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**NIAB**

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**Trustees' Report and Financial Statements**

**For the Year Ended 31 March 2020**

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## NIAB

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## NIAB

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### Reference and Administrative Details of the Charity, its Trustees and Advisers For the Year Ended 31 March 2020

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<b>Trustees</b>	J E Godfrey, Chairman Dr T L Barsby OBE, Chief Executive S J Ellwood K E Fidgeon J R Harle Dr N Kerby MBE Dr C A Lang R C Lowson I J Puddephat R A Macdonald CBE, Deputy Chairman Professor Dr A G Smith
<b>Company registered number</b>	3395389
<b>Charity registered number</b>	1064230
<b>Registered office</b>	93 Lawrence Weaver Road Cambridge CB3 0LE
<b>Company secretary</b>	S C Masson
<b>Chief executive officer</b>	Dr T L Barsby OBE
<b>Independent auditors</b>	Crowe U.K. LLP Statutory Auditor 55 Ludgate Hill London EC4M 7JW
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP

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**NIAB**

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**Reference and Administrative Details of the Charity, its Trustees and Advisers (continued)**  
**For the Year Ended 31 March 2020**

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**Solicitors**

Birketts LLP  
22 Station Road  
Cambridge  
CB1 2JD

Gowling WLG (UK) LLP  
4 More, London Riverside  
London  
SE1 2AU

# TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT

## STRATEGIC REPORT

### Background

NIAB is at the centre of innovation in agricultural and horticultural crop sciences.

The National Institute of Agricultural Botany was founded by Deed of Trust in 1919. It was regulated by a scheme made by the Secretary of State for Education and Science until 1998, when a new structure was agreed which saw the formation of two charities which would operate in tandem. NIAB was formed to conduct the charitable operations. The National Institute of Agricultural Botany Trust provide land, facilities and financial support to NIAB, which the Trust determine is the preferred vehicle to deliver its charitable activities. NIAB controls two other charities: The Arable Group Limited and NIAB EMR.

Building on a longstanding international reputation for expertise in plant varieties and seeds, NIAB's scientific capabilities span the crop improvement pipeline; from underpinning research required to develop higher yielding more climate resilient crops, through to the extensive trials data, agronomy expertise and advice needed to ensure these advances are transferred effectively to the wider industry.

### Mission and Vision

Our mission is to conduct high-quality strategic and applied research in agricultural, horticultural and environmental sciences, and to deliver knowledge, products and services that benefit public and private customers.

Our vision is to connect the science base and industry by providing an integrated research and knowledge transfer hub for the entire crop improvement pipeline, with a clear focus on improving the productivity, quality and resource use efficiency of crop production.

### Strategy

A central objective of NIAB's research activity is to bridge the gap between the basic understanding of plant science and the ability to apply that knowledge in practice.

NIAB has the specialist knowledge, skills and facilities required to support improved crop production, to evaluate variety performance and quality in the field, to conduct agronomy research and to ensure the benefits of new knowledge and genetic potential are transferred on to farm and into the food industry which depends on productive agriculture.

The integration of the latest advances in data science alongside expertise in crop pre-breeding, agronomy and farming systems is key to unlocking a step-change improvement in UK crop production and product quality. NIAB's intention is to be at the forefront of crop innovation and to lead a step change in crop productivity, whether through the increased application of bioinformatics in bringing new genetics to the market place, or through the combination of data science and agronomy to target on-farm production directly.

NIAB's research activities are increasingly part of global partnerships as the science relevant to UK agriculture finds equal application in other countries and is particularly relevant to developing economies.

### Public Benefit

The need for innovation in plant breeding and agronomy has never been greater. With climate change and a growing population, food security issues are a global concern. Crop science and technology have a vital role to play in boosting productivity, conserving resources and coping with climate change.

NIAB seeks to:

- advance science for public benefit, primarily through the support of crop research and development, publishing academic papers and delivering practical solutions, working with a network of scientific partnerships and collaborations with leading academic, research and commercial organisations in the UK, Europe and the rest of the world;
- demonstrate how plant resources and crop genetic improvement can help address the major global challenges of sustainable use of resources, climate change, food security and the provision of high quality food to enhance health and nutrition
- promote agriculture, horticulture and arboriculture anywhere in the world.

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 NIAB to be charitable in nature.

## Performance

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

Objectives	Performance
Completion of the current phase of development at Cambridge, occupy and utilise the facilities to increase the scientific output of the organisation. Work with the East Malling Trust to secure the development of new facilities at East Malling.	<p>The Park Farm development was completed in June 2019 and activities transferred into that facility. The new HQ site at Lawrence Weaver Road was also completed, the old HQ building cleared and all staff and activities moved into new facilities by the end of February 2020.</p> <p>With the support of the East Malling Trust who pledged matched financial support, NIAB submitted a successful bid to the UK government's 'Strength in Places' fund. As well as providing updated facilities at East Malling, it will bring together local businesses and Universities in growth projects based on horticultural science under the leadership of NIAB EMR.</p>
Review the strategy for NIAB and develop a five year plan for 2020 to 2025.	Each business area has developed a five year plan, and these have been consolidated into an overall five year strategy for final approval by Trustees.
With Cambridge University, establish the new Crop Science Centre. In collaboration with the Professor of Crop Science, develop the science and funding strategy, secure first funds and commence recruiting leadership positions.	<p>The Crop Science Building, leased to the University by the NIAB Trust and located adjacent to NIAB's HQ, was completed during this year.</p> <p>The science strategy has been set, focussing on three pillars: nutrition, pests and disease, and photosynthesis (carbon capture). Recruitment and bids for funds will commence in 21/22.</p>
Protect and release 2 new fruit varieties.	Plant variety rights applications were filed for a new early plum variety and an everbearer strawberry.
Develop our collaborations with agritech SMEs, to the benefit of our wider stakeholder base.	The 'Meeting of Minds' programme to link NIAB scientists with SMEs has continued. NIAB has participated in early stage funding of SMEs through its participation in the syndicate Cambridge Agritech. NIAB completed an application for funding to the Cambridge and Peterborough Combined Authority which resulted in the award of funds to the NIAB Trust to build an incubator (labs and offices) to house agritech SMEs.
In the context of changes to existing arrangements as a result of Brexit, to work with others to retain a UK system for the evaluation of Plant Breeders Rights.	For the time being, it appears that the UK will remain aligned with the European system and retain similar Plant Breeders Rights arrangements.

## Objectives for 2020/21

NIAB is addressing the following objectives for the year to 31 March 2021:-

- Covid-19  
Towards the end of the 2019/20 year Covid-19 arrived as a global pandemic. The principle objective for the period then became ensuring business continuity. This needs to remain a focus as the effect of the pandemic is still not clear. More details on NIAB's response to the pandemic is contained in the Risk Assessment and Management section of this report.
- Review the 5 year plan incorporating the effects of the Covid-19 epidemic, with a focus on financial stability. Financial stability will be achieved through a mix of increased efforts on income generation alongside cost cutting, including staff costs.
- Develop new facilities at East Malling.
- Merge the subsidiary charity NIAB EMR into NIAB.
- Officially launch the Crop Science Centre, the alliance with the University of Cambridge, recruit science leaders, and secure new sources of funds.
- Apply for Plant Variety Rights for two new fruit varieties.
- Complete the construction of the agritech incubator Barn 4, and secure first SME occupants.
- Work with Defra to establish future needs for NIAB statutory services post-Brexit.

## FINANCIAL REVIEW

### Income

The total incoming resources for the group were £26,894k (2019: £27,916k). A total of £10,308k related to Agricultural Services (2019: £10,144k); £7,490k relating to Laboratory and Research (2019: £8,172k). The income relating to commercial trading operations totalled £7,124k (2019: £7,546k). The group does not carry out fundraising activities.

### Expenditure

The total outgoing expenditure was £28,152k (2019: £27,874k).

### Capital Expenditure

The charity funded the capital purchases from both restricted (grants) and unrestricted income. The total group spend was £2,142k (2019 £1,464k).

### Business Review and key performance indicators

NIAB continues to review the most appropriate Key Performance Indicators by which the development, performance or position of the various elements of its operations can be effectively measured.

The following Key Performance Indicators (KPIs) have been reviewed for the group: -

	2020	2019
Charitable Income	£18,867k	£18,352k
Staff Costs	£15,182k	£15,187k
Average Staff Numbers	351	355
Turnover per head	£76.63k	£78.6k

The Charitable Income is a measure of the charity's ability to secure sufficient income to maintain a sustainable research facility. The staff costs and average staff numbers are also an important measure.

### Going Concern

The trustees have acknowledged the guidance on going concern and financial reporting published by the Financial Reporting Council in 2016.

The Group's operating activities are diverse. Research and development in Crop Genetics, Computational Biology, Plant Breeding and Plant Characterisation are supported by long-term contracts and competitively won research grants which, historically, have been largely unaffected by changes in the general economy. Crop Agronomy, Membership, Training and Seed Certification activities are generally contracted on an annual basis, and are supported by a diverse customer base. Income has been stable over a number of years.

The Group balance sheet shows a deficit position of £10,766k. Taking out the Restricted and Endowment funds leaves an Unrestricted deficit of £11,824k. Stripping out the

pension scheme deficit £13,987k (discussed in more detail below), the long term debt to the NIAB TRUST of £1,500k and Fixed Assets (Tangible plus Intangible) plus Trade investments in total within Unrestricted funds of £5,644 leaves a negative underlying unrestricted reserve of £1,981k as described in the Reserves policy in this report.

One of the key objectives as noted above for the year is a review of the 5 year plan incorporating the effects of the Covid-19 pandemic, with a focus on financial stability. This is in process of being achieved through a mix of increased efforts on income generation alongside cost cutting including staff costs in a redundancy exercise carried out in July 2020.

NIAB has undertaken an exercise of reviewing income and planned expenditure including financial and cashflow projections to forecast how various outcomes might affect NIAB's operations in 2021, taking into account the risk of decreased income from various sources. The results of the scenario planning have been used as a basis from which to formulate a model for strategic planning.

A key component of the revised 5 year plan is to create surpluses through growth, cost savings and improved margins on services and products. At the time of writing this report, the forecasts for 2020/21 is for a modest surplus based on the actual results to September 2020 and new income secured for the remainder of 2020/21. Similarly there is a surplus projected for 2021/22.

A component of the financial risk to NIAB is the pension scheme. The NIAB (1996) Pension Scheme ('Scheme') was established in 1996 following NIAB's separation from government and establishment as a not-for-profit. The Board have taken steps to manage the Scheme deficit, closing the Scheme to new members in 2001 and to future accrual in 2007.

The National Institute of Agricultural Botany Trust ('TRUST' Charity No. 1144528) was established at the same time as NIAB, and holds the property assets of the previously government-owned institution.

The TRUST was established with similar charitable objects to NIAB and fulfils its charitable objects through the provision of support to NIAB.

The Trust is a participating employer in the Scheme with NIAB. This means that the entire deficit liability of the pension scheme is shared with the TRUST, and the assets of the TRUST support NIAB's balance sheet in providing the employer covenant, and the recovery payments agreed under the recovery plan.



A key component of the review of going concern, given other uncertainties, is the support from the NIAB TRUST.

The TRUST has a balance sheet value of in excess of £40m. It has confirmed that it will continue to support NIAB and provide funding and lending sufficient to ensure NIAB remains a going concern. The funding includes ongoing funding for research and facilities and contributions to the pension scheme recovery payments. The lending is in the form of an 'overdraft' facility which can be used by NIAB to manage working capital fluctuations in year of up to £2m.

The trustees have considered the following in arriving at their conclusions on going concern: -

1. The cash flow forecast and latest management accounts, which give confidence that NIAB can continue to pay its debts as they fall due.
2. The TRUST's continued support to NIAB through the provision of facilities and funding and borrowing support.
3. The Trust being a participating employer alongside NIAB in the Pension Scheme.

After making enquiries and considering the uncertainties described above, the trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future being at least twelve months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Subsidiaries and related parties

NIAB has two wholly owned subsidiaries, NIAB Trading Ltd and TAG Consulting Ltd, both of which gift aid their profit to NIAB. NIAB EMR and The Arable Group Limited are both charitable companies limited by guarantee. In both cases NIAB, as the sole voting member, has the power to appoint the Trustee Board of NIAB EMR and The Arable Group Limited and they are therefore considered to be subsidiary undertakings by virtue of control. NIAB EMR also has a wholly owned subsidiary, East Malling Services Limited.

NIAB has an important relationship with the National Institute of Agricultural Botany Trust, which has an object to support NIAB in pursuit of its objects. This includes the provision of land and facilities.

#### Reserves Policy

The Trustees have reviewed the reserves of the group. The review encompassed the nature and reliability of the income and nature and level of commitment of expenditure streams. They have also considered the financial risks, the need to match variable income with fixed commitments, and the nature of the current reserves.

On a risk based analysis the Trustees have concluded that their aim is to achieve a general reserve equivalent to between two and four and a half month's worth of unrestricted fund expenditure. At the current annual spend, the reserves target is therefore between £4m and £9m.

At 31 March 2020 group unrestricted reserves excluding fixed assets and pensions liability and the long term loan from the NIAB Trust, were negative £1,981k (2019: positive £443k). The Trustees are in the process of reviewing a 5 year plan, a key component of which will be to create surpluses through growth, cost savings and improved margins on services and products, thereby increasing the general reserves position to bring it back to positive and then moving towards the target range. At the time of writing this report, the forecast for 2020/21 was for a modest surplus.

In the meantime the Trustees continue to monitor closely the financial position of the group, including forecasts and cash flow projections, to ensure they can demonstrate the ongoing ability of the group to be able to pay its debts as they fall due.

#### Accounting Period

The financial year end is 28 March 2020, however the financial statements continue to be drawn up to 31 March 2020 as permitted by section 390(3) of the Companies Act 2006.

## 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 Board reviews the risk register at each meeting.

### Principal Risks and Uncertainties

Risk Area	Risk	Management
<b>Covid-19</b>	<p>On site infection of staff or visitors</p> <p>Loss of income</p> <p>Access to property to carry out activities</p> <p>Loss of key staff</p>	<p>The Trustees adopted a policy covering hygiene and social distancing</p> <p>Monitoring of government guidelines and implementation of local rules regarding hygiene and social distancing</p> <p>Use of government furlough scheme</p> <p>Early and ongoing discussion with key funders</p> <p>Regular and frequent Executive meetings and staff communications</p> <p>Risk assessments for utilisation of buildings and carrying out of activities and for return to work by employees</p> <p>Change in delivery of activities e.g. in the field, running online seminars and events</p> <p>Buildings remaining open but with flexibility (opening times, one-way system, provision of PPE, cleaning facilities, risk assessments)</p> <p>Support of remote working</p>
Strategy / Process	Failure to deliver the business plan	The CEO and Executive team remain focused on the actions required to deliver the Business Strategy and Annual Business Plan, whilst ensuring the short-term focus on the Business Continuity plan.
Strategy / Process	Pressure on organisational structure during management of capital programmes and move to new facilities at Cambridge.	Completion of the move to the new facilities at Cambridge through the implementation of a structured plan was implemented without distraction of the Executive team from the business strategy.
Financial	Pension Scheme deficit	<p>Discussions with the Pension Scheme trustees at Board level.</p> <p>NIAB TRUST as participating employer in the scheme, improving the employers covenant.</p>

Financial	Loss of work as a result of Brexit	<p>Seek to mitigate the income loss (circa £700K) for statutory work as a result of Brexit, by re-deploying expertise on new activities, and working with other stakeholders to safeguard the UK system of Plant Breeders Rights. It is impossible to quantify the full impact until Brexit negotiations have concluded.</p> <p>Seek opportunities for new statutory work for the UK outside of Europe.</p>
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## STRUCTURE, GOVERNANCE and MANAGEMENT

### Members and Board of Trustees

The Board of Trustees comprises the Chair and up to eleven additional trustee directors. The trustees are also the members of the organisation.

The Board has established the following sub-committees:

- Finance (1)
- Nominations and Remunerations (2)

The following Trustees have served during the period:

J E Godfrey, OBE	1	Chairman
T L Barsby, OBE, BSc, PhD		
S J Ellwood, BSc	1	
K E Fidgeon, FCA	1	
J R Harle		
N Kerby, MBE, BSc, PhD	1	
C A Lang, BA, PhD	2	
R A Macdonald, CBE, BSc	2	Deputy Chairman
R C Lowson		
Professor I J Puddephat, BSc PhD		
Professor A G Smith BSc, MPhil, PhD	2	

### Recruitment, induction and training of Trustees

NIAB recruits trustees with the relevant skillset to support the charity's activities. An induction programme has been put in place for newly appointed trustees and is kept under review and updated where appropriate. In addition, trustees are in regular contact with the Chief Executive and executive team, and receive updates on key areas of activity.

### Organisation and governance

The trustees have used the UK Charity Governance Code to measure the performance of the board and its structure. The Trustees through the its Nominations Committee regularly review the skills matrix of the board and make annual recommendations to the full board prior to the AGM in respect of membership and performance of the board. Improving governance is an ongoing work and the Trustees will continue to develop the group's governance structure.

NIAB is incorporated in England and Wales and is a company limited by guarantee (registered number 03395389) and a registered charity (number 1064230). It is governed by its Memorandum and Articles of Association which were last amended 20 May 2020.

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 (FRS102) (effective 1 January 2015).

### Trustee Remuneration

NIAB provides an honorarium for the Chairman of the Board, the Deputy Chairman and the Chairman of the Finance Committee. In addition to this, a per diem fee is payable to qualifying trustees.

### Decision making and key management

The Board of Directors (Trustees) administer the company, and meet quarterly. A Chief Executive Officer is appointed by the Trustees to manage the day to day operations of the company. To facilitate effective operations the Chief Executive and Executive Team have delegated authority, within the terms of delegation approved by the Board, for all operational matters.

The key management personnel are appointed by NIAB's Chief Executive; they have authority and responsibility for planning, directing and controlling the activities of the NIAB Group. The nominations and remunerations committee consider the pay for key management personnel in the context of the overall company pay review, and the benchmarking of similar roles within BBSRC institutes and industry.

### Employees

The average number of employees for the period was 351 (2019: 355). A policy of equal opportunity is pursued throughout, including the treatment of applications for employment from people who may be disabled, taking account only of the qualifications and abilities of each individual. Should any employee become disabled during the course of employment every effort would be made to retain that person's services and to provide necessary re-training.

NIAB and its trustees engage with its employees through regular meetings and consultations with the representatives from the Prospect and Unite unions.

Continuing education and training is regarded as vital for the continuance of the charity's work, and assistance to this end is provided to a significant number of employees.

### Liability Insurance

The trustees have effected liability insurance as permitted by the company's Articles. This insurance does not provide cover in the event that a trustee is proved to have acted fraudulently or dishonestly.

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

The trustees (who are also directors of NIAB for the purposes of company law) are responsible for preparing the Trustees Report, incorporating the Strategic 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 General 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 that they are satisfied that they give a true and fair view of the state of affairs of the charitable 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 (FRS102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable group 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 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 auditors are unaware; and
- the trustees have taken all the 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 group's auditor is aware of that information.

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

### Independent Auditors

A resolution to reappoint Crowe UK LLP, Chartered Accountants, will be put to the members at a General Meeting, in accordance with section 485 of the Companies Act 2006.

The trustees approve the Trustees Report, incorporating the Strategic Report, and financial statements which are signed on behalf of the Board of Trustees of NIAB.



J E Godfrey, Chairman  
Date: 8 December 2020

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**Independent Auditors' Report to the Members of NIAB**

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**Opinion**

We have audited the financial statements of NIAB (the "parent charitable company") and its subsidiaries (the "group") for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity balance sheets, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Independent Auditors' Report to the Members of NIAB (continued)**

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**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

- the parent charitable company has not kept adequate and sufficient accounting records, 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 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.

**Independent Auditors' Report to the Members of NIAB (continued)**

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**Responsibilities of trustees**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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



**Naziar Hashemi (Senior statutory auditor)**

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

55 Ludgate Hill

London

EC4M 7JW

Date: 18 December 2020



NIAB

**Consolidated Statement of financial activities (incorporating income and expenditure account)  
For the Year Ended 31 March 2020**

		Unrestricted funds 2020 £000	Restricted funds 2020 £000	Endowment funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
	Note					
<b>Income and endowments from:</b>						
Donations and legacies	3	828	-	-	828	1,950
Charitable activities	4	12,949	5,918	-	18,867	18,352
Other trading activities	5	7,124	-	-	7,124	7,546
Investments	6	74	-	-	74	68
<b>Total income and endowments</b>		<b>20,975</b>	<b>5,918</b>	<b>-</b>	<b>26,893</b>	<b>27,916</b>
<b>Expenditure on:</b>						
Trading activities		7,730	-	-	7,730	7,226
Charitable activities:	7	15,261	5,161	-	20,422	20,648
Pension - past service cost		(4,803)	-	-	(4,803)	-
<b>Total expenditure</b>		<b>18,188</b>	<b>5,161</b>	<b>-</b>	<b>23,349</b>	<b>27,874</b>
<b>Net income</b>		<b>2,787</b>	<b>757</b>	<b>-</b>	<b>3,544</b>	<b>42</b>
Transfers between funds	22	817	(817)	-	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>3,604</b>	<b>(60)</b>	<b>-</b>	<b>3,544</b>	<b>42</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes		(355)	-	-	(355)	(1,265)
<b>Net movement in funds</b>		<b>3,249</b>	<b>(60)</b>	<b>-</b>	<b>3,189</b>	<b>(1,223)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		(15,075)	368	750	(13,957)	(12,734)
<b>Total funds carried forward</b>		<b>(11,824)</b>	<b>308</b>	<b>750</b>	<b>(10,766)</b>	<b>(13,957)</b>

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 19 to 58 form part of these financial statements.

**NIAB**  
**Registered number: 3395389**

**Consolidated Balance Sheet**  
**As at 31 March 2020**

	Note	2020 £000	2020 £000	2019 £000	2019 £000
<b>Fixed assets</b>					
Intangible assets	13		819		923
Tangible assets	14		4,992		4,084
Investments	15		141		116
			5,952		5,123
<b>Current assets</b>					
Stocks	17	308		304	
Debtors	18	7,254		7,565	
Cash at bank and in hand		705		2,607	
		8,267		10,476	
Creditors: amounts falling due within one year	19	(9,160)		(8,858)	
<b>Net current (liabilities)/assets</b>			(893)		1,618
<b>Total assets less current liabilities</b>			5,059		6,741
Creditors: amounts falling due after more than one year	20		(1,838)		(1,925)
<b>Net assets excluding pension liability</b>			3,221		4,816
Defined benefit pension scheme liability	27		(13,987)		(18,773)
<b>Total net (liabilities)</b>			(10,766)		(13,957)
<b>Charity funds</b>					
Endowment funds	22		750		750
Restricted funds	22		308		368
Unrestricted funds	22		(11,824)		(15,075)
<b>Total funds</b>			(10,766)		(13,957)

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



**J E Godfrey**

Date: 8 December 2020

The notes on pages 19 to 58 form part of these financial statements.



**Dr T L Barsby OBE**

**CHARITY BALANCE SHEET**  
**As at 31 March 2020**

	Note	2020 £000	2020 £000	2019 £000	2019 £000
<b>Fixed assets</b>					
Tangible assets	14		3,912		3,083
Investments	15		141		116
			4,053		3,199
<b>Current assets</b>					
Stocks	17	208		217	
Debtors	18	6,145		7,467	
Cash at bank and in hand		606		1,538	
		6,959		9,222	
Creditors: amounts falling due within one year	19	(7,698)		(7,968)	
<b>Net current liabilities / assets</b>			(739)		1,254
<b>Total assets less current liabilities</b>			3,314		4,453
Creditors: amounts falling due after more than one year	20		(261)		(295)
<b>Net assets excluding pension liability</b>			3,053		4,158
Defined benefit pension scheme liability	27		(13,987)		(18,773)
<b>Total net assets</b>			(10,934)		(14,615)
<b>Charity funds</b>					
Endowment funds	22		750		750
Restricted funds	22		308		368
Unrestricted funds	22		(11,992)		(15,733)
<b>Total funds</b>			(10,934)		(14,615)

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

  
**J E Godfrey**

  
**Dr T L Barsby OBE**

Date: 8 December 2020

The notes on pages 19 to 58 form part of these financial statements.

**Consolidated Statement of Cash Flows  
For the Year Ended 31 March 2020**

	Note	2020 £000	2019 £000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	24	7	2,829
<b>Cash flows from investing activities</b>			
Proceeds from the sale of tangible fixed assets		73	28
Purchase of tangible fixed assets		(2,142)	(1,464)
Purchase of investments		(25)	(5)
<b>Net cash used in investing activities</b>		<b>(2,094)</b>	<b>(1,441)</b>
<b>Cash flows from financing activities</b>			
Cash inflows from new borrowing		429	392
Repayments of borrowing		(174)	(263)
Interest paid		(70)	(56)
<b>Net cash provided by financing activities</b>		<b>185</b>	<b>73</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(1,902)</b>	<b>1,461</b>
Cash and cash equivalents at the beginning of the year		2,607	1,146
<b>Cash and cash equivalents at the end of the year</b>	25	<b>705</b>	<b>2,607</b>

The notes on pages 19 to 58 form part of these financial statements

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**1. General information**

NIAB is a company limited by guarantee incorporated in England and Wales and a registered charity. The registered office of the charity is Huntingdon Road, Cambridge, CB3 0LE.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

**2.2 Fund accounting**

*General unrestricted funds* represent income which is expendable at the discretion of the Board in the furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

*Restricted funds* are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for a particular purpose.

*Endowment funds* relate to gifts to NIAB, the terms of which stipulate that the capital may not be spent, and the income is to be utilised towards a specific restriction imposed by the donor.

Investment income, gains and losses are allocated to the appropriate fund.

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.3 Incoming resources**

Income has been analysed in accordance with the service provided.

*Income from charitable activities:*

Incoming resources from charitable activities are accounted for in the year in which the service is provided.

*Trading activities:*

Commercial trading operations represent the income from the charitable company's trading subsidiaries – TAG Consulting Limited, NIAB Trading Ltd and East Malling Services Limited – and is included in incoming resources when the group becomes entitled to receipt.

*Investment income:*

Interest is included when receivable by the group.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

**2.4 Accrued and deferred income**

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned (as the related services are provided). This may mean accruing for invoices not yet raised, and deferring payments received in advance of work done

**2.5 Expenditure**

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the group to the expenditure. Expenditure is allocated as follows:

*Charitable Activities:*

Expenditure incurred directly in the fulfilment of the objects of the charity including allocated overheads.

*Support costs:*

Support costs which include central office functions such as general management, finance, information technology and human resources are allocated across categories of expenditure. The basis of the cost allocation has been explained in note 8 to the accounts.

*Governance costs:*

Expenditure incurred in running and administering the charity which is not directly attributable to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.6 Intangible assets and amortisation**

*IT platform*

IT platforms are recognised at cost, which is then amortised evenly over a three year period once the platform has been released for use.

*Purchased goodwill*

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and amortised evenly over a period of between 5 and 10 years as in the opinion of the trustees this represents the period over which the goodwill is expected to give rise to economic benefit. Goodwill is reviewed for impairment at the end of the first financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

*Plant variety rights*

Plant variety rights are recognised at their fair value at acquisition and are amortised evenly in the period over which the rights expire as, in the opinion of the trustees, this represents the period over which the rights are expected to give rise to economic benefit. Plant variety rights are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

**2.7 Tangible fixed assets and depreciation**

All tangible fixed assets are stated at historical cost.

Depreciation is provided on cost over the estimated lives of the assets which are considered to be: .

Leasehold improvements	- over the term of the lease
Apparatus and equipment	- 3 -10 years straight line
Agricultural and Motor vehicles	- 3 -10 years straight line
Transfer from TAG:	-
Apparatus and equipment	- 33% reducing balance
Computer equipment	- 25% reducing balance
Vehicles	- 10% reducing balance

Assets in the course of construction are stated at cost and are not depreciated until brought into use.

**2.8 Financial instruments**

The Group has financial assets and financial liabilities which qualify as both basic and non-basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Non-basic financial instruments comprise foreign currency contracts measured at fair value. These are not traded in active markets, and have been fair valued using observable forward exchange rates corresponding to the maturity of the contract. Fair value movements are accounted for through the Statement of Financial Activities.

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.9 Stocks**

The financial statements include stocks of chemicals, fertilisers and sprays held by the group, together with a valuation of growing crops for resale. These stocks are stated at the lower of cost and net realisable value.

Cost is calculated as follows:

- Agrochemicals, Fertilisers & Sprays are calculated at value invoiced based on a first in first out basis.
- Cultivations & Growing Crops are valued at the cost of the inputs and operations carried out.
- Purchased seed is calculated at suppliers invoice value based on a first in first out basis.
- Farm saved seed is valued at the cost of inputs and operations carried out.

Net realisable value is based on estimated selling price less further costs expected to be incurred for completion and disposal. Provision is made for slow moving items.

**2.10 Finance leases and hire purchase**

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term.

The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to Statement of Financial Activities on a straight line basis over the lease term.

**2.11 Termination and redundancy payments**

Termination and 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.

**2.12 Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

The Charity's functional and presentational currency is GBP.

**2.13 Research and development**

All research and development costs are written off as incurred.



**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.14 Investments**

Investments in subsidiaries are stated at cost. To the extent that the carrying value exceeds the recoverable amount, an impairment loss is recognised. The performance of NIAB Trading, TAG Consulting and East Malling Services are reviewed on a regular basis to monitor the financial performance of the commercial activities.

NIAB holds investments in two commercial companies which it is working with to further its charitable objects.

**2.15 Debtors**

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

**2.16 Creditors**

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

**2.17 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition or the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change of value.

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.18 Pensions**

***NIAB Defined Benefit Pension Scheme***

For the defined benefit retirement plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses arising are recognised immediately in the Statement of Financial Activities.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have already vested, the cost is recognised immediately in the Statement of Financial Activities.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the lower of the asset, and any unrecognised past service cost plus the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

***Universities Superannuation Scheme***

The Arable Group Limited participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The liabilities are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme.

The assets of the scheme are held in a separate trustee-administered fund. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

Under FRS102, the company has accounted for the present value of the contributions payable as identified in the most recent funding agreement.

NIAB, NIAB EMR, East Malling Services Limited and The Arable Group Limited also operate group money purchase schemes. For these, the pension costs charged in the financial statements represent the contributions payable by the companies during the year.

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.19 Going concern**

The trustees have acknowledged the guidance on going concern and financial reporting published by the Financial Reporting Council in 2016.

The Group's operating activities are diverse. Research and development in Crop Genetics, Computational Biology, Plant Breeding and Plant Characterisation are supported by long-term contracts and competitively won research grants which, historically, have been largely unaffected by changes in the general economy. Crop Agronomy, Membership, Training and Seed Certification activities are generally contracted on an annual basis, and are supported by a diverse customer base. Income has been stable over a number of years.

The Group balance sheet shows a deficit position of £10,766k. Taking out the Restricted and Endowment funds leaves an Unrestricted deficit of £11,824k. Stripping out the pension scheme deficit £13,987k (discussed in more detail below), the long term debt to the NIAB TRUST of £1,500k and Fixed Assets (Tangible plus Intangible) plus trade investments in total within Unrestricted funds of £5,644 leaves a negative underlying unrestricted reserve of £1,981k as described in the Reserves policy in this report.

One of the key objectives as noted above for the year is a review of the 5 year plan incorporating the effects of the Covid-19 pandemic, with a focus on financial stability. This is in process of being achieved through a mix of increased efforts on income generation alongside cost cutting including staff costs in a redundancy exercise carried out in July 2020.

NIAB has undertaken an exercise of reviewing income and planned expenditure including financial and cashflow projections to forecast how various outcomes might affect NIAB's operations in 2021, taking into account the risk of decreased income from various sources. The results of the scenario planning have been used as a basis from which to formulate a model for strategic planning.

A key component of the revised 5 year plan is to create surpluses through growth, cost savings and improved margins on services and products. At the time of writing this report, the forecasts for 2020/21 is for a modest surplus based on the actual results to September 2020 and new income secured for the remainder of 2020/21. Similarly there is a surplus projected for 2021/22.

A component of the financial risk to NIAB is the pension scheme. The NIAB (1996) Pension Scheme ('Scheme') was established in 1996 following NIAB's separation from government and establishment as a not-for-profit. The Board have taken steps to manage the Scheme deficit, closing the Scheme to new members in 2001 and to future accrual in 2007.

The National Institute of Agricultural Botany Trust ('TRUST' Charity No. 1144528) was established at the same time as NIAB, and holds the property assets of the previously government-owned institution.

The TRUST was established with similar charitable objects to NIAB and fulfils its charitable objects through the provision of support to NIAB.

The Trust is a participating employer in the Scheme with NIAB. This means that the entire deficit liability of the pension scheme is shared with the TRUST, and the assets of the TRUST support NIAB's balance sheet in providing the employer covenant, and the recovery payments agreed under the recovery plan.

A key component of the review of going concern, given other uncertainties, is the support from the NIAB TRUST.

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.19 Going concern (continued)**

The TRUST has a balance sheet value of in excess of £40m. It has confirmed that it will continue to support NIAB and provide funding and lending sufficient to ensure NIAB remains a going concern. The funding includes ongoing funding for research and facilities and contributions to the pension scheme recovery payments. The lending is in the form of an 'overdraft' facility which can be used by NIAB to manage working capital fluctuations in year of up to £2m.

The trustees have considered the following in arriving at their conclusions on going concern: -

1. The cash flow forecast and latest management accounts, which give confidence that NIAB can continue to pay its debts as they fall due.
2. The TRUST's continued support to NIAB through the provision of facilities and funding and borrowing support.
3. The Trust being a participating employer alongside NIAB in the Pension Scheme.

After making enquiries and considering the uncertainties described above, the trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future being at least twelve months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**2.20 Judgements in applying accounting policies and key sources of estimation uncertainty**

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 above. The amount of depreciation charged and net book value of the assets is included in Note 14
- Intangible assets, which were recognised at the fair value of acquisition, and have been amortised. The net book value of the assets is included in Note 13
- Income, which has been recognised in accordance with the work completed on grants and contracts
- Pension Liabilities: The Trustees have reviewed current rates and expected future returns to set the assumptions used for the valuation of the NIAB (1996) Pension Scheme deficit in consultation with the company actuary. Full details are provided in Note 27.

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**NIAB**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**3. Income from donations and legacies**

	<b>Unrestricted funds 2020 £000</b>	<b>Endowment funds 2020 £000</b>	<b>Total funds 2020 £000</b>
Donations from National Institute of Agricultural Botany Trust	828	-	<b>828</b>
Gift of permanent endowment	-	-	-
	<hr/> 828 <hr/>	<hr/> - <hr/>	<hr/> <b>828</b> <hr/>
	<i>Unrestricted funds 2019 £000</i>	<i>Endowment funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Donations from National Institute of Agricultural Botany Trust	1,200	-	1,200
Gift of permanent endowment	-	750	750
	<hr/> 1,200 <hr/>	<hr/> 750 <hr/>	<hr/> 1,950 <hr/>

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**NIAB**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**4. Income from charitable activities**

	<b>Unrestricted funds 2020 £000</b>	<b>Restricted funds 2020 £000</b>	<b>Total funds 2020 £000</b>
Agricultural services	7,979	2,329	<b>10,308</b>
Laboratory and research	4,901	3,589	<b>8,490</b>
Other activities	69	-	<b>69</b>
<b>Total 2020 (including Government grants of £5.9m)</b>	<u>12,949</u>	<u>5,918</u>	<u><b>18,867</b></u>
	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Agricultural services	7,791	2,353	10,144
Laboratory and research	4,564	3,608	8,172
Other activities	36	-	36
<i>Total 2019 (including Government grants of £5.4m)</i>	<u>12,391</u>	<u>5,961</u>	<u>18,352</u>

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**NIAB**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**5. Income from subsidiary trading activities**

	<b>Unrestricted funds 2020 £000</b>	<b>Total funds 2020 £000</b>
Agricultural services	5,874	<b>5,874</b>
Agronomy consultancy	1,250	<b>1,250</b>
	<hr/> 7,124 <hr/>	<hr/> <b>7,124</b> <hr/>

	<i>Unrestricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Agricultural services	6,165	6,165
Agronomy consultancy	1,381	1,381
	<hr/> 7,546 <hr/>	<hr/> 7,546 <hr/>

**6. Investment income**

	<b>Unrestricted funds 2020 £000</b>	<b>Total funds 2020 £000</b>
Rental income	74	<b>74</b>

	<i>Unrestricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Rental income	68	68

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**NIAB**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**7. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted funds 2020 £000</b>	<b>Restricted funds 2020 £000</b>	<b>Total funds 2020 £000</b>
Agricultural services	8,370	5,066	<b>13,436</b>
Laboratory and research	6,912	95	<b>7,007</b>
Pension - past service cost	(4,824)	-	<b>(4,824)</b>
	<hr/> 10,458 <hr/>	<hr/> 5,161 <hr/>	<hr/> 15,619 <hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Agricultural services	10,024	3,614	13,638
Laboratory and research	4,603	2,407	7,010
	<hr/> 14,627 <hr/>	<hr/> 6,021 <hr/>	<hr/> 20,648 <hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The trustees consider that all expenditure is classified as Research and Development expenditure.



Notes to the Financial Statements  
For the Year Ended 31 March 2020

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000
Agricultural services	10,547	2,889	13,436
Laboratory and research	4,257	2,750	7,007
Pension - past service cost	(4,824)	-	(4,824)
	<u>9,980</u>	<u>5,639</u>	<u>15,619</u>

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000
Agricultural services	10,207	3,431	13,638
Laboratory and research	4,161	2,849	7,010
	<u>14,368</u>	<u>6,280</u>	<u>20,648</u>

Analysis of support costs

	Agricultural services 2020 £000	Laboratory and research 2020 £000	Total funds 2020 £000
Management	470	865	1,335
Finance	1,129	918	2,047
Information Technology	682	493	1,175
Human resources	393	267	660
Governance	215	207	422
	<u>2,889</u>	<u>2,750</u>	<u>5,639</u>

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

**8. Analysis of expenditure by activities (continued)**

**Analysis of support costs (continued)**

	<i>Agricultural services 2019 £000</i>	<i>Laboratory and research 2019 £000</i>	<i>Total funds 2019 £000</i>
Management	863	991	1,854
Finance	1,191	899	2,090
Information Technology	624	416	1,040
Human resources	348	252	600
Governance	405	291	696
	<u>3,431</u>	<u>2,849</u>	<u>6,280</u>

Support costs have been allocated to activity cost categories on a basis consistent with the use of resources.

**9. Auditors' remuneration**

	<b>2020 £000</b>	<i>2019 £000</i>
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	<b>23</b>	23
Fees payable to the Charity's auditor in respect of:		
The auditing of accounts of subsidiaries of the Charity	<b>17</b>	16
Additional fees in respect of audit previous year	<b>18</b>	11
Taxation compliance services	<b>8</b>	10

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**NIAB**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**10. Staff costs**

	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>	<b>Charity 2020 £000</b>	<i>Charity 2019 £000</i>
Wages and salaries	<b>12,777</b>	<i>12,403</i>	<b>8,996</b>	<i>8,614</i>
Social security costs	<b>1,135</b>	<i>1,081</i>	<b>798</b>	<i>752</i>
Contribution to defined contribution pension schemes	<b>929</b>	<i>912</i>	<b>636</b>	<i>605</i>
Operating costs of defined benefit pension schemes	<b>(4,462)</b>	<i>791</i>	<b>(4,477)</b>	<i>778</i>
	<b>10,379</b>	<i>15,187</i>	<b>5,953</b>	<i>10,749</i>

During the year a total of £34,908 (2019: £76,167) was paid to an employee (2019: 3 employees) as ex gratia payments. In addition £13,475 in total (2019: £4,549) was paid to 2 employees (2019: 2 employees) by way of redundancy payments.

The average number of persons employed by the Charity during the year was as follows:

	<b>Group 2020 No.</b>	<i>Group 2019 No.</i>
Technical and Scientific	<b>205</b>	<i>212</i>
Support staff	<b>65</b>	<i>61</i>
Agricultural staff and casuals	<b>81</b>	<i>82</i>
	<b>351</b>	<i>355</i>

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**10. Staff costs (continued)**

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	<b>Group 2020 No.</b>	<i>Group 2019 No.</i>
In the band £60,001 - £70,000	<b>11</b>	9
In the band £70,001 - £80,000	<b>4</b>	3
In the band £80,001 - £90,000	<b>1</b>	1
In the band £90,001 - £100,000	<b>2</b>	-
In the band £100,001 - £110,000	-	2
In the band £110,001 - £120,000	<b>1</b>	1
In the band £120,001 - £130,000	<b>2</b>	1
In the band £130,001 - £140,000	<b>1</b>	1
In the band £140,001 - £150,000	-	1
	<b>=====</b>	<b>=====</b>

The key management personnel are:

Dr T L Barsby  
S M Knight  
S C Masson  
Professor M Caccamo  
M Leaman  
W Clark  
N Watson  
Dr J McKee  
R Harrison (appointed May 2019)

The total costs relating to key management personnel (including wages and salaries, employees' national insurance, pension costs and fees) during the year was £865k (2019: £684k).

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**11. Trustees' remuneration and expenses**

The Chairman and Deputy Chairman of the Board of Trustees and the Chairman of the Board's Finance Committee received honoraria, totalling £13,200 (2019: £13,200). Meeting fees totalling £5,800 were paid to five trustees (2019: £5,800 for five Trustees). Charity Commission approval has been obtained prior to these payments.

As provided for in the charity's Articles of Association, the Chief Executive of the charity is also a member of the board (from November 2017). The payments to the Chief Executive (as an employee) for the year were as follows:

		<b>2020</b>	<i>2019</i>
		<b>£000</b>	<i>£000</i>
Dr T L Barsby OBE	Remuneration	<b>125</b>	<i>92</i>
	Pension contributions paid	<b>11</b>	<i>70</i>
	Other benefits	<b>11</b>	<i>10</i>

During the year ended 31 March 2020, expenses totalling £6,484 were reimbursed or paid directly to 6 Trustees (2019 - £7,431 to 7 Trustees).

Other than the above there are no other related party transactions to be reported in respect of the Trustees.

**12. Taxation**

NIAB is a registered charity and is exempt from tax on income and capital gains falling within section 505 of the Income and Corporation Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives. No tax charges have arisen in the Charitable Company. Any charges arising in the subsidiary companies are disclosed in Note 16.

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 Financial Statements  
For the Year Ended 31 March 2020

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## 13. Intangible assets

## Group

	Plant Variety Rights £000	IT Platform £000	Purchased Goodwill £000	Total £000
<b>Cost</b>				
At 1 April 2019	1,101	93	418	1,612
At 31 March 2020	1,101	93	418	1,612
<b>Amortisation</b>				
At 1 April 2019	216	93	380	689
Charge for the year	84	-	20	104
At 31 March 2020	300	93	400	793
<b>Net book value</b>				
At 31 March 2020	801	-	18	819
At 31 March 2019	885	-	38	923

Notes to the Financial Statements  
For the Year Ended 31 March 2020

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## 13. Intangible assets (continued)

## Charity

IT Platform  
£000

## Cost

At 1 April 2019 93

At 31 March 2020 93

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## Amortisation

At 1 April 2019 93

At 31 March 2020 93

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## Net book value

At 31 March 2020 -

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At 31 March 2019 -

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Included in intangible assets are Plant Variety Rights, Purchased Goodwill arising from the acquisition of the business of ADAS by TAG Consulting Limited, the acquisition of East Malling Research and the development of IT platforms.

Notes to the Financial Statements  
For the Year Ended 31 March 2020

14. Tangible fixed assets

Group

	Short-term leasehold property £000	Plant, machinery & vehicles £000	Office & Computer equipment £000	Scientific equipment £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2019	606	7,649	2,006	2,876	-	13,137
Additions	-	1,130	743	218	51	2,142
Disposals	-	(254)	(1)	-	-	(255)
At 31 March 2020	606	8,525	2,748	3,094	51	15,024
<b>Depreciation</b>						
At 1 April 2019	222	5,271	1,726	1,834	-	9,053
Charge for the year	64	603	250	300	-	1,217
On disposals	-	(237)	(1)	-	-	(238)
At 31 March 2020	286	5,637	1,975	2,134	-	10,032
<b>Net book value</b>						
At 31 March 2020	320	2,888	773	960	51	4,992
At 31 March 2019	384	2,378	280	1,042	-	4,084



Notes to the Financial Statements  
For the Year Ended 31 March 2020

14. Tangible fixed assets (continued)

Charity

	Short-term leasehold property £000	Plant, machinery & vehicles £000	Office & Computer equipment £000	Scientific equipment £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2019	606	7,027	1,775	2,215	-	11,623
Additions	-	884	738	134	51	1,807
Disposals	-	(252)	(1)	-	-	(253)
At 31 March 2020	606	7,659	2,512	2,349	51	13,177
<b>Depreciation</b>						
At 1 April 2019	222	5,133	1,621	1,564	-	8,540
Charge for the year	64	538	199	161	-	962
On disposals	-	(236)	(1)	-	-	(237)
At 31 March 2020	286	5,435	1,819	1,725	-	9,265
<b>Net book value</b>						
At 31 March 2020	320	2,224	693	624	51	3,912
At 31 March 2019	384	1,894	154	651	-	3,083

The net book value of the group's and charity's assets includes £996,529 (2019: £749,442) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged in the year on those assets totalled £207,945 (2019: £124,005).

Notes to the Financial Statements  
For the Year Ended 31 March 2020

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## 15. Fixed asset investments

	Trade investments £000
<b>Group and Charity</b>	
<b>Cost or valuation</b>	
At 1 April 2019	116
Additions	25
<b>At 31 March 2020</b>	<b>141</b>
<b>Net book value</b>	
<b>At 31 March 2020</b>	<b>141</b>
<i>At 31 March 2019</i>	<i>116</i>

During the course of the year the charity made investments totaling £25k (2019: £5k) in agritech companies.

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## NIAB

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### Notes to the Financial Statements For the Year Ended 31 March 2020

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#### 16. Principal subsidiaries

The following were subsidiary undertakings of the Charity:

Names	Company number	Charity registration number	Principal activity	Class of shares
The Arable Group Limited	00192460	212059	Agriculture	Ordinary
TAG Consulting Ltd	05110993		Agriculture	
NIAB Trading Ltd	07390289		Agriculture	
NIAB EMR	09894859	1165055	Horticulture	Ordinary
East Malling Services Limited	02335037		Horticulture	

The financial results of the subsidiaries for the year were:

Names	Income £000	Expenditure £000	Profit/(Loss)/ Surplus/ (Deficit) for the year £000	Net assets £000
The Arable Group Limited	370	545	(175)	23
TAG Consulting Ltd	1,261	1,314	(53)	(79)
NIAB Trading Ltd	4,296	4,338	(42)	(126)
NIAB EMR	5,761	5,421	340	(151)
East Malling Services Limited	2,987	2,648	339	588

The Arable Group Limited and NIAB EMR are charitable companies limited by guarantee, considered to be subsidiary undertakings by virtue of control, as NIAB is the sole voting member with the power to appoint the board. TAG Consulting Limited and NIAB Trading Ltd are wholly owned by NIAB. East Malling Services Limited is wholly owned by NIAB EMR.

All of the subsidiaries carry out activities in furtherance of NIAB's charitable objectives

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**NIAB**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**17. Stocks**

	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>	<b>Charity 2020 £000</b>	<i>Charity 2019 £000</i>
Raw materials and consumables	<b>222</b>	<i>209</i>	<b>122</b>	<i>122</i>
Finished goods and goods for resale	<b>86</b>	<i>95</i>	<b>86</b>	<i>95</i>
	<b>308</b>	<i>304</i>	<b>208</b>	<i>217</i>

**18. Debtors**

	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>	<b>Charity 2020 £000</b>	<i>Charity 2019 £000</i>
<b>Due within one year</b>				
Trade debtors	<b>3,020</b>	<i>1,930</i>	<b>1,291</b>	<i>370</i>
Amounts owed by group undertakings	<b>-</b>	<i>-</i>	<b>2,311</b>	<i>3,130</i>
Other debtors	<b>166</b>	<i>156</i>	<b>161</b>	<i>107</i>
National Institute of Agricultural Botany Trust	<b>284</b>	<i>1,194</i>	<b>284</b>	<i>1,194</i>
Prepayments	<b>831</b>	<i>846</i>	<b>617</b>	<i>624</i>
Accrued income	<b>2,953</b>	<i>3,439</i>	<b>1,481</b>	<i>2,042</i>
	<b>7,254</b>	<i>7,565</i>	<b>6,145</b>	<i>7,467</i>

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

**19. Creditors: Amounts falling due within one year**

	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>	<b>Charity 2020 £000</b>	<i>Charity 2019 £000</i>
Trade creditors	<b>1,486</b>	782	<b>1,145</b>	587
Amounts owed to group undertakings	-	-	<b>817</b>	1,361
Other taxation and social security	<b>501</b>	541	<b>422</b>	204
Obligations under finance lease and hire purchase contracts	<b>481</b>	194	<b>481</b>	194
Other creditors	<b>928</b>	1,001	<b>666</b>	361
Accruals and deferred income	<b>5,764</b>	6,340	<b>4,167</b>	5,261
	<b>9,160</b>	8,858	<b>7,698</b>	7,968
	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>	<b>Charity 2020 £000</b>	<i>Charity 2019 £000</i>
Deferred income at 1 April 2019	<b>4,859</b>	3,967	<b>4,205</b>	2,991
Resources deferred during the year	<b>3,824</b>	4,859	<b>2,916</b>	4,205
Amounts released from previous periods	<b>(4,859)</b>	(3,967)	<b>(4,205)</b>	(2,991)
	<b>3,824</b>	4,859	<b>2,916</b>	4,205

Deferred income for the group relates to annual membership subscriptions paid in advance, key renewal dates being 30 September and 31 December, together with pre-financing payments for EU Contracts and payments received in advance for contracted services.

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**NIAB**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**20. Creditors: Amounts falling due after more than one year**

	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>	<b>Charity 2020 £000</b>	<i>Charity 2019 £000</i>
Other loans	<b>1,500</b>	<i>1,500</i>	-	-
Net obligations under finance lease and hire purchase contracts	<b>238</b>	<i>271</i>	<b>238</b>	<i>271</i>
Other creditors	<b>100</b>	<i>154</i>	<b>23</b>	<i>24</i>
	<b>1,838</b>	<i>1,925</i>	<b>261</b>	<i>295</i>

	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>	<b>Company 2020 £000</b>	<i>Company 2019 £000</i>
<b>Obligations under finance leases and hire purchase contracts</b>				
Within one year	<b>481</b>	<i>194</i>	<b>481</b>	<i>194</i>
Within two to five years	<b>238</b>	<i>271</i>	<b>238</b>	<i>271</i>
	<b>719</b>	<i>465</i>	<b>719</b>	<i>465</i>

The obligations under finance leases and hire purchase contracts are secured by a charge over the assets financed.

The loan of £1,500,000 is from the related party, National Institute of Agricultural Botany Trust. Further details of this loan are disclosed in note 30.

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## NIAB

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### Notes to the Financial Statements For the Year Ended 31 March 2020

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#### 21. Financial instruments

	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>	<b>Charity 2020 £000</b>	<i>Charity 2019 £000</i>
<b>Financial assets</b>				
Financial assets measured at fair value through income and expenditure	<b>705</b>	<i>2,607</i>	<b>606</b>	<i>1,538</i>

Financial assets measured at fair value through income and expenditure comprise foreign currency forward contracts. These are not traded in active markets and have been fair valued using observable forward exchange rates corresponding to the maturity of the contract.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by NIAB Trust and other debtors.

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**NIAB**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**22. Statement of funds**

**Statement of funds - current year**

	Balance at 1 April 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 March 2020 £000
<b>Unrestricted funds</b>						
General funds	3,698	20,976	(23,328)	817	-	2,163
Pension fund	(18,773)	-	5,141	-	(355)	(13,987)
	<u>(15,075)</u>	<u>20,976</u>	<u>(18,187)</u>	<u>817</u>	<u>(355)</u>	<u>(11,824)</u>
<b>Endowment funds</b>						
John Oldacre Foundation	750	-	-	-	-	750
<b>Restricted funds</b>						
Hasse Fen Capital Fund	362	-	(60)	-	-	302
Other revenue grants	6	-	-	-	-	6
Restricted Grant income	-	5,918	(5,101)	(817)	-	-
	<u>368</u>	<u>5,918</u>	<u>(5,161)</u>	<u>(817)</u>	<u>-</u>	<u>308</u>
<b>Total of funds</b>	<u><u>(13,957)</u></u>	<u><u>26,894</u></u>	<u><u>(23,348)</u></u>	<u><u>-</u></u>	<u><u>(355)</u></u>	<u><u>(10,766)</u></u>



# NIAB

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 22. Statement of funds (continued)

#### Statement of funds - prior year

	<i>Balance at 1 April 2018 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 March 2019 £000</i>
<b>Unrestricted funds</b>					
General funds	3,478	21,205	(20,985)	-	3,698
Pension fund	(16,640)	-	(868)	(1,265)	(18,773)
	<u>(13,162)</u>	<u>21,205</u>	<u>(21,853)</u>	<u>(1,265)</u>	<u>(15,075)</u>
<b>Endowment funds</b>					
John Oldacre Foundation	-	750	-	-	750
<b>Restricted funds</b>					
Hasse Fen Capital Fund	422	-	(60)	-	362
Other revenue grants	6	-	-	-	6
Restricted Grant income	-	5,961	(5,961)	-	-
	<u>428</u>	<u>5,961</u>	<u>(6,021)</u>	<u>-</u>	<u>368</u>
<b>Total of funds</b>	<u>(12,734)</u>	<u>27,916</u>	<u>(27,874)</u>	<u>(1,265)</u>	<u>(13,957)</u>

The John Oldacre Foundation fund is an amount held as capital where only income can be spent. The expenditure is restricted to funding post-graduate studentships of young innovators.

The Hasse Fen capital fund was a grant received to build at NIAB's Hasse Fen site. The expenditure represents annual depreciation of the asset.

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**NIAB**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**23. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	<b>Unrestricted funds 2020 £000</b>	<b>Restricted funds 2020 £000</b>	<b>Endowment funds 2020 £000</b>	<b>Total funds 2020 £000</b>
Tangible fixed assets	4,684	308	-	<b>4,992</b>
Intangible fixed assets	819	-	-	<b>819</b>
Trade investments	141	-	-	<b>141</b>
Current assets	7,517	-	750	<b>8,267</b>
Creditors due within one year	(9,160)	-	-	<b>(9,160)</b>
Creditors due in more than one year	(1,838)	-	-	<b>(1,838)</b>
Defined benefit pension scheme liability	(13,987)	-	-	<b>(13,987)</b>
<b>Total</b>	<b>(11,824)</b>	<b>308</b>	<b>750</b>	<b>(10,766)</b>

**Analysis of net assets between funds - prior period**

	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Endowment funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Tangible fixed assets	3,716	368	-	<b>4,084</b>
Intangible fixed assets	923	-	-	<b>923</b>
Trade investments	116	-	-	<b>116</b>
Current assets	9,726	-	750	<b>10,476</b>
Creditors due within one year	(8,858)	-	-	<b>(8,858)</b>
Creditors due in more than one year	(1,925)	-	-	<b>(1,925)</b>
Defined benefit pension scheme liability	(18,773)	-	-	<b>(18,773)</b>
<b>Total</b>	<b>(15,075)</b>	<b>368</b>	<b>750</b>	<b>(13,957)</b>

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## NIAB

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### Notes to the Financial Statements For the Year Ended 31 March 2020

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

	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>
Net income for the period (as per Statement of Financial Activities)	<b>3,545</b>	42
<b>Adjustments for:</b>		
Depreciation charges	<b>1,217</b>	962
Amortisation charges	<b>104</b>	119
Profit on the sale of fixed assets	<b>(56)</b>	(17)
Increase in stocks	<b>(4)</b>	(24)
Decrease in debtors	<b>311</b>	641
Increase/(decrease) in creditors	<b>(39)</b>	182
Interest payable	<b>70</b>	56
Pension contributions	<b>(317)</b>	868
Pension - past service cost	<b>(4,824)</b>	-
<b>Net cash provided by operating activities</b>	<b>7</b>	2,829

#### 25. Analysis of cash and cash equivalents

	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>
Cash in hand	<b>705</b>	2,607
<b>Total cash and cash equivalents</b>	<b>705</b>	2,607

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## NIAB

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### Notes to the Financial Statements For the Year Ended 31 March 2020

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#### 26. Analysis of changes in net debt

	At 1 April 2019 £000	Cash flows £000	New finance leases £000	At 31 March 2020 £000
Cash at bank and in hand	2,607	(1,902)	-	705
Debt due after 1 year	(1,500)	-	-	(1,500)
Finance leases	(465)	175	(429)	(719)
	<u>642</u>	<u>(1,727)</u>	<u>(429)</u>	<u>(1,514)</u>

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## NIAB

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### Notes to the Financial Statements For the Year Ended 31 March 2020

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#### 27. Pension commitments: Defined Benefit schemes

##### (A) *NIAB Defined Benefit Pension Scheme*

NIAB operates a defined benefit pension scheme which was established on 1 April 1996. The assets of this scheme are held in a separate fund controlled by trustees. The scheme was closed to future benefit accrual on 31 July 2007.

The most recent actuarial valuation of the Scheme was carried out as at 31 March 2015. The valuation has been updated to 31 March 2018 by a qualified independent actuary.

NIAB expects to contribute £700,000 to its defined benefit pension scheme in 2020/21 (2019/20: £700,000).

The amounts recognised in the balance sheet are as follows:

	2020 £000	2019 £000
Present value of funded obligations	(43,939)	(48,637)
Fair value of plan assets	29,952	29,864
Deficit	<u>(13,987)</u>	<u>(18,773)</u>

Included in the deficit is £Nil (2019- £50k) which is a provision for Guaranteed Minimum Pension equalisation.

As part of the recent funding negotiations the Pension Fund Trustees and the charity agreed that, from 1 April 2020 onwards, pensions in payment will now increase in line with CPI rather than RPI. Increases will continue to be capped at 5% pa for pensions accrued pre 1 April 2006 and 2.5% pa for pensions accrued thereafter. That change has resulted in a reduction in the present value of the defined benefit obligation. The amounts recognised in the net income and expenditure are as follows:

	2020 £000	2019 £000
Administration costs incurred during the period	376	727
Net interest cost	400	438
Past service cost	(4,824)	50
Total pension expense	<u>(4,048)</u>	<u>1,215</u>

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**NIAB**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**27. Pension commitments: Defined Benefit schemes  
(continued)**

The amounts in the statement of other movements in funds are:

	2020 £000	2019 £000
Actuarial (loss)/gain on plan assets	(116)	852
Actuarial (loss) on defined benefit obligation	(239)	(2,117)
of which due to experience	422	408
of which due to demographic assumptions	(63)	(965)
of which due to financial assumptions	(598)	(1,560)
Total (loss) in other movements in funds	<u>(355)</u>	<u>(1,265)</u>

Changes in the present value of the defined benefit obligations are:

	2020 £000	2019 £000
Liabilities at the start of the period	48,637	46,402
Interest cost	1,140	1,192
Actuarial gain	239	2,117
Benefits paid	(1,253)	(1,124)
Past service cost	(4,824)	50
Liabilities at the end of the period	<u>43,939</u>	<u>48,637</u>

Changes in the fair value of plan assets are:

	2020 £000	2019 £000
Fair value of plan assets at start of the period	29,864	29,762
Interest income	740	754
Actuarial (loss)/gain	(116)	852
Contributions by the employer	1,093	347
Benefits paid	(1,253)	(1,124)
Non-investment expenses	(376)	(727)
Fair value of plan assets at end of the period	<u>29,952</u>	<u>29,864</u>

	2020 £000	2019 £000
Interest income	740	754
Actuarial (loss)/gain on plan assets	(116)	852
Return on plan assets	<u>624</u>	<u>1,606</u>

## NIAB

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 27. Pension commitments: Defined Benefit schemes (continued)

Major categories of plan assets as a percentage of total assets

	2020 £000	2020 %	2019 £000	2019 %
Equities	4,854	16.2	5,849	19.6
Diversified Growth Fund	9,209	30.7	10,518	35.2
Bonds	8,949	29.9	9,445	31.6
Cash	6,940	23.2	4,052	13.6
Total	29,952	100.0	29,864	100.0

Principal assumptions at the balance sheet date (expressed as weighted averages)

	2020	2019
Discount rate	2.2%	2.5%
Rate of increase in salaries	2.0%	2.7%
Rate of increase in pensions	2.1%	3.1%
Rate of inflation RPI	2.8%	3.3%
Rate of inflation CPI	2.0%	2.3%
Life expectancy for mortality tables used to determine benefit obligations at end of period:		
member age 65 (current life expectancy) - male	21.8	21.7
member age 65 (current life expectancy) - female	24.1	23.7
member age 45 (life expectancy at age 65) - male	22.8	22.8
member age 45 (life expectancy at age 65) - female	25.2	24.9

Experience of gains and losses

	2020 £000	2019 £000
Liabilities at the end of the year	(43,939)	(48,637)
Assets at the end of the year	29,952	29,864
Deficit at the end of the year	(13,987)	(18,773)
Asset (loss)/gain	(116)	852
% of scheme assets	-.04%	2.9%
Liability gain/(loss)	239	(2,117)
% of scheme assets	0.5%	-4.4%

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

**27. Pension commitments: Defined Benefit schemes  
(continued)**

**(B) Universities Superannuation Scheme**

	2020 £'000	2019 £'000
Liability less than 1 year	2	1
Liability more than 1 year	36	46
Total	<u>38</u>	<u>47</u>

The USS pension scheme is only available to certain of the employees of The Arable Group Limited. Since that charity cannot identify its share of the assets and liabilities of the USS scheme, the following disclosures have been provided by the respective pension schemes to reflect those relevant for the schemes as a whole.

**Universities Superannuation Scheme (USS)**

Following changes to the USS, this scheme now comprises two parts, USS Retirement Income Builder which is a defined benefit arrangement and USS Investment Builder which is a defined contribution arrangement. The latest formal actuarial valuation of the USS defined benefit liabilities has been carried out as at 31 March 2018 to meet the requirements of the Pensions Act 2004 and was published in September 2019. This actuarial valuation shows a shortfall of £3.6bn in the USS with the scheme assets being sufficient to cover 95% of its 'technical provisions' liabilities.

Based on this valuation the actuary has determined that USS funding rates will increase from the current total of 26% of salaries (employer 18%, employee 8%) to 34.7% of salaries (employer 23.7%, employee 11.0%) in stages up to 1 October 2021. These contribution rates include:

- provisions for the employer cost of future accruals of DB benefits,
- contributions of 2% from 1 October 2019 increasing to 6% from 1 October 2021 towards the correction of the DB past service deficit,
- contributions of 0.4% to cover certain administrative expenses and PPF levies, and
- the employer contributions towards DC benefits.

The past service deficit contributions are expected to correct the deficit by 30 June 2028 if experience is borne out in line with the assumptions made for the recovery plan. To reflect the liability for these contributions the Institute has used a financial modeller to calculate the provision it needs to recognise in the financial statements. The calculated amount is recognised in the balance sheet and any changes in the value of the deficit liability each year are shown on the Statement of Financial Activities. The assumptions used as part of this modelled for the year ended 31 March 2019 are shown below.

Further details on, and a copy of, the 2018 Actuarial Valuation of the USS can be found on the USS website.



**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

**27. Pension commitments: Defined Benefit schemes  
(continued)**

Further information on the 2018 actuarial valuation of the USS Scheme is included below.

Of The Arable Group Limited's 5 employees at 31 March 2020 (2019: 5), 2 were members of USS (2019: 3).

The Arable Group Limited's calculated share of the USS defined benefit pension liability amounts to £38k (2019: £47k) and the total cost charged to the Statement of Financial Activities in respect of USS amounts to £16k (2019: £15k).

The liability has been re-calculated using the USS model provided with reference to the remaining deficit recovery period of 10 years from 2018 to 2028. Since the group cannot identify its share of the assets and liabilities of the USS scheme, the following disclosures have been provided by the respective pension schemes to reflect those relevant for the schemes as a whole.

The following assumptions were used to calculate the group's share of the USS liability:

	2020	2019
Discount rate	2.3%	2.5%
Projected salary inflation	2.7%	2.7%

Salary inflation assumptions take into account the level of annual pay increases set in the April before the relevant year-end, prevailing CPI rates, and the Bank of England long-term inflation target of 2%. The calculation reflects an assumption that there would be some reduction in member numbers in the forward years. The assumptions underpinning the calculation reflect a prudent assessment of the available information and options but represents a key area of estimation uncertainty in the financial statements.

Analysis of the charge to the income and expenditure statement is set out below:

	2020 £'000	2019 £'000
Employer contributions	22	21
Contributions allocated to deficit provision	1	3
Change in contributions from past expectations	(9)	(11)
Contribution costs total	14	13
Interest payable	2	2
Pension costs total	16	15

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2020	2019
Discount rate	2.3%	2.5%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.7%	2.7%

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

**27. Pension commitments: Defined Benefit schemes  
(continued)**

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions are based on the following mortality tables:

	2018	Pre-retirement	Post-retirement
Male members mortality		71% of AMC00 (duration 0)	97.6% of SAPS S1NMA "light"
Female members mortality		112% of AMFG00 (duration 0)	102.7% of RFV00 (duration 0)
	2017		
Male members mortality		98% of S1NA ("light" YoB tables - No age rating	
Female members mortality		99% of S1NA ("light" YoB tables - rated down 1 year No age rating	

Future improvements to mortality are based on the Continuous Mortality Investigation's (CMI) 2017 projections with smoothing parameter of 8.5 and a long-term improvement rate of 1.8% for males and 1.6% for females.

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 years	24.4	24.4
Females currently aged 65 years	26.3	26.6
Males currently aged 45 years	25.9	26.5
Females currently aged 45 years	27.7	29.0

Summary of the Scheme position as at 31 March is set out below:

	2020	2019	2018
Scheme assets	£66.5bn	£67.4bn	£63.7bn
Total scheme liabilities	£79.4bn	£72.8bn	£67.3bn
FRS102 Total scheme deficit	£12.9bn	£5.4bn	£3.6bn
FRS102 Total funding level	84%	93%	95%

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**28. Operating lease commitments**

At 31 March 2020 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>	<b>Charity 2020 £000</b>	<i>Charity 2019 £000</i>
Not later than 1 year	<b>818</b>	<i>1,231</i>	<b>393</b>	<i>787</i>
Later than 1 year and not later than 5 years	<b>710</b>	<i>1,042</i>	<b>429</b>	<i>441</i>
	<b>1,528</b>	<i>2,273</i>	<b>822</b>	<i>1,228</i>

The following lease payments have been recognised as an expense in the Statement of financial activities:

	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>	<b>Charity 2020 £000</b>	<i>Charity 2019 £000</i>
Land and Buildings	<b>760</b>	<i>996</i>	<b>272</b>	<i>507</i>
Motor vehicles	<b>220</b>	<i>223</i>	<b>173</b>	<i>176</i>
	<b>980</b>	<i>1,219</i>	<b>445</b>	<i>683</i>

**29. Members' liability**

The charitable company is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 March 2020 there were eleven members, comprising the Trustees.

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**30. Related party transactions**

In the ordinary course of business the company entered into transactions with National Institute of Agricultural Botany Trust. The company has a close relationship with National Institute of Agricultural Botany Trust, which has an object to support NIAB.

During the course of the year NIAB is charged a facilities charge for the occupation of the land and buildings owned by the Trust, and the Trust receives a charge from NIAB relating to the Research Funding Agreement between the two parties. These transactions will be represented by both cash and non-cash, due to accruals made for activities at the end of the financial year.

These transactions are summarised below:

	<b>2020</b>	2019
Closing debtor	<b>284</b>	1,194
Annual support	<b>1,125</b>	1,125
Additional support towards legal and pension costs	<b>700</b>	1,200
Contribution towards rent and other	<b>128</b>	359
Expenditure	<b>(500)</b>	(500)

In 2017 NIAB EMR, a subsidiary company, obtained a loan of £1,500,000 from National Institute of Agricultural Botany Trust. This loan is secured by a first fixed and floating charge on the assets of NIAB EMR and, while there is no fixed repayment timetable, the loan is repayable in full by 8 February 2026. Interest is charged at 2% above the Bank of England base rate, which is considered to be a market value.

The charitable company has taken advantage of the exemptions contained within FRS102, section 33, not to disclose intra-group transactions on the basis that the subsidiaries are wholly owned and the accounts are publicly available.

**31. Parent charity result**

The parent charity result for the year before other recognised gains and losses and the credit to the pension fund for past service cost was a loss of £788k (2019: loss £266k).