower respiratory infections within six hours. It can also determine if the pathogens are resistant to any of the antibiotics used to treat these infections. This allows rapid treatment with targeted antibiotics, resulting in improved patient outcomes whilst reducing the use of broad-spectrum antibiotics and helping in the fight against antimicrobial resistance.
- Three QIB postgraduate students have been developing their entrepreneurial skills as part of the UEA/NRP i-Teams programme that gives early career researchers the chance to develop entrepreneurial expertise and gain skills and experience outside of their academic pursuits. Jenna Helleur, Emad Shehata and Jasmine Percival took part, developing marketing and commercial opportunities from existing research projects.
- Mark Pallen (QIB) and Bhaskar Kumar (consultant oesophagogastric surgeon at NNUH) have formed the Norwich Clinical Microbiome Forum, which is now meeting regularly at Quadram Institute. The meetings bring together those with an interest in clinical and fundamental research around the microbiome. Informal presentations are followed by the opportunity to network and create new research partnerships.
- Quadram Institute launched the first study that involves all four of the QI partners. The Effect of Phytin on the human gut Microbiome (EPoM) study is funded by the Biotechnology and Biological Sciences Research Council (BBSRC) and managed by Bhavika Parmanand, a PhD student working with Arjan Narbad (QIB) and advised by Susan Fairweather-Tait from the University of East Anglia. The study will benefit from the expertise of the NHS clinical research facility led by Melanie Pascale. The study involves participants and aims to establish the effects of a natural plant compound, phytic acid, on our gut bacteria.
- QIB hosted a three-day food safety bioinformatics hackathon, which aimed to find ways to translate bioinformatics tools into robust procedures and workflows for application in public health. The hackathon, funded by BBSRC, addressed global public health challenges of strategic relevance including antimicrobial resistance in the food chain, rapid foodborne pathogen outbreak investigation and visual mining of large-scale public datasets of foodborne pathogens
- A young team of innovators based on the Norwich Research Park were finalists of the BBSRC Innovator of the Year 2019 Awards. Their open source project has made a technique called speed breeding more accessible to the research community. The team from QIB, the Earlham Institute, the John Innes Centre and the University of Oxford was led by a postdoctoral researcher at QIB, Oscar Gonzalez-Navarro. The team undertook a BBSRC/EPSCRC-funded project to create a "Bench-top Controlled Environment Growth Chamber for Speed Breeding and Crop Transformation". The resulting growth chamber is more affordable and comes with free instructions that enable users to customise how they use the equipment and the associated software. It allows the control of light, photoperiod and temperature to accelerate the growth rate of certain crops thus shortening the breeding cycle. The speed breeding cabinet offers an affordable and portable platform for researchers and breeders in resource limited environments to rapidly develop new climate-resilient high-yielding crop varieties to address future food security challenges.

## Public engagement

Lindsay Hall and her research group used Wellcome Trust public engagement funding to develop a microbiome-themed interactive activity called 'Guardians of the Gut'. The exhibit was a walk-through gut that illustrated the effects of, for example, antibiotics on the microbiota. First shown at the prestigious Royal Society Summer Exhibition, it was voted the second most popular exhibit. It has subsequently been presented at the Norwich Science Festival and Latitude Festival. Lindsay has received a UEA Outreach award for this and other public engagement activities she has undertaken.

Sophie Prosolek is a talented and enthusiastic PhD student who has displayed excellence in science communication. She won a UEA Engagement Award for work she undertook as Pint of Science (Norwich) coordinator for which she encouraged dozens of Norwich Research Park researchers to participate in 36 events, with 2,500 attendees. Sophie also founded the UEA SciComm Society, was an invited speaker at the Inspiring Females STEM conference and presented a Thermofisher Labroots webinar on her research.

Elsewhere QI researchers continue to undertake outreach activities in schools, at careers events and at public exhibitions.

## PLANS FOR 2019/20

### Key priorities

- Delivery of academic excellence;
- Further recruitment of world class scientists;
- Further development of clinical and science interactions within Quadram Institute.
- Continued implementation of the benefits realisation plan.

Now that the new Quadram Institute building is fully operational, its occupants are developing the means of effective collaboration and generating

new projects. It has immense clinical and research strengths supported by state-of-the-art technologies. Initiatives such as the biorepository for patient sample collection and the QI clinical research facility have created the opportunity to make Norwich a hub for gut health and nutrition. Quadram Institute is offering an amazing environment in which clinicians and scientists will work together and turn research and innovation into positive patient outcomes.

## FINANCIAL REVIEW

### Key performance indicators

QIB's key financial performance indicators during the year were as follows:

<i>Consolidated</i>	<b>2019</b>	2018
	<b>£m</b>	£m
Income excluding capital grants	<b>14.7</b>	14.8
Unrestricted general & designated strategic reserves	<b>11.1</b>	11.5
Cash	<b>18.0</b>	17.0
Value of grant submissions	<b>18.6</b>	8.2
Value of grant awards	<b>3.0</b>	3.5

The main indicator of non-financial performance is Institute publications in relevant scientific journals, as described in 'scientific achievements' above.

### Income

Total incoming resources for the year were £15.8m (2018: £18.5m), including £1.1m of capital funding (2018: £0.1m). Income excluding capital grants was £14.7m (2018: £14.8m).

QIB's principal sponsor is the BBSRC, which contributed 78% of total incoming resources (2018: 84%). Other major sources of funding were the European Union, UK government agencies and charities. An analysis of grant income by principal sponsor is included in the notes to the financial statements.

### Expenditure

Total resources expended for the year amounted to £15.4m (2018: £17.3m). Staff costs accounted for £6.1m (40%) (2018: £6.9m; 40%) of expenditure.

### Subsidiaries

QIB's trading subsidiary – QIB Extra Limited - contributed an operating profit of £171,000 (2018: £286,000).

### Net Movement in Reserves

QIB recorded a net decrease in unrestricted reserves of £0.4m (2018: increase of £13.5m), the decrease in the prior year was principally due to a transfer from the restricted capital reserve of £13.1m on fulfilment of capital grant conditions.

Restricted reserves increased by £0.9m (2018: decreased by £12.3m) the increase in the prior year was principally due to the transfer to unrestricted reserves of £13.1m on fulfilment of capital grant conditions.

### Cash

Group cash at March 2019 was £18.0m (2018: £17.0m).

QIB deposits its cash with UK registered financial institutions that meet its credit rating policy and are subject to agreed counter-party limits. Investment income from cash deposits in the year was £153,000 (2018: £157,000).

### Reserves position

Total group reserves increased by £0.4m in the year to £36.7m (2018: increased by £1.2m to £36.3m).

Restricted reserves increased by £0.9m to £5.4m, of which £3.7m (2018: £3.5m) relates to capital grant funding from BBSRC that may only be utilised on completion of performance conditions.

Unrestricted reserves decreased by £0.4m in the year to £31.3m (2018: £31.7m). Unrestricted reserves include the following:

- A building reserve of £6.0m has been designated to cover the outstanding loan advances to QI Partners (£5.1m) and planned capital expenditure in connection with the new building (£0.9m);
- A strategic reserve of £6.8m has been designated to cover planned strategic programme investment to support the development of the Quadram Institute. This reserve is anticipated to be mainly used between 2019 and 2022; and
- A general reserve of £4.3m (2018: £4.4m).

### Reserves policy

QIB's reserves are held to support financial solvency, manage uncertainty and fund future activities. The level of reserves required by QIB is therefore determined by reference to:

- Future operational and capital expenditure requirements in the Business Plan to March 2022;
- Potential financial risks identified in the Business Plan and Risk Register;
- Potential funding required for strategic investments not included in the Business Plan;
- Working capital / liquidity requirements.

As noted above, £6.0m has been designated in connection with QIB's loan commitments and planned capital expenditure in respect of the new Quadram Institute building and a further £6.8m has been designated in connection with planned investment in new science programmes.

The general reserve of £4.3m (2018: £4.4m) is above the minimum general reserves target of £3.0m set by the Trustees.

## RISK ASSESSMENT AND MANAGEMENT

The Board of Trustees is responsible for ensuring there are effective and adequate risk management and internal control systems in place to manage the major risks to which the Institute is exposed. The Audit and Risk Committee agrees an annual risk-based internal audit plan which covers major risks identified by management and Trustees. It receives reports from internal auditors on the effectiveness of internal controls, progress against the internal audit plan and progress on recommendations made in reports. The Board reviews a full risk report annually, including a 'heat map' tracking major risks.

The principal risks and uncertainties facing the Institute are considered to be:

Risk area	Description of Risk	Management of Risk
Future BBSRC research funding	<ul style="list-style-type: none"> <li>➤ BBSRC strategic funding for institutes is reduced due to budgetary pressures.</li> <li>➤ BBSRC strategic funding is reduced due to scientific performance.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Regular monitoring of scientific performance against strategic programme objectives.</li> <li>➤ Regular communication with BBSRC to report performance and ensure strategic alignment of research programmes.</li> </ul>
Research income and sponsor diversification	<ul style="list-style-type: none"> <li>➤ QIB is unable to generate sufficient grant and commercial research income to support the costs of its research activities and infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>➤ Investment in new research leader positions in progress.</li> <li>➤ Communication Strategy being developed to increase sponsor awareness of the Quadram Institute.</li> </ul>
Staff retention and recruitment	<ul style="list-style-type: none"> <li>➤ QIB is unable to retain or attract suitably skilled staff to enable it to deliver its science strategy.</li> <li>➤ In addition to scientific impact, this risk area could also have an impact on the level of funding the Institute is able to attract.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Strategy and action plans in place, aligned to development of Quadram Institute.</li> <li>➤ Career development programmes in place to support high potential staff.</li> <li>➤ Performance Management processes in place.</li> </ul>
New Quadram Institute	<ul style="list-style-type: none"> <li>➤ Strategy for the new Quadram Institute is not agreed between the partners.</li> <li>➤ The new Quadram Institute is not able to attract suitably skilled staff to enable it to deliver its strategy.</li> <li>➤ Benefits from the project are not delivered.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Governance arrangements in place.</li> <li>➤ Strategy agreed and communicated.</li> <li>➤ Recruitment plans in progress.</li> <li>➤ Project plan in place, with identified work streams, terms of reference and appropriate partner representation.</li> <li>➤ Project assurance framework in place.</li> </ul>
New Building	<ul style="list-style-type: none"> <li>➤ New building cannot be completed within agreed budget.</li> <li>➤ New building cannot be completed within agreed timescales.</li> <li>➤ Facilities management arrangements are not fit for purpose or are poor value for money.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Final cost to completion is regularly monitored and contingency is in place to mitigate risk.</li> <li>➤ Building is fully occupied.</li> <li>➤ Facilities management arrangements in place.</li> </ul>
Technology investment	<ul style="list-style-type: none"> <li>➤ QIB is unable to keep pace with developments in technology underpinning its science.</li> <li>➤ Funding is inadequate to sustain and improve technology facilities necessary to deliver scientific objectives.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Technology strategy has been updated alongside strategy for the Quadram Institute.</li> <li>➤ Capital funding awarded for the period to March 2022 as part of institute strategic grant award.</li> </ul>
Compliance with sponsor funding requirements	<ul style="list-style-type: none"> <li>➤ QIB fails to comply with sponsor grant requirements resulting in a material financial impact.</li> </ul>	<ul style="list-style-type: none"> <li>➤ QIB is subject to regular reviews of its grant compliance processes from sponsors and the internal auditors.</li> </ul>
Impact of leaving EU	<ul style="list-style-type: none"> <li>➤ QIB is not able to access EU programme funding or participate in EU research collaborations.</li> <li>➤ QIB is not able to recruit or retain researchers from EU member countries.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Regular dialogue with staff, BBSRC, EU partners and other key stakeholders on risks and emerging issues with respect to potential changes in arrangements.</li> </ul>



# TRUSTEES' REPORT

## GOVERNANCE AND MANAGEMENT

### Organisation and governance

Quadram Institute Bioscience (referred to as "QIB", the "Institute", the "Charity" or the "Company") is a company limited by guarantee (registered number 03009972) and a registered charity (number 1058499). During the year, QIB was governed by its Memorandum and Articles of Association, adopted on 31 January 2018 and revised on 31 July 2018. The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006 and 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).

### Board of Trustees

The Board of Trustees comprises an independent Chair, up to seven independent members and up to nine UEA-appointed members. The Trustees who served during the year and up to the date of signing these financial statements were:

### Members

The Members are all guarantors of QIB, a company limited by guarantee and a registered charity, of an amount not exceeding £1. The Members of QIB during the year were:

- UK Research and Innovation - Biotechnology and Biological Sciences Research Council ("BBSRC");
- the University of East Anglia ("UEA");
- the Norfolk and Norwich University Hospitals NHS Foundation Trust ("NNUH"); and
- the Chair of the Board of Trustees (up to 9 July 2018).

Following the change to the Articles on 31 January 2018, UEA is entitled to appoint a majority of the members of the Board of Trustees and accordingly is deemed to be the company's parent undertaking and controlling party from this date. BBSRC, UEA and NNUH each have the right to nominate an "observer" to attend Board meetings. Observers are not entitled to vote and do not hold any authorities.

Trustees	Sub-committees	Changes during the period
<i>At date of Report:</i>		
Dr T Brears (Chair)	Remuneration & Nomination Committee	-
Dr C Caulcott	Audit & Risk Committee (Chair)	-
Prof G Dougan	Science Impact and Advisory Committee (Chair)	Appointed 1 November 2018
Prof P Morgan	Science Impact and Advisory Committee	-
Prof S Walker	Remuneration & Nomination Committee (Chair) and Audit & Risk Committee	-
Prof S Feast	Audit & Risk Committee	-
<i>Served during the year:</i>		
Mr I Black	Remuneration & Nomination Committee (Chair)	Resigned 17 May 2018
Prof D Maskell	Science Impact and Advisory Committee (Chair)	Resigned 17 May 2018
Dr B Flambard	Science Impact and Advisory Committee	Resigned 14 February 2019
Mr S West	Audit & Risk Committee (Chair)	Resigned 31 March 2019

The Board has established sub-committees to assist in exercising their company and charity stewardship responsibilities. The Audit and Risk Committee oversees internal controls, risk management and audit. The Remuneration and Nominations Committee considers remuneration, nominations, talent and succession.

The Science Impact and Advisory Committee, which assists the development and maintenance of QIB's science in relation to direction, balance, strategy and quality, is currently being reconstituted as the QIB Science Advisory Board.

### Recruitment, induction and training of Trustees

The Remuneration and Nominations Committee leads the process for Board appointments and makes recommendations to the Board for the appointment of the Chair and Board Trustees. The appointment to Chair is made in agreement with the Members. The Committee makes recommendations to the Board on the Board's composition ensuring that the Board has an appropriate balance of skills, capabilities, expertise, experience and diversity to allow it to meet its strategic and organisational objectives.

The Institute advertises nationally for prospective Trustees to ensure appropriate expertise on the Board is maintained. The Institute will also approach individuals thought to have the right skills.

New Board Trustees are invited to spend time with members of the executive team. This is a chance to learn about the Institute and get more involved with the institute's work. In addition to the five formal meetings, all Trustees receive regular presentations from QIB's scientists and briefings on key issues.

### Trustee remuneration

QIB remunerates Trustees where the Board considers payment is necessary to attract Trustees with specialist skills and experience. The power to remunerate Trustees is included in QIB's Articles of Association and has been approved by the Charities Commission. During the year, Mr Ian Black received remuneration of £nil (2018: £2,400) in connection with his role as Chair of the Remuneration and Nominations Committee. Mr Steve West received remuneration of £2,175 (2018: £2,053) in relation to his role as Chair of the QIB Audit Committee and assisting QIB Extra on various matters.

No other Trustees received remuneration in the year in respect of their role as trustee director (2018: none).

Six members of the Board of Trustees were reimbursed for travel expenses incurred during the year (2018: eleven). The total amount reimbursed was £3,964 (2018: £8,651).

### Key Management Personnel

The Trustees delegate management of the day-to-day activities of the charitable company to the Institute Director and Executive Board, who are considered to be the key management personnel for the institute.

The Executive Board (EB) works to support the Institute Director in developing scientific, financial, business and administrative policy and strategy. EB will monitor policy implementation and ensure that such policy is embedded in the day-to-day working of the Institute. EB is supported by the executive Science Strategy Board and the Management Forum.

EB membership during the year was as follows:

Key management:	Role
Prof I Charles	Institute Director (EB Chair)
Mr B Morrison	Head of Research Grants and Contracts
Prof S Carding	Leader Gut Health and Food Safety ISP
Prof J Wain	Leader Microbes in the Food Chain
Mr D Foreman	Finance Director
Dr P Hart	Head of Corporate Affairs and Communications (Interim)
Prof R Mithen	Leader Food and Health ISP
Ms A O'Halleron	Head of HR
Prof M Peck	Nominated scientific representative
Dr R Wilson	Director of Operations

### Employees

QIB staff that joined before 1 October 2011 were employed by BBSRC up to 1 October 2017, when they transferred employment to the Institute under TUPE.

Transferred employees retain their membership of the Research Councils Pension Scheme (RCPS), where applicable, with QIB becoming an admitted employer in the scheme. The RCPS is a defined benefit scheme funded from annual grant-in-aid on a pay-as-you-go basis. The RCPS Pension Scheme is a multi-employer scheme and QIB is unable to identify its share of the underlying assets and liabilities. QIB therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Liabilities for the payment of future benefits are the responsibility of the RCPS and accordingly are not included in these Financial Statements.

QIB has recruited all new staff from October 2011 on its own terms and conditions, covering basic pay and allowances, contractual payments, tax, NI, and liabilities for pension contributions and redundancy. Such staff are eligible to join a defined contribution scheme.

QIB employs a number of group leaders jointly with UEA. Staff are employed under QIB terms & conditions, but are eligible to join The University Superannuation Scheme (USS). QIB is obliged to pay the prevailing employer contribution rate for staff in the USS, however it has no liability for scheme funding deficits.

### Communication

QIB provides all staff with relevant information and seeks their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting QIB's position and any significant organisational changes.

### Equality and Diversity

It is the Institute's policy to provide equal opportunities to job applicants and employees of any race, nationality, ethnic origin, marital status, religion or belief, gender, disability, sexual orientation, age or employment status. The Institute does not condone or tolerate any form of discrimination in its recruitment or employment practices. All employees and applicants are treated on merit, fairly, with respect and dignity, recognised as individuals and valued for the contribution they make, provided fair and equal access to training, development, reward and progression opportunities and are accountable for the impact of their own behaviour and actions. All the Institute's policies follow these principles.

## RELATED PARTIES

### Subsidiaries

QIB's subsidiaries in the year were as follows:

- QIB Extra Limited (contract research);
- IFR Enterprises Limited (not trading);
- IFR NRP Capital Limited (dormant).

### NBI Partnership

QIB has a 25% interest in NBI Partnership Limited ("NBIP"). NBIP supplies support and administrative services to QIB and the other Norwich Institutes (John Innes Centre, Earlham Institute and The Sainsbury Laboratory) on a not-for-profit basis. NBIP fully recharges its costs to the four research organisations and accordingly it generates no profit or loss.

### QI Partners (formerly CFH Facilities)

QIB is a member of QI Partners along with BBSRC, UEA and NNUH. QI Partners has been established for the purposes of constructing the new Quadram Institute building and providing such facilities for charitable use. QIB does not have any significant influence on QI Partners' financial and operating policies.

On 29 March 2019, QIB entered into a lease agreement for accommodation in the new Quadram Institute building from QI Partners. On completion of the lease, advance lease premiums paid to QI Partners in 2018 of £14.1m were recognised as fixed asset additions. QIB has agreed to provide QI Partners with a loan facility of £5.4m, which is repayable between November 2018 and August 2022. As at 31 March 2019, £5.1m of the facility was drawn down by QI Partners (2018: £5.4m). The loan has been provided on an arm's length basis and interest is payable on the loan at a rate of 3.0% pa.

### University of East Anglia (UEA)

University of East Anglia is a member of the charitable company. Following the change to the Articles on 31 January 2018, UEA is entitled to appoint a majority of the members of the Board of Trustees and accordingly is deemed to be the company's parent undertaking and controlling party from this date. The majority of QIB PhD students are registered with the UEA.

### Norfolk and Norwich University Hospitals NHS Foundation Trust (NNUH)

NNUH became a member of the charitable company following the change to the Articles on 31 January 2018. NNUH is entitled to appoint an observer to attend, speak and provide information to meetings of the Board of Trustees, however such observers have no right to vote at any such meeting.

### Anglia Innovation Partnership LLP (AIP LLP)

QIB is a member of Anglia Innovation Partnership LLP (formerly Norwich Research Partners LLP) through its 100% subsidiary, IFR NRP Capital Limited. The

objective of AIP LLP is to develop and sustain the Norwich Research Park as an international centre for food, health, plant, microbial and environmental research, innovation and enterprise. QIB is entitled to receive a share of certain profits generated by AIP LLP, however it has no liability for losses or in the event of insolvency. AIP LLP has not yet generated any profits.

### BBSRC

BBSRC is a member of the charitable company. BBSRC is entitled to appoint an observer to attend, speak and provide information to meetings of the Board of Trustees, however such observers have no right to vote at any such meeting.

QIB is strategically funded, along with seven other institutes, by BBSRC. BBSRC supports QIB via strategic programme funding programmes, competitively won project grants and capital funding for infrastructure and technology investments. The principal terms and conditions under which BBSRC provides its funding are set out in the Institute Grant Agreement. Key conditions include:

- BBSRC and the Institute shall meet at least annually to review and discuss the implementation and progress of the Institute's business, including strategic and financial plans.
- The Institute shall submit a draft Business Plan, covering a period of at least five years, for discussion.
- The Institute will demonstrate appropriate plans for the maintenance, renewal and development of the estate through a rolling 10-year Institute Estates Strategy covering capital projects, long term and routine maintenance.

In April 2018, BBSRC became part of UK Research and Innovation (UKRI), a new organisation that brings together the UK's seven research councils, Innovate UK and Research England.

## GOING CONCERN

The Institute is reliant on its strategic programme funding from BBSRC, which was £9.7m in the year (2018: £9.6m). BBSRC confirmed continued strategic funding at this level for the two years to March 2020 plus provisional funding for a further two years to March 2022 subject to the next government spending review.

Having considered financial forecasts for the period to March 2022, the level of unrestricted reserves, and the level of committed strategic funding from BBSRC to March 2020, the Trustees have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

## STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF QUADRAM INSTITUTE BIOSCIENCE 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 law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the group and parent company 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 group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company 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 group's and 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 group or 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 its 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 group 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.

### Public benefit

The Trustees are satisfied they have complied with their duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission. Based on this guidance, and as described in this Trustees' report, the Trustees believe the activities of Quadram Institute Bioscience to be charitable in nature.

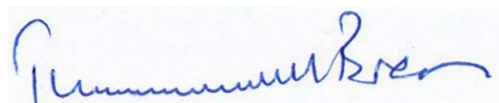
### Insurance Disclosure

The Institute maintains liability insurance for its trustees, with an annual aggregate cover limit for all claims against them in that capacity. The trustees have also been granted a qualifying third party provision under section 233 of Companies Act 2006. Neither the Institute's indemnity nor insurance provides cover in the event that a trustee is proved to have acted fraudulently or dishonestly.

### Independent auditors

KPMG LLP have been appointed as auditors and a resolution has been passed by the Board, concerning their appointment as auditors.

On behalf of the Board of Trustees



**Dr T Brears, Trustee Chair**  
28 November 2019

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUADRAM INSTITUTE BIOSCIENCE

### Opinion

We have audited the financial statements of Quadram Institute Bioscience ("the charitable company") for the year ended 31 March 2019 which comprise the [list primary statements using the titles used by the client] 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 group's and the charitable company's affairs as at 31 March 2019 and of the group's 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 group 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.

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as future funding and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the charitable company or to cease their operations, and as they have concluded that the group and 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 their 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and charitable company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the charitable company will continue in operation.

### Other information

The trustees are responsible for the other information, which comprises Trustees' report incorporating the strategic review. 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 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 charitable company 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; or

We have nothing to report in these respects.

### Trustees' responsibilities

As explained more fully in their statement set out on page 3, 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 group's and 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 group or 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](http://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.



Stephanie Beavis (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Dragonfly House  
2 Gilders Way  
Norwich  
NR3 1UB  
Date: 18 December 2019

## FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2019

(Incorporating an income and expenditure account)

	Note	Unrestricted funds £000	Restricted general funds £000	Restricted capital funds £000	<b>Total 2019 £000</b>	Total 2018 £000
<b>Incoming resources</b>						
<i>Income from Charitable activities</i>						
Grant income		-	11,780	-	<b>11,780</b>	13,188
Capital and maintenance grants		-	338	1,120	<b>1,458</b>	3,710
Other charitable income		349	1,025	-	<b>1,374</b>	520
<i>Income from other trading activities</i>						
Trading income		910	-	-	<b>910</b>	842
<i>Investment income</i>						
		316	-	-	<b>316</b>	214
<b>Total income</b>	<b>2</b>	<b>1,575</b>	<b>13,143</b>	<b>1,120</b>	<b>15,838</b>	<b>18,474</b>
<b>Expenditure</b>						
Charitable activities		(1,845)	(11,965)	(711)	<b>(14,521)</b>	(16,503)
Raising funds		(138)	-	-	<b>(138)</b>	(175)
Trading expenditure		(739)	-	-	<b>(739)</b>	(580)
<b>Total expenditure</b>	<b>3</b>	<b>(2,722)</b>	<b>(11,965)</b>	<b>(711)</b>	<b>(15,398)</b>	<b>(17,258)</b>
<i>Transfers</i>						
Capital transfers		(471)	-	471	-	-
Other transfers		1,178	(1,178)	-	-	-
<b>Net income/(expenditure) and net movement in funds for the year</b>		<b>(440)</b>	<b>-</b>	<b>880</b>	<b>440</b>	<b>1,216</b>
Funds brought forward	19	31,714	-	4,559	<b>36,273</b>	35,057
<b>Funds carried forward</b>	<b>19</b>	<b>31,274</b>	<b>-</b>	<b>5,439</b>	<b>36,713</b>	<b>36,273</b>

The Consolidated Statement of Financial Activities ("SoFA") includes all gains and losses recognised in the year. All incoming resources and expenditure relates to continuing activities.

The accompanying notes form part of these financial statements.

## CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS

AS AT 31 MARCH 2019

		Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
	Note				
<i>Fixed assets</i>					
Tangible assets	9	15,881	1,449	15,880	1,447
Intangible assets	10	61	110	61	110
<b>Total fixed assets</b>		<b>15,942</b>	<b>1,559</b>	<b>15,941</b>	<b>1,557</b>
<i>Current assets</i>					
Stocks	12	32	-	32	-
Debtors	13	7,247	22,400	7,335	22,666
Cash at bank and in hand	14	17,999	16,982	17,551	16,341
		<b>25,278</b>	<b>39,382</b>	<b>24,918</b>	<b>39,007</b>
<i>Current liabilities</i>					
Creditors: amounts falling due within one year	15	(4,256)	(4,533)	(4,057)	(4,422)
<b>Total net current assets</b>		<b>21,022</b>	<b>34,849</b>	<b>20,861</b>	<b>34,585</b>
<b>Total assets less current liabilities</b>		<b>36,964</b>	<b>36,408</b>	<b>36,802</b>	<b>36,142</b>
Provisions for liabilities and charges	17	(251)	(135)	(251)	(135)
<b>Total net assets</b>	18	<b>36,713</b>	<b>36,273</b>	<b>36,551</b>	<b>36,007</b>

### Funds of the charity

#### Unrestricted funds

Fixed assets reserve	19	14,196	527	14,189	522
Designated strategic reserve	19	6,781	7,026	6,781	7,026
Designated building reserve	19	6,025	19,735	6,025	19,735
General reserve	19	4,281	4,426	4,120	4,162
<b>Total unrestricted funds</b>		<b>31,283</b>	<b>31,714</b>	<b>31,115</b>	<b>31,445</b>

#### Restricted funds

Fixed assets reserve	19	1,746	1,032	1,752	1,035
Capital reserve	19	3,684	3,527	3,684	3,527
<b>Total restricted funds</b>		<b>5,430</b>	<b>4,559</b>	<b>5,436</b>	<b>4,562</b>

<b>Total charity funds</b>	19	<b>36,713</b>	<b>36,273</b>	<b>36,551</b>	<b>36,007</b>
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The financial statements on pages 15 to 32 were approved by the Board of Trustees on 28 November 2019 and were signed on its behalf by:



**Dr T Brears, Trustee Chair**

The accompanying notes form part of these financial statements.

Company registration number: 03009972



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Total 2019 £000	Total 2018 £000
<b>Cash flow from operating activities</b>		
Operating surplus	440	1,216
Interest receivable	(316)	(214)
Depreciation	711	3,494
Capital grants received	(1,458)	(3,710)
Profit on disposal of tangible assets	(34)	(6)
Increase in stocks	(32)	-
Decrease/(Increase) in debtors	14,828	(359)
(Decrease)/Increase in creditors	(277)	701
Increase/(Decrease) in provisions	116	(99)
<b>Net cash provided by operating activities</b>	<b>13,978</b>	<b>1,023</b>
<b>Cash flow from investing activities</b>		
Interest received	316	214
Repayment/(Advance) of loan	325	(4,400)
Purchase of tangible assets	(15,103)	(299)
Purchase of Intangible assets	-	(18)
Disposal Proceeds	43	6
Capital grants received	1,458	3,710
<b>Net cash used in investing activities</b>	<b>(12,961)</b>	<b>(787)</b>
<b>Cash flow from financing activities</b>		
Prepayment of lease premium	-	(14,140)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(14,140)</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>1,017</b>	<b>(13,904)</b>
Cash and cash equivalents at the beginning of the reporting period	14	16,982
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>14</b>	<b>16,982</b>

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### a. Basis of preparation

The group accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and with the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS102.

The principal accounting policies adopted in these financial statements, which have been consistently applied, are as follows:

#### b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Quadram Institute Bioscience ("QIB") and all its subsidiary undertakings in accordance with Financial Reporting Standard ("FRS") 102 "Accounting for Subsidiary Undertakings".

The financial statements of all group undertakings and associates are made up to 31 March 2019.

QIB is one of four members of QI Partners ("QIP"). QIP is accounted for as an investment rather than an associate and has not been consolidated in the QIB financial statements on the basis that QIB does not have significant influence over QIP financial and operating policies.

QIB is one of four members of NBIP Partnership Limited ("NBIP"). The group accounts for NBIP as an associate, although in practice the company makes no profit or loss and has net assets of NIL, therefore has no impact on the Group financial statements.

A separate income and expenditure account has not been presented for QIB as this is exempted by Section 408 of the Companies Act 2006. The profit after tax of QIB was £544,000 (2018: £1,220,000).

#### c. Going concern

In light of the continued pressure on public sector funding, the Trustees have reviewed whether it was still appropriate for the financial statements to be prepared on a going concern basis. Having considered financial forecasts for the period to March 2022, and the level of unrestricted reserves, the Trustees have concluded that it remains appropriate to prepare the financial statements on a going concern basis. No material uncertainty exists.

#### d. Judgements in applying accounting policies and key sources of estimation

Preparation of the financial statements require management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- Depreciation, which has been charged in line with the accounting policy below. The amount of depreciation charged and net book value of the assets is included in Note 9.

- Intangible assets have been amortised in line with the accounting policy below and the net book value of the assets is included in Note 10.

- Land and buildings have been included at their fair value. In the current year no valuation has been obtained due to the impending move to new premises.

#### e. Incoming resources

Charitable grant income represents grants received and receivable in the year from outside granting bodies and other miscellaneous income. Grants that provide core funding are recognised in the year in which entitlement passes. Grant funding received to undertake research is recognised in the year in which the obligation is fulfilled. Grant funding is released to match expenditure incurred during the year together with any related contributions towards overhead costs.

Trading income relates to the non-charitable services undertaken by IFR Enterprises Limited ("IFRE") and QIB Extra Limited ("QIBX") and is recognised in accordance with the terms of the contracts entered into, reflecting the point at which the obligations of the company have been satisfied.

Investment income relates to interest receivable from treasury deposits and related party loans. The interest is recognised in the year in which it is earned.

Capital grants are recognised in the Consolidated Statement of Financial Activities ("SoFA") when entitlement passes, which is typically on receipt.

Where income has been received in advance of conditions being met, the income is deferred until those conditions have been fully satisfied.

#### f. Resources expended

Expenditure on charitable activities represents the full cost of the research performed. It includes the cost of direct staff, consumable stocks and indirect costs apportioned on the basis of use.

Costs of generating funds represent the cost of obtaining funds for research, preparing grant applications and raising the profile of QIB. Costs incurred in preparing grant applications, which primarily comprise staff costs, have been approximated based upon a sample review of time taken to prepare the detailed applications.

Governance costs represent the necessary cost of compliance with statutory and constitutional requirements and any other costs which are not direct charitable expenditure.

Support costs have been wholly allocated to charitable activity expenditure based upon activity as indicated in note 4 to the financial statements.

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### g. Restricted funds

Where research at QIB is funded by grants with conditions attached to them, these are shown as restricted. Capital grants received and receivable together with other restricted funds received and receivable and used to purchase tangible assets are included within restricted funds.

A restricted fixed assets reserve has been established representing the net book value of fixed assets purchased from capital grants. The reserve is shown as restricted due to continuing conditions in connection with the capital grants and assets purchased.

Restricted reserves include a designated capital reserve of £3,684,000 (2018: £3,527,000) in connection with funding received from BBSRC, which may only be utilised on completion of performance conditions.

#### h. Unrestricted funds

These include the strategic programme grants from the Biotechnology and Biological Sciences Research Council ("BBSRC") and any other grants which do not have specific conditions attached to them.

A fixed assets reserve has been established within unrestricted reserves representing the net book value of fixed assets funded from unrestricted reserves.

Unrestricted reserves that have been designated by the Board for specific purposes are shown in separate designated reserves. As at March 2019, £12.8m of unrestricted reserves have been designated in relation to planned capital and science investment associated with the development of the Quadram Institute.

#### i. Capital Transfers

A transfer from unrestricted to restricted reserves equal to the depreciation charge for assets purchased from unrestricted reserves is made as a capital transfer.

A transfer from restricted to unrestricted reserves is made following the completion of performance conditions in connection with restricted capital grant activity.

#### j. Other Transfers

A transfer from restricted to unrestricted reserves is made following the completion of performance conditions in connection with restricted non-capital grant activity.

#### k. Tangible fixed assets and depreciation

Tangible assets are shown at cost or valuation less accumulated depreciation. The cost of tangible assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated to write off the cost or valuation less the estimated residual value of tangible assets by equal instalments over their estimated useful economic lives as follows:

Leasehold land and buildings	over lease term or useful life, if shorter;
Plant and machinery	5 years
Scientific apparatus and equipment	5 to 10 years
Motor vehicles	4 years
Other apparatus and equipment	3 to 5 years

The leasehold improvements have been depreciated over the shorter of their estimated economic life and the remainder of the lease period.

Tangible assets under construction are not depreciated until the asset is in full use.

#### l. Intangible fixed assets and amortisation

Computer Software development costs are recognised as intangible fixed assets at cost less amortisation and any provision for impairment. Intangible assets are amortised over the estimated life of the asset acquired less any residual value.

Amortisation is calculated to write off the cost or valuation less the estimated residual value of intangible assets by equal instalments over their estimated useful economic lives as follows:

Computer Software	3 to 5 years
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Intangible assets under construction are not amortised until the asset is in full use.

#### m. Cash balances held as grant co-ordinator

Cash balances held on behalf of the European Union in the charitable company's capacity as grant co-ordinator are included within cash on the charitable company's balance sheet, and details are disclosed in note 23 to the financial statements.

#### n. Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made, where necessary, for slow moving or obsolete stock.

#### o. Debtors

Debtors are non-interest bearing (excluding loan balances) and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

Included in debtors is a loan (£5.1m) provided to QI Partners, which is repayable between November 2019 and August 2022. The loan has been provided on an arm's length basis and interest is payable on the loan at a rate of 3.0% pa.

#### p. Trade creditors

Trade creditors are non-interest bearing and are stated at their nominal value.

#### q. Provisions

A provision is recognised in the financial statements where there is a legal or constructive obligation to transfer economic benefit to a third party.

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### r. Staff and Pensions

All staff employed by QIB (formerly Institute of Food Research) on 30 September 2011 became BBSRC employees on 1 March 2012 and were deployed back to the Institute under conditions set out in the Deployment Agreement (the "Deployed Employees"). The Deployed Employees remained with the Institute on an exclusive and full-time basis and day-to-day direction and line management of the Deployed Employees was delegated to QIB, subject to the terms of the BBSRC Employment Contract. QIB retained responsibility for paying employment costs in relation to the Deployed Employees, including basic pay and allowances, contractual payments, tax, NI and pension contributions.

On 1 October 2017, Deployed Employees transferred employment to the Institute under TUPE.

Deployed Employees retain their membership of the Research Councils Pension Scheme (RCPS), where applicable, with QIB becoming an admitted employer in the scheme. The RCPS is a defined benefit scheme funded from annual grant-in-aid on a pay-as-you-go basis. The RCPS Pension Scheme is a multi-employer scheme and QIB is unable to identify its share of the underlying assets and liabilities. QIB therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Liabilities for the payment of future benefits are the responsibility of the RCPS and accordingly are not included in these Financial Statements.

QIB staff that joined after 30 September 2011 are eligible to join a defined contribution scheme.

The Company employs some staff jointly with the University of East Anglia. Staff are employed under EI terms & conditions, but are eligible to join The University Superannuation Scheme (USS). EI is obliged to pay the prevailing employer contribution rate for staff in the USS, however it has no liability for scheme funding deficits. Accordingly, these arrangements have been accounted for as defined contribution scheme.

#### s. Termination benefits

Redundancy payments are recognised as a liability and an expense only when the event is demonstrably committed to by either: a. termination of the employment of an employee or group of employees before the normal retirement date, or b. provision of termination benefits as a result of an offer made in order to encourage voluntary redundancy.

#### t. Operating Leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

#### u. Foreign currency transactions

The functional and reporting currency of the charity is pounds sterling.

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at year end exchange rates.

All gains and losses are taken to the Statement of Financial Activities in the year to which they relate.

#### v. Financial instruments

Financial assets and financial liabilities are recognised upon becoming a party to the contractual provisions of the instrument.

The group only enters into basic financial instrument transactions that result in financial assets and liabilities like trade and other accounts receivable and payable.

## NOTES TO THE ACCOUNTS

### 2. ANALYSIS OF INCOMING RESOURCES

	Research activities	Other activities	Total 2019	Total 2018
	£000	£000	£000	£000
<b>Grant income</b>				
BBSRC	10,059	-	<b>10,059</b>	11,609
Other government departments	496	-	<b>496</b>	307
European Union	368	-	<b>368</b>	496
Other grants	857	-	<b>857</b>	776
<b>Total grant income</b>	<b>11,780</b>	<b>-</b>	<b>11,780</b>	<b>13,188</b>
<b>Capital and maintenance grants</b>				
BBSRC				
Repairs & maintenance	-	-	-	-
Capital expenditure	1,458	-	<b>1,458</b>	3,710
<b>Total capital grants</b>	<b>1,458</b>	<b>-</b>	<b>1,458</b>	<b>3,710</b>
<b>Other charitable income</b>				
BBSRC	-	828	<b>828</b>	192
Miscellaneous income	-	546	<b>546</b>	328
<b>Total other charitable income</b>	<b>-</b>	<b>1,374</b>	<b>1,374</b>	<b>520</b>
<b>Trading income</b>				
IFR Enterprises	-	-	-	-
QIB Extra	-	910	<b>910</b>	842
<b>Total trading income</b>	<b>-</b>	<b>910</b>	<b>910</b>	<b>842</b>
<b>Investment income</b>				
Interest receivable on cash deposits	-	153	<b>153</b>	157
Other interest receivable	-	163	<b>163</b>	57
<b>Total investment income</b>	<b>-</b>	<b>316</b>	<b>316</b>	<b>214</b>
<b>Total incoming resources</b>	<b>13,238</b>	<b>2,600</b>	<b>15,838</b>	<b>18,474</b>

QIB's activities consist principally of scientific research in the United Kingdom.

Included within income is income for restricted general funds of £13,143k (2018: £3,559k), and income for restricted capital funds of £1,120k (2018: £3,710k). All other income is unrestricted.

## NOTES TO THE ACCOUNTS

### 3. ANALYSIS OF RESOURCES EXPENDED

	Note	Research activities £000	Student activities £000	Other activities £000	<b>Total 2019 £000</b>	Total 2018 £000
Direct charitable expenditure						
Staff costs		5,592	-	-	<b>5,592</b>	6,066
Direct costs		2,799	163	-	<b>2,962</b>	2,515
Depreciation		711	-	-	<b>711</b>	3,494
Repairs and maintenance of buildings		391	-	-	<b>391</b>	332
Governance costs		-	-	49	<b>49</b>	43
Support costs	4	4,516	300	-	<b>4,816</b>	4,053
<b>Expenditure on charitable activities</b>		<b>14,009</b>	<b>463</b>	<b>49</b>	<b>14,521</b>	16,503
Raising funds		-	-	138	<b>138</b>	175
Trading expenditure		-	-	739	<b>739</b>	580
<b>Total resources expended</b>		<b>14,009</b>	<b>463</b>	<b>926</b>	<b>15,398</b>	17,258

Included within expenditure is restricted general expenditure of £11,965k (2018: £3,565k), and restricted capital expenditure (depreciation) of £712k (2018: £3,494k). All other expenditure is unrestricted.

Staff costs are allocated based on time spent by staff. Depreciation is allocated based on the usage of assets. Other costs are allocated on the basis of their nature.

	<b>Total 2019 £000</b>	Total 2018 £000
<b>Analysis of governance costs</b>		
Staff costs	<b>24</b>	20
Other costs	<b>25</b>	23
<b>Total governance costs</b>	<b>49</b>	43

### 4. ALLOCATION OF SUPPORT COSTS

	Research activities £000	Student activities £000	<b>Total 2019 £000</b>	Total 2018 £000	Basis of Allocation
Lab management	81	5	<b>86</b>	61	Headcount
Institute management	533	32	<b>565</b>	514	Headcount
Scientific services	359	22	<b>381</b>	471	Headcount
Facilities management*	1,186	72	<b>1,258</b>	868	Headcount
Finance and Purchasing*	500	30	<b>530</b>	410	Headcount
Computing and Library*	385	23	<b>408</b>	399	Headcount
Human Resources*	117	7	<b>124</b>	118	Headcount
Public engagement	474	29	<b>503</b>	507	Headcount
Health and Safety*	89	5	<b>94</b>	73	Headcount
Support cost utilities	567	34	<b>601</b>	323	Headcount
Other support services*	226	40	<b>266</b>	309	Headcount
<b>Total support costs</b>	<b>4,517</b>	<b>299</b>	<b>4,816</b>	4,053	

\*Includes services supplied by NBI Partnership Limited (see note 22).

## NOTES TO THE ACCOUNTS

### 5. TAXATION

Quadram Institute Bioscience is an exempt charity within the meaning of the Charities Act 2011 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 and is not subject to corporation tax in respect of its charitable activities.

The trading activities of the subsidiary companies are subject to corporation tax; however profits in the year are gifted to the charitable company resulting in a £nil (2018: £nil) tax charge payable.

There is no provision for deferred tax on fair value adjustments because any chargeable gains are applied to charitable objectives so no tax liability arises.

### 6. OPERATING SURPLUS/(DEFICIT)

Operating surplus/(deficit) is stated after charging/(crediting):

	Total 2019 £000	Total 2018 £000
Audit services:		
Fees payable for the audit of the charitable company and consolidated financial statements	21	15
Fees payable for the audit of the charitable company's subsidiaries pursuant to legislation	2	4
Non-audit services:		
Other fees payable to the charitable company's auditors	-	2
Depreciation	711	3,494
Hire of plant and equipment	45	45
Profit on disposal of tangible assets	(34)	(6)
Loss/(Gain) on foreign exchange translations	2	(8)

### 7. REMUNERATION OF THE BOARD OF TRUSTEES

QIB has been given approval by the Charities Commission to remunerate Trustees where the Board considers that payment is necessary to attract Trustees with specialist skills and experience. The power to remunerate Trustees is included in the QIB's Articles of Association.

One member of the Board of Trustees, Mr Steve West, received remuneration from the group during the year for his duties as a trustee (2018: two). Total trustee remuneration in the year was £2,175 (2018: £4,453).

Six members of the Board of Trustees were reimbursed for expenses incurred during the year (2018: Eleven). The total amount reimbursed was £3,964 (2018: £8,651).

## NOTES TO THE ACCOUNTS

### 8. EMPLOYEE INFORMATION

The average monthly number of persons employed by or deployed to the group during the year, analysed by category, was as follows:

Group	2019 Number	2018 Number
Scientific	135	135
Office management and services	24	24
Total	159	159

The aggregate payroll costs of these persons were:

	2019 £000	2018 £000
	Note	
Wages and salaries	4,848	5,119
Redundancy payments	84	379
Social security costs	503	536
Other pension costs	21 690	850
Total	6,125	6,884

As required by the Statement of Recommended Practice applicable to charities, an analysis has been provided below of the number of staff who fall within staff cost bands (excluding pension cost) from £60,000 upwards:

Group and charitable company	2019 Number	2018 Number
£60,000 - £69,999	7	5
£70,000 - £79,999	5	6
£80,000 - £89,999	2	3
£90,000 - £99,999	1	2
£100,000 - £109,999	2	3
£110,000 - £119,999	1	1
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-
Total	19	21

The number of staff with emoluments greater than £60,000 who are also members of the Research Councils' Pension Schemes was 7 (2018: 13). Six staff with emoluments greater than £60,000 are members of a Defined Contribution Pension Scheme (2018: five).

All staff employed by QIB on 30 September 2011 became BBSRC employees on 1 March 2012 and were deployed back to the Institute under conditions set out in the Deployment Agreement (the "Deployed Employees"). On 1 October 2017, Deployed Employees transferred employment to the Institute under TUPE. Transferring employees retain their membership of the Research Councils Pension Scheme, where applicable, with QIB becoming an admitted employer in the scheme.

QIB staff that joined after 30 September 2011 are employed under QIB terms & conditions.

The key management personnel of the parent charity, Quadram Institute Bioscience, comprise of the trustees and the members of the Executive Board. The total employee benefits of the key management personnel of the charity were £730,178 (2018: £732,570).

The key management personnel of the group comprise those of the charity and the key management personnel of the wholly owned subsidiaries, QIB Extra Ltd and IFR Enterprises Ltd. The key management personnel of QIB Extra Ltd are the Director of Operations and the Head of QIB Extra Operations. The costs of the key management personnel to QIB Extra was £46,860 (2018: £44,718). IFR Enterprises Ltd key management personnel are the same as QIB. No staff costs were recharged in respect of this.

The employee benefits of the key management personnel for the group was £777,038 (2018: £777,288).



## NOTES TO THE ACCOUNTS

### 9. TANGIBLE ASSETS

Group	Leasehold land and buildings £000	Plant, machinery and equipment £000	Apparatus and equipment £000	Assets under construction £000	Total £000
<b>Cost/Valuation</b>					
At 1 April 2018	7,514	935	11,304	-	<b>19,753</b>
Transfer	-	-	-	-	-
Additions	14,140	-	309	654	<b>15,103</b>
Disposals	(7,514)	(935)	(2,246)	-	<b>(10,695)</b>
<b>At 31 March 2019</b>	<b>14,140</b>	<b>-</b>	<b>9,367</b>	<b>654</b>	<b>24,161</b>
<b>Accumulated Depreciation</b>					
At 1 April 2018	7,243	913	10,148	-	<b>18,304</b>
Charge for the year	272	21	369	-	<b>662</b>
Disposals	(7,515)	(934)	(2,237)	-	<b>(10,686)</b>
<b>At 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>8,280</b>	<b>-</b>	<b>8,280</b>
<b>Net book value at 31 March 2019</b>	<b>14,140</b>	<b>-</b>	<b>1,087</b>	<b>654</b>	<b>15,881</b>
Net book value at 31 March 2018	271	22	1,156	-	1,447

Charitable company	Leasehold land and buildings £000	Plant, machinery and equipment £000	Apparatus and equipment £000	Assets under construction £000	Total £000
<b>Cost/Valuation</b>					
At 1 April 2018	7,514	935	11,207	-	<b>19,656</b>
Transfer	-	-	-	-	-
Additions	14,140	-	309	654	<b>15,103</b>
Disposals	(7,514)	(935)	(2,246)	-	<b>(10,695)</b>
<b>At 31 March 2019</b>	<b>14,140</b>	<b>-</b>	<b>9,270</b>	<b>654</b>	<b>24,064</b>
<b>Accumulated Depreciation</b>					
At 1 April 2018	7,243	913	10,053	-	<b>18,209</b>
Charge for the year	272	21	368	-	<b>661</b>
Disposals	(7,515)	(934)	(2,237)	-	<b>(10,686)</b>
<b>At 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>8,184</b>	<b>-</b>	<b>8,184</b>
<b>Net book value at 31 March 2019</b>	<b>14,140</b>	<b>-</b>	<b>1,086</b>	<b>654</b>	<b>15,880</b>
Net book value at 31 March 2018	271	22	1,154	-	1,447

All of the tangible assets of the charitable company are used for charitable purposes.

Assets under construction represent capital items which are not yet in full economic use.

## NOTES TO THE ACCOUNTS

### 9. TANGIBLE ASSETS (CONTINUED)

Up to 31 March 2019, Quadram Institute Bioscience included in its financial statements leasehold land and buildings that it leased for nil consideration but which were owned by third parties, at their full freehold value. The Trustees consider that in substance the risks and rewards of ownership of the assets had passed to the Institute, and as such recognised the assets on the balance sheet to reflect the continuing occupancy of these assets up until lease cessation on 31 March 2019.

Leasehold land and buildings on a historical cost basis were as follows:

<b>Group and charitable company</b>	<b>Total 2019 £000</b>	<b>Total 2018 £000</b>
Historic cost of leasehold land and buildings	-	14,829
Aggregate depreciation	-	(14,558)
<b>Historic cost net book value</b>	<b>-</b>	<b>271</b>

The above leasehold land and buildings were revalued by an external surveyor (Powis Hughes Chartered Surveyors, RICS) on a depreciated replacement cost basis on 31 March 2011. This valuation was updated to 31 March 2016 using indexation tables, however in light of the impending move to the new premises, no further revaluation adjustments have been made and the premises were depreciated to the expected move date.

### 10. INTANGIBLE ASSETS

<b>Group and charitable company</b>	<b>Software development £000</b>	<b>Total £000</b>
<b>Cost/Valuation</b>		
At 1 April 2018	147	<b>147</b>
Additions	-	-
Disposals	-	-
<b>At 31 March 2019</b>	<b>147</b>	<b>147</b>
<b>Accumulated Depreciation</b>		
At 1 April 2018	37	<b>37</b>
Charge for the year	49	<b>49</b>
Disposals	-	-
<b>At 31 March 2019</b>	<b>86</b>	<b>86</b>
<b>Net book value at 31 March 2019</b>	<b>61</b>	<b>61</b>
Net book value at 31 March 2018	110	110

The intangible asset relates to internally generated research software.

## NOTES TO THE ACCOUNTS

### 11. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

#### Subsidiaries

The following are the operating subsidiary undertakings in which the charitable company has an interest:

Subsidiary Undertaking	Registration number	Country of registration	Principal activity	Class and percentage of shares held
QIB Extra Limited	06500711	England	Contract research	100% ordinary shares
IFR Enterprises Limited	03398534	England	Dormant	100% ordinary shares
IFR NRP Capital Limited	0813248	England	Dormant	100% ordinary shares

The charitable company owns 100% of the ordinary share capital of IFR Enterprises Limited (cost: £3), QIB Extra Limited (cost: £100) and IFR NRP Capital Limited (cost: £1), all of which are incorporated in England. The subsidiaries are used for trading activities.

The companies' results for the year were as follows:

	IFR Enterprises Limited	QIB Extra Limited	IFR NRP Capital Limited	Total 2019	Total 2018
	£000	£000	£000	£000	£000
<b>Profit and loss account</b>					
Turnover	-	916	-	<b>916</b>	865
Cost of sales	-	(549)	-	<b>(549)</b>	(464)
<b>Gross profit</b>	-	367	-	<b>367</b>	401
Administrative expenses	-	(190)	-	<b>(190)</b>	(115)
<b>Operating profit retained in subsidiary</b>	-	177	-	<b>177</b>	286

In addition to the above, £280,776 (2018: £329,714) in Gift Aid was paid to the charitable company in the year.

The charitable company has committed to provide financial support to IFR Enterprises Limited ("IFRE") and QIB Extra Limited ("QIBX"), and not demand repayment of amounts due to it, in order to enable IFRE and QIBX to meet their liabilities as they fall due – but only to the extent that money is not otherwise available to the company to meet such liabilities – for a period of at least 12 months from the signing of the financial statements of the IFRE and QIBX for the year ended 31 March 2019.

IFR NRP Capital Limited is a member of Anglia Innovation Partnership LLP, which is responsible for the management and development of the Norwich Research Park (NRP) estate and for the furtherance of the NRP Enterprise Vision. IFR NRP Capital Limited did not trade during the year.

### 12. STOCK

Group and charitable company	Total 2019	Total 2018
	£000	£000
Raw materials and consumables	<b>32</b>	-
<b>Total</b>	<b>32</b>	-

### 13. DEBTORS

	Group 2019	Group 2018	Company 2019	Company 2018
Note	£000	£000	£000	£000
<i>Grants receivable:</i>				
from government bodies	<b>164</b>	913	<b>164</b>	913
from other sources	<b>678</b>	499	<b>678</b>	499
Trade debtors	<b>247</b>	256	<b>81</b>	102
Amounts owed by subsidiary undertakings	-	-	<b>316</b>	444
Amounts owed by other related parties	<b>5,385</b>	19,801	<b>5,379</b>	19,801
Other debtors	<b>84</b>	518	<b>84</b>	518
Prepayments and accrued income	<b>689</b>	413	<b>633</b>	389
<b>Total amounts falling due within one year</b>	<b>7,247</b>	22,400	<b>7,335</b>	22,666

Included in the above amounts is £5,075k (2018: £5,400k) unsecured loan to QI Partners, of which £3,775k is repayable in over one year. Interest is payable on the loan at a rate of 3.0% per annum.

## NOTES TO THE ACCOUNTS

### 14. CASH AT BANK AND IN HAND

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Cash at bank	17,996	16,981	17,548	16,340
Cash in hand	3	1	3	1
<b>Total</b>	<b>17,999</b>	<b>16,982</b>	<b>17,551</b>	<b>16,341</b>

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
<i>Grants received in advance:</i>					
from government bodies		1,171	1,171	1,171	1,171
from other sources		543	827	543	719
Amounts owed to subsidiary undertakings		-	-	-	40
Amounts owed to other related parties	21	314	236	314	236
Trade creditors		297	241	292	218
Other creditors		840	674	840	655
Accruals and deferred income		966	1,301	772	1,300
Taxation and social security		125	83	125	83
<b>Total amounts falling due within one year</b>		<b>4,256</b>	<b>4,533</b>	<b>4,057</b>	<b>4,422</b>

### 16. RECONCILIATION OF MOVEMENT IN GRANTS RECEIVABLE

Group	Note	Total 2019 £000	Total 2018 £000
Grants receivable	13	842	1,412
Grants received in advance	15	(1,714)	(1,998)
<b>Net grants received in advance</b>		<b>(872)</b>	<b>(586)</b>
Net grants received in advance at beginning of year		(586)	(112)
Grant monies received during the year		(13,440)	(14,182)
Grant money released to SOFA during the year		13,154	13,708
<b>Net grants received in advance at end of year</b>		<b>(872)</b>	<b>(586)</b>

### 17. PROVISIONS FOR LIABILITIES AND CHARGES

Group and charitable company	Dilapidations provision £000	Total 2019 £000	Total 2018 £000
Provision at beginning of year	135	135	234
Charge in the year	116	116	-
Utilised	-	-	(99)
<b>Provision at end of year</b>	<b>251</b>	<b>251</b>	<b>135</b>

The dilapidations provision relates to expected remedial costs to be incurred by QIB when it relocates to the Quadram Institute in 2019.

## NOTES TO THE ACCOUNTS

### 18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed assets £000	Net current assets £000	Creditors over one year and provisions £000	Total 2019 £000
<b>Group</b>				
<i>Unrestricted:</i>				
Fixed assets reserve	14,196	-	-	14,196
Designated strategic reserve	-	6,781	-	6,781
Designated building reserve	-	6,025	-	6,025
General	-	4,532	(251)	4,281
<i>Restricted:</i>				
Fixed assets reserve	1,746	-	-	1,746
Capital reserve	-	3,684	-	3,684
<b>Net assets</b>	<b>15,942</b>	<b>21,022</b>	<b>(251)</b>	<b>36,713</b>
<b>Charitable company</b>				
<i>Unrestricted:</i>				
Fixed assets reserve	14,189	-	-	14,189
Designated strategic reserve	-	6,781	-	6,781
Designated building reserve	-	6,025	-	6,025
General	-	4,371	(251)	4,120
<i>Restricted:</i>				
Fixed assets reserve	1,752	-	-	1,752
Capital reserve	-	3,684	-	3,684
<b>Net assets</b>	<b>15,941</b>	<b>20,861</b>	<b>(251)</b>	<b>36,551</b>

The unrestricted fixed assets reserve relates to the net book value of fixed assets purchased from unrestricted funds. The restricted fixed assets reserve relates to the net book value of fixed assets purchased from capital grants.

The unrestricted designated strategic reserve relates to funds designated by the Board for use in relation to planned science investment associated with the new Quadram Institute. The designated building reserve represents the loan advances to QI Partners (£5.1m) and pre-occupation services costs (£0.8m).

The restricted capital reserve is not an endowment fund, but represents capital funding received, from BBSRC, that may only be utilised on fulfilment of certain grant conditions.

### 19. ANALYSIS OF FUNDS MOVEMENTS

	Unrestricted fixed assets £000	Unrestricted designated strategic £000	Unrestricted designated building £000	Unrestricted general £000	Restricted fixed assets £000	Restricted capital £000	Total 2019 £000
<b>Group</b>							
<b>At 1 April 2018</b>	527	7,026	19,735	4,426	1,032	3,527	36,273
Surplus for the year	-	-	-	31	409	-	440
Designated reserve transfers	-	(402)	430	(28)	(157)	157	-
Capital transfers	13,669	-	(14,140)	-	471	-	-
Other transfers	-	157	-	(148)	(9)	-	-
<b>At 31 March 2019</b>	<b>14,196</b>	<b>6,781</b>	<b>6,025</b>	<b>4,281</b>	<b>1,746</b>	<b>3,684</b>	<b>36,713</b>
<b>Charitable company</b>							
<b>At 1 April 2018</b>	522	7,026	19,735	4,162	1,035	3,527	36,007
Surplus for the year	-	-	-	134	410	-	544
Designated reserve transfers	-	(402)	430	(28)	(157)	157	-
Capital transfers	13,667	-	(14,140)	-	473	-	-
Other transfers	-	157	-	(148)	(9)	-	-
<b>At 31 March 2019</b>	<b>14,189</b>	<b>6,781</b>	<b>6,025</b>	<b>4,120</b>	<b>1,752</b>	<b>3,684</b>	<b>36,551</b>

## NOTES TO THE ACCOUNTS

### 19. ANALYSIS OF FUNDS MOVEMENTS (CONTINUED)

Capital transfers include a movement between unrestricted to restricted reserves equal to the depreciation charge for assets purchased from unrestricted reserves and a transfer from restricted to unrestricted reserves following the completion of performance conditions in connection with restricted capital grant activity.

The designated reserve transfer relates to costs incurred in the year that have been set against the designated strategic reserve.

“Other transfers” relates to the transfer from restricted to unrestricted funds following the completion of performance conditions in connection with restricted non-capital grant activity.

### 20. COMMITMENTS

Group and charitable company	Total 2019 £000	Total 2018 £000
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Capital commitments at the end of the financial year for which no provision has been made:

Contracted	896	-
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Amounts due under other operating leases for plant and machinery:

Within one year	1	1
Between one and two years	1	-
Between two and five years	3	-
	5	1

### 21. PENSION SCHEMES

All staff employed by QIB on 30 September 2011 became BBSRC employees on 1 March 2012 and were deployed back to the Institute under conditions set out in the Deployment Agreement (the “Deployed Employees”). On 1 October 2017, Deployed Employees transferred employment to the Institute under TUPE.

Deployed Employees retain their membership of the Research Councils Pension Scheme (RCPS), where applicable, with QIB becoming an admitted employer in the scheme. The RCPS is a defined benefit scheme funded from annual grant-in-aid on a pay-as-you-go basis. The RCPS Pension Scheme is a multi-employer scheme and QIB is unable to identify its share of the underlying assets and liabilities. QIB therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Liabilities for the payment of future benefits are the responsibility of the RCPS and accordingly are not included in these Financial Statements. The employer contribution rate during the year was 26% (2018: 26%).

QIB employees that joined after 30 September 2011 are eligible to join a defined contribution scheme.

The Company employs some staff jointly with the University of East Anglia. Staff are employed under EI terms & conditions but are eligible to join The University Superannuation Scheme (USS). EI is obliged to pay the prevailing employer contribution rate for staff in the USS, however it has no liability for scheme funding deficits. Accordingly, these arrangements have been accounted for as defined contribution scheme.

The total pension charge for the year was £690,415 (2018: £850,040), with outstanding contributions at the year-end of £31,889 (2018: £26,873).

### 22. RELATED PARTY TRANSACTIONS

The charitable company has taken advantage of the exemption under FRS102, not to disclose transactions and balances with its wholly owned subsidiaries.

#### Biotechnology and Biological Science Research Council (Member)

The charitable company is strategically funded by BBSRC along with seven other Institutes. During the year, BBSRC charged the charitable company £nil (2018: £3,878) for costs. In addition, BBSRC invoiced the charitable company £nil (2018: £98,637) in respect of payments made by BBSRC on behalf of the charitable company to employees made redundant following a science restructuring. QIB charged BBSRC £65,530 (2018: £362,417) for staff redundancy costs incurred during the year.

Grants received from BBSRC are detailed in note 2.

As at 31 March 2019, BBSRC owed £163,996 (2018: £1,172,484) to QIB, and QIB owed BBSRC £1,451,172 (2018: £908,733).

In April 2018, BBSRC became part of UK Research and Innovation (UKRI), a new organisation that brings together the UK’s seven research councils, Innovate UK and Research England.

## NOTES TO THE ACCOUNTS

### 22. RELATED PARTY TRANSACTIONS (CONTINUED)

#### University of East Anglia (Member)

University of East Anglia ("UEA") is a member of the charitable company. Following the change to the Articles on 31 January 2019, UEA is entitled to appoint a majority of the members of the Board of Trustees and accordingly is deemed to be the company's parent undertaking and controlling party from this date.

UEA invoiced QIB £1,028,588 (2018: £577,330) for salaries and other charges and QIB invoiced UEA £113,991 (2018: £173,934) for services.

As at 31 March 2019, the UEA owed QIB £136,910 (2018: £75,501) and QIB owed UEA £160,479 (2018: £37,876).

#### Norfolk and Norwich University Hospitals NHS Foundation Trust (Member)

Norfolk and Norwich University Hospitals NHS Foundation Trust (NNUH) became a member of the charitable company on 31 January 2018.

During the year NNUH invoiced QIB £8,409 for services (2018: £1,178) and QIB invoiced £75,125 (2018: £nil) for grant related costs. As at 31 March 2019, NNUH owed QIB £53,944 (2018: £nil) and QIB owed NNUH £253 (2018: £nil).

#### NBI Partnership Limited (Associate)

The charitable company is one of four members and guarantors of NBI Partnership Limited ("NBIP"), a company limited by guarantee. QIB has provided short-term loans to NBIP to enable NBIP to manage its cash requirements. At 31 March 2019, QIB had a loan balance with NBIP of £113,000 (2018: £142,000).

During the year, QIB received services totalling £1,796,366 (2018: £2,148,981), received interest from NBIP of £2,260 (2018: £2,832) and invoiced NBIP £211 (2018: £nil) for other services. As at 31 March 2019, QIB owed NBIP £153,563 (2018: £197,651) and NBIP owed QIB £nil (2018: £2,832).

#### QI Partners (Associate)

The charitable company is one of four members and guarantors of QI Partners, a charitable company limited by guarantee. On 15 February 2017, QIB entered into an agreement to lease accommodation in the new Quadram Institute building from QI Partners. QIB has agreed to provide QI Partners with a loan facility of £5,400,000, which is repayable between November 2019 and August 2022. As at 31 March 2019, £5,075,000 of the facility has been drawn down by QI Partners (2018: £5,400,000). Interest is payable on the loan at a rate of 3.0% pa.

During the year, QIB invoiced QI Partners £nil (2018: £nil) for the transfer of the benefits in, and the recharge of the costs of the supplies received by QIB in respect of the Quadram Institute building. QIB also invoiced QI Partners £160,407 (2018: £52,142) for interest on its loan. As at 31 March 2019, QI Partners owed QIB £nil (2018: £nil).

QI Partners has invoiced QIB for service charges totalling £1,103,912 (2018: £nil) in relation to the new accommodation. As at 31 March 2018, QIB owed QI Partners £nil (2018: £nil).

QIB does not have any significant influence on QI Partners' financial and operating policies.

#### Anglia Innovation Partnership LLP

QIB is a member of Anglia Innovation Partnership LLP ("AIP LLP") through its 100% subsidiary, IFR NRP Capital Limited. AIP LLP is responsible for the management and development of the Norwich Research Park (NRP) estate and for the furtherance of the NRP Enterprise Vision. During the year, QIB received services totalling £804 (2018: £2,123) and was charged £55,060 (2018: £45,870) for estate costs. As at 31 March 2019, QIB owed AIP LLP £nil (2018: £nil).

### 23. CASH HELD AS EUROPEAN GRANT CO-ORDINATOR

The charitable company holds cash on behalf of the European Union in its capacity as project co-ordinator on a number of projects. It acts as an intermediary only and does not control the risks and rewards associated with the cash balances. Cash balances of £670,728 (2018: £431,804) in relation to this are included within the balance sheet.

### 24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The trustees consider that the ultimate parent undertaking and controlling party is the University of East Anglia, by virtue of its right under the Articles of Association, dated 31 January 2018 (and subsequently revised 31 July 2018), to appoint a majority of the company's directors.

QIB is the parent undertaking of the smallest group of undertakings to consolidate these financial statements, and the University of East Anglia is the parent undertaking of the largest group of undertakings to consolidate these financial statements.

## REFERENCE AND ADMINISTRATIVE DETAILS

### Directors and Trustees

Dr T Brears	Chair – Board
Dr C Caulcott	Chair – Audit and Risk Committee
Prof G Dougan	Chair – Science Impact and Advisory Committee
Prof P Morgan	
Prof S Walker	Chair – Remuneration and Nomination Committee
Prof S Feast	

**Director of the Institute** Professor I Charles

**Company Secretary** Mr D Foreman

### Key Management Personnel

Prof I Charles  
Prof J Wain  
Prof S Carding  
Mr D Foreman  
Prof R Mithen  
Ms A O'Halleron  
Mr B Morrison  
Dr R Wilson

**Registered charity number** 1058499

**Registered company number** 03009972

### Registered office and principal office of the charity

Norwich Research Park  
Colney Lane  
Norwich  
NR4 7UQ

### Independent auditors

KPMG LLP  
Chartered Accountants and Statutory Auditors  
Kingfisher House  
1 Gilders Way  
St James Place  
Norwich  
NR3 1UB

### Bankers

Barclays Bank Plc  
54 Lombard Street  
London  
EC3V 9EX