
NIAB EMR

Trustees' Report and Financial Statements

For the Year Ended 31 March 2020

NIAB EMR

Contents

	Page
Reference and administrative details of the Charity, its Trustees and advisers	1
Trustees' report	2 - 9
Independent auditors' report on the financial statements	10 - 12
Statement of financial activities	13
Balance sheet	14
Notes to the financial statements	15 - 31

NIAB EMR

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

Trustees Dr N W Kerby MBE, Chair
Dr T L Barsby OBE, NIAB Chief Executive
Professor P J Gregory

Company registered number 09894859

Charity registered number 1165055

Registered office 93 Lawrence Weaver Road
Cambridge
CB3 0LE

Company secretary S C Masson

NIAB Chief executive Dr T Barsby OBE

NIAB EMR Managing Director Dr M Caccamo

Independent auditors Crowe U.K. LLP
Statutory Auditors
55 Ludgate Hill
London
EC4M 7JW

Bankers Barclays Bank PLC
1 Churchill Place
Canary Wharf
London
E14 5HP

Solicitors Birketts LLP
22 Station Road
Cambridge
CB1 2JD

Thomson Snell & Passmore LLP
3 Lonsdale Gardens
Tunbridge Wells
Kent
TN1 1NX

TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT

STRATEGIC REVIEW

Background

NIAB EMR was incorporated in November 2015 and commenced activities when it bought the business and assets of East Malling Research on 9th February 2016.

NIAB EMR is a wholly owned subsidiary charity of NIAB. As part of the NIAB Group, NIAB EMR's expertise in horticultural and environmental science, including expertise in advanced plant breeding, soil science, water resource use efficiency and biological pest control, complements the strengths of the parent organisation in genetics and pre-breeding, variety evaluation, agronomy research, precision farming and informatics, bringing together the scientific expertise required to support progressive crop production.

Mission and Vision

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

Our vision is to consolidate NIAB EMR's position as global leader in strategic and applied research, development and innovation in horticulture, with a particular emphasis on perennial and protected edible crops.

Strategy

The strategy of NIAB EMR is to be an integral part of the strategy of the wider NIAB Group, bringing resilience and greater impact to the group as a whole.

The aim of NIAB EMR's innovative applied science and research is to support the production of horticultural crops, delivering knowledge, products and services to UK and international growers, industries, and public bodies and consumers. We focus on translating science into practice to meet the practical needs of growers: one of the original objectives of research at East Malling and a principle focus for over 100 years.

NIAB EMR's research activities are focused on increasing production and profitability of growers/producers who are experiencing a more variable and changing climate. We plan to enhance the provision of other ecosystem services, increase the efficiency of resource use, reduce waste across the food system, and minimise greenhouse gas emissions.

Our research is delivered through three scientific research departments: Genetics, Genomics and Breeding; Pest and Pathogen Ecology; and Crop Science and Production Systems.

Public Benefit

NIAB EMR seeks to:

- advance training and education in the biosciences and in particular horticulture and plant based science, primarily through the promotion of research and development work and the publication of the scientific results thereof for the benefit of the public;
- advance science for public benefit, primarily through the support of research and development, particularly in the fields of horticultural and other plant based disciplines; and
- promote agriculture, horticulture and arboriculture anywhere in the world by such charitable means as the Trustees shall determine.

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 EMR to be charitable in nature.

Performance

In order for NIAB EMR to continue to deliver its charitable objects, the charity must operate from a sound financial position, and hence the main focus of the year was the alignment of resources to ensure that it can provide a self-sustainable science base to continue its research, training and dissemination of knowledge.

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

Objectives	Performance
Develop a five year plan and strategy for 2020 to 2025.	A five year plan has been developed for NIAB EMR, and this has been consolidated into an overall five year strategy for NIAB.
Continue to seek capital funding to support the infrastructure at East Malling with a focus on areas of priorities (e.g. glasshouse and polytunnels)	<p>With the support of the East Malling Trust who have pledged financial support, a bid was submitted to the UK government's Strength in Places Fund (SIPF). The award of an £18m SIPF grant was confirmed in April 2020. This award will support the development of a cluster led by NIAB EMR that brings together local businesses and universities. A proposal was also submitted to the South East LEP (SELEP) Local Growth Fund. Subsequently the award of this £1.68M grant was confirmed by the SELEP in July 2020.</p> <p>These successes combined will lead to a renewal of the facilities at East Malling and provide renewed scope for stakeholder engagement and impact from the research at NIAB EMR.</p>
Continue the development of NIAB EMR's viticulture research to meet the UK wine growers' practical needs. Introducing the red Divico grape variety into the UK grower market.	During the year the research vineyard continued to be developed in consultation with the East Malling Viticulture Consortium group organised through NIAB EMR. This consortium supports the activities and development of the research vineyard. The membership covers more than 60% of the UK's vine growers and wine makers. In partnership with the East Malling Trust, a successful proposal was submitted to SELEP Growing Places Fund scheme with the purpose of developing a Wine Innovation Centre at East Malling.
Protect and release 2 new varieties	Plant variety rights applications were filed for a new early plum variety and an everbearer strawberry variety.

Objectives

NIAB EMR is looking to address the following objectives in the forthcoming year:-

1. Towards the end of the March 2020 Covid-19 arrived as a global pandemic. The principle objective for the period then became ensuring business continuity and employee wellbeing.
2. Implement development of new facilities at East Malling, delivering on the objectives of the SIPF and the SELEP scheme
3. Apply for Plant Variety Rights for two new fruit varieties.
4. Seek to merge NIAB EMR fully into NIAB. When NIAB took on the activities of NIAB EMR those activities were placed into a subsidiary charity, NIAB EMR. The reasons for doing this are no longer relevant.

FINANCIAL REVIEW

Income

The total incoming resources for the period was £5,761k (2019: £5,188k). This income is derived from a mixture of research grants and contracts, as well as recharges to East Malling Services, a subsidiary organisation.

Expenditure

The total outgoing ordinary expenditure totalled £5,421k (2019: £5,313k). Of that amount £2,404k (2019 £2,387k) was related to staff costs for staff either directly employed by NIAB EMR or employed by NIAB but working on NIAB EMR projects with amounts being charged to NIAB EMR for their time.

Capital Expenditure

The charity funded the capital purchases from unrestricted income. £330k (2019: £176k) was spent on fixed assets.

Business Review and Key Performance Indicators

NIAB EMR is considering 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 are considered among the Key Performance Indicators:-

	2020	2019
Charitable Income	£5,761k	£5,188k
Expenditure	£5,421k	£5,313k
Average Staff Numbers	68	67
Turnover per annum per head	£85k	£77k

The primary objective was to maintain income and the quality, relevance and impact of our research, whilst achieving the targets within a 3 year plan developed prior to acquisition of the activities from East Malling Research. NIAB EMR met the target for its 3 year plan.

Subsidiaries and related parties

NIAB EMR is part of the NIAB Group of companies; NIAB (Charity No: 1064230) controlling NIAB EMR through its membership of the charity. The results of NIAB EMR and those of East Malling Services Limited are consolidated within NIAB's financial statements. The results of East Malling Services are not consolidated into the financial statements of NIAB EMR. The trading subsidiary made a profit for the year £339k (2019: £638k), in part as a result of royalty income from Plant Variety Rights of £878k (2019 £874k).

Reserves Policy

The total charity reserves show a negative £151k (2019: negative £491k). The Board are mindful of their commitment to repay the loan from the NIAB Trust within 10 years, and along with NIAB have set a target level of positive general reserves equivalent to between 2 and 4 months expenditure.

Going Concern

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

The ultimate parent undertaking is NIAB (charity no: 1064230). It is the intention of both NIAB and NIAB EMR to merge into a single charity on a going concern basis within 12 months of the date of these accounts.

The charity is expected to continue to generate positive cash flows on its own account and as part of the merged charity.

The Trustees have reviewed the cash flows and management accounts supporting its own and NIAB's activities for the next two years.

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 the charity can continue to pay its debts as they fall due. This is supported by NIAB confirming its continued

financial support for the charity for at least twelve months from the date of these accounts.

2. The NIAB TRUST's continued support to NIAB group through the provision of facilities and funding support.
3. The NIAB TRUST's joint responsibility to fund future Pension Scheme Recovery Plan payments

After making enquiries and considering the uncertainties described above the directors therefore have a reasonable expectation that the company 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, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis

Accounting Period

The financial year end is 28 March 2020, however the financial statements continue to be prepared 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
Covid-19	<ul style="list-style-type: none"> On site infection of staff or visitors Loss of income Access to property to carry out activities Loss of key staff 	<ul style="list-style-type: none"> The Trustees adopted a policy covering hygiene and social distancing Monitoring of government guidelines and implementation of local rules regarding hygiene and social distancing Use of government furlough scheme Early and ongoing discussion with key funders Regular and frequent Executive meetings and staff communications. Risk assessments for utilisation of buildings and carrying out of activities and for return to work by employees Change in delivery of activities e.g. in the field, running on line seminars and events Buildings remaining open but with flexibility (opening times, one way system, provision of PPE, cleaning facilities, risk assessments) Support of remote working
Governance and Trust issues	<ul style="list-style-type: none"> Failure of the strategic relationship with the East Malling Trust 	<ul style="list-style-type: none"> Maintain momentum regarding collaborations. Formation of Joint Trust Working Group.
Business Strategy	<ul style="list-style-type: none"> Failure of the business strategy 	<ul style="list-style-type: none"> CEO, MD and Executive team remain focussed on actions required to deliver the Business Strategy.
Business process and internal controls	<ul style="list-style-type: none"> Resilience of IT systems Major outbreak of plant/livestock disease Loss of water supply for irrigation 	<ul style="list-style-type: none"> Integration with Cambridge IT. New investment in server infrastructure and Office 365 underway. Disaster recovery plan to be reviewed annually. Maintenance of protocols. Threat of Xyella reviewed on a regular basis. Regular maintenance and compliance with extraction licence monitored in conjunction with EML. Working with the East Malling Trust to maintain the underground system.

Financial Risks	<ul style="list-style-type: none"> • Insufficient reserves to repay the NIAB TRUST loan • Strain on working capital given cash flow uncertainties over timing of income and expenditure. • Negative impact of BREXIT 	<ul style="list-style-type: none"> • Review progress against cash flow budget. • Reserves policy. • Regular review. • Monitor the impact on customers and staff.
External and environmental factors	<ul style="list-style-type: none"> • Intruders, theft • Major IT or communication issue 	<ul style="list-style-type: none"> • Monitor security services provided by landlord. • Improve coordination across sites.

TRUSTEES' REPORT

STRUCTURE, GOVERNANCE and MANAGEMENT

Members and Board of Trustees

NIAB is the sole member of NIAB EMR.

Board of Trustees

The Board of Trustees comprises the Chair and up to four additional Trustee directors. The following Trustees have served during the period:-

Dr. N W Kerby MBE, Chairman
Professor P J Gregory
Dr. T L Barsby OBE

Recruitment, induction and training of Trustees

NIAB EMR 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 Managing Director and executive team, and receive updates on key areas of activity.

Organisation and governance

NIAB EMR is incorporated in England and Wales and is a company limited by guarantee (registered number 09894859) and a registered charity (number 1165055). It is governed by its Memorandum and Articles of Association adopted on 30 November 2015.

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 EMR does not remunerate its Trustees.

Decision making and key management

The Board of Directors (Trustees) administer the company, and meet quarterly.

The key management personnel are appointed by NIAB's Chief Executive. To facilitate effective operations, a Managing Director is appointed to manage the day to day operations at East Malling, and has delegated authority for all operational matters. As NIAB EMR forms part of a larger group it is managed on a group basis.

The NIAB group nominations and remunerations committee consider the pay for key management personnel in the context of the overall NIAB EMR pay award, and the benchmarking of similar roles.

The average number of employees for the year was 68 (2019 - 67). 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 retraining.

Continuing education and training is regarded as vital for the continuance of the company'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 AUDIT REPORT AND FINANCIAL STATEMENTS

The Trustees (who are also directors of NIAB EMR for the purposes of company law) are responsible for preparing the Trustees 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 practise (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 company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

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 company'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 company'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 U.K. 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

Signed on behalf of the Board of Trustees of NIAB EMR



Dr T L Barsby OBE

Date: 8 December 2020

Independent Auditors' Report to the Members of NIAB EMR

Opinion

We have audited the financial statements of NIAB EMR for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance sheet and notes to the financial statements, 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 charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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:

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

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement set out on page 8, 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

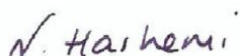
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Naziar Hashemi (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditors

55 Ludgate Hill

London

EC4M 7JW

Date: 18 December 2020

NIAB EMR

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

		Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
	Note				
Income from:					
Charitable activities	3	5,148	95	5,243	5,093
Investments	4	518	-	518	95
		<hr/>	<hr/>	<hr/>	<hr/>
Total income		5,666	95	5,761	5,188
		<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on:					
Charitable activities	5	5,326	95	5,421	5,313
		<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure		5,326	95	5,421	5,313
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds		340	-	340	(125)
		<hr/>	<hr/>	<hr/>	<hr/>
Reconciliation of funds:					
Total funds brought forward		(491)	-	(491)	(366)
Net movement in funds		340	-	340	(125)
		<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward		(151)	-	(151)	(491)
		<hr/>	<hr/>	<hr/>	<hr/>

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

The notes on pages 15 to 31 form part of these financial statements.

Balance Sheet
As at 31 March 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	11	835	923
Tangible assets	12	985	897
		<u>1,820</u>	<u>1,820</u>
Current assets			
Debtors	13	1,526	869
Cash at bank and in hand		45	556
		<u>1,571</u>	<u>1,425</u>
Creditors: amounts falling due within one year	14	(2,002)	(2,152)
Net current liabilities		<u>(431)</u>	<u>(727)</u>
Total assets less current liabilities		<u>1,389</u>	<u>1,093</u>
Creditors: amounts falling due after more than one year	15	(1,540)	(1,584)
Net liabilities		<u>(151)</u>	<u>(491)</u>
Total net assets		<u>(151)</u>	<u>(491)</u>
Charity funds			
Restricted funds	16	-	-
Unrestricted funds	16	(151)	(491)
Total funds		<u>(151)</u>	<u>(491)</u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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



Dr T L Barsby OBE

Date: 8 December 2020

The notes on pages 15 to 31 form part of these financial statements.

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

1. General information

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The particular accounting policies adopted in the preparation of the financial statements are set out below and have been applied consistently.

NIAB EMR 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 note(s).

2. Accounting policies

2.1 Basis of preparation of the accounts

The charity has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”. This information is included on a consolidated basis only

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48a;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7

The charity is not preparing group accounts as the results of NIAB EMR and those of its subsidiary East Malling Services Limited are consolidated in its parent company NIAB.

2.2 Fund accounting

General unrestricted funds

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.

Restricted funds

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 particular purpose.

2.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policy is applied:

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

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

2. Accounting policies (continued)

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 Resources expended

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

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 6 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.

2.6 Research and development

All research and development costs are written off as incurred.

2.7 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.

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

2. Accounting policies (continued)

2.8 Intangible assets and amortisation

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 5 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 over the period 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.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

2.9 Tangible fixed assets and depreciation

All tangible assets are stated at historical cost.

Depreciation is provided on cost over the estimated lives of the assets.

Depreciation is provided on the following bases:

Agricultural and motor vehicles	- 3-10 years straight line
Apparatus and equipment	- 3-10 years straight line

2.10 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 East Malling Services, a wholly owned subsidiary of NIAB EMR, is reviewed on a regular basis to monitor the financial performance of the commercial activities

2.11 Debtors

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

2.12 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**

2. Accounting policies (continued)

2.13 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.

2.14 Financial instruments

The Charity only has financial assets and financial liabilities which qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.15 Pensions

NIAB EMR operates a money purchase scheme, in addition to making contributions into employees' personal pension schemes. For these, the pension costs charged in the financial statements represent the contributions payable by the company during the period.

2.16 Redundancy payments

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.

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

2. Accounting policies (continued)

2.17 Going concern

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

The ultimate parent undertaking is NIAB (charity no: 1064230). It is the intention of both NIAB and NIAB EMR to merge into a single charity on a going concern basis within 12 months of the date of these accounts.

The charity is expected to continue to generate positive cash flows on its own account and as part of the merged charity.

The Trustees have reviewed the cash flow and management accounts supporting its own and NIAB's activities for the next two years.

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 the charity can continue to pay its debts as they fall due. This is supported by NIAB confirming its continued financial support for the charity for at least twelve months from the date of these accounts.
2. The NIAB TRUST's continued support to NIAB group through the provision of facilities and funding support.
3. The TRUST's joint responsibility to fund future Pension Scheme Recovery Plan payments

After making enquiries and considering the uncertainties described above, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.18 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 12.
- Intangible assets which were recognised at the fair value of acquisition have been amortised and the net book value of the assets is included in Note 11.

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

3. Income from charitable activities

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000
Laboratory and research	5,023	95	5,118
Other activities	125	-	125
Total 2020	5,148	95	5,243

	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Laboratory and research	2,582	2,407	4,989
Other activities	104	-	104
<i>Total 2019</i>	<i>2,686</i>	<i>2,407</i>	<i>5,093</i>

4. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000
Gift aid received from subsidiary	518	518

	<i>Unrestricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Gift aid received from subsidiary	95	95

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

5. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000
Laboratory and research	5,326	95	5,421

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Laboratory and research	2,906	2,407	5,313

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

6. Analysis of expenditure by activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000
Laboratory and research	4,257	1,164	5,421

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000
Laboratory and research	4,161	1,152	5,313

Analysis of support costs

	Total funds 2020 £000	Total funds 2019 £000
Management	605	566
Finance	292	302
Information Technology	116	109
Human Resources	50	77
Governance	101	98
	1,164	1,152

Central support costs have been allocated to cost categories on a basis consistent with use of resources e.g. staff costs by the time spent and other costs by their usage.

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

7. Auditors' remuneration

	2020	2019
	£000	£000
Fees payable to the Charity's auditor and its associates for the audit of the Charity's annual accounts	6	6

8. Staff costs

	2020	2019
	£000	£000
Wages and salaries	2,043	2,014
Social security costs	179	176
Contribution to defined contribution pension schemes	182	197
	2,404	2,387

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

	2020	2019
	No.	No.
Technical and scientific	55	56
Support staff	15	11
	70	67

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

	2020	2019
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1

The key management personnel are:

Professor M Caccamo (Managing Director)
Dr T L Barsby (CEO of NIAB)
S C Masson (CFO of NIAB)

All of the above are employed by and paid through NIAB, this charity's parent charity.

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

9. Trustees' remuneration and expenses

No Trustees received any remuneration or other benefits during the year and no Trustee expenses were incurred during the year (2019 - £Nil and £Nil).

10. Taxation

NIAB EMR is a registered charity and is thus 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.

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.

11. Intangible assets

	Plant variety rights £000	Goodwill £000	Total £000
Cost			
At 1 April 2019	1,100	100	1,200
At 31 March 2020	1,100	100	1,200
Amortisation			
At 1 April 2019	216	61	277
Charge for the year	68	20	88
At 31 March 2020	284	81	365
Net book value			
At 31 March 2020	816	19	835
At 31 March 2019	884	39	923

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

12. Tangible fixed assets

	Agricultural and motor vehicles £000	Apparatus and equipment £000	Total £000
Cost or valuation			
At 1 April 2019	34	1,274	1,308
Additions	-	329	329
	<hr/>	<hr/>	<hr/>
At 31 March 2020	34	1,603	1,637
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 2019	29	382	411
Charge for the year	3	238	241
	<hr/>	<hr/>	<hr/>
At 31 March 2020	32	620	652
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2020	2	983	985
	<hr/>	<hr/>	<hr/>
At 31 March 2019	5	892	897
	<hr/>	<hr/>	<hr/>

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

13. Debtors

	2020 £000	2019 £000
Due within one year		
Trade debtors	405	407
Amounts owed by group undertakings	873	68
Other debtors	1	47
Prepayments and accrued income	247	347
	<u>1,526</u>	<u>869</u>

14. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	191	111
Amounts owed to group undertakings	730	1,167
Other taxation and social security	45	48
Other creditors	186	478
Accruals and deferred income	850	348
	<u>2,002</u>	<u>2,152</u>

	2020 £000	2019 £000
Deferred income at 1 April 2019	75	221
Resources deferred during the year	384	71
Amounts released from previous periods	(75)	(217)
	<u>384</u>	<u>75</u>

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

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

	2020	<i>2019</i>
	£000	<i>£000</i>
Loan	1,500	<i>1,500</i>
Other creditors	40	<i>84</i>
	1,540	<i>1,584</i>

Other creditors relate to restructure costs. In 2017 the Company implemented a new strategic model to align its resources with stakeholder expectations.

The Company has a loan, bearing interest at market rate, from the National Institute of Agricultural Botany Trust, a related party of NIAB EMR's ultimate parent NIAB, which is repayable within 10 years from January 2016. The loan is secured on the assets of the charity. Interest payable in the year on this loan amounted to £41k (2019: £40k).

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

16. Statement of funds

Statement of funds - current year

	Balance at 1 April 2019 £000	Income £000	Expenditure £000	Balance at 31 March 2020 £000
Unrestricted funds				
General Fund	(491)	5,666	(5,326)	(151)
Restricted funds				
Restricted Funds - all funds	-	95	(95)	-
Total of funds	(491)	5,761	(5,421)	(151)

Statement of funds - prior year

	Balance at 1 April 2018 £000	Income £000	Expenditure £000	Balance at 31 March 2019 £000
Unrestricted funds				
General Fund	(366)	2,781	(2,906)	(491)
Restricted funds				
Restricted Grants Fund	-	2,407	(2,407)	-
Total of funds	(366)	5,188	(5,313)	(491)

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

17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	985	985
Intangible fixed assets	835	835
Current assets	1,571	1,571
Creditors due within one year	(2,002)	(2,002)
Creditors due in more than one year	(1,540)	(1,540)
Total	(151)	(151)

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	897	897
Intangible fixed assets	923	923
Current assets	1,425	1,425
Creditors due within one year	(2,152)	(2,152)
Creditors due in more than one year	(1,584)	(1,584)
Total	(491)	(491)

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

18. Operating lease commitments

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

	2020	<i>2019</i>
	£000	<i>£000</i>
Not later than 1 year	383	<i>383</i>
Later than 1 year and not later than 5 years	275	<i>594</i>
	<hr/> 658 <hr/>	<hr/> <i>977</i> <hr/>

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

	2020	<i>2019</i>
	£000	<i>£000</i>
Operating lease rentals		
Land and buildings	432	<i>433</i>
Motor vehicles	4	<i>4</i>
	<hr/> 436 <hr/>	<hr/> <i>437</i> <hr/>

19. 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 was 1 (2019: 1) member (being the parent charity NIAB). The member has full voting rights.

20. Related party transactions

The charitable company has taken advantage of the exemption conferred by Financial Reporting Standard 102 not to disclose any transactions with its parent undertaking and wholly owned subsidiary undertakings. No transactions have been undertaken with key management personnel during the period.

NIAB EMR has obtained a loan of £1,500,000 from National Institute of Agricultural Botany Trust, a related party of the Company's ultimate parent NIAB. 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, it is repayable within 10 years. Interest is charged at 2% above the Bank of England base rate, which is considered to be a market value. Interest payable in the year on this loan amounted to £41k (2019: £40k).

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

21. Immediate and ultimate parent undertaking

The immediate and ultimate parent undertaking of this company is NIAB which is incorporated in England and is a registered charity. The consolidated accounts of NIAB are available from its registered office at 93 Lawrence Weaver Road, Cambridge CB3 0LE.