

QUADRAM INSTITUTE BIOSCIENCE

Annual Report and Accounts
for the year ended 31 March 2017

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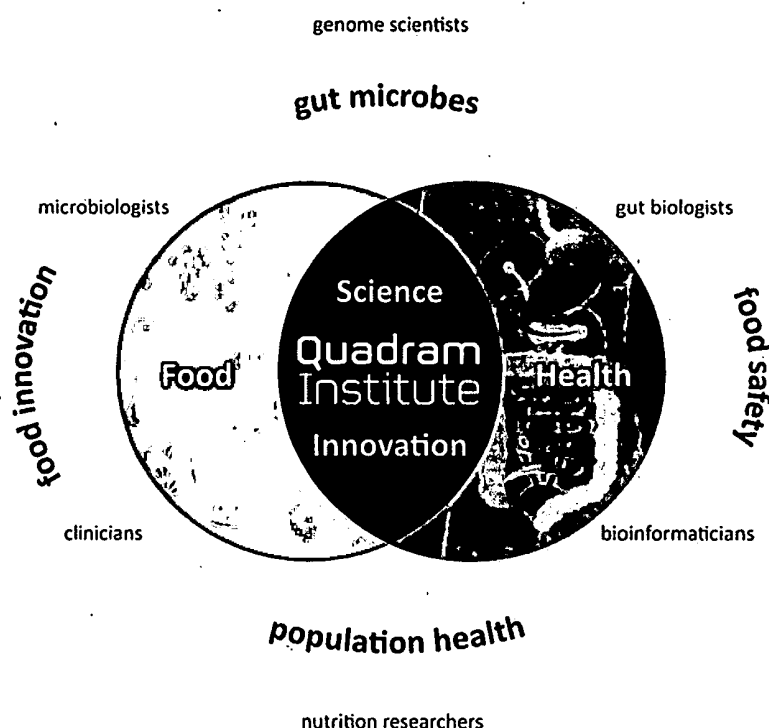
Quadram Institute Bioscience (formerly The Institute of Food Research) is a company limited by guarantee and a registered charity: registered company number: 03009972; registered charity number: 1058499.

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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 is on schedule to be completed by mid-2018. The Quadram Institute will be 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 will bring together research teams from the former Institute of Food Research, the Norfolk and Norwich University Hospitals NHS Foundation Trust and the University of East Anglia, as well as NNUH's regional gastrointestinal endoscopy unit.



The new centre is being funded by these partners and the Biotechnology and Biological Sciences Research Council (BBSRC). The Quadram Institute will have the capacity for 300 research staff with a further 100 staff supporting one of Europe's largest endoscopy facilities. It will be 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 will combine scientific excellence and clinical expertise, delivering patient care and accelerating innovation.

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

INTRODUCTION TO THE ANNUAL REPORT

The Quadram Institute Bioscience trustees 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 2017 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 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).

STRATEGIC REPORT

TRANSITION TO QUADRAM INSTITUTE BIOSCIENCE

As a first step to realising the ambition of the Quadram Institute, the former Institute of Food Research (IFR) realigned its science strategy to deliver to the vision of the new centre. In preparation for the full opening of the Quadram Institute in 2018, IFR transitioned into Quadram Institute Bioscience on 28 April 2017 and changed its name. The registered office remains the same until it moves to the new building mid-2018.

Quadram Institute Bioscience 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. Quadram Institute Bioscience will build upon its vision of excellence, with an ambitious programme to increase the number of Research

Leaders in the new centre 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.

Quadram Institute Bioscience 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

Much has been done to progress the successful establishment of the new Quadram Institute and its component parts. Interdisciplinary teams are working together to prepare for the launch of the new centre to ensure that the whole is much greater than the sum of the parts, and the defined benefits of the Quadram Institute are delivered. Scientists will work with clinicians and be closely aligned with major national and international funding bodies and charities, collaborators and investors.

Key milestones achieved in the year include:

- Establishment of governance arrangements for the Quadram Institute;
- Development of a benefits realisation plan for the Quadram Institute;
- Re-branding of IFR and launch of Quadram Institute Bioscience;
- Significant advances in recruitment of world-class scientists;
- Submission of an application to the BBSRC for a four-year strategic funding programme commencing April 2018.

Scientific achievements during this period include:

Lindsay Hall's lab has uncovered a new mechanism linking bacteria in the gut to Inflammatory Bowel Disease (IBD). It has found that certain bacteria release molecules that interact with the lining of the gut to influence a process known as epithelial cell shedding. This shedding process is vital to maintaining a healthy gut lining, as it ensures that dead cells are replaced with a healthy turnover of new cells. However, in patients with IBD this shedding process happens more rapidly than cells can be replaced. This pathological cell shedding can in turn lead to a 'leaky' gut barrier.

IBD has been linked to changes in the community of resident gut microbes, or the 'microbiota', before. IBD patients typically have a less diverse microbiota, and are depleted in certain bacterial species. But until now, we have had only limited insights as to why this is important in the context of this disease.

Computational biologist Tamás Korcsmáros from Quadram Institute Bioscience and Earlham Institute has led research looking at the complex networks of interacting proteins that drive cancer formation, and found that targeting the neighbours of cancer-causing proteins may be just as effective as focusing on the cancer proteins themselves. To understand cancer and block its progression, scientists have identified which proteins are changed in different cancers, and targeted these with drugs that block their activities, so halting cancer progression.

Whilst this is effective against some cancers, for others, such as 'solid' cancers in the bowel and lung, chemotherapy has only moderate success. New targets for novel chemotherapy drugs are urgently needed, and a new approach to finding the best targets in the complex protein networks that control our cells may point the way.

A new study conducted by Mike Peck's lab has filled a gap in our knowledge of germination of *Clostridium botulinum*, one of the most dangerous causes of food poisoning. *C. botulinum* bacteria produce a highly potent neurotoxin that if present in the body causes botulism, which often leads to paralysis and sometimes death. The tiniest amounts, less than a thousandth of a grain of salt, are enough to cause botulism, so great efforts have been made to prevent it getting into our food.

This new research reports on efforts to understand how *C. botulinum* spores germinate. This is a crucial step in the life of *C. botulinum* as spores can be found throughout the environment. Such spores can commonly be found on raw food ingredients, but only cause botulism after the spores have germinated, leading to cells that multiply and start producing neurotoxin.

In the last year, the lives of 20 patients diagnosed with *Clostridium difficile* (commonly referred to as *C. diff*) a bacterium that infects the gut, have been transformed by the use of a clinical procedure known as Faecal Microbiota Transplantation (FMT) arising from a collaboration between Arjan Narbad and the Norfolk and Norwich University Hospital. Following national guidance from NICE, a pilot treatment scheme was introduced which has had a 90% success rate.

Community acquired *C. diff* rates are increasing nationally as people are living longer, often with multiple illnesses, and need recurrent treatment with antibiotics or have weakened immune systems. These patients are often admitted to hospital due to the severity of their symptoms. Prior to this new treatment, the only options for treatment were antibiotics. Paradoxically, antibiotics are the biggest risk factor for developing *C. diff* infection. It is therefore unsurprising that up to a third of *C. diff* patients treated with

antibiotics experienced relapses thus setting up a cycle of recurrence. This new treatment is effective because it restores healthy gut bacteria. It is a natural product which is very well tolerated with no significant side effects. It also delivers considerable cost savings as well as delivering a higher cure rate for patients compared to the use of antibiotics.

Researchers from Simon Carding's lab, working with the University of East Anglia and the charity Invest In ME, published a review of evidence regarding the role of the gut microbiota and in particular the virome in Myalgic Encephalomyelitis/Chronic Fatigue Syndrome (ME/CFS).

Commonly presenting with hugely diverse and debilitating symptoms including: post-exertional tiredness; unrefreshing sleep; concentration problems and widespread pain, ME/CFS is very difficult to diagnose and treat. The disease affects around 250,000 people in the UK and, with an average age of 33, patients are often affected at a highly demanding time in life. Direct and indirect economic costs are estimated in the USA to be \$20 billion annually. The severity of symptoms varies. Around 25% of sufferers will be classed as disabled; often house and bed bound at some point in their lives with periods of relapse and remission common and only 6% returning to full health. The Quadram Institute will be a focal point for UK and European biomedical research into the causes of ME.

The Institute hosted two major international conferences during the year, one was held at the Royal Society, London, with the New York Academy of Sciences, Food-Microbiome Interaction: Implications for Health and Disease and the other was dedicated to the study of bioactives and health held in Norwich.

Quadram Institute Bioscience was also a member of the winning consortium to establish EIT-Food (a European Knowledge Innovation Centre in Food) with access to a €360m fund over seven years.

The Institute's scientists continued to contribute their expertise to the news media, with regular mentions across all the major news outlets. Its social media channels saw an increase in followers by over 22% during the year.

Public engagement continues to be a priority of the Institute. We engage with primary and secondary care and patient groups, as well as with organisations such as the University of the Third Age, to help inform our science. Our engagement with schools is also an important aspect of our work as we aim to inspire the next generation of scientists.

PLANS FOR 2017/18

Key priorities

- Delivery of academic excellence;
- Further recruitment of world class scientists;
- Completion of £multi-million building on time and on budget;
- Preparation of seamless transition into new building;
- Commence implementation of the benefits realisation plan.

The new Quadram Institute building has been designed to support the delivery of the Quadram Institute Bioscience objectives and the broader remit of the Quadram Institute. The open-plan shared working spaces and the co-location of clinical and research activities encourage the stimulation of new scientific initiatives across the clinical:research interface.

There are many different work streams planning the smooth transition and move in order that we will be fully operational with our partners in the building from the outset.

In summary, the Institute brings together a unique partnership between food, health and microbiome research with clinical trials and endoscopy under one roof. It is located at the heart of a bioscience campus, generating a powerhouse for fundamental and translational research at the Norwich Research Park. Quadram Institute Bioscience fills a distinctive and significant research gap, creating a hub for this societally and economically important area of science.

FINANCIAL REVIEW

Key performance indicators

Quadram Institute Bioscience's key financial performance indicators during the year were as follows:

	2017	2016
	£m	£m
Income excluding capital grants	15.2	15.1
Increase in unrestricted reserves	0.65	0.12
Unrestricted general & designated reserves	17.3	16.4
Cash	30.9	30.7
Value of grant submissions	17.4	16.6
Value of grant awards	3.9	4.1

The main non-financial KPI is institute publications in relevant scientific journals.

Income

Total incoming resources for the year were £15.3m (2016: £15.2m). Income excluding capital grants was £15.2m (2016: £15.1m).

Quadram Institute Bioscience's principal sponsor is the BBSRC, which contributed 78% of total incoming resources (2016: 76%). 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 £17.9m (2016: £17.0m). The increase in the year reflects additional depreciation, which was £1.4m higher than 2016 as depreciation of the current Quadram Institute Bioscience building has been accelerated in line with plans to vacate it by mid-2018.

Staff costs accounted for £7.3m (41%) (2016: £7.5m; 44%) of expenditure.

Subsidiaries

Quadram Institute Bioscience's trading subsidiaries – IFR Enterprises Limited and QIB Extra Limited – contributed an operating profit of £293,000 (2016: £444,000).

Net Movement in Reserves

Quadram Institute Bioscience recorded a net increase in unrestricted reserves of £0.65m (2016: £0.12m). Restricted reserves decreased by £3.2m (2016: £2.0m), principally due to depreciation costs.

Cash

Group cash at March 2017 was £30.9m (2016: £30.7m).

Quadram Institute Bioscience 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 £225,000 (2016: £288,000).

Reserves position

Total group reserves decreased by £2.6m in the year to £35.1m (2016: £1.9m to £37.6m).

Restricted reserves decreased by £3.2m to £16.8m, of which £13.1m has been designated in relation to lease costs associated with a new building for the Institute as part of the planned development of the Quadram Institute.

Unrestricted reserves increased by £0.65m in the year to £18.2m (2016: £17.6m), of which £13.9m has been designated in relation to planned capital and science investment associated with the development of the Quadram Institute.

Reserves policy

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

- Future operational and capital expenditure requirements in the 5-year Business Plan;
- 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, £13.9m of unrestricted reserves have been designated in relation to planned capital and science investment associated with the Quadram Institute. £6.5m has been designated in connection with Quadram Institute Bioscience's lease and loan commitments in connection with the new Quadram Institute building. This reserve is anticipated to be used in 2018.

A further £7.4m has been designated in connection with planned investment in new science positions, projects and technology to support the science vision for the Quadram Institute. This reserve is anticipated to be used between 2018 and 2022.

Unrestricted general reserves at March 2017 were £3.3m, which compares to 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 Charity 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.

Principal risks and uncertainties

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

Risk area	Description of Risk	Management of Risk
Future BBSRC research funding	<ul style="list-style-type: none"> ➤ BBSRC strategic funding for institutes is reduced due to budgetary pressures. ➤ BBSRC strategic funding is reduced due to scientific performance. 	<ul style="list-style-type: none"> ➤ Regular monitoring of scientific performance against strategic programme objectives. ➤ Regular communication with BBSRC to report performance and ensure strategic alignment of research programmes.
Staff retention and recruitment	<ul style="list-style-type: none"> ➤ Quadram Institute Bioscience is unable to retain or attract suitably skilled staff to enable it to deliver its science strategy. ➤ In addition to scientific impact, this risk area could also have an impact on the level of funding the institute is able to attract. 	<ul style="list-style-type: none"> ➤ Strategy and action plans in place, aligned to development of Quadram Institute. ➤ Career development programmes in place to support high potential staff. ➤ Performance Management processes in place.
New Quadram Institute	<ul style="list-style-type: none"> ➤ Strategy for the new Quadram Institute is not agreed between the partners. ➤ The new Quadram Institute is not able to attract suitably skilled staff to enable it to deliver its strategy. ➤ Benefits from the project are not delivered. 	<ul style="list-style-type: none"> ➤ Governance arrangements in place. ➤ Strategy agreed and communicated. ➤ Recruitment plans in progress. ➤ Project plan in place, with identified work streams, terms of reference and appropriate partner representation. ➤ Project assurance framework in place.
New Building	<ul style="list-style-type: none"> ➤ New building cannot be completed within agreed budget. ➤ New building cannot be completed within agreed timescales. ➤ Facilities management arrangements are not fit for purpose or are poor value for money. 	<ul style="list-style-type: none"> ➤ Budget in place with appropriate contingency allowance. ➤ Majority of work packages agreed. ➤ Controls in place over change events. ➤ Facilities management work stream in place with representation from all partners and supported by advisers.
Technology Investment	<ul style="list-style-type: none"> ➤ Quadram Institute Bioscience is unable to keep pace with developments in technology underpinning its science. ➤ Funding is inadequate to sustain and improve technology facilities necessary to deliver scientific objectives. 	<ul style="list-style-type: none"> ➤ Technology strategy has been updated alongside strategy for the Quadram Institute. ➤ Reserves have been designated to support future investment.
Compliance with sponsor funding requirements	<ul style="list-style-type: none"> ➤ Quadram Institute Bioscience fails to comply with sponsor grant requirements resulting in a material financial impact. 	<ul style="list-style-type: none"> ➤ Quadram Institute Bioscience is subject to regular reviews of its grant compliance processes from sponsors and the Research Council's UK internal auditors.
Impact of leaving EU	<ul style="list-style-type: none"> ➤ Quadram Institute Bioscience is not able to access EU programme funding or participate in EU research collaborations. ➤ Quadram Institute Bioscience is not able to recruit or retain researchers from EU member countries. 	<ul style="list-style-type: none"> ➤ Regular dialogue with BBSRC and other key stakeholders on risks and emerging issues with respect to potential changes in arrangements.

TRUSTEES' REPORT

GOVERNANCE AND MANAGEMENT

Organisation and governance

Quadram Institute Bioscience is a company limited by guarantee (registered number 03009972) and a registered charity (number 1058499). Quadram Institute Bioscience is governed by its Memorandum and Articles of Association, adopted 24 September 2012.

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 the Chair and up to eight additional members. The Trustees who served during the year and up to the date of signing these financial statements were:

Trustees	Sub-committees	Changes during the period
<i>At date of Report:</i>		
Dr T Brears (Chair)	Remuneration & Nomination Committee	-
Mr I Black	Remuneration & Nomination Committee (Chair)	-
Dr C Caulcott	-	Appointed 14 August 2017
Dr B Flambard	-	Appointed 14 August 2017
Prof D Maskell	Science Impact and Advisory Committee (Chair)	-
Prof P Morgan	-	Appointed 1 September 2017
Prof S Walker	Audit & Risk Committee	-
Mr S West	Audit & Risk Committee (Chair)	-
Prof C Williams	Science Impact and Advisory Committee	-
<i>Served during the year:</i>		
Mr R Dickinson	Remuneration & Nomination Committee	Resigned 19 May 2017
Dr R Platt	Audit & Risk Committee; Remuneration & Nomination Committee	Resigned 19 May 2017

The Board has established Board sub-committees to assist the Trustees in exercising their company and charity stewardship responsibilities. The Audit and Risk Committee, chaired by Mr Steve West, oversees internal controls, risk management and audit. The Remuneration and Nominations Committee, chaired by Mr Ian Black, considers remuneration, nominations, talent and succession.

The Trustees, in conjunction with the Institute Director, have also formed a Science Impact and Advisory Committee to assist the development and maintenance of Quadram Institute Bioscience's science in relation to direction, balance, strategic relevance and quality.

Members

The Members of Quadram Institute Bioscience are:

- The Biotechnology and Biological Sciences Research Council ("BBSRC");
- University of East Anglia ("UEA"); and
- The Chair of the Board of Trustees.

BBSRC and UEA each have the right to nominate an "observer" to attend Board meetings. Observers are not entitled to vote and do not hold any authorities.

The Members are all guarantors of Quadram Institute Bioscience, a company limited by guarantee and a registered charity, of an amount not exceeding £1, and for a year after resignation.

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 Quadram Institute Bioscience's scientists and briefings on key issues facing the organisation.

Trustee remuneration

Quadram Institute Bioscience 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 Quadram Institute Bioscience's Articles of Association and has been approved by the Charities Commission. During the year, Mr Ian Black received remuneration of £450 (2016: £300) in connection with his role as Chair of the Remuneration and Nominations Committee. Mr Steve West received remuneration of £2,119 (2016: £nil) in relation to his role as Chair of the Quadram Institute Bioscience 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 (2016: none).

Six members of the Board of Trustees were reimbursed for travel expenses incurred during the year (2016: eight). The total amount reimbursed was £4,464 (2016: £6,653).

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 personnel	Role
Prof I Charles	Institute Director (EB Chair)
Dr M Anderson	Head of Contracts (NBI Partnership Coordinator)
Prof S Carding	Leader Gut Health and Food Safety ISP
Mr D Foreman	Finance Director
Mrs L Knight	Head of Corporate Affairs and Communications
Prof R Mithen	Leader Food and Health ISP
Ms A O'Halleron	Head of HR
Prof M Peck	Nominated senior scientific representative
Dr R Wilson	Deputy Director Science Operations

Employees

All staff employed by Quadram Institute Bioscience on 30 September 2011 ("the Deployed Employees") became BBSRC employees on 1 March 2012 and were deployed back to the Institute under conditions set out in the Deployment Agreement. The employees were previously employed by the institute and subject to BBSRC terms and conditions. Quadram Institute Bioscience retains responsibility for paying employment costs in relation to the Deployed Employees, including basic pay and allowances, contractual payments, tax, NI and pension contributions. Quadram Institute Bioscience does not have any liability for pensions for the Deployed Employees other than for monthly employer contributions, the rate of which is determined periodically by the Government Actuary's Department. Aligned to the timing of the Deployment Agreement, the institute has recruited all new staff on its own Terms and Conditions, covering basic pay and allowances, contractual payments, tax, NI, and liabilities for pension contributions and redundancy.

Communication

Quadram Institute Bioscience 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 Quadram Institute Bioscience's position and any significant organisational changes.

Equality and Diversity

It is the Charity'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 Charity 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 Charity's policies follow these principles.

RELATED PARTIES

Subsidiaries

Quadram Institute Bioscience's subsidiaries in the year were as follows:

- IFR Enterprises Limited (contract research);
- QIB Extra Limited (contract research) – formerly IFR Extra Limited;
- IFR NRP Capital Limited (dormant).

NBI Partnership

Quadram Institute Bioscience has a 25% interest in NBI Partnership Limited ("NBIP"). NBIP supplies support and administrative services to Quadram Institute Bioscience 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)

Quadram Institute Bioscience became a member of QI Partners on 22 May 2016. The other members are BBSRC, UEA and the Norfolk and Norwich University Hospitals NHS Foundation Trust (NNUH). QI Partners has been established for the purposes of constructing the new Quadram Institute building and providing such facilities for charitable use. Quadram Institute Bioscience does not have any significant influence on QI Partners' financial and operating policies.

During the year, Quadram Institute Bioscience entered into an agreement to lease accommodation in the new Quadram Institute building from QI Partners. Quadram Institute Bioscience will pay a lease premium of £14.1m. In addition, Quadram Institute Bioscience 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 2017, £1.0m of the facility has been drawn down by QI Partners (2016: £1.0m). Interest is payable on the loan at a rate of 3.0% pa.

University of East Anglia

University of East Anglia ("UEA") is a member of the charitable company. The majority of PhD students are registered with the UEA.

Norwich Research Partners LLP

Quadram Institute Bioscience is a member of NRP LLP through its 100% subsidiary, IFR NRP Capital Limited. The objective of NRP 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.

Quadram Institute Bioscience is entitled to receive a share of certain profits generated by NRP LLP, however it has no liability for losses or in the event of insolvency. NRP LLP has not yet generated any profits.

BBSRC

BBSRC is a member of the charitable company.

Quadram Institute Bioscience is strategically funded, along with seven other institutes, by BBSRC. BBSRC supports Quadram Institute Bioscience 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.

GOING CONCERN

The Institute is reliant on its strategic programme funding from BBSRC, which was £9.8m in the year (2016: £9.7m). The current strategic funding award ends in March 2018 and the Institute has recently bid for further strategic funding for the period to March 2022.

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 2018, the Trustees have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Trustees (who are also directors of Quadram Institute Bioscience for the purposes of company law) 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 the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

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 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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 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 Quadram Institute Bioscience to be charitable in nature.

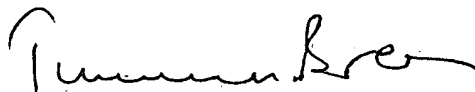
Insurance Disclosure

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

Grant Thornton UK 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
21 September 2017

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

We have audited the financial statements of Quadram Institute Bioscience for the year ended 31 March 2017 which comprise the consolidated statement of financial activities, the note of operating deficit on a historical cost basis, the consolidated and charitable company balance sheets, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland.

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.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 Strategic Report and Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Trustees' Annual Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records or 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.



Anders Rasmussen
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Norwich
25 September 2017

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2017

(Incorporating an income and expenditure account)

	Note	Unrestricted funds £000	Restricted general funds £000	Restricted capital funds £000	Total 2017 £000	Total 2016 £000
Incoming resources						
<i>Income from Charitable activities</i>						
Grant income		9,833	3,741	-	13,574	13,104
Capital and maintenance grants		-	20	64	84	95
Other charitable income		635	-	-	635	695
<i>Income from other trading activities</i>						
Trading income		733	-	-	733	976
<i>Investment income</i>		258	-	-	258	306
Total income	2	11,459	3,761	64	15,284	15,176
Expenditure						
Charitable activities		(9,654)	(3,641)	(3,903)	(17,198)	(16,348)
Raising funds		(182)	-	-	(182)	(166)
Trading expenditure		(468)	-	(3)	(471)	(511)
Total expenditure	3	(10,304)	(3,641)	(3,906)	(17,851)	(17,025)
<i>Transfers</i>						
Capital transfers		(620)	-	620	-	-
Other transfers		120	(120)	-	-	-
Net income/(expenditure) and net movement in funds for the year		655	-	(3,222)	(2,567)	(1,849)
Funds brought forward	18	17,573	-	20,051	37,624	39,473
Funds carried forward	18	18,228	-	16,829	35,057	37,624

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.

NOTE OF CONSOLIDATED OPERATING DEFICIT ON A HISTORICAL COST BASIS **FOR THE YEAR ENDED 31 MARCH 2017**

	Total 2017 £000	Total 2016 £000
Operating deficit	(2,567)	(1,849)
Difference between historical cost depreciation and actual depreciation charge for the year calculated on the revalued amount	(101)	(97)
Operating deficit on a historical cost basis	(2,668)	(1,946)

The accompanying notes form part of these financial statements.

CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS

AS AT 31 MARCH 2017

		Group 2017	Group 2016	Company 2017	Company 2016
	Note	£000	£000	£000	£000
Tangible assets	9	4,607	8,077	4,605	8,072
Intangible assets	10	129	65	129	65
Total fixed assets		4,736	8,142	4,734	8,137
<i>Current assets</i>					
Debtors	12	3,501	4,040	3,500	3,988
Cash at bank and in hand	13	30,886	30,734	30,528	30,278
		34,387	34,774	34,028	34,266
<i>Current liabilities</i>					
Creditors: amounts falling due within one year	14	(3,832)	(5,056)	(3,741)	(4,980)
Net current assets		30,555	29,718	30,287	29,286
Total assets less current liabilities		35,291	37,860	35,021	37,423
Provisions for liabilities and charges	16	(234)	(236)	(234)	(236)
Net assets	17	35,057	37,624	34,787	37,187

Funds

Unrestricted funds

Fixed assets reserve	18	977	1,161	972	1,156
Designated strategic reserve	18	13,930	12,780	13,930	12,780
General reserve	18	3,321	3,632	3,053	3,200
		18,228	17,573	17,955	17,136

Restricted funds

Fixed assets reserve	18	3,759	6,981	3,762	6,981
Designated capital reserve	18	13,070	13,070	13,070	13,070
		16,829	20,051	16,832	20,051

Total funds	18	35,057	37,624	34,787	37,187
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Quadram Institute Bioscience includes in its financial statements leasehold land and buildings, that it leases for nil consideration but which are owned by third parties, at their full freehold value. The Trustees consider that in substance the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets. These assets will be vacated in mid-2018 when Quadram Institute Bioscience moves to the new premises. As such the depreciation of the current building has been accelerated to reduce the net book value to nil at that point.

The financial statements, on pages 13 to 30 were approved by the Board of Trustees on 21 September 2017 and were signed on its behalf by:



Dr T Brears, Trustee Chair

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Total 2017 £000	Total 2016 £000
Cash flow from operating activities		
Operating deficit	(2,567)	(1,849)
Interest receivable	(258)	(306)
Depreciation	3,906	2,557
Capital grants received	(64)	(53)
Profit on disposal of tangible assets	(5)	-
Decrease in debtors	539	1,536
Decrease in creditors	(1,224)	(1,785)
Decrease in provisions	(2)	(49)
Net cash provided by operating activities	325	51
Cash flow from investing activities		
Interest received	258	306
Purchase of tangible assets	(475)	(92)
Purchase of Intangible assets	(64)	(53)
Disposal Proceeds	44	-
Capital grants received	64	53
Net cash (used in)/provided by investing activities	(173)	214
Change in cash and cash equivalents in the reporting period	152	265
Cash and cash equivalents at the beginning of the reporting period	13 30,734	30,469
Cash and cash equivalents at the end of the reporting period	13 30,886	30,734

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a. Basis of preparation

The group financial statements have been prepared under the historical cost convention subject to the revaluation of land and buildings and applicable accounting standards. They have also 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 (FRS102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

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 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 2017.

A separate income and expenditure account has not been presented for Quadram Institute Bioscience as this is exempted by Section 408 of the Companies Act 2006. The loss after tax of Quadram Institute Bioscience was £2,400,000 (2016: £2,015,000).

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.

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.

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 Quadram Institute Bioscience. 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.

g. Restricted funds

Where research at Quadram Institute Bioscience 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 £13,070,000 (2016: £13,070,000) in connection with funding received from BBSRC, which is intended to be used in connection with a new building for the Institute as part of the planned development of the Quadram Institute.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

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 2017, £13.9m 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.

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:

Plant and machinery	5 years
Scientific apparatus and equipment	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.

Quadram Institute Bioscience includes in its financial statements leasehold land and buildings, which it leases for nil consideration but which are owned by third parties, at their full freehold value. The Trustees consider that this treatment gives a true and fair view of the nature of the assets which underpin its research and the policy of recognising the assets on the balance sheet reflects its continuing occupancy of these assets. These assets will be vacated in mid-2018 when Quadram Institute Bioscience moves to the new premises. As such the depreciation of the current building has been accelerated to reduce the net book value to nil at that point.

l. Revaluation of tangible fixed assets

Leasehold land and buildings are revalued by an external surveyor on a depreciated replacement cost basis every five years. The valuation is updated in the interim period using indexation tables. Gains on revaluation are credited to the revaluation reserve and losses, except in cases of a clear consumption of economic benefit, are charged to the operating result for the period to the extent they are not offset by previous gains. In cases of a clear consumption of economic benefit, losses are charged to the operating result for the period, irrespective of whether they are offset by previous gains. 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 posted and the premises are being depreciated to mid-2018 when they will no longer be used.

m. 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.

n. 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 22 to the financial statements.

o. Debtors

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

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 Quadram Institute Bioscience (formerly Institute of Food Research) on 30 September 2011 ("the Deployed Employees") became BBSRC employees on 1 March 2012 and were deployed back to the Institute under conditions set out in the Deployment Agreement. The employees were previously employed by Quadram Institute Bioscience and subject to BBSRC terms and conditions. The Deployment Agreement ensures that the Deployed Employees remain with the Institute on an exclusive and full-time basis and that day-to-day direction and line management of the Deployed Employees are delegated to Quadram Institute Bioscience, subject to the terms of the BBSRC Employment Contract.

Quadram Institute Bioscience retains responsibility for paying employment costs in relation to the Deployed Employees, including basic pay and allowances, contractual payments, tax, NI and pension contributions. Quadram Institute Bioscience does not have any liability for pensions for the Deployed Employees other than for monthly employer contributions, the rate of which is determined by the Government Actuary's Department on a periodic basis.

Quadram Institute Bioscience staff who joined after 1 October 2011 are eligible to join a defined contribution pension 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

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 £000	Other activities £000	Total 2017 £000	Total 2016 £000
Grant income				
BBSRC	11,515	-	11,515	11,218
Other government departments	281	-	281	372
European Union	730	-	730	747
Other grants	1,048	-	1,048	767
Total grant income	13,574	-	13,574	13,104
Capital and maintenance grants				
BBSRC				
Repairs & maintenance	20	-	20	42
Capital expenditure	64	-	64	53
Total capital grants	84	-	84	95
Other charitable income				
BBSRC	-	297	297	167
Miscellaneous income	-	338	338	528
Total other charitable income	-	635	635	695
Trading income				
IFR Enterprises	-	160	160	249
QIB Extra	-	573	573	727
Total trading income	-	733	733	976
Investment income				
Interest receivable on cash deposits	-	225	225	288
Other interest receivable	-	33	33	18
Total investment income	-	258	258	306
Total incoming resources	13,658	1,626	15,284	15,176

Quadram Institute Bioscience's activities consist principally of scientific research in the United Kingdom.

Included within income is income for restricted general funds of £3,761k (2016: £3,171k), and income for restricted capital funds of £64k (2016: £53k). All other income is unrestricted.

NOTES TO THE ACCOUNTS

3. ANALYSIS OF RESOURCES EXPENDED

	Note	Research activities £000	Student activities £000	Other activities £000	Total 2017 £000	Total 2016 £000
Direct charitable expenditure						
Staff costs		5,927	-	-	5,927	5,991
Direct costs		2,736	181	-	2,917	2,545
Depreciation		3,903	-	-	3,903	2,551
Repairs and maintenance of buildings		356	-	-	356	463
Governance costs		-	-	49	49	48
Support costs	4	3,931	115	-	4,046	4,750
Expenditure on charitable activities		16,853	296	49	17,198	16,348
Raising funds		182	-	-	182	166
Trading expenditure		-	-	471	471	511
Total resources expended		17,035	296	520	17,851	17,025

Included within expenditure is restricted general expenditure of £3,641k (2016: £3,425k), and restricted capital expenditure (depreciation) of £3,906k (2016: £2,557k). 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.

	Total 2017 £000	Total 2016 £000
Analysis of governance costs		
Staff costs	26	24
Other costs	23	24
Total governance costs	49	48

4. ALLOCATION OF SUPPORT COSTS

	Research activities £000	Student activities £000	Total 2017 £000	Total 2016 £000	Basis of Allocation
Lab management	59	2	61	53	Headcount
Institute management	518	15	533	541	Headcount
Scientific services	408	12	420	695	Headcount
Facilities management*	822	24	846	810	Headcount
Finance and Purchasing*	421	12	433	459	Headcount
Computing and Library*	450	13	463	523	Headcount
Human Resources*	130	4	134	144	Headcount
Public engagement*	337	10	347	437	Headcount
Health and Safety	83	2	85	91	Headcount
Support cost utilities	367	11	378	453	Headcount
Other support services*	336	10	346	544	Headcount
Total support costs	3,931	115	4,046	4,750	

*Includes services supplied by NBI Partnership Limited (see note 21).

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 (2016: £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 DEFICIT

Operating deficit is stated after charging/(crediting):

	Total 2017 £000	Total 2016 £000
Audit services:		
Fees payable for the audit of the charitable company and consolidated financial statements	15	15
Fees payable for the audit of the charitable company's subsidiaries pursuant to legislation	4	4
Non-audit services:		
Other fees payable to the charitable company's auditors	2	2
Depreciation	3,906	2,557
Hire of plant and equipment	43	55
Profit on disposal of tangible assets	(5)	-
(Gain)/Loss on foreign exchange translations	(34)	6

7. REMUNERATION OF THE BOARD OF TRUSTEES

Quadram Institute Bioscience 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 Quadram Institute Bioscience's Articles of Association.

Two members of the Board of Trustees, Mr Ian Black & Mr Steve West, received remuneration from the group during the year for their duties as Trustees (2016: one). Total trustee remuneration in the year was £2,569 (2016: £300).

Six members of the Board of Trustees were reimbursed for expenses incurred during the year (2016: eight). The total amount reimbursed was £4,464 (2016: £6,653).

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	2017	2016
	Number	Number
Scientific	122	143
Office management and services	17	21
Total	139	164

The aggregate payroll costs of these persons were:

	2017	2016
	Note	
	£000	£000
Wages and salaries	5,122	5,471
Redundancy payments	739	419
Social security costs	529	488
Other pension costs	20 983	1,113
Total	7,373	7,491

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 salary bands from £60,000 upwards:

Group and charitable company	2017	2016
	Number	Number
£60,000 - £69,999	7	4
£70,000 - £79,999	6	4
£80,000 - £89,999	4	5
£90,000 - £99,999	2	1
£100,000 - £109,999	-	1
£110,000 - £119,999	3	1
Total	22	16

The number of staff with emoluments greater than £60,000 who are also members of the Research Councils' Pension Schemes was 14 (2016: 10). Six staff with emoluments greater than £60,000 are members of a Defined Contribution Pension Scheme (2016: three).

Quadram Institute Bioscience staff that joined the company prior to 1 October 2011 are subject to BBSRC terms and conditions of service. Quadram Institute Bioscience is expected to meet all staff costs arising from normal activities; however the legal liability for employment rests with BBSRC. Quadram Institute Bioscience staff that joined after 30 September 2011 are employed under Quadram Institute Bioscience terms & conditions.

The key management personnel of the parent charity, Quadram Institute Bioscience, comprise of the trustee and the members of the executive board. The total employee benefits of the key management personnel of the charity were £738,140 (2016: £708,099).

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 Deputy Director of Science Operations and the Head of QIB Extra Operations. The costs of the key management personnel to QIB Extra was £47,136 (2016: £52,770). IFR Enterprises key management personnel are the same as Quadram Institute Bioscience. No staff costs were recharged in respect of this.

The employee benefits of the key management personnel for the group was £785,276 (2016: £760,869).

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
Cost/Valuation					
At 1 April 2016	7,514	935	11,607	38	20,094
Transfer	-	-	38	(38)	-
Additions	-	-	475	-	475
Disposals	-	-	(824)	-	(824)
At 31 March 2017	7,514	935	11,296	-	19,745
Accumulated Depreciation					
At 1 April 2016	1,508	665	9,844	-	12,017
Charge for the year	2,918	142	846	-	3,906
Disposals	-	-	(785)	-	(785)
At 31 March 2017	4,426	807	9,905	-	15,138
Net book value at 31 March 2017	3,088	128	1,391	-	4,607
Net book value at 31 March 2016	6,006	270	1,763	38	8,077

Charitable company	Leasehold land and buildings £000	Plant, machinery and equipment £000	Apparatus and equipment £000	Assets under construction £000	Total £000
Cost/Valuation					
At 1 April 2016	7,514	935	11,510	38	19,997
Transfer	-	-	38	(38)	-
Additions	-	-	475	-	475
Disposals	-	-	(824)	-	(824)
At 31 March 2017	7,514	935	11,199	-	19,648
Accumulated Depreciation					
At 1 April 2016	1,508	665	9,752	-	11,925
Charge for the year	2,918	142	843	-	3,903
Disposals	-	-	(785)	-	(785)
At 31 March 2017	4,426	807	9,810	-	15,043
Net book value at 31 March 2017	3,088	128	1,389	-	4,605
Net book value at 31 March 2016	6,006	270	1,758	38	8,072

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

Quadram Institute Bioscience includes in its financial statements land and buildings that it leases, but which are owned by third parties, at their full value. The Trustees consider that this treatment gives a true and fair view of the nature of the assets which underpin its research and the policy of recognising the assets on the balance sheet reflects its continuing occupancy of these assets. These assets will be vacated in mid-2018 when Quadram Institute Bioscience moves to the new premises. As such the depreciation of the current building has been accelerated to reduce the net book value to nil at that point.

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

NOTES TO THE ACCOUNTS

9. TANGIBLE ASSETS (CONTINUED)

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

Group and charitable company	Total 2017 £000	Total 2016 £000
Historic cost of leasehold land and buildings	14,829	14,829
Aggregate depreciation	(11,741)	(8,722)
Historic cost net book value	3,088	6,107

The group and charitable company's 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 posted and the premises are being depreciated to mid-2018 when they will no longer be used.

10. INTANGIBLE ASSETS

Group and charitable company	Assets under construction £000
Cost/Valuation	
At 1 April 2016	65
Additions	64
Disposals	-
At 31 March 2017	129
Accumulated Depreciation	
At 1 April 2016	-
Charge for the year	-
Disposals	-
At 31 March 2017	-
Net book value at 31 March 2017	129
Net book value at 31 March 2016	65

The intangible asset relates to internally generated research software.

NOTES TO THE ACCOUNTS

11. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Subsidiaries

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 2017	Total 2016
	£000	£000	£000	£000	£000
Profit and loss account					
Turnover	160	604	-	764	1,083
Cost of sales	-	(348)	-	(348)	(528)
Gross profit	160	256	-	416	555
Administrative expenses	-	(123)	-	(123)	(111)
Operating profit retained in subsidiary	160	133	-	293	444

In addition to the above, £459,861 (2016: £278,276) in Gift Aid was paid to the charitable company in the year. While a tax charge is recognised in the subsidiary accounts, this has not been reflected in the group accounts due to it being immaterial, and no tax ultimately being payable due to gift aid payments made.

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 2017. IFR NRP Capital Limited is a member of Norwich Research Partners 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. The company did not trade during the year.

12. DEBTORS

	Note	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Grants receivable:					
from government bodies		1,005	723	1,005	723
from other sources		390	1,056	390	1,056
Trade debtors		291	490	227	278
Amounts owed by subsidiary undertakings		-	-	193	203
Amounts owed by other related parties	21	1,276	1,286	1,276	1,286
Other debtors		138	164	136	164
Prepayments and accrued income		401	321	273	278
Total amounts falling due within one year		3,501	4,040	3,500	3,988

Included in the above amounts is £1,000k (2016: £1,000k) owed by QI Partners repayable in over one year.

NOTES TO THE ACCOUNTS

13. CASH AT BANK AND IN HAND

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash at bank	30,885	30,732	30,527	30,276
Cash in hand	1	2	1	2
Total	30,886	30,734	30,528	30,278

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
<i>Grants received in advance:</i>					
from government bodies		906	874	906	874
from other sources		601	1,303	601	1,303
Amounts owed to subsidiary undertakings		-	-	15	5
Amounts owed to other related parties	21	273	507	273	507
Trade creditors		610	229	592	210
Other creditors		432	964	418	902
Accruals and deferred income		829	923	755	923
Taxation and social security		181	256	181	256
Total amounts falling due within one year		3,832	5,056	3,741	4,980

15. RECONCILIATION OF MOVEMENT IN GRANTS RECEIVABLE

Group	Note	Total 2017 £000	Total 2016 £000
Grants receivable	12	737	1,779
Grants received in advance	14	(1,607)	(2,177)
Net grants received in advance		(770)	(398)
Net grants received in advance at beginning of year		(398)	(907)
Grant monies received during the year		(14,601)	(13,332)
Grant money released to SOFA during the year		14,229	13,841
Net grants received in advance at end of year		(770)	(398)

16. PROVISIONS FOR LIABILITIES AND CHARGES

Group and charitable company	Dilapidations provision £000	Restructuring provision £000	Total 2017 £000	Total 2016 £000
Restructuring provision at beginning of year	70	166	236	285
Charge in the year	65	5	70	70
Utilised	-	(72)	(72)	(119)
Provision at end of year	135	99	234	236

The restructuring provision relates to future compensation payments due in connection with a restructuring of the science programme and support functions between 2006 and 2009. Although the restructuring provision is not discounted, it is stated at the present value of future amounts payable since inflationary increases linked to the redundancy settlements have similarly been excluded from the provision. The provision will be utilised over the period to July 2017.

The dilapidations provision relates to expected remedial costs to be incurred by Quadram Institute Bioscience when it relocates to the Quadram Institute in 2018.

NOTES TO THE ACCOUNTS

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed assets £000	Net current assets £000	Creditors over one year and provisions £000	Total 2017 £000
Group				
<i>Unrestricted:</i>				
Fixed assets reserve	977	-	-	977
Designated strategic reserve	-	13,930	-	13,930
General	-	3,555	(234)	3,321
<i>Restricted:</i>				
Fixed assets reserve	3,759	-	-	3,759
Designated capital reserve	-	13,070	-	13,070
Net assets	4,736	30,555	(234)	35,057
Charitable company				
<i>Unrestricted:</i>				
Fixed assets reserve	972	-	-	972
Designated strategic reserve	-	13,930	-	13,930
General	-	3,287	(234)	3,053
<i>Restricted:</i>				
Fixed assets reserve	3,762	-	-	3,762
Designated capital reserve	-	13,070	-	13,070
Net assets	4,734	30,287	(234)	34,787

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 capital and science investment associated with the new Quadram Institute.

The designated capital reserve is not an endowment fund, but represents capital funding received, principally from BBSRC, that has been designated for use in connection with the new Quadram Institute building.

18. ANALYSIS OF FUNDS MOVEMENTS

	Unrestricted fixed assets £000	Unrestricted designated strategic £000	Unrestricted general £000	Restricted general £000	Restricted fixed assets £000	Restricted designated capital £000	Total 2017 £000
Group							
At 1 April 2016	1,161	12,780	3,632	-	6,981	13,070	37,624
Deficit for the year	-	-	1,155	120	(3,842)	-	(2,567)
Other transfers	-	-	120	(120)	-	-	-
Designated reserve transfers	-	1,150	(1,150)	-	-	-	-
Capital transfers	(184)	-	(436)	-	620	-	-
At 31 March 2017	977	13,930	3,321	-	3,759	13,070	35,057
Charitable company							
At 1 April 2016	1,156	12,780	3,200	-	6,981	13,070	37,187
Deficit for the year	-	-	1,319	120	(3,839)	-	(2,400)
Other transfers	-	-	120	(120)	-	-	-
Designated reserve transfers	-	1,150	(1,150)	-	-	-	-
Capital transfers	(184)	-	(436)	-	620	-	-
At 31 March 2017	972	13,930	3,053	-	3,762	13,070	34,787

NOTES TO THE ACCOUNTS

18. ANALYSIS OF FUNDS MOVEMENTS (CONTINUED)

"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. Capital transfers relates to fund movements in connection with fixed assets and depreciation.

During the year, a further £1,150,000 of unrestricted general reserves were designated for use in connection with planned capital and science investment associated with the new Quadram Institute.

19. COMMITMENTS

Group and charitable company	Total 2017 £000	Total 2016 £000
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Capital commitments at the end of the financial year for which no provision has been made:

Contracted	-	107
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Amounts due under other operating leases for plant and machinery:

Within one year	6	7
Between one and two years	1	-
Between two and five years	-	4
	7	11

During the year, Quadram Institute Bioscience entered into an agreement to lease accommodation in the new Quadram Institute building from QI Partners. Under the terms of the agreement, Quadram Institute Bioscience will pay lease premiums of £14,140k in the year to March 2018.

20. PENSION SCHEMES

All staff employed by Quadram Institute Bioscience on 30 September 2011 transferred employment to BBSRC on 1 March 2012 and were deployed back to the charitable company. Deployed employees are members of the Research Councils' Pension Scheme ("RCPS"), a defined benefit scheme for multiple employers. Quadram Institute Bioscience does not have any liability for RCPS pensions other than for monthly employer contributions, the rate of which is determined by the Government Actuary's Department on a periodic basis. The employer contribution rate during the year was 26% (2016: 26%).

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

The total pension charge for the year was £983,434 (2016: £1,112,997), with outstanding contributions at the year-end of £26,085 (2016: £25,625).

21. 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 £7,911 (2016: £303,779) for costs. In addition, BBSRC invoiced the charitable company £67,573 (2016: £123,064) in respect of payments made by BBSRC on behalf of the charitable company to employees made redundant following a science restructuring. Quadram Institute Bioscience charged BBSRC £762,759 (2016: £140,062) for staff redundancy costs incurred during the year.

Grants received from BBSRC are detailed in note 2.

As at 31 March 2017, BBSRC owed £1,005,311 (2016: £722,713) to Quadram Institute Bioscience, and Quadram Institute Bioscience owed BBSRC £906,260 (2016: £873,408).

NOTES TO THE ACCOUNTS

21. RELATED PARTY TRANSACTIONS (CONTINUED)

University of East Anglia (Member)

The University of East Anglia ("UEA") invoiced Quadram Institute Bioscience £711,361 (2016: £415,775) for salaries and other charges and Quadram Institute Bioscience invoiced UEA £148,892 (2016: £360,555) for services.

As at 31 March 2017, the UEA owed Quadram Institute Bioscience £93,125 (2016: £116,698) and Quadram Institute Bioscience owed UEA £53,633 (2016: £297,168).

NBI Partnership Limited (Associate)

The charitable company is one of four members and guarantors of NBI Partnership Limited ("NBIP"), a company limited by guarantee. Quadram Institute Bioscience has provided short-term loans to NBIP to enable NBIP to manage its cash requirements. At 31 March 2017, Quadram Institute Bioscience had a loan balance with NBIP of £149,000 (2016: £154,000).

During the year, Quadram Institute Bioscience received services totalling £2,043,806 (2016: £2,081,463), received interest from NBIP of £2,972 (2016: £3,084) and invoiced NBIP £1,793 (2016: £268) for other services. As at 31 March 2017, Quadram Institute Bioscience owed NBIP £219,532 (2016: £209,564) and NBIP owed Quadram Institute Bioscience £2,972 (2016: £nil).

QI Partners (Associate)

The charitable company is one of four members and guarantors of QI Partners, a charitable company limited by guarantee. During the year, Quadram Institute Bioscience entered into an agreement to lease accommodation in the new Quadram Institute building from QI Partners. Under the terms of the agreement, Quadram Institute Bioscience will pay lease premiums of £14,140,000 in the year to March 2018. In addition, Quadram Institute Bioscience has agreed to provide QI Partners with a loan facility of £5,400,000, which is repayable between November 2018 and August 2022. As at 31 March 2017, £1,000,000 of the facility has been drawn down by QI Partners (2016: £1,000,000). Interest is payable on the loan at a rate of 3.0% pa.

During the year, Quadram Institute Bioscience invoiced QI Partners £12,724 (2016: £4,626,964) for the transfer of the benefits in, and the recharge of the costs of the supplies received by Quadram Institute Bioscience in respect of the Quadram Institute building. Quadram Institute Bioscience also invoiced QI Partners £30,416 (2016: £15,136) for interest on its loan. As at 31 March 2017, QI Partners owed Quadram Institute Bioscience £30,416 (2016: £15,136).

Quadram Institute Bioscience does not have any significant influence on QI Partners' financial and operating policies.

Norwich Research Partners LLP

Quadram Institute Bioscience is a member of Norwich Research Partners LLP ("NRP LLP") through its 100% subsidiary, IFR NRP Capital Limited. NRP 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, Quadram Institute Bioscience received services totalling £1,254 (2016: £703), and was charged £57,028 (2016: £nil) for estate costs. As at 31 March 2017, Quadram Institute Bioscience owed NRP LLP £nil (2016: £nil).

Quadram Institute Bioscience invoiced NRP LLP for services totalling £284 (2016: £nil). As at 31 March 2017 NRP LLP owed Quadram Institute Bioscience £284 (2016: £nil).

22. 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 £278,920 (2016: £806,634) in relation to this are included within the balance sheet.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Trustees consider that there is no ultimate parent undertaking and controlling party.

Quadram Institute Bioscience is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements.

REFERENCE AND ADMINISTRATIVE DETAILS

Directors and Trustees

Dr T Brears	Chair – Board
Mr I Black	Chair – Remuneration & Nominations Committee
Dr C Caulcott	
Dr B Flambard	
Prof D Maskell	Chair – Science Impact & Advisory Committee
Prof P Morgan	
Prof S Walker	
Mr S West	Chair – Audit & Risk Committee
Prof C Williams	

Director of the Institute Professor I Charles

Company Secretary Mr D Foreman

Key Management Personnel

Prof I Charles
Dr M Anderson
Prof S Carding
Mr D Foreman
Mrs L Knight
Prof R Mithen
Ms A O'Halleron
Prof M Peck
Dr R Wilson

Registered charity number 1058499

Registered company number 03009972

Registered office and principal office of the charity

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Independent auditors

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