

EARLHAM INSTITUTE

Annual Report and Accounts for the year ended 31 March 2020

Registered company number: 06855533

Registered charity number: 1136213

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Earlham Institute is a company limited by guarantee and a registered charity.

The Annual Report provides information on the legal purposes of the charity, the activities it undertakes and its main achievements. The Trustees' Report and Financial Statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Charities Act 2011 and the Companies Act 2006.

TRUSTEES' REPORT INCORPORATING THE STRATEGIC REVIEW

Introduction

The past two decades have laid the foundations for a new era of genome-based understanding of genetics and the biology of complex systems. Technological advances in DNA sequencing have resulted in multiple step-change increases in the rate of data acquisition at reduced costs to a point that sequence technologies can now affordably and effectively be applied to research questions across the life sciences, from plants to animals to microbes. In parallel the emergence of the data sciences, artificial intelligence and the need for data sharing, has opened new opportunities. Earlham Institute (EI) is founded on these two revolutions and has become a leading interdisciplinary institute in the UK, combining genomics and big data.

EI's Mission

EI's mission is to advance and enable bioscience by applying computational and data driven approaches.

EI's strategy has relied on the implementation of novel applications, establishing collaborative work to advance knowledge in biosciences, develop novel applications in biotechnology, and promote the growth of the UK bioeconomy.

The Institute's current mission is built on the strong foundations established in the initial set-up (2009-2011, as The Genome Analysis Centre) and rests on three key strengths:

- Expertise – EI hosts one of the largest and most experienced teams in the UK specialising in the generation and analysis of genomics' data using next-generation sequencing
- Technology – EI's genomic and computing platforms include the most advanced equipment and are configured specifically to deliver competitive analysis for large genomic's datasets
- Digital Infrastructure – EI is at the forefront in the development of specialised databases, pipelines and software for data analysis and visualisation.

EI's Strategy

EI's science strategy "Decoding Living Systems" brings together a wealth of expertise in biosciences, bioinformatics, high performance computing and statistics to understand complex biological systems in plants and animals and their interaction with the environment.

EI's advanced genomics and computational platforms support data-intensive research that embraces and confronts modern scientific challenges arising from data scale and complexity. We develop and implement new technologies and apply computational methods to process, store and interpret complex and diverse datasets, to enable bioscience research.

The science faculty collectively conducts three principal kinds of research activities:

- Fundamental research to increase EI's knowledge base in bioscience.
- Applied research to improve plant, animal and human health.
- Enabling research to empower both academia and industry with new technologies and scalable bioinformatics approaches.

The focus will be on interpreting how information is managed by living systems beyond the molecular and cellular level. This will impact on all areas of biological science and will continue to demand skilled personnel, computational systems and analytical tools to interpret and apply the data.

EI is moving rapidly from an era where the emphasis was on generating data, to one in which genome-wide sequencing and other 'omics technologies can be used routinely for multiple assays but are often complex to analyse.

Culture

EI's success is founded on a culture defined by the following core values:

- Openness – We promote the dissemination of knowledge and distribution of data and software tools by following open and transparent data-sharing policies that are embedded in EI's research programmes.
- Technical Excellence – We are committed to continuous improvement, and to work to the highest standards of quality across the organisation.
- Developing and Rewarding Talent – We aim to recruit, train and retain highly skilled and talented people
- Innovation – We apply novel, state of the art technologies to deliver innovative approaches.
- Collaboration – We work collaboratively, internally and externally, through mutual respect and openness.

Public Benefit

EI advances biological and biotechnological science for the public benefit by undertaking and promoting research relating to genomes and their functions, in particular by carrying out the following activities:

- Applying our science to issues of public interest e.g. Bees and Polination and Ash Die Back Disease.
- Working with plant breeders to apply our knowledge and expertise to develop robust crops for the future.
- Working with low income countries to build research capacity that will enable them to develop their knowledge economy.
- Training of scientists and encouraging them to participate in public engagement.
- Contribute to the local, national and international economy by training first rate scientists

Our Performance

Our performance against the 2019/20 objectives is highlighted in the table below:

Objectives	Our Performance
Continue the growth and development of our world leading investigator-led research program, increase our published outputs and diversify our grant income.	During the last financial year scientists at EI published 97 articles and shared 49 research tools, methods, databases and models with the wider scientific community. Our scientists also delivered 64 oral and 36 poster presentations at national and international conferences. We continue to seek a more diverse portfolio of grant submissions across various funding bodies, industries and direct government funding opportunities.
Build more industrial collaborations so that we are aligned to the government industrial strategy and so we can achieve impact from our research	We submitted 11 grants with Industrial partners across the reporting period and have 18 active projects with 23 industrial collaborators. We delivered 3 proof of concept projects with industry partners aiming to translate EI's technologies into products and services that can be adopted by industry, those funded through a BBSRC Transforming Food production Seeding Award to EI. We have built upon existing, and developed new relationships, with both SME's and larger companies through mechanisms such as our external engagement events, Industry Seminar Programmes and joint PhD students. Our industry facing event EI Innovate 2019 was attended by 31 representatives from industry. We produced 5 short films that showcase EI's core capabilities and engagement with other academic organisations and industry.
Strengthen our international partnerships through collaboration with world leading institutes and scientists that align with our scientific strategy.	<p>With institutions in Tanzania, Kenya and Uganda, EI is collaborating with WorldFish through an EU Development Fund. This aims at assessing the genetic diversity of <i>Oreochromis</i> species in the Lake Victoria catchment area, to identify populations suitable for breeding development. We have been awarded a follow-on GCRF STARS training fund, collaborating with JIC and ILRI-BeCA in Nariobi, Kenya. This will build on our previous mentorship and training of scientists from Kenya, Burundi, Rwanda, Tanzania and other countries. The new cohort of trainees will learn about genomics, bioinformatics and project management in-depth and hands-on from UK and African experts.</p> <p>We have begun a new consortium, DAISEA, which aims to bring the Earth Biogenome Project to Africa, where we will partner with the African Academy of Sciences, PacBio, and other key stakeholder and policymaker communities to deliver a robust sequencing strategy for indigenous African species. Our GCRF GROW Colombia project funds capacity building and research staff at CIAT in Cali and University of the Andes in Bogotá and other partners. Through workshops, seminars, symposiums, conferences and training events, GROW Colombia has engaged over 1,100 people so far, and contributed to the scientific advisory committee (La Misión Internacional de Sabios) to the Colombian Government.</p>
Develop our National Capabilities to ensure that they offer the UK research community high quality and high-value scientific services and training.	<p>EI delivered over 167 projects for 43 organisations using next generation sequencing and single cell platforms. We also completed 8 collaborative projects. We expanded our platform technologies in single cell and automation. We also supported the local hospital by sourcing skilled microbiology volunteers to work in the labs to complete COVID-19 testing, and we automated the testing pipelines to increase testing capacity by seven fold.</p> <p>The EI Biofoundry continues to develop a sustainable model for providing access to facilities and expertise in lab-automation and synthetic biology to the UK bioscience and biotechnology</p>

Objectives (continued)	Our Performance (continued)
(Continued)	<p>community. It provided access to automated workflows and progress collaborations with researchers in academia and industry.</p> <p>EI has continued to develop its high performance computing (HPC) strategy. EI's investments provide technical and community solutions in the form of compute, storage, and analysis resources to academic researchers. The Galaxy platform continues to be widely used within EI and we are investigating ways of funding this effort to provide a public instance. We have been instrumental in the development of the international codebase to move Galaxy from Python 2 to Python 3, as well as many training efforts around the platform. The CyVerse UK cloud platform supports a large amount of national community projects, as well as supporting individuals or research groups with specific needs e.g. Autoclone software. CyVerse UK also supports the designing future wheat strategic programme work, hosting the Grassroots platform developed at EI (comprising over 25TB of publicly available wheat datasets, including Toronto-licensed pre-publication data), BLAST databases including the 10+ wheat genomes and the new Fielder reference, TILLING alignment and deletion browsers, the Rothamsted Research Knetminer knowledge graph SPARQL endpoints, and many others. The COPO project, EI's data brokering platform developed through the EI ISP, has been chosen as the sample metadata collection and submission tool for the Darwin Tree of Life and Earth Biogenome Project consortium. This is a key opportunity for the service, and this is made possible by the robust and powerful virtualised hosting environment provided by CyVerse UK.</p> <p>EI delivered 10 events reaching 100 people as part of the training programme and over an additional 550 through networking and engagement events. The team also assisted in the organisation of a further 4 training events for the GROW Colombia project and 6 internal KEC training sessions for internal staff. Events focussed on training to address skills of the research community in de novo assembly, best practice in data management and programming through the 'Carpentries', modelling systems biology data and metagenomics, plus networking events e.g. our Single Cell Symposium, Doing Science with Colombia and EI Innovate: to encourage greater engagement between industry and EI. We developed new courses and supported immersive visits to train others in specialist skills.</p>
Continue to communicate our science through our public engagement program to a wider audience, promoting the importance of publicly funded research to the general public.	<p>It was a successful year for our public engagement activity, with EI winning a UEA Engagement Award for the Pink Pigeon Trail. The team developed another activity, the Bee Trail, which achieved major success at the Norwich Science Festival and won a coveted place at the Royal Society Summer Science Exhibition, now due to take place in 2021. EI also led an NRP-wide public dialogue in Castle Quarter, the first event ever of its type. A media highlight was our Darwin Tree of Life work featuring on the BBC News at One, including appearances from three senior scientists. Our work on synthetic biology featured in the Telegraph and BBC Radio 4's Farming Today, while work on diagnosing sepsis in premature babies received wide national coverage. Year-on-year statistics show that the period April '19 - March '20 was the highest performing ever for the EI website seeing increases on average of 20% on the previous year. Our social media channels continue to grow in terms of audience and reach, with improved engagement per post thanks in part to more multimedia content. In May 2019, EI opened its doors to the public, attracting more than 300 visitors and regional media coverage. Inside EI featured activities, poster sessions, tours and talks, with a VIP event opened by Norman Lamb MP and Melanie Welham, Executive Chair of BBSRC. In January 2020 Greg Jones was appointed in a new role as Head of Communications.</p>

Looking Ahead

EI's objectives for 2020/21 are to:

- i. Continue the growth and development of our world leading investigator-led research program, increase our published outputs and diversify our grant income.
- ii. Build more industrial collaborations so that we are aligned to the government industrial strategy and so we can achieve impact from our research.
- iii. Strengthen our international partnerships through collaboration with world leading institutes and scientists that align with our scientific strategy.
- iv. Develop our National Capabilities to ensure that they offer the UK research community high quality and high-value scientific services and training.
- v. Continue to communicate our science through our public engagement program to a wider audience, promoting the importance of publicly funded research to the general public.

FINANCIAL REVIEW

Income

Total incoming resources for the year were £12.6m (2019: £14.6m). Income excluding capital grants was £9.9m (2019: £12.8m). The decrease in income was due to lower grant funding and sequencing recharges, and one-off project funding from BBSRC in 2019.

EI's principal sponsor is the Biotechnology and Biological Sciences Research Council (BBSRC), which contributed 85% of total incoming resources (2019: 78%). Other major sources of funding were UK universities and research organisations and the EU.

Expenditure

Total resources expended amounted to £14.1m (2019: £15.3m). Staff costs accounted for £4.5m (32%) (2019: £4.3m; 28%) of expenditure with depreciation of tangible assets accounting for £3.6m (26%) (2019: £3.8m; 25%).

Net Movement in Reserves

EI recorded a decrease of £0.9m in unrestricted reserves (2019: small decrease) due to lower grant and sequencing income.

Restricted reserves decreased by £0.6m (2019: decreased by £0.7m) due to depreciation exceeding capital funding in the year.

Subsidiaries and Related Parties

EI's trading subsidiary, Genome Enterprise Limited, contributed an operating profit of £135,503 (2019: £220,382).

EI has a 25% interest in NBI Partnership Limited ("NBIP"). NBIP supplies support services to EI and the other Norwich Institutes (John Innes Centre, Quadram Institute Bioscience and The Sainsbury Laboratory).

Capital expenditure

Capital expenditure in the year of £1.8m (2019: £2.2m) related to investment in scientific and computing equipment (£1.7m) and building facilities (£0.1m). The institute funded £0.3m of expenditure from its unrestricted reserves.

Cash

Group cash at 31 March 2020 was £14.9m (2019: £13.7m). The cash increase in the year mainly reflects advance capital funding from BBSRC.

EI deposits its cash with UK registered financial institutions that meet its credit rating policy. Investment

income from cash deposits in the year was £125,000 (2019: £105,000).

Grant proposals

During the year, EI researchers submitted grant proposals with a sponsor value of £20.8m (2019: £20.3m) and were awarded grants with a value of £1.8m (2019: £4.0m).

Reserves policy

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

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

Unrestricted reserves that have been designated by the Board for specific purposes are shown in separate designated reserves.

Reserves position

Total reserves decreased by £1.5m in the year to £23.0m (2019: decreased by £0.7m to £24.5m).

Restricted reserves decreased by £0.6m to £11.9m (2019: decreased by £0.7m to £12.5m). Restricted reserves include designated reserves of £1.6m for advance capital funding and project funding from BBSRC and £0.4m for advance strategic funding.

Unrestricted reserves decreased to £11.1m (2019: remained at £12.0m). Reserves of £5.6m have been designated by the Trustees in respect of the following:

- Co-funding for the Institute's strategic research programmes;
- Planned strategic research investment; and
- Planned capital investment in leading-edge sequencing and high performance computing technology.

General unrestricted reserves at March 2020 were £4.5m, £2.0m above the minimum general reserves target set by the Board of £2.5m.

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 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 at least 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 and other sponsor research funding	<ul style="list-style-type: none"> ➤ BBSRC strategic funding is reduced due to Research Councils reorganisation, poor scientific performance or public sector spending pressures. ➤ Competitive grant funding is reduced due to sponsor budget reductions or failure to win new project funding. 	<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. ➤ Monitoring of performance of competitive grant submissions.
Technology investment	<ul style="list-style-type: none"> ➤ EI is unable to keep pace with developments in technology underpinning its science. ➤ Funding and/or cost recoveries are inadequate to sustain and improve technology facilities necessary to support scientific objectives. 	<ul style="list-style-type: none"> ➤ Technology strategy kept under regular review and funding opportunities identified and pursued for technology investments. ➤ EI has reserves that enable it to move quickly when technology enhancements become available.
Staff retention and recruitment	<ul style="list-style-type: none"> ➤ EI is unable to retain or attract suitably skilled staff to enable it to sustain its scientific performance. ➤ 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, monitored by Strategic Human Resources Group. ➤ Career development programmes in place to support high potential staff. ➤ Performance Management processes in place.
Impact of leaving EU	<ul style="list-style-type: none"> ➤ EI is not able to access EU programme funding or participate in EU research collaborations. ➤ EI 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. ➤ Engaging with policy makers to explain the risks and potential impact to science, and the need for streamlined immigration and visa post BREXIT.
Major failure of equipment or computer systems	<ul style="list-style-type: none"> ➤ A major systems failure disrupts scientific research programmes. ➤ A major incident damages EI's reputation impacting on future funding and collaborative opportunities. 	<ul style="list-style-type: none"> ➤ Business Continuity and Disaster recovery plans in place and tested periodically. ➤ Appropriate insurance arrangements are in place.
Compliance with sponsor funding requirements	<ul style="list-style-type: none"> ➤ EI fails to comply with sponsor grant requirements resulting in a material financial impact. 	<ul style="list-style-type: none"> ➤ EI is subject to regular reviews of its grant compliance processes from sponsors and the Research Councils UK internal auditors.
Impact of COVID-19 on science programmes	<ul style="list-style-type: none"> ➤ EI fails to deliver its science programme due to the implications of COVID-19 on access to site and or staff/students. 	<ul style="list-style-type: none"> ➤ EI prioritised the safety of its staff during the lockdown period. We reopened critical onsite science in May 2020. We hope to make up lost time in Summer 2020, or request extensions to deliver the science programmes that were impacted.

TRUSTEES' REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Members and Patrons

The Members of EI are:

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

Board of Trustees

The Board of Trustees comprises the Chair and up to eight additional trustee directors. The Trustees who served during the year and up to the date of signing these financial statements were as follows:

Organisation and governance

EI is incorporated in England and Wales and is a company limited by guarantee (registered number 06855533) and a registered charity (number 1136213). EI is governed by its Memorandum and Articles of Association, adopted 20 December 2016.

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).

Trustees	Sub-committees	Changes during period
At date of Report:		
Professor Dame Janet Thornton (Chair)	-	-
Dr Alasdair Macnab	AC (Chair), Rem Com	-
Professor Peter Holland	Rem Com	Appointed 18 June 2019
Professor Thomas Richards	-	Appointed 18 June 2019
Ms Amanda Tagg	AC	-
Mrs Andrea Finegan	AC, Rem Com (Chair)	-
Professor Jean Beggs	Rem Com	-
Professor Edward Louis	AC	-
Professor Philip Gilmartin	-	Appointed 3 December 2019
During the year:		
Professor Robbie Waugh	Rem Com	Resigned 18 June 2019
Professor Veronica van Heyningen	Rem Com	Resigned 18 June 2019

Audit Committee

The Audit Committee is responsible for oversight of the areas of audit; financial reporting; regulatory compliance; corporate governance; internal systems and controls (including the integrity of financial controls) within EI. The Audit Committee reports to EI's Board, making recommendations for Board consideration where necessary.

Remuneration Committee (Rem Com)

EI's Remuneration Committee is responsible for advising on the remuneration and policy on executive pay and performance packages. It reports to the Board and is composed of four Trustee Directors representing the scientific and commercial expertise.

Recruitment, induction and training of Trustees'

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.

An induction programme has been put in place for newly appointed Trustees and is kept under review and

updated where appropriate. In addition, the Trustees are in regular contact with the Institute Director and executive team and receive presentations on key areas of activity.

Trustee remuneration

EI remunerates 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 EI's Articles of Association and has been approved by the Charities Commission. Details of trustee remuneration in the year are included in note 7 of the financial statements.

The Scientific Advisory Board (SAB)

The SAB, chaired by Prof Simon Hubbard, is responsible for providing strategic advice on issues relevant to EI's scientific mission and science programmes.

Decision making and key management

The EI Board has delegated the day-to-day management of the charitable company to the Director and the Executive Team, who are considered to be the key management personnel for the institute:

Director

Professor Neil Hall is the Director of EI. He has previously led research groups at the Sanger Institute, The Institute for Genomic Research and The University of Liverpool.

Director of Operations

Sarah Cossey is the Director of Operations, a professional accountant and project manager with experience across the public and private sector.

Director of Science (to 5 August 2020)

Professor Federica Di Palma was Director of Science up to 5 August 2020. Previously Assistant Director of the Vertebrate Biology group at the Broad Institute, Federica successfully led the development, planning and analysis of several major mammalian genome sequencing projects, as well as projects involving additional vertebrate organisms.

Head of Genomics Pipeline

Dr. Karim Gharbi is a biologist with over two decades of experience in genomics and next-generation sequencing (NGS) and has previously led NGS in Edinburgh Genomics and University.

Head of Plant Genomics

Prof. Ant Hall previously he held the Holbrook Gaskell Chair of Botany at the University of Liverpool and research lead for the Institute of Integrative Biology and Director at the Centre for Genomic Research (CGR) and academic lead of the Liverpool GeneMill.

Head of Research Faculty Office

Dr. Christine Fosker has worked in the field of Genomics for 20 years, beginning her career working on the Human Genome Project at the Sanger Centre. She received her Ph.D. from the University of Cambridge and the Wellcome Trust Sanger Institute

Head of Research e-infrastructure

Dr. Rob Davey has 15 years in bioinformatics and software development. He leads the research e-infrastructure national capability, and data management elements of two core research programmes.

Related Parties

Subsidiaries and Related Parties

EI's trading subsidiary – Genome Enterprise Limited – contributed a operating profit of £135,503 (2019: £220,382).

NBIP - Associate

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

Anglian Innovation Partnership LLP (AIP)

EI became a member of AIP on 7 August 2012 through its 100% subsidiary, Genome Enterprise Limited. AIP is responsible for the management and development of the Norwich Research Park (NRP) estate and for the furtherance of the NRP Enterprise Vision. EI is entitled to receive a share of certain profits generated by AIP, however it has no liability for losses or in the event of insolvency. AIP has not yet generated any profits.

BBSRC

BBSRC is a member of the charitable company. EI is strategically funded, along with seven other institutes, by BBSRC. BBSRC supports EI via strategic 5-year 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 EI's Institute Grant Agreement.

BBSRC is part of UK Research and Innovation (UKRI), an organisation that brings together the UK's seven research councils.

Employees

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

Transferred employees retain their membership of the Research Councils Pension Scheme (RCPS), where applicable, with EI becoming an admitted employer in the scheme. The RCPS is a defined benefit scheme funded from annual grant-in-aid on a pay-as-you-go basis. EI accounts for the scheme as if it were a wholly defined contribution scheme.

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

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

Communication

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

Equality and Diversity

It is El'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. El 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 El's policies follow these principles.

El is aware of its statutory duty to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the charitable company, as well as generally through training and career development.

Health & Safety

El aims to safeguard and improve the health, safety, welfare and security of its employees and the health and safety of visitors. El aims to create an atmosphere where health and safety matters are paramount considerations and consults with employees and their representatives on health and safety matters.

Going Concern

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

The Trustees have prepared cash flow forecasts for the period to March 2024 which indicate that, taking account of reasonable possible downsides and that the anticipated impact of COVID-19 on the operations and its financial resources, the Institute will have sufficient funds to meet its liabilities as they fall due for that period.

The Institute is reliant on its strategic programme funding from BBSRC, which was £5.2m in the year (2019: £5.1m). BBSRC has confirmed continued strategic funding at this level for the year to March 2021 plus provisional funding for a further two years to March 2023 subject to the next government spending review. The Institute fully expects its funding for the two years to March 2023 to be confirmed in early 2021 based on feedback from BBSRC.

From late March 2020 until June 2020, the Institute's facilities were closed to all staff and students, except for essential work and activity supporting covid-19-related testing and research. During this period, El staff and

students have been able to operate effectively from home and, with facilities being re-opened progressively since then, the Institute has been able to successfully maintain its research programmes and projects with minimal financial impact. The Institute has considered the potential financial impact of continued restrictions for the next 12 months, including the potential for a second lockdown. Taking into account experience to date, business continuity arrangements and financial projections, the Institute considers the risk of a significant financial impact from covid-19 to be low.

The Institute has prepared income, reserves and cash flow forecasts to March 2024. The forecasts indicate that the Institute will have significant cash headroom over the period, with cash balances of at least £8m for the 12 months from the signing date of this Annual Report.

Consequently, the Trustees are confident that in Institute will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have been prepared the financial statements on a going concern basis.

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

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

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

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are

free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

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.

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 EI to be charitable in nature.

Independent auditors

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

On behalf of the Board



Janet Thornton, Trustee Director
11th December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EARLHAM INSTITUTE

Opinion

We have audited the financial statements of Earlham Institute ("the charitable company") for the year ended 31 March 2020 which comprise the Group Statement of Financial Activities, The Group and Parent Charitable Company Balance Sheets, The Group Charitable Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the charitable company will continue in operation.

Other information

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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



Stephanie Beavis (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Dragonfly House
2 Gilders Way
Norwich
NR3 1UB
Date: 17 December 2020

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2020

INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT

	Note	Unrestricted funds £000	Restricted funds £000	Restricted capital £000	Total 2020 £000	Total 2019 £000
Income						
<i>Income from charitable activities</i>						
Grant Income - BBSRC		-	7,979	-	7,979	9,587
Grant Income - other		-	317	-	317	593
Other Research Income		607	-	-	607	1,073
Capital funding - BBSRC		-	42	2,676	2,718	1,813
<i>Income from other trading activities</i>						
Trading income		358	-	-	358	480
Rental income		80	-	-	80	70
<i>Investment income</i>	9	127	-	-	127	107
<i>Other generated income</i>		422	-	-	422	868
Total income		1,594	8,338	2,676	12,608	14,591
Expenditure						
Charitable activities	2	(1,725)	(8,463)	(3,578)	(13,766)	(14,940)
Raising funds		(115)	-	-	(115)	(124)
Trading expenditure		(192)	-	(30)	(222)	(260)
Total expenditure		(2,032)	(8,463)	(3,608)	(14,103)	(15,324)
Other transfers		(13)	13	-	-	-
Capital transfers		(474)	1,155	(681)	-	-
Net expenditure for the year		(925)	1,043	(1,613)	(1,495)	(733)
Funds brought forward		11,978	989	11,517	24,484	25,217
Funds carried forward	19	11,053	2,032	9,904	22,989	24,484

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 notes on pages 17 to 27 form part of these financial statements.

CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS

AS AT 31 MARCH 2020

		Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
	Note				
<i>Fixed assets</i>					
Tangible assets	10	10,843	12,588	10,843	12,588
Intangible assets	11	12	91	12	61
<i>Current assets</i>					
Stocks	13	80	118	80	118
Debtors	14	2,077	1,972	1,947	1,846
Cash at bank and in hand	15	14,945	13,654	14,923	13,458
		17,102	15,744	16,950	15,422
<i>Current liabilities</i>					
Creditors: amounts falling due within one year	16	(4,968)	(3,939)	(4,954)	(3,807)
Total net current assets		12,134	11,805	11,996	11,615
Total assets less current liabilities		22,989	24,484	22,851	24,264
Total net assets	18	22,989	24,484	22,851	24,264

The funds of the charity

Restricted funds

Fixed asset reserve	19	9,904	11,517	9,914	11,509
Designated reserves	19	1,651	600	1,651	600
General reserve	19	381	389	381	389
Total restricted funds		11,936	12,506	11,946	12,498

Unrestricted funds

Fixed asset reserve	19	951	1,162	941	1,140
Designated reserves	19	5,572	6,299	5,572	6,299
General reserve	19	4,530	4,517	4,392	4,327
Total unrestricted funds		11,053	11,978	10,905	11,766

Total funds		22,989	24,484	22,851	24,264
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The financial statements on pages 14 to 27 were approved by the Board of Trustees on 11 December 2020 and were signed on its behalf by:



Janet Thornton, Trustee Director

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Total 2020 £000	Total 2019 £000
	Note	
Cash flows from operating activities:		
Operating deficit	(1,495)	(733)
Interest receivable	(127)	(107)
Depreciation	3,609	3,821
Capital grants received	(2,718)	(1,813)
Loss/(Profit) on disposal of tangible assets	25	(12)
Decrease in stocks	38	98
(Increase)/Decrease in debtors	(105)	5,166
Increase/(Decrease) in creditors	1,029	(6,750)
Net cash provided by/(used in) operating activities	256	(330)
Cash Flows from investing activities:		
Interest received	127	107
Purchase of tangible assets	(1,815)	(2,241)
Capital grants received	2,718	1,813
Proceeds from sale of tangible assets	5	64
Net cash provided by/(used in) investing activities	1,035	(257)
Change in cash and cash equivalents in the reporting period	1,291	(587)
Cash and cash equivalents at the beginning of the period	15	13,654
Total cash and cash equivalents at the end of the year	15	14,945

The accompanying notes form part of these financial statements.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a. Basis of preparation

The group financial statements have been prepared under the historical cost convention 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:

Basis of consolidation

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

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

The financial statements of all group undertakings are made up to 31 March 2020. A separate income and expenditure account has not been presented for EI as permitted by Section 408 of the Companies Act 2006. The loss after tax of EI was £1,413,000 (2019: £544,000) for the year.

b. Going concern

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

The Trustees have prepared cash flow forecasts for the period to March 2024 which indicate that, taking account of reasonable possible downsides and that the anticipated impact of COVID-19 on the operations and its financial resources, the Institute will have sufficient funds to meet its liabilities as they fall due for that period.

The Institute is reliant on its strategic programme funding from BBSRC, which was £5.2m in the year (2019: £5.1m). BBSRC has confirmed continued strategic funding at this level for the year to March 2021 plus provisional funding for a further two years to March 2023 subject to the next government spending review. The Institute fully expects its funding for the two years to March 2023 to be confirmed in early 2021 based on feedback from BBSRC.

Like most research organisations, the Institute's activities have been impacted by covid-19 measures. From late March 2020 until June 2020, the Institute's facilities were closed to all staff and students, except for essential work and activity supporting covid-19-related testing and research. During this period, EI staff and students have been able to operate effectively from home and, with facilities being re-opened progressively since then, the Institute has been able to successfully maintain its research programmes and projects with minimal financial impact. The Institute has considered the potential financial impact of continued restrictions for the next 12 months, including the potential for a second lockdown. Taking into account experience to date, business continuity arrangements and

financial projections, the Institute considers the risk of a significant financial impact from covid-19 to be low.

The Institute has prepared income, reserves and cash flow forecasts to March 2024. The forecasts indicate that the Institute will have significant cash headroom over the period, with cash balances of at least £8m for the 12 months from the signing date of this Annual Report.

Consequently, the Trustees are confident that the Institute will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have been prepared the financial statements on a going concern basis.

c. Judgements in applying accounting policies and key sources of estimation

Preparation of the financial statements requires 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 10.

- Intangible assets have been amortised in line with the accounting policy below and the net book value of the assets is included in Note 11.

d. 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.

Other charitable research income represents non-grant revenue from collaborative research projects with other academic institutions and other scientific services. Revenue is recognised in the year in which the obligation is fulfilled.

Capital grants are recognised in the consolidated statement of financial activities ("SoFA") when entitlement passes.

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

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

e. Resources expended

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

Cost of generating funds represents the cost of obtaining funds for research and preparing grant 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 3 to the financial statements.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

f. Restricted funds

Where research at EI 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.

g. Unrestricted funds

These include 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. At March 2020, £5.6m (2019: £6.3m) of unrestricted reserves have been designated in relation to co-funding for institute strategic programmes, strategic research projects and future capital investment.

h. Capital transfers

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

i. Tangible 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 of assets, less any estimated residual value, over their estimated useful lives at the following rates:

Plant, machinery and equipment – over estimated economic life;
Scientific equipment - 5 years straight line;
Sequencing equipment - 3 years straight line;
Computer equipment - 3 years straight line.

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

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

j. Intangible assets and amortisation

Computer Software development costs are recognised as intangible fixed assets at cost less amortisation and any provision for impairment.

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

Computer Software - 3 to 5 years straight-line.

Assets under construction are not amortised until the asset is in full use.

k. Stocks

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

l. Debtors

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

m. Trade creditors

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

n. 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.

o. Staff and Pensions

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

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

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

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

p. 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.

q. Operating Leases

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

r. Foreign currency transactions

The reporting and functional currency is pounds sterling. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated at year end exchange rates. All gains and losses are taken to the statement of financial activities in the year to which they relate.

s. 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 RESOURCES EXPENDED

Expenditure on charitable activities and governance costs have been analysed below.

Expenditure on charitable activities		Total 2020 £000	Total 2019 £000
	Note		
Direct charitable expenditure:			
Staff costs		4,470	4,271
Direct costs		4,180	5,441
Depreciation		3,609	3,821
Governance costs		111	72
Support costs	3	1,396	1,335
Total resources expended		13,766	14,940

Analysis of governance costs		Total 2020 £000	Total 2019 £000
Staff costs		99	61
Travel costs		5	5
Other costs		7	6
Total governance costs		111	72

Included within expenditure is restricted general expenditure of £8,463k (2019: £8,931k), and restricted capital expenditure (depreciation) of £3,609k (2019: £3,821k). All other expenditure is unrestricted.

3. ALLOCATION OF SUPPORT COSTS

	Charitable Activities £000	Raising Funds £000	Total 2020 £000	Total 2019 £000	Basis of Allocation
Building services*	492	-	492	469	Activity
Finance and Contracts*	213	115	328	357	Activity
Management, IT and Communications*	348	-	348	299	Activity
Human Resources and Staff Welfare*	130	-	130	136	Activity
Other support services	98	-	98	74	Activity
Total support costs	1,281	115	1,396	1,335	

Support costs are allocated based on their nature.

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

4. TAXATION

EI 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 its subsidiary, Genome Enterprise Limited, are subject to corporation tax, however profits are gifted to the charitable company resulting in £nil (2019: £nil) tax 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.

NOTES TO THE ACCOUNTS

5. OPERATING SURPLUS

Operating surplus is stated after charging:

	Total 2020 £000	Total 2019 £000
Audit services:		
Fees for the audit of the charitable company and consolidated financial statements	12	12
Fees for the audit of the charitable company's subsidiary pursuant to legislation	2	2
Non-audit services:		
Other fees payable to the auditors of the charitable company	5	-
Depreciation	3,609	3,821
Loss/(Gain) on disposal of tangible assets	25	(12)
Operating lease rentals (land and buildings)	126	131
Hire of plant and equipment	6	7
Gain on foreign exchange translations	9	8

6. RESULTS OF TRADING ACTIVITIES OF SUBSIDIARY

Genome Enterprise Limited	Total 2020 £000	Total 2019 £000
Profit and loss account		
Turnover	358	480
Cost of sales	(192)	(182)
Gross profit	166	298
Administrative expenses	(30)	(78)
Operating profit and profit on ordinary activities before taxation	136	220

In addition to the above, £218,382 (2019: £408,848) in Gift Aid was paid to the 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 expected gift aid payments.

7. REMUNERATION OF MEMBERS OF THE BOARD OF TRUSTEES

EI 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 EI's Articles of Association.

Nine members of the Board of Trustees received remuneration from the group during the year for their duties as a Trustee (2019: eight). Total trustee remuneration in the year was £30,000 (2019: £24,000). Details of the remuneration paid during the year is as follows:

Name of Trustee	Total 2020 £000	Total 2019 £000
Professor Peter Holland	3	-
Professor Thomas Richards	3	-
Professor Robbie Waugh	1	3
Mr Terry Gould	-	3
Professor Dame Janet Thornton	7	5
Mrs Andrea Finegan	4	3
Dr Alasdair Macnab	4	3
Professor Edward Louis	4	2
Professor Veronica Van Heyningen	1	2
Professor Jean Beggs	3	3
Total	30	24

NOTES TO THE ACCOUNTS

7. REMUNERATION OF MEMBERS OF THE BOARD OF TRUSTEES (CONTINUED)

Included in the table above is one member of the Board of Trustees (2019: one) who opted for their employers to receive remuneration in connection with their duties as trustee directors. Remuneration of £2,500 was payable to the University of Edinburgh in relation to Professor Jean Beggs (2019: £2,500).

Attendance expenses incurred by 3 (2019: 3) Trustees whilst carrying out their duties amounted to £877 (2019: £1,241) during the year.

8. EMPLOYEE INFORMATION

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

Group and charitable company	2020 Number	2019 Number
Scientific	87	84
Office management and services	21	20
Total	108	104

The aggregate payroll costs of these persons were:

	2020 £000	2019 £000
	Note	
Wages and salaries	4,072	3,811
Redundancy costs	4	28
Social security costs	404	395
Other pension costs	21 570	536
Total	5,050	4,770

As required by SORP 2015 an analysis has been provided below of the number of staff who fall within emoluments bands from £60,000 upwards.

Group and charitable company	2020 Number	2019 Number
£60,000 - £69,999	4	6
£70,000 - £79,999	2	1
£100,000 - £109,999	3	3
£150,000 - £159,999	-	1
£160,000 - £169,999	1	-
Total	10	11

The number of staff with emoluments greater than £60,000 who were members of the Research Councils' Pension Schemes was 2 (2019: 4). The number of staff with emoluments greater than £60,000 who were members of a company stakeholder pension scheme was 3 (2019: 3).

Staff that joined prior to 1 October 2011 were employed by BBSRC up to 1 October 2017, when these employees transferred employment to the Institute under TUPE. Transferred employees retain their membership of the Research Councils Pension Scheme, where applicable, with EI becoming an admitted employer in the scheme.

Staff that joined after 1 October 2011 are employed under EI terms & conditions.

The key management personnel of the charitable company are considered to be the members of the executive team: the Institute Director, Director of Operations and Director of Science. The key management personnel of the group comprise those of the charity and the key management personnel of the wholly owned subsidiaries, Genome Enterprise Ltd ("GEL"). The key management personnel of GEL is considered to be the Institute Director (EI) and the Director of Operations (EI). No costs were recharged in respect of this. The total employee benefits of the key management personnel of the charity and group were £793,268 (2019: £418,765).

NOTES TO THE ACCOUNTS

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	Total 2020 £000	Total 2019 £000
Bank interest	125	105
Interest on loans	2	2
Total	127	107

10. TANGIBLE ASSETS

Group and charitable company	Leasehold improvements £000	Plant, machinery and equipment £000	Assets under construction £000	Total £000
Cost				
At 1 April 2019	8,457	32,200	53	40,710
Transfers	53	-	(53)	-
Additions	20	631	1,164	1,815
Disposals	-	(7,190)	-	(7,190)
At 31 March 2020	8,530	25,641	1,164	35,335
Accumulated Depreciation				
At 1 April 2019	4,859	23,263	-	28,122
Charge for the year	633	2,897	-	3,530
Disposals	-	(7,160)	-	(7,160)
At 31 March 2020	5,492	19,000	-	24,492
Net book value at 31 March 2020	3,038	6,641	1,164	10,843
Net book value at 31 March 2019	3,598	8,937	53	12,588

All of the charitable company assets at 31 March 2020 are used for direct charitable purposes.

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

11. INTANGIBLE ASSETS

Group	Software development £000	Total £000
Cost		
At 1 April 2019	177	177
Additions	-	-
At 31 March 2020	177	177
Accumulated Depreciation		
At 1 April 2019	86	86
Charge for the year	79	79
At 31 March 2020	165	165
Net book value at 31 March 2020	12	12
Net book value at 31 March 2019	91	91

NOTES TO THE ACCOUNTS

11. INTANGIBLE ASSETS (CONTINUED)

Charitable company	Software development £000	Total £000
Cost		
At 1 April 2019	147	147
Additions	-	-
Disposals	-	-
At 31 March 2020	147	147
Accumulated Depreciation		
At 1 April 2019	86	86
Charge for the year	49	49
Disposals	-	-
At 31 March 2020	135	135
Net book value at 31 March 2020	12	12
Net book value at 31 March 2019	61	61

The intangible asset relates to internally generated research software.

12. FIXED ASSET INVESTMENTS

Subsidiary

The charitable company's investment in its subsidiary undertaking at cost amounts to £1. The following is the operating subsidiary undertaking in which the charitable company has an interest:

Subsidiary Undertaking	Country of registration	Principal activity	Class and percentage of shares held
Genome Enterprise Limited	England	Contract research	100% ordinary shares

Genome Enterprise Limited (company registration number 06812113) registered address is Norwich Research Park, Norwich, Norfolk, NR4 7UZ.

The charitable company has committed to provide financial support to Genome Enterprise Limited ("GEL"), and not demand repayment of amounts due to it, in order to enable GEL to meet its 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 GEL for the year ended 31 March 2020.

GEL is a member of Anglia Innovation Partnership LLP, which is responsible for the management and development of the Norwich Research Park land and for the furtherance of the NRP Enterprise Vision. EI is entitled to receive a share of certain profits generated by Anglia Innovation Partnership LLP, however it has no liability for losses or in the event of insolvency. Anglia Innovation Partnership LLP has not yet generated any profits.

EI has a 25% interest in NBI Partnership Limited ("NBIP"). NBIP supplies support and administrative services to EI and the other Norwich Institutes (John Innes Centre, Quadram Institute Bioscience 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.

13. STOCK

Group and charitable company	Total 2020 £000	Total 2019 £000
Raw materials and consumables	80	118
Total	80	118

NOTES TO THE ACCOUNTS

14. DEBTORS

		Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
	Note				
<i>Grants receivable:</i>					
from government bodies		176	560	176	560
from other sources		252	26	252	26
Trade debtors		470	572	113	427
Amounts owed by subsidiary undertakings		-	-	227	137
Amounts owed by other related parties	22	178	230	178	230
Other debtors		119	90	119	90
Prepayments and accrued income		882	494	882	376
Total amounts falling due within one year		2,077	1,972	1,947	1,846

The above amounts fall due within one year.

Grants receivable from government bodies includes £127,223 in relation to capital funding receivable from BBSRC (2019: £35,504).

15. CASH AT BANK AND IN HAND

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Cash at bank	14,945	13,654	14,923	13,458
Total	14,945	13,654	14,923	13,458

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

		Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
	Note				
<i>Grants received in advance:</i>					
from government bodies		1,241	1,218	1,241	1,218
from other sources		71	84	71	84
Amounts owed to other related parties	22	190	176	190	176
Trade creditors		856	429	857	429
Other creditors		1,241	614	1,241	614
Taxation and social security		120	127	105	103
Accruals and deferred income		1,249	1,291	1,249	1,183
Total amounts falling due within one year		4,968	3,939	4,954	3,807

17. RECONCILIATION OF MOVEMENT IN GRANTS RECEIVABLE

Group		Total 2020 £000	Total 2019 £000
	Note		
Grants receivable	14	428	586
Grants received in advance	16	(1,312)	(1,302)
Net grants receivable at the end of the year / (received in advance)		(884)	(716)
Net grants (received in advance) / receivable at beginning of year		(716)	2,672
Grant monies received during the year		(8,464)	(13,568)
Grant money released to SOFA during the year		8,296	10,180
Net grants receivable at the end of the year / (received in advance)		(884)	(716)

NOTES TO THE ACCOUNTS

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Fixed assets £000	Net current assets £000	Total 2020 £000
<i>Unrestricted:</i>			
Fixed asset reserve	951	-	951
Designated reserves	-	5,572	5,572
General reserve	-	4,530	4,530
<i>Restricted:</i>			
Fixed asset reserve	9,904	-	9,904
Designated reserves	-	1,651	1,651
General reserve	-	381	381
Total net assets	10,855	12,134	22,989

Charitable company

<i>Unrestricted:</i>			
Fixed asset reserve	941	-	941
Designated reserves	-	5,572	5,572
General reserve	-	4,392	4,392
<i>Restricted:</i>			
Fixed asset reserve	9,914	-	9,914
Designated reserves	-	1,651	1,651
General reserve	-	381	381
Total net assets	10,855	11,996	22,851

The unrestricted fixed asset reserve represents the net book value of fixed assets purchased from unrestricted funds. The unrestricted designated reserve relates to funds designated by the Board for use in relation to co-funding for institute strategic programmes, strategic projects and future capital investment.

The restricted fixed asset reserve relates to the net book value of fixed assets purchased from capital grants. The restricted designated reserve relates to advance capital and project funding received from BBSRC. The restricted general reserve relates to advance strategic funding received from BBSRC.

19. ANALYSIS OF FUNDS MOVEMENTS

Group	Unrestricted fixed assets reserve £000	Unrestricted designated £000	Unrestricted general £000	Restricted designated £000	Restricted fixed reserve £000	Restricted general £000	Total 2020 £000
At 1 April 2019	1,162	6,299	4,517	600	11,517	389	24,484
Operating surplus/(deficit) for the year	-	-	(438)	-	(932)	(125)	(1,495)
Capital transfers	(474)	-	-	-	474	-	-
Unrestricted general capital expenditure	263	(293)	30	-	-	-	-
Unrestricted designated transfer	-	(529)	704	(104)	-	(71)	-
Restricted designated transfer	-	95	(158)	1,155	(1,155)	63	-
Other transfers	-	-	(125)	-	-	125	-
At 31 March 2020	951	5,572	4,530	1,651	9,904	381	22,989
Charitable company							
At 1 April 2019	1,140	6,299	4,327	600	11,509	389	24,264
Operating surplus/(deficit) for the year	-	-	(386)	-	(902)	(125)	(1,413)
Capital transfers	(462)	-	-	-	462	-	-
Unrestricted general capital expenditure	263	(293)	30	-	-	-	-
Unrestricted designated transfer	-	(529)	704	(104)	-	(71)	-
Restricted designated transfer	-	95	(158)	1,155	(1,155)	63	-
Other transfers	-	-	(125)	-	-	125	-
At 31 March 2020	941	5,572	4,392	1,651	9,914	381	22,851

Capital transfers relate to fund movements in connection with fixed assets and depreciation; ensuring assets are appropriately reflected in separate reserves.

Unrestricted general capital expenditure relates to fixed asset purchases funded from the unrestricted designated reserve.

NOTES TO THE ACCOUNTS

19. ANALYSIS OF FUNDS MOVEMENTS (CONTINUED)

The Unrestricted designated transfer represents movements in unrestricted funding for institute strategic programmes, strategic expenditure and future capital investment.

The Restricted designated transfer represents movements in restricted BBSRC funding for capital, projects and strategic grants.

Other transfers relate to the net surplus on restricted research grants, which has been transferred to unrestricted general reserves upon performance of the grant conditions.

20. COMMITMENTS

Group and charitable company	Total 2020 £000	Total 2019 £000
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Capital commitments at the end of the financial year for which no provision has been made:

Contracted	702	161
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Group and charitable company	Total 2020 £000	Total 2019 £000
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Amounts due under other operating leases for land and buildings:

Under one year	100	100
Between one and five years	300	300
Over 5 years	1,576	1,676
	1,976	2,076

Amounts due under other operating leases for plant and machinery:

Under one year	2	2
Between one and five years	5	-
Over 5 years	-	-
	7	2

21. PENSION SCHEMES

All staff employed by EI on 30 September 2011 became BBSRC employees on 15 March 2012 and were deployed back to the Institute under conditions set out in the Deployment Agreement (the "Deployed Employees"). On 1 October 2019, Deployed Employees transferred employment to the Institute under TUPE.

Deployed Employees retain their membership of the Research Councils Pension Scheme (RCPS), where applicable, with EI becoming an admitted employer in the scheme. The RCPS is a defined benefit scheme funded from annual grant-in-aid on a pay-as-you-go basis. The RCPS Pension Scheme is a multi-employer scheme and EI is unable to identify its share of the underlying assets and liabilities. EI therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Liabilities for the payment of future benefits are the responsibility of the RCPS and accordingly are not included in these Financial Statements. The employer contribution rate during the year was 26% (2019: 26%).

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

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

The total pension charge for the year was £570,130 (2019: £535,566), with outstanding contributions at the year-end of £34,191 (2019: £34,781).

NOTES TO THE ACCOUNTS

22. RELATED PARTY TRANSACTIONS

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

Biotechnology and Biological Science Research Council (“BBSRC”)

The charitable company is strategically funded by BBSRC along with seven other Institutes and BBSRC is one of the members of the charitable company. BBSRC is part of UK Research and Innovation (UKRI), an organisation that brings together the UK's seven research councils, Innovate UK and Research England.

During the year BBSRC charged EI £3,983 (2019: £3,983) for subscription charges and other costs. As at 31 March 2020, EI owed BBSRC £nil (2019: £nil).

BBSRC provided £7,979,000 (2019: £9,587,000) of funding for research and in addition it provided £2,676,000 (2019: £1,813,000) of funding for capital purchases in the year ended 31 March 2020. As at 31 March 2020, BBSRC owed EI £176,281 (2019: £134,470), of which £127,223 (2019: £35,504) was for capital purchases.

NBI Partnership Limited (“NBIP”)

EI is one of four members and guarantors of NBIP, a company limited by guarantee. EI has provided short-term loans to NBIP to enable NBIP to manage its cash requirements. At 31 March 2020, EI had a loan balance with NBIP of £105,000 (2019: £99,000).

During the year, EI was charged £1,353,299 (2019: £1,385,020) for services under a cost sharing agreement. As at 31 March 2020, EI owed NBIP £122,409 (2019: £118,607) and NBIP owed EI £2,100 (2019: £nil).

University of East Anglia (“UEA”)

UEA is a member of the charitable company. During the year, EI invoiced UEA £79,065 (2019: £264,429) for services. UEA invoiced EI £73,902 (2019: £86,831) for miscellaneous costs and £447,096 (2019: £477,507) for staff costs.

As at 31 March 2020, UEA owed EI £71,201 (2019: £131,411) and EI owed UEA £48,812 (2019: £40,222).

Anglia Innovation Partnership LLP (formerly NRP LLP)

EI is a member of Anglia Innovation Partnership LLP through its 100% subsidiary, GEL. Anglia Innovation Partnership 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, EI received services totalling £420 (2019: £643), and was charged £19,597 (2019: £16,796) for estate costs. As at 31 March 2020, EI owed AIP LLP £19,177 (2019: £16,796).

EI invoiced Anglia Innovation Partnership LLP for services totalling £375 (2019: £nil). As at 31 March 2020 Anglia Innovation Partnership LLP owed EI £nil (2019: £nil).

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Trustees consider that there is no ultimate parent undertaking and controlling party. EI is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements.

REFERENCE AND ADMINISTRATIVE DETAILS

Directors and Trustees

Professor Dame Janet Thornton	Chair – Board of Trustees
Dr Alasdair Macnab	Chair – Audit Committee
Professor Peter Holland	
Professor Thomas Richards	
Ms Amanda Tagg	
Mrs Andrea Finegan	Chair – Remuneration Committee
Professor Jean Beggs	
Professor Edward Louis	
Professor Philip Gilmartin	

Key Management Personnel

Professor Neil Hall	Institute Director
Mrs Sarah Cossey	Director of Operations
Dr Karim Gharbi	Head of Genomics Pipeline
Professor Ant Hall	Head of Plant Genomics
Dr Christine Fosker	Head of Research Faculty Office
Dr Rob Davey	Head of Research e-infrastructure

Registered charity number 1136213

Registered company number 06855533

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