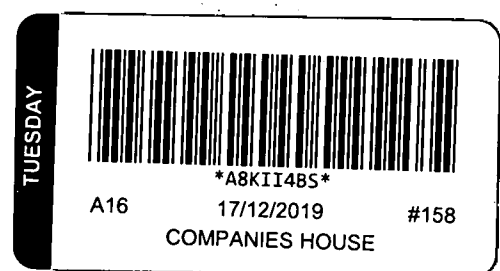


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QI PARTNERS
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



QI PARTNERS
(A company limited by guarantee)

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QI PARTNERS
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

Trustees

Dr Tim Brears
Dr Paul Burrows (appointed 7 November 2018)
Mark Davies (resigned 3 December 2019)
Sam Higginson (appointed 3 December 2019)
Professor David Richardson
David Parfrey (resigned 7 November 2018)

Company registered number

09604451

Charity registered number

1170105

Registered office

Quadram Institute Bioscience, Norwich Research Park, Colney Lane, Norwich, NR4 7UQ

Company secretary

David Foreman

Independent auditors

Larking Gowen LLP, King Street House, 15 Upper King Street, Norwich, NR3 1RB

Bankers

Barclays Bank Plc, Norwich, NR1 3QH

QI PARTNERS
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The Trustees are pleased to present their Annual Report together with the financial statements of the charity for the year ended 31 March 2019 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to the 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).

About QI Partners

QI Partners is a charitable company which was established in 2015 by four partners – UK Research and Innovation - Biotechnology and Biological Sciences Research Council (BBSRC), the Norfolk and Norwich University Hospitals NHS Foundation Trust (NNUH), Quadram Institute Bioscience (QIB) and the University of East Anglia (UEA).

The company was created to support the establishment of the Quadram Institute – a new multi-million pound food and health research Institute 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.

About the Quadram Institute

The four partners have provided funding for a new Quadram Institute building that has the capacity for 300 research staff and 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 be a leading international hub for food and health research. It combines scientific excellence and clinical expertise, delivering patient care and accelerating innovation.



QI PARTNERS
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

● **Objectives**

The objectives of the Charity are to facilitate:

- The advancement of education in food and health sciences for the public benefit by the provision of facilities for the conduct of charitable research into food and health sciences including the publication of the useful results of that research; and
- The advancement of health for the public benefit by the provision of facilities for the investigation, diagnosis and treatment of diseases and disorders and for research into diseases and disorders including the publication of the useful results of that research.

The Charity delivers these objectives by providing facilities to NNUH and QIB. The provision of facilities is governed by lease agreements between the Charity and NNUH and QIB, which restrict the use of the facilities in line with the Charity's objectives.

● **Performance**

The Charity achieved a number of significant milestones in the year:

- Practical completion of the new building took place in July 2018 with additional building works continuing throughout the year. Building works costs totalled £5.9m in the year (2018: £31.5m).
- In March 2019, long term tenancy leases were completed with NNUH and QIB and the building was fully occupied.
- During March 2019, the building was fully occupied by NNUH and QIB.
- On 29 March 2019, long term tenancy leases were completed with NNUH and QIB.
- A benefits realisation plan has been developed for the Institute and agreed by the partners.
- Governance arrangements for the operation of the Institute, and achievement of planned benefits and charitable objectives, have been implemented.

● **Plans for future periods**

The principal objectives for 2019/20 are to:

- Complete the additional building works in line with agreed budgets;
- Monitor performance against targets within the benefits realisation plan for the Institute;
- Develop and implement a new performance and risk reporting framework for the Institute; and
- Monitor the governance arrangements which have been put in place to ensure that the anticipated benefits from the new Institute are fully realised.

QI PARTNERS
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

● **Financial review**

On 29 March 2019, long term leases were completed for the areas of the building to be occupied by QIB and NNUH. The leases set out the basis on which QIB and NNUH may use these areas, including restricting use of facilities in line with QIP's charitable objectives.

Due to the long-term nature of the leases, QI Partners is deemed, for accounting purposes, to have passed the value of the tenanted areas of the building to QIB and NNUH and the value of the building at March 2019 (£25.3m) represents the residual space directly managed by QIP (including communal space) and does not include any of the space leased to the NNUH and QIB. The difference between the asset value of tenant areas (£54.9m) and lease premiums receivable (£21.3m) is accounted for as a reduction in the restricted capital reserve.

Total reserves at March 2019 were £24.6m (2018: £59.3m), being the restricted capital reserve.

Grant income received in the year was £1.1m (2018: £14.5m). Operating expenditure was £1.5m (2018: £0.1m). Capital expenditure in the year was £4.8m (2018: £31.5m). Cash at March 2019 was £2.5m (2018: £6.8m).

● **Reserves policy**

The Charity's restricted capital reserve represents the capital grant funding received to support the capital costs of the new building. Restricted capital reserves have reduced in the year following the completion of long-term leases for the tenanted areas of the building to QIB and NNUH and are expected to reduce in future in line with the depreciation of the retained parts of the building.

The Charity regularly reviews reserve levels alongside cost and income projections to ensure that it has sufficient working capital to support the operation of the new building.

● **KPIs**

A benefits realisation plan has been developed which incorporates key performance indicators by which the Quadram Institute can monitor its performance. The KPIs include the number of engagement events/activities, the number of formal knowledge exchange activities and metrics on the volume of tenant activity such as research projects awarded, clinical research studies undertaken and number of endoscopies performed.

QI PARTNERS
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

• **Principal risks and uncertainties**

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 Charity is exposed. The Audit and Risk Committee reviews a full risk report at each meeting. The Board reviews a full risk report annually, including a 'heat map' tracking major risks.

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

Risk area	Description of Risk	Management of Risk
Charitable benefits are not delivered	<p>Quadram Institute does not deliver planned public benefits from research and health activities;</p> <p>Insufficient coordination between partners and facilities means benefits from co-location are not fully realised.</p>	<p>Over-arching governance structure agreed to ensure activities of partners are coordinated;</p> <p>Agreement by all partners of comprehensive benefits realisation plan;</p> <p>Multiple work streams established to develop cross-partner activities, such as science strategy, clinical research, innovation and engagement.</p>
Problems with building facilities	<p>Problems with building facilities prevent tenants from carrying out their operational activities.</p>	<p>A building services user committee has been created and processes are in place for reporting and resolving issues with the building facilities;</p> <p>A lifecycle maintenance plan is being prepared;</p> <p>Core building management policies and procedures have been developed to harmonise services for different users.</p>
Financial sustainability	<p>Building running costs are significantly higher than would be expected;</p> <p>Service charges are not received on a timely basis.</p>	<p>Intelligent client appointed to manage FM contract;</p> <p>Energy meters are being installed to understand energy usage and costs;</p> <p>Tenants are advised of budgeted service charges and the scheduled timing of service charge invoices.</p>
Damage to charitable reputation	<p>Culture, behaviour and activity of building service providers or tenants bring the charity into disrepute.</p>	<p>Performance of the building facilities service provider is actively monitored as part of their contractual obligations;</p> <p>Tenants have their own employment codes of practice and disciplinary procedures in place;</p> <p>Leases restrict tenants' activities to relevant charitable purposes.</p>

QI PARTNERS
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

Structure, governance and management

• **Organisation and governance**

QI Partners is a company limited by guarantee (registered number 09604451) and was first registered as charity (number 1170105) on 10 November 2016.

• **Members**

The members of QI Partners are:

- UK Research and Innovation - Biotechnology and Biological Sciences Research Council ("BBSRC");
- Quadram Institute Bioscience ("QIB");
- The University of East Anglia ("UEA"); and
- Norfolk and Norwich University Hospitals NHS Foundation Trust ("NNUH").

In April 2018, BBSRC became part of UK Research and Innovation (UKRI).

The Members are all guarantors of QI Partners, a company limited by guarantee and a registered charity, of an amount not exceeding £10.

• **Board of Trustees**

The Trustees who served during the year and up to the date of signing these financial statements were:

- Dr Tim Brears (Chair – QIB nomination)
- Mark Davies (NNUH nomination) resigned on 3 December 2019
- Sam Higginson (NNUH nomination) appointed on 3 December 2019
- Dr Paul Burrows (BBSRC nomination) appointed 7 November 2018
- David Parfrey (BBSRC nomination) resigned 7 November 2018
- Professor David Richardson (UEA nomination)

• **Recruitment, induction and training of Trustees**

New trustees receive appropriate induction training, including meeting with key stakeholders to learn about the Quadram Institute and get more involved with the Charity's work.

All Trustees receive regular briefings on key issues facing the charity.

• **Trustee remuneration**

None of the Trustees received any remuneration in the year in respect of their role as Trustees.

• **Key Management Personnel**

There are no employees except the Trustees.

The Trustees delegate management of the day-to-day activities of the charitable company to a QI Executive Group consisting of representatives from the four partners.

QI PARTNERS
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

• **Related parties**

QIB

QIB is a member of the charitable company. On 29 March 2019, QI Partners and QIB entered into lease agreements for accommodation in the new Quadram Institute building.

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.

QIB's parent undertaking and controlling party is UEA.

UK Research and Innovation - BBSRC

BBSRC is a member of the charitable company. BBSRC has awarded QI Partners grant funding to support the construction of the new building.

UEA

UEA is a member of the charitable company. UEA has awarded QI Partners grant funding to support the construction of the new building.

NNUH

NNUH is a member of the charitable company. On 29 March 2019, QI Partners and NNUH entered into a lease agreement for space in the new Quadram Institute building to accommodate its regional gastrointestinal endoscopy unit and clinical research facility.

NBI Partnership Limited

QIB is a member of NBI Partnership Limited ("NBIP"). NBIP supplies support and administrative services to QI Partners alongside QIB and three other research organisations on the Norwich Research Park (John Innes Centre, Earlham Institute and The Sainsbury Laboratory).

Going concern

The Trustees have reviewed whether it is appropriate for the financial statements to be prepared on a going concern basis. Having considered cash flow forecasts to March 2023 which incorporate the completion of the construction of the Quadram Institute building, and the operation of the building by the charitable company as landlord, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

The Trustees have therefore concluded that it remains appropriate to prepare the financial statements on a going concern basis.

QI PARTNERS
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

Trustees' responsibilities statement

The Trustees (who are also directors of QI Partners for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Legislation in the United Kingdom 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 QI Partners to be charitable in nature.

QI PARTNERS
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

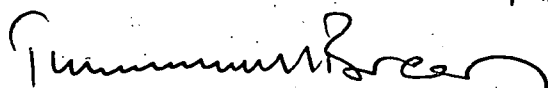
Insurance Disclosure

QI Partners 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

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

This report was approved by the Trustees, on 10/12/2019 and signed on their behalf by:



Tim Brears
Trustee

QI PARTNERS
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QI PARTNERS

Opinion

We have audited the financial statements of QI Partners (the 'Charitable Company') for the year ended 31 March 2019 set out on pages 13 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

QI PARTNERS
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QI PARTNERS

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

QI PARTNERS
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QI PARTNERS

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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 Auditors' 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.



Anders Rasmussen FCA (Senior statutory auditor)

for and on behalf of

Larking Gowen LLP

Chartered Accountants &
Statutory Auditors

King Street House
15 Upper King Street
Norwich
NR3 1RB

Date: 11/12/2019

QI PARTNERS
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:					
Donations and legacies	2	-	1,070	1,070	14,452
Charitable activities	3	1,171	-	1,171	-
Investments	4	21	-	21	1
Total income		1,192	1,070	2,262	14,453
Expenditure on:					
Charitable activities	5	1,192	35,731	36,923	114
Total expenditure		1,192	35,731	36,923	114
Net income / (expenditure) before other recognised gains and losses		-	(34,661)	(34,661)	14,339
Net movement in funds		-	(34,661)	(34,661)	14,339
Reconciliation of funds:					
Total funds brought forward		-	59,307	59,307	44,968
Total funds carried forward		-	24,646	24,646	59,307

The notes on pages 16 to 25 form part of these financial statements.

QI PARTNERS
(A company limited by guarantee)
REGISTERED NUMBER: 09604451

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£000	2019 £000	2018 £000
Fixed assets				
Tangible assets	7		25,299	74,332
Current assets				
Debtors	8	5,457		58
Cash at bank and in hand		2,513		6,803
		<u>7,970</u>		<u>6,861</u>
Creditors: amounts falling due within one year	9	<u>(4,848)</u>		<u>(17,136)</u>
Net current assets/(liabilities)			<u>3,122</u>	<u>(10,275)</u>
Total assets less current liabilities			<u>28,421</u>	<u>64,057</u>
Creditors: amounts falling due after more than one year	10		<u>(3,775)</u>	<u>(4,750)</u>
Net assets			<u><u>24,646</u></u>	<u><u>59,307</u></u>
Charity Funds				
Restricted funds	11		<u>24,646</u>	<u>59,307</u>
Total funds			<u><u>24,646</u></u>	<u><u>59,307</u></u>

The financial statements were approved and authorised for issue by the Trustees on 12/12/2019 and signed on their behalf, by:

Tim Brears

The notes on pages 16 to 25 form part of these financial statements.

QI PARTNERS
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	13	(20,269)	13,184
Cash flows from investing activities:			
Dividends, interest and rents from investments		21	-
Proceeds from the sale of tangible fixed assets (lease premiums receivable)		21,290	-
Purchase of tangible fixed assets		(5,917)	(31,509)
Capital grants received		1,070	14,452
Net cash provided by/(used in) investing activities		16,464	(17,057)
Cash flows from financing activities:			
Cash inflows/(outflows) from new borrowing/(repayments)		(325)	4,400
Interest payable		(160)	(52)
Net cash (used in)/provided by financing activities		(485)	4,348
Change in cash and cash equivalents in the year		(4,290)	475
Cash and cash equivalents brought forward		6,803	6,328
Cash and cash equivalents carried forward	14	2,513	6,803

The notes on pages 16 to 25 form part of these financial statements.

QI PARTNERS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

QI Partners meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The accounts are presented in Sterling (£) which is the functional currency of the Charity and rounded to the nearest £'000.

1.2 Company status

The Company is a company limited by guarantee incorporated in England and Wales, registration number 09604451. The members of the company are the Trustees named on page 1. In the event of the Company being wound up, the liability in respect of the guarantee is limited to £10 per member of the Company.

The registered office is Quadram Institute Bioscience, Norwich Research Park, Colney Lane, Norwich, NR4 7UQ.

1.3 Going concern

The Trustees have reviewed whether it is still appropriate for the financial statements to be prepared on a going concern basis. Having considered cash flow forecasts to March 2023, which incorporate the completion of the construction of the Quadram Institute building, and the operation of the building by the charitable company as landlord, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

The Trustees have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

QI PARTNERS
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies (continued)

1.4 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Charitable grant income represents grants received and receivable in the year from outside granting bodies and other miscellaneous income. Capital grants are recognised in the Statement of Financial Activities ("SoFA") when entitlement passes, which is typically on receipt.

Grant funding is released to match expenditure incurred during the year together with any related contributions towards overhead costs.

Donated services or facilities are recognised when the Company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the Company of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Company which is the amount the Company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Lease premium income is recognised at the commencement of the lease term. When income has been received in advance of the commencement of the lease term, the income is deferred.

Other income represents bank interest received.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Charitable activities and Governance costs are costs incurred on the Company's operations, including support costs and costs relating to the governance of the Company apportioned to charitable activities.

1.6 Tangible fixed assets and depreciation

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

QI PARTNERS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	60 years
Fixtures and fittings	-	10 years
Soft furnishings	-	5 years

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the Bank.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Creditors

Short term creditors are measured at the transaction price. They are non-interest bearing and are stated at their nominal value.

Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.12 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies (continued)

1.13 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgment:

The share of the costs incurred on the construction of the Quadram Institute building which are attributable to the areas for which finance leases have been granted, and those attributable to the shared areas which have been retained.

2. Income from grants

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
BBSRC	-	1,070	1,070	14,452
<i>Total 2018</i>	-	14,452	14,452	

3. Income from charitable activities

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Advancement of education in food and health sciences and the advancement of health	1,171	-	1,171	-

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4. Investment income

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Other interest receivable	21	-	21	1
<i>Total 2018</i>	-	1	1	

5. Direct costs

	Advancement of education £000	Total 2019 £000	Total 2018 £000
Audit and accountancy	29	29	32
Equipment	1,408	1,408	3
Loan interest	160	160	52
Support costs	-	-	18
Relocation costs	151	151	8
Other	-	-	1
Catering subs	87	87	-
Telephone, fax & internet	15	15	-
Utilities	274	274	-
Insurance	50	50	-
Rent and rates	74	74	-
Intelligent client	41	41	-
Facilities maintenance	971	971	-
Tenant only costs	3	3	-
Lease of building to related parties	33,660	33,660	-
	36,923	36,923	114
<i>Total 2018</i>	114	114	

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**NOTES TO THE FINANCIAL STATEMENTS
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6. Net income/(expenditure)

This is stated after charging:

	2019 £000	2018 £000
Auditors' remuneration - audit	6	6
Auditors' remuneration - other services	1	1

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2018 - £NIL).

7. Tangible fixed assets

	Freehold property £000	Fixtures and fittings £000	Soft furnishings £000	Assets under construction £000	Total £000
Cost					
At 1 April 2018	-	-	-	74,332	74,332
Additions	-	-	-	5,917	5,917
Disposals (building leases)	(54,950)	-	-	-	(54,950)
Transfer between classes	78,138	1,421	690	(80,249)	-
At 31 March 2019	23,188	1,421	690	-	25,299
Depreciation					
At 1 April 2018 and 31 March 2019	-	-	-	-	-
Net book value					
At 31 March 2019	23,188	1,421	690	-	25,299
At 31 March 2018	-	-	-	74,332	74,332

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

8. Debtors

	2019 £000	2018 £000
Due after more than one year		
Trade debtors	3,200	-
Due within one year		
Trade debtors	2,219	-
Other debtors	-	58
Prepayments and accrued income	38	-
	<u>5,457</u>	<u>58</u>

9. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to related parties	1,300	650
Trade creditors	660	40
Other taxation and social security	803	-
Accruals and deferred income	2,085	16,446
	<u>4,848</u>	<u>17,136</u>

	£000
Deferred income	
Deferred income at 1 April 2018	15,873
Resources deferred during the year	6,041
Amounts released (lease premiums receivable)	(21,290)
Deferred income at 31 March 2019	<u>624</u>

10. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Amounts owed to related parties	<u>3,775</u>	<u>4,750</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

11. Statement of funds

Statement of funds - current year

	Balance at 1 April 2018 £000	Income £000	Expenditure £000	Balance at 31 March 2019 £000
Unrestricted funds				
General Funds	-	1,192	(1,192)	-
Restricted funds				
Other capital grants	59,307	1,070	(35,731)	24,646
Total of funds	59,307	2,262	(36,923)	24,646

Statement of funds - prior year

	Balance at 1 April 2017 £000	Income £000	Expenditure £000	Balance at 31 March 2018 £000
Restricted funds				
Restricted Funds	44,968	14,453	(114)	59,307
Total of funds	44,968	14,453	(114)	59,307

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	25,299	25,299
Debtors due after more than 1 year	-	3,200	3,200
Current assets	629	4,141	4,770
Creditors due within one year	(629)	(4,219)	(4,848)
Creditors due in more than one year	-	(3,775)	(3,775)
	<u>-</u>	<u>24,646</u>	<u>24,646</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	74,332	74,332
Current assets	-	6,861	6,861
Creditors due within one year	-	(17,136)	(17,136)
Creditors due in more than one year	-	(4,750)	(4,750)
	<u>-</u>	<u>59,307</u>	<u>59,307</u>

13. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £000	2018 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(34,661)	14,339
Adjustment for:		
Dividends, interest and rents from investments	(21)	-
Lease of building to related parties	33,660	-
(Increase)/decrease in debtors	(5,399)	1,597
(Decrease)/increase in creditors	(12,938)	11,648
Capital grants receivable	(1,070)	(14,452)
Interest payable	160	52
Net cash (used in)/provided by operating activities	<u>(20,269)</u>	<u>13,184</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

14. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	2,513	6,803
Total	<u>2,513</u>	<u>6,803</u>

15. Capital commitments

At 31 March 2019 the Company had capital commitments as follows:

	2019 £000	2018 £000
Contracted for but not provided in these financial statements	<u>-</u>	<u>3,124</u>

16. Related party transactions

Quadram Institute Bioscience

The Quadram Institute Bioscience (QIB) is a related party by virtue of being a member of the charity. During the year, no further loan amount was drawn down (2018: £4,400,000). The loan is unsecured, and interest is charged at 3% per annum. During the year, interest of £160,407 was charged (2018: £52,142). The loan balance owed to QIB at the year end was £5,075,000 (2018: £5,400,000). Service charge income from QIB of £649,503 was received during the year (2018: £nil). The balance owed to the charitable company by QIB at the year end is £nil (2018: £nil).

During the year, part of the Quadram Institute building was leased to QIB on a 60 year lease at peppercorn rent. The value of tangible fixed assets has been reduced accordingly.

UK Research and Innovation - Biotechnology and Biological Sciences Research Council (BBSRC)

BBSRC is a related party by virtue of being a member of the charity. During the year, QI Partners received capital grants of £1,070,000 (2018: £11,591,703). The balance owed to the charitable company by BBSRC at the period end is £nil (2018: £nil).

University of East Anglia

The University of East Anglia (UEA) is a related party by virtue of being a member of the charity. During the year, QI Partners made sales to UEA totalling £8,333 in relation to the sale of café equipment. The balance owed to the charitable company by UEA at the year end was £nil (2018: £nil). Charges of £84,237 (2018: £nil) were incurred during the year relating to the provision of project management and cafe services. The balance owed to UEA at year end was £nil (2018: £nil).

Norfolk and Norwich University Hospital

The Norfolk and Norwich University Hospital (NNUH) is a related party by virtue of being a member of the charity. During the year, QI partners recognised lease premium payments from NNUH of £5,416,667 (2018: £nil) and service charges of £482,900 (2018: £nil). The balance owed to the charitable company by NNUH at the period end is £5,419,120 (2018: £nil) in relation to lease premiums and service charges invoiced in advance.

During the year, part of the Quadram Institute building was leased to NNUH on a 60 year lease at peppercorn rent. The value of tangible fixed assets has been reduced accordingly.