

Company Registration Number: SC374831  
Scottish Charity Number: SC041796

**THE JAMES HUTTON INSTITUTE  
(A SCOTTISH CHARITABLE COMPANY LIMITED  
BY GUARANTEE, NOT HAVING A SHARE  
CAPITAL)**

**TRUSTEES' REPORT  
AND GROUP FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**THE JAMES HUTTON INSTITUTE**  
(Limited By Guarantee, Not Having A Share Capital)

**TRUSTEES' REPORT AND GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**THE JAMES HUTTON INSTITUTE**  
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**BOARD OF DIRECTORS**

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**Chairman:** Professor James Curran  
Mr Ray Perman (resigned 31 March 2017)

Professor Brian Clark (resigned 31 March 2017)  
Dr Laura Meagher (resigned 30 November 2016)  
Mr Allan Stevenson (resigned 31 March 2017)  
Mr George Thorley (resigned 30 November 2016)  
Professor Alan Werritty (resigned 30 November 2016)  
Dr Ian Gambles  
Dr Deborah Keith  
Dr Stephen Hall  
Ms Joan MacNaughton  
Professor Ethel Marian Scott  
Professor Andrew Millar (appointed 1 January 2017)  
Mr Iain Reid (appointed 1 January 2017)  
Mr Archibald Gibson (appointed 1 March 2017)  
Ms Susan Davies (appointed 3 April 2017)  
Mr George Lawrie (appointed 3 April 2017)  
Professor Alyson Tobin (appointed 3 April 2017)  
Ms Elizabeth Wade (appointed 3 April 2017)

**Chief Executive:** Professor Colin Campbell

**THE JAMES HUTTON INSTITUTE**  
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**LEGAL AND ADMINISTRATIVE INFORMATION**

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**Constitution**

The James Hutton Institute is a company limited by guarantee, and a registered charity. The liability of the members is limited to a maximum of £1 each.

Charity number: SC041796. Company number: SC374831.

**Registered office**

The James Hutton Institute  
Invergowrie  
Dundee  
DD2 5DA

**Auditor:**

Johnston Carmichael LLP  
Bishop's Court  
29 Albyn Place  
Aberdeen  
AB10 1YL

**Solicitors:**

Dundas & Wilson LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EN

Thorntons Solicitors  
Whitehall House  
33 Yeaman Shore  
Dundee  
DD1 4BJ

**Bankers:**

Clydesdale Bank  
1 Queens Cross  
Aberdeen  
AB15 4XU

# **THE JAMES HUTTON INSTITUTE**

*(Limited By Guarantee, Not Having A Share Capital)*

## **TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT**

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The Directors present their report and the audited financial statements for the year ended 31 March 2017.

The James Hutton Institute ('the Institute') was incorporated on 15 March 2010 and formally launched on 1 April 2011 following the merger of the Macaulay Land Use Research Institute (MLURI) and the Scottish Crop Research Institute (SCRI). It is a charitable company limited by guarantee (No. SC374831) and is registered as a charity with the Office of the Scottish Charity Regulator (No. SC041796).

The legal and administrative information detailed on pages 1 and 2 forms part of this report.

The principal activity of the Institute is to conduct research in soil, plant and environmental sciences leading to knowledge, innovation and services to meet the multiple demands on land and natural resources.

The Institute is located in purpose built offices and laboratories in Aberdeen and Dundee. The Institute operates three Research Farms, at Glensaugh in Aberdeenshire, Balruddery in Perthshire and Hartwood in North Lanarkshire. The majority of the buildings and equipment used by the Institute are funded by capital grant from RESAS (Rural & Environment Science & Analytical Services division in the Scottish Government). In Dundee, Glensaugh and Hartwood, the Institute operates from land owned by and rented from the Scottish Ministers.

### **Review of the year**

The James Hutton Institute has continued to build on the many significant scientific successes we have had over recent years, reflecting our commitment to excellence in our scientific research. We continue to pursue the application of our science to help address the global challenges specifically related to the use of land and natural resources. This year has seen further scientific breakthroughs, the publication of journals, and building on our unique global collaborations, such as the evolving partnerships we have formed in China and India, where we are working closely with UK and local Governmental agencies. This was the second year of operation for our commercial subsidiary, James Hutton Limited (JHL). Performance was down on the previous year, which reflected continuing difficult circumstances in key business sectors, such as oil and gas. Despite this, JHL continued to operate profitably this year. JHL continued to be the main vehicle for converting the Institute's IP into commercial outcomes, while also building on our professional services across the group as a whole.

Our gender mix of staff was as follows: male (46%) and female (54%). At senior management level our gender mix was male (73%) and female (27%). The number of women now on the Institute Board has increased to six out of thirteen directors, bringing us to a broadly balanced gender mix, in line with our strategy to improve the gender mix and achieve parity of numbers of women and men on the Board by 2020. This is a significant achievement and well ahead of schedule. The Board continues to work on the basis of phased retirements and recruitments to ensure this continuity going forward. A matrix of skills and experience has been drawn up to guide new recruitments.

### **Strategic Report**

The James Hutton Institute is a world class organisation delivering evidence-based solutions to the challenges facing the use of land and natural resources. In 2015 we developed a new Corporate Plan for the James Hutton Group informed by the reviews of our Science Groups, our Research Themes, our Board, staff and key external stakeholders.

The James Hutton Institute continues to look for opportunities to increase our external earnings and commercial sales, while at the same time reducing our overall reliance on Scottish Government research contracts. In 2016/17 the Institute's external earnings measured by the value of contracts awarded totalled £7.2m, which was significantly lower than in 2015/16 (£12.4m). This drop reflects the challenges faced in maintaining and growing contract income, in part because of the continued austerity across the UK economy but also due to the cyclical nature of grant awards from bodies such as the EU and the loss of UKRI eligibility in 2014/15, which have both previously been a significant source of revenue. Staff costs year on year are up from £24.4m to £24.8m, reflecting the changing balance of work undertaken within the Institute.

# THE JAMES HUTTON INSTITUTE

*(Limited By Guarantee, Not Having A Share Capital)*

## TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT (CONTINUED)

Capital Income continues to be very challenging and excluding a one-off grant to help fund a specific piece of equipment, was just £259k for the year. The Scottish Government element of this has now dropped from £3.1m in 2011 to £100k. This level of Capital Expenditure is some way below what the Trustees believe is required to adequately maintain the existing estate and infrastructure of the Institute. Obtaining additional capital funds and alternate sources of financing therefore continues to be a priority. The outturn for the year was a deficit of £2.1m (2015/16 £0.6m). Two bids for major infra-structure investment with a combined total of £68m have been submitted to the Tayside Cities Deal and await final outcome decisions.

We are continuing to build on our Capital Plan and Renewables Strategy, to make best use of our facilities and estate, reducing both energy costs and the carbon footprint of the Institute's activities. In previous years we have invested in solar panels at both our Glensaugh Farm and at our Invergowrie site. Further plans are under development to reduce our energy usage and we are working with partners in industry to deliver on these plans.

The organisation uses a number of Key Performance Indicators to monitor the performance of financial and non-financial matters. The Performance Indicators that are monitored include Total Income, Financial Surplus or Deficit, the number of Scientific journal papers published, impact assessments, Staff Numbers, Corporate Social and measures of waste recycled and CO2 emissions. The main financial KPIs are included in this report below. For the main non financial KPIs used by the Institute, the following are reported:

1. Number of Scientific Journals Published:	385	(2016: 383)
2. Staff numbers:	593	(2016: 586)
3. Percentage of waste recycled:	43%	(2016: 43%)
4. CO2 emissions:	5,577 tonnes	(2016: 5,351 tonnes)

In accordance with a change in government reporting requirements, the current year figure includes CO2 emissions from flights which was excluded in 2016.

James Hutton Limited (formerly Mylnefield Research Services Limited but also encompassing the work of Macaulay Scientific Consulting Limited) is a wholly owned subsidiary of the Institute. Its principal activity is to generate commercial income from the exploitation of intellectual property developed at the Institute, build close relationships with industry partners in the food, drink and agri-tech sectors and help diversify the customer base and revenue streams of the Institute. Over the medium to longer term this will help reduce the reliance of the Institute on government funding. The long term resilience of The James Hutton Institute depends on increasing / diversifying our income streams and we are focusing on our key areas of strength and potential growth. We will be investing in these areas to support capability and capital developments.

The James Hutton Institute continues to demonstrate the value that science brings to a wide range of individuals, communities, organisations and policymakers. In an environment of ever-changing global pressures and concerns, we also believe The James Hutton Institute is making a difference and contributing to a more sustainable world.

### Financial Statements

The Board of Directors ('the Board'; 'Board Members') presents the report and financial statements for the year ended 31 March 2017. The statements comprise Group accounts for The James Hutton Institute, its commercial subsidiary, James Hutton Limited and its non-trading subsidiary, Macaulay Scientific Consulting Limited, which was dissolved on 18 April 2017.

The capital and reserves as reported in the financial statements at 31 March 2017 totalled £27m and comprised of:

- Endowment funds - £0.3m
- Restricted funds - £21.0m
- Unrestricted funds - £5.7m

The financial statements have been prepared using merger accounting.

# **THE JAMES HUTTON INSTITUTE**

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## **TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT (CONTINUED)**

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The main highlights of the financial statements are:

- The group made an operating surplus before depreciation and extraordinary items of £0.2m (2016: £2.0m). After depreciation and extraordinary items, the group's deficit for the year was £2.1m (2016: £0.6m).
- Total income was £38.0m (2016: £39.0m). Core RESAS funding awarded for the Strategic Research Programme this year was £23.2m (2016: £24.5m).
- Capital Income in the year was £0.7m, of which £0.1m was funded directly by Scottish Government and the balance from other sources.
- Income recognised in the year from Institute contracts with a range of external funders increased from £7.5m in 2016 to £7.9m this year. Other income of the Institute includes research farm income, tuition fees and bank interest and was £1.9m (2016: £1.7m).
- James Hutton Limited had a turnover of £4.1m (2016: £4.9m) and made a surplus of £0.4m (2016: £1.0m), out of which it made a Gift Aid donation to its parent company of £0.3m (2016: £0.9m).

### **Future Look**

The funding environment continues to be challenging with a number of macro-economic factors such as future Government spending constraints and the uncertainty surrounding EU research funding in a post Brexit world being two of the key issues. Further tightening of the funding we receive from RESAS for the work carried out on the Strategic Research Programme is likely and this has refocused our efforts to develop our International Strategy and grow our external contract revenues.

The Institute's Corporate Strategy moving forward includes an Income Generation Strategy to support progress of external funding opportunities to reduce our reliance on Scottish Government funding. The Institute has also recently transferred staff to a single set of Hutton Terms and Conditions to harmonise and reduce cost associated with pension provision.

### **Risks**

The Institute uses a number of ways to manage and mitigate risk. These include the use of Risk Registers across the organisation, a Risk Appetite Statement and policy / position statements on a number of key operational matters. In addition, the Institute Risk Register is regularly reviewed by our Board and updated regularly. This Risk Register identifies the key operational risks to the organisation and our mitigating actions, which are reviewed regularly by our Board. As part of this process, the following key risks have been identified:

1. Failure to generate sufficient non-Scottish Government income and recognise/capitalise on intellectual property, funding opportunities or other commercial developments.
2. Brexit short-term risk to EU funding due to uncertainty and medium- to long-term risk due to withdrawal, such as the failure to attract EU nationals to work at the Institute and loss of existing key staff.
3. The current UK political situation creates potential risks to UK funding e.g. Tayside City Deal.
4. Lower than predicted revenue from the commercial subsidiary and market contraction in existing sectors.
5. Lack of investment in infrastructure and capital equipment due to the reduction in capital income.

These specific risks are monitored and managed on a regular basis and appropriate mitigation is put in place where appropriate.

### **Risks relating to the Current Economic Climate**

The Institute is monitoring the recent implications of Brexit and the impact on the volatility of the euro. The Institute has a large number of external contracts funded from the EU with payment in euros. This uncertainty for the immediate and short term future is being closely monitored to avoid any negative impact on our foreign currency risk and future EU funding.



# **THE JAMES HUTTON INSTITUTE**

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## **TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT (CONTINUED)**

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### **Financial instruments and credit risk**

The credit risk is primarily attributable to trade and other debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The Institute has no significant concentration of credit risk, with exposure spread over a large number of customers. The credit risk on liquid funds is limited because the counterparties are with credit-ratings assigned by international credit-rating agencies. The Institute does not enter into any derivative financial instruments.

### **Appointment of Board Members**

Appointment procedures for Board members are set out in the Corporate Governance Statement of The James Hutton Institute which:

- Aims to provide a clear guide to ensure a fair, open and transparent appointments process that produces a quality outcome that commands public confidence; and
- Ensures that the Governing Board is representative of the Institute's research themes, its end-user interest and stakeholder groups.

### **Training of Board Members**

New Board members take part in an induction process to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the strategic plan, risk policy and financial performance. They will also be given an opportunity to meet key members of staff and other Board members during the induction process.

### **Board Members**

The members of the Board who served during the period and at the date of this report are shown on page 1.

The Institute is a company limited by guarantee and the liability of members is limited to a maximum of £1 each. Board members are appointed for an initial period of three years. They are members of the Institute and are directors of the company within the meaning of the Companies Act and trustees for the purposes of charitable law. The Chief Executive, whose responsibilities are set out below, is not a director of the company.

The main Board and its Committees meet at least four times each year and administer the Institute, ensuring that the standards required for effective Corporate Governance are met.

### **Responsibilities of Board Members**

The Board Members are responsible for preparing the Trustees' Report, incorporating the Strategic Report, and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (UK GAAP)).

Company law requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Institute and of the incoming resources and application of resources, including the income and expenditure, of the Institute for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures that are disclosed and explained in the financial statements;
- ensure that the statements have been prepared on a going concern basis, unless it is inappropriate to assume that the Institute will continue in operation.



# **THE JAMES HUTTON INSTITUTE**

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## **TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT (CONTINUED)**

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The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, the financial position of the Institute and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Board Members' Interests**

The members who held office throughout the year had no financial interest in the Institute. No contracts exist with the Institute in which a member or director has a material interest.

A Register of Interests has been compiled and is reviewed annually.

### **Responsibilities of the Chief Executive**

Those of the responsibilities of the Board which have been delegated to the Chief Executive include ensuring that:

1. the financial management procedures and systems of the Institute are operated correctly and with propriety;
2. these procedures promote the efficient and economic conduct of business;
3. there are adequate safeguards against misuse, wasteful or fraudulent use of monies including an effective system of internal audit;
4. value for money from public funds is secured;
5. spending proposals are appraised carefully;
6. all expenditure is related to the achievement of clearly defined objectives, firm targets and effective performance measures, as set out in the Institute's Corporate Plan;
7. there is close observance of the delegated authorities set out in the terms and conditions attached to the award of grant.

### **Payment of Creditors**

The policy of the Institute is to pay suppliers within the period contractually agreed. Payment normally occurs within 28 days of either receipt of the goods or invoice, whichever is the later. Where contractual obligations require payment in less than 28 days this is accommodated. In all instances payment is only made after the authorised Institute representative is satisfied that the goods or services provided are in accordance with the agreed terms and conditions.

### **Reserves policy**

The Board and the Executive have reviewed our Reserves Policy annually. Taking account of liabilities and unrestricted reserves, the Board have decided that they will plan to maintain a minimal unrestricted reserve in the range between £3m and £6m. This year our unrestricted reserves at the end of March 2017 are £5.7m and compliant with our Reserves Policy.

### **Investment Policy**

The policy of the Institute is that monies not immediately required should be held in a charity high interest account with interest credited to the income and expenditure account. Funds are also held in short to long term deposit accounts to achieve a higher interest rate for its cash reserves.

### **Equal Opportunities**

The Institute is an Equal Opportunity Employer committed to effect positive policies in recruitment, training and career development for staff members (and potential staff members) regardless of marital status, religion, colour, race, ethnic origin or disability. The Institute gives full and fair consideration to applications for employment by disabled persons at all stages in the recruitment procedures. Where an existing employee becomes disabled (whether from illness or accident) every effort is made to continue to provide suitable employment, either in the same or an alternative job. Disabled persons share in the opportunities for training, development and promotion that are available to all employees within the Institute.

# **THE JAMES HUTTON INSTITUTE**

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## **TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT (CONTINUED)**

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### **Health and Safety**

The Institute seeks to maintain and develop a positive attitude between all staff, management and trade unions with regard to health, safety and welfare at work issues. The Institute has comprehensive health and safety procedures and clearly laid out policies to promote a strong health and safety culture.

### **Staff Communications**

For the provision of information and consultation with employees the following arrangements are in place:

Institute Negotiating and Consultative Committee	Meetings of Union representatives and management, held at least twice per year or more frequently if necessary.
Health, Safety & Welfare Committee	Main safety committee for the Institute as a whole. Sub-committees meet for laboratory, estates, research station, policy and genetic modification issues.
Environmental Committee	Staff led Committee which considers environmental issues, policies and solutions which impact on staff, the Institute and its working environment.
Health and Safety Manual	Issued to all staff on appointment.
Intranet Site "Connect"	Updated daily with news, staff information, Blogs and updates
Staff Bulletin	Circulated by email weekly.
Staff Code	Copies available for reference on the Internet and in the various locations within the Institute.
BBSRC Vacancy Notices	Staff vacancies within the BBSRC Institutes are placed on Notice Boards and the Institute intranet for information.
Library information	Information on European and UK research initiatives and funding is circulated to staff at least weekly, and information on new library resources is circulated every two months.

In addition, the Institute has a comprehensive induction and orientation programme for new members of staff.

All notices, manuals and minutes of the Committee meetings are published on the Institute Intranet.

The Institute recognises Prospect as the Trade Union representing the Institute's staff and in addition the Institute has its own Negotiating and Consultative Committee.

### **Evaluating the Quality of Service**

Regular independent peer reviews of programmes of research, knowledge transfer and end user relevance are undertaken by RESAS to evaluate the quantity, relevance and quality of output. All published work from the Institute is refereed internally and that appearing in international journals is also refereed externally. The Institute's analytical facility has United Kingdom Accreditation Scheme (UKAS) 17025 status and the Institute continues to hold the ISO 9001:2008 Quality Assurance standard. Both the UKAS 17025 and ISO 9001 accreditations are externally reviewed annually. The Institute continues to work towards achieving the ISO 14001.

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## **TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT (CONTINUED)**

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### **Environmental Policy**

As part of the Institute's commitment to sustainable development, it will conduct its activities in such a manner that reduces its impact on the environment. To assist in achieving this commitment, an Environmental Committee oversees all relevant environmental matters and reports to the bi-monthly Senior Managers' Meetings. The Committee monitors relevant aspects of the Institute's activities and recommends such changes as are deemed necessary to achieve a smaller environmental footprint, including an energy and waste management strategy which attempts to minimise emissions to the environment and ensures that the standards set by all relevant legislation is either complied with or exceeded. A standing initiative called "Sustainable Hutton" has been established with a dedicated sustainability officer (0.5FTE), an executive and Board champion and group of volunteer staff to undertake specific projects aimed at increasing our corporate sustainability and responsibility.

### **Access to Information and Data**

The Institute policy, with regard to access to information derived from programmes of research commissioned by RESAS, is determined on the one hand by the principles and objectives of 'open government' and on the other by the expectation that the Institute will market its intellectual property through copyright, licence or patent. Access to information and data arising from other contracts is subject to the conditions agreed with the client.

### **Nominations and Remuneration Committee**

The Institute operates independently having previously operated within the provisions of the Biotechnology and Biological Sciences Research Council (BBSRC) Staff Code. The Committee reviews the remuneration of the CEO, Executives and Senior Managers of the Group. The committee also reviews the performance of these employees and Board members. The committee is responsible for advising the Board on the remuneration of non-Executive Directors, Chairs of Committees and Directors' pay. The Committee works to terms of reference agreed by the main Board.

### **Audit and Finance Committee**

The Audit and Finance Committee comprises at least three members of the Institute's Board and meets at least twice per annum. The Committee works to terms of reference agreed by the main Board.

The remit of the Committee includes the appointment of external and internal auditors and engagement with them to improve internal controls and manage risk. This includes agreeing audit plans, receiving reports, and ensuring that appropriate action is taken in response to recommendations.

The Committee is also responsible for reviewing annual budgets, monitoring key performance indicators, considering the management accounts on a quarterly basis and advising on financial matters such as treasury management and capital investment.

The Committee is required to keep under review the effectiveness of the Institute's corporate governance arrangements and the internal control systems. The Committee reports on these to the Board prior to the signing of the financial statements. It is responsible for ensuring that the Institute's risk policy is implemented.

### **Corporate Governance**

Corporate Governance is defined as the system by which organisations are directed and controlled. For Corporate Governance to be considered effective there must be high standards in the three key areas of openness, integrity and accountability.

There is a clear division of responsibilities between the members of the Board and the executive employees of the Institute, and the Institute benefits from the expertise of the non-executive Board members.

Whilst the Board is ultimately responsible for the Institute's system of internal control and risk management, the Chief Executive has responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and assets provided to the Institute.

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**TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT (CONTINUED)**

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The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts.

The Chief Executive also has responsibility for reviewing the effectiveness of the system of internal control. To assist the Chief Executive in carrying out these responsibilities and to meet the requirements of the Board, the following processes have been established:

- the senior managers of the Institute meet monthly to consider the plans and strategic direction of the Institute;
- periodic reports from the Chair of the Audit & Finance Committee concerning internal control ;
- regular reports by internal auditors which include their independent opinion on the adequacy and effectiveness of the systems of internal control, together with recommendations for improvement ;
- regular reports from managers and Committees, with responsibility for specific areas and services, on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects;
- comments made by the external auditors in their management letters and other reports;
- implementation of a system of quality control throughout the Institute and the subsidiaries to the standards specified under the quality standard ISO9001:2008;
- procedures and policies to ensure the application of good scientific practice, as required by external funders such as the UK Research Councils;
- establishment of key performance and risk indicators and reports thereon ;
- preparation of Business Plans, which are approved by the Board, along with regular financial reports and forecasts to the Board and senior managers;
- maintenance of an organisation-wide risk register;
- the development of a business continuity plan.

The Chief Executive's review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letters and other reports.

The Chief Executive reports to the Board on significant changes in the business and the external environment which affect significant risks and provides the Board with quarterly financial information which includes key performance and risk indicators. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Audit & Finance Committee.

The Board recognises its responsibility for establishing, maintaining and reviewing the system of internal control and the members of the Board confirm that through the Audit & Finance Committee they have reviewed, and are satisfied with, the effectiveness of the Institute's systems of internal control and risk management.

# THE JAMES HUTTON INSTITUTE

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## TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT (CONTINUED)

### Statement of disclosure to auditor

Board members confirm that:

- a) so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and
- b) they have taken all the steps they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of the information.

On behalf of the Board of Directors:



Professor James Curran  
Chairman

Date: 26 September 2017



**THE JAMES HUTTON INSTITUTE**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE  
JAMES HUTTON INSTITUTE**

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We have audited the financial statements of The James Hutton Institute for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Board Members and auditor**

As explained more fully in the Board Members' Responsibilities Statement set out on page 5, the Board of Members (who are the directors of the charitable company for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report, incorporating the Strategic Report, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE JAMES HUTTON INSTITUTE (CONTINUED)**

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**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017, and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

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

- the information given in the Trustees' Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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.

**Graeme Fraser (Senior Statutory Auditor)**  
for and on behalf of Johnston Carmichael LLP



Chartered Accountants  
Statutory Auditor

Bishop's Court  
29 Albyn Place  
Aberdeen  
AB10 1YL

Date: 28 September 2017

Johnston Carmichael LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.



**THE JAMES HUTTON INSTITUTE**  
**(Limited by Guarantee, Not Having A Share Capital)**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2017	Total Funds 2016
		£000	£000	£000	£000	£000
<b>Income and endowments from:</b>						
Other trading activities	7	4,134	-	-	4,134	4,920
Investments	5	67	-	8	75	85
Charitable activities	3	1,871	31,901	-	33,772	34,178
<b>Total income and endowments</b>		<b>6,072</b>	<b>31,901</b>	<b>8</b>	<b>37,981</b>	<b>39,183</b>
<b>Expenditure on:</b>						
Raising funds	7	3,738	-	-	3,738	3,911
Charitable activities	6	2,246	34,159	3	36,408	35,722
<b>Total expenditure</b>		<b>5,984</b>	<b>34,159</b>	<b>3</b>	<b>40,146</b>	<b>39,633</b>
Net gains / (losses) on fixed assets	9	-	-	42	42	(10)
<b>Net income/(expenditure)</b>		<b>88</b>	<b>(2,258)</b>	<b>47</b>	<b>(2,123)</b>	<b>(460)</b>
Extraordinary items	6a	-	-	-	-	(128)
Transfers between funds		(701)	701	-	-	-
<b>Net movement in funds</b>	25	<b>(613)</b>	<b>(1,557)</b>	<b>47</b>	<b>(2,123)</b>	<b>(588)</b>
Balances at 1 April 2016		6,282	22,572	293	29,147	29,735
<b>Balance at 31 March 2017</b>		<b>5,669</b>	<b>21,015</b>	<b>340</b>	<b>27,024</b>	<b>29,147</b>

Restricted funds are those received for specific research purposes from RESAS and other research procurers. Unrestricted funds are from charitable and commercial sources on which there are no restrictions on how they are applied. The purpose of Endowment funds is explained in note 17.

Details of the net movements in restricted and unrestricted funds are given in notes 17 and 18.

The Institute has not presented its own Statement of Financial Activities as information regarding net income and net movement in funds for the financial year can be obtained from pages 15 to 16.

All the above figures relate to the continuing activities of the Group and the Institute.

**THE JAMES HUTTON INSTITUTE**  
**(Limited by Guarantee, Not Having A Share Capital)**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

		<b>Group</b>		<b>Institute</b>	
	Note	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Income:</b>					
Grants from RESAS	2	<b>23,649</b>	24,981	<b>23,649</b>	24,981
Research grants and contracts		<b>8,252</b>	7,538	<b>8,252</b>	7,538
Extraordinary grant clawback	6a	-	(128)	-	(128)
Intercompany charges		-	-	<b>1,777</b>	1,908
Gift aid receivable		-	-	<b>298</b>	849
Other income	3	<b>1,871</b>	1,659	<b>1,871</b>	1,659
Trading income from subsidiaries		<b>4,134</b>	4,920	-	-
Gains/ (losses) on fixed assets		<b>42</b>	(10)	<b>42</b>	(10)
Interest and investment income	5	<b>75</b>	85	<b>66</b>	75
<b>Gross income</b>		<b>38,023</b>	39,045	<b>35,955</b>	36,872
<b>Expenditure:</b>					
Staff costs		<b>24,831</b>	24,712	<b>23,431</b>	23,512
Scientific consumables		<b>6,830</b>	6,467	<b>6,543</b>	5,816
Depreciation	8	<b>2,325</b>	2,495	<b>2,298</b>	2,465
Other costs	29	<b>6,145</b>	5,959	<b>5,913</b>	5,843
<b>Total expenditure</b>		<b>40,131</b>	39,633	<b>38,185</b>	37,636
<b>Net expenditure before tax</b>		<b>(2,108)</b>	(588)	<b>(2,230)</b>	(764)
Tax payable		-	-	-	-
<b>Net expenditure</b>		<b>(2,108)</b>	(588)	<b>(2,230)</b>	(764)

All the above figures relate to the continuing activities of the Group and the Institute.

There is no material difference between the deficit for the financial year stated above and its historical cost equivalent.

**THE JAMES HUTTON INSTITUTE**  
(Limited by Guarantee, Not Having A Share Capital)

**BALANCE SHEETS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

		Group		Institute	
	Note	2017 £000	2016 £000	2017 £000	2016 £000
<b>Fixed Assets:</b>					
Tangible assets	8	22,325	23,651	22,268	23,589
Investments	9	206	164	206	164
		<u>22,531</u>	<u>23,815</u>	<u>22,474</u>	<u>23,753</u>
<b>Current Assets:</b>					
Stocks	10	407	478	407	478
Debtors	11	4,134	4,137	3,819	4,140
Cash at bank and in hand		2,437	3,436	2,091	1,486
Investments - bank deposit accounts	12	6,065	6,307	4,805	5,807
		<u>13,043</u>	<u>14,358</u>	<u>11,122</u>	<u>11,911</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(8,470)</u>	<u>(8,992)</u>	<u>(7,944)</u>	<u>(7,828)</u>
<b>Net Current Assets</b>		<u>4,573</u>	<u>5,366</u>	<u>3,178</u>	<u>4,083</u>
<b>Total assets less current liabilities</b>		<u>27,104</u>	<u>29,181</u>	<u>25,652</u>	<u>27,836</u>
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(80)</u>	<u>(34)</u>	<u>(80)</u>	<u>(34)</u>
<b>Net Assets</b>	19	<u>27,024</u>	<u>29,147</u>	<u>25,572</u>	<u>27,802</u>
<b>Funds of the charity</b>					
Endowment funds	16	340	293	340	293
Restricted funds	17	21,015	22,572	21,015	22,572
Unrestricted funds	18	5,669	6,282	4,217	4,937
<b>Total charity funds</b>	19	<u>27,024</u>	<u>29,147</u>	<u>25,572</u>	<u>27,802</u>

These financial statements were approved by the Board of Governors on 26 September 2017 and were signed on its behalf by:



Professor James Curran  
Chairman



Dr Ian Gambles  
Director

Company Registration No. SC374831

**THE JAMES HUTTON INSTITUTE**  
**(Limited by Guarantee, Not Having A Share Capital)**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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	Note	2017 £000	2016 £000
<b>Net cash provided by/(used in) operating activities</b>	20	<u>(1,135)</u>	<u>203</u>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(907)	(891)
Bank interest received		67	78
Dividends received		8	7
Capital grants received		737	861
<b>Net cash flow from investing activities</b>		<u>(95)</u>	<u>55</u>
<b>Financing activities</b>			
Capital element of hire purchase repayments		(11)	-
<b>Net cash flow from financing activities</b>		<u>(11)</u>	<u>-</u>
<b>Change in cash and cash equivalents</b>		<b>(1,241)</b>	<b>258</b>
Cash and cash equivalents at start of reporting period	21	<u>9,743</u>	<u>9,485</u>
Cash and cash equivalents at end of reporting period	21	<u><b>8,502</b></u>	<u><b>9,743</b></u>

**THE JAMES HUTTON INSTITUTE**  
**(Limited by Guarantee, Not Having A Share Capital)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1 Principal accounting policies**

**Company information**

The James Hutton Institute is a private company limited by guarantee incorporated in Scotland. The registered office is given in the charity information page of these financial statements. The nature of the charity's operations and principal activities are set out within the Trustees' report on page 3.

**General information and basis of preparation**

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities", the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015 (as amended). The financial statements have also been prepared in accordance with the Charities Accounts (Scotland) Regulations 2006 and the Charities and Trustee Investment (Scotland) Act 2005. The company is a Public Benefit Entity as defined by FRS 102.

The charity has availed itself of s396 of the Companies Act 2006, as permitted in paragraph 4(1) of Schedule 1 of SI 2008 no. 409, and adapted the Companies Act formats to reflect the special nature of the charity's activities.

The accounts are prepared in sterling, which is the functional currency of the Institute. Monetary amounts in these financial statements are rounded to the nearest thousand pounds sterling.

The accounts have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**Going concern**

At the time of approving the accounts, the Board has a reasonable expectation that the Institute has adequate resources to continue operations for the foreseeable future. The Institute has received confirmation of RESAS grant funding for 2017/18 of £22.2m. It has bids for the next three years with RESAS, which form part of the 2016 - 2021 Strategic Research Programme, for which funding has been agreed in principle. The Board has considered sensitised financial forecasts, which take account of uncertainties in future funding, and are satisfied that it is appropriate to continue to prepare the financial statements on the going concern basis.

**Basis of consolidation**

The group financial statements consolidate the accounts of the Institute and its commercial subsidiaries, James Hutton Limited (JHL) and Macaulay Scientific Consulting Limited (MSC).

**Government Grants**

Grants for current and capital expenditure are credited to income in the year in which they are received unless the Institute has not satisfied the conditions of entitlement before the end of the reporting period.

**THE JAMES HUTTON INSTITUTE**  
**(Limited by Guarantee, Not Having A Share Capital)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1 Principal accounting policies (continued)**

**Grants and contract income from external sources**

Grants are credited to the income and expenditure account to the extent of the expenditure charged, due to the inherent variability of research work and the timescale over which it is carried out. However, a prudent estimate of any surplus or deficit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. Amounts receivable and unexpended balances are included in debtors and creditors respectively.

**Resources Expended**

Resources expended are included on an accruals basis inclusive of any irrecoverable VAT.

Costs are allocated to projects and cost centres on a full economic costing basis. Those costs which can be identified as being attributable to specific activities are charged directly to them. Indirect costs, attributable to more than one activity, are apportioned across projects and cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

**Intangible fixed assets**

Acquired goodwill is capitalised and amortised over its estimated useful economic life.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets, by equal instalments over their estimated useful economic lives as follows:

Heritable buildings	50 years
Agricultural buildings and structures	25 years
Plant, machinery and equipment	3-10 years
Motor vehicles	5 years

No depreciation is provided on heritable land.

**Impairment of fixed assets**

At each reporting end date, the Institute reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

**Fixed asset investments**

Investments in subsidiary undertakings and other unlisted investments are included at cost except where provision is made against an identified permanent diminution in value.

Listed investments are stated at fair value which is determined by reference to quoted market values.

**Current asset investments**

Investments are in relation to fixed term bank deposit accounts.

**THE JAMES HUTTON INSTITUTE**  
**(Limited by Guarantee, Not Having A Share Capital)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1 Principal accounting policies (continued)**

**Investment income**

Dividends from listed investments and bank interest are included in the income and expenditure account when they are receivable.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. The value of livestock has been stated at 60% of market value at the balance sheet date as estimated by the farm managers.

**Fund accounting**

Funds held by the Institute are classified as:

- Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Governors or the Trustees; or
- Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the Institute; or
- Endowment funds – these are funds that are required to be maintained as permanent capital and can only be used for particular restricted purposes as specified by the donor.

**Financial instruments**

The Institute has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Institute becomes party to the contractual provisions of the instrument.

Financial assets are offset, with the net amounts presented in the accounts when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in net income (expenditure).



**THE JAMES HUTTON INSTITUTE**  
**(Limited by Guarantee, Not Having A Share Capital)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1 Principal accounting policies (continued)**

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

***Basic financial liabilities***

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Institute after deducting all of its liabilities.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the Institute's obligations are discharged, cancelled, or they expire.

***Taxation***

The Institute has been granted charitable status by HMRC and is not therefore liable for corporation tax on charitable income and gains.

***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of financial activities.

***Research and development expenditure***

All research and development expenditure is written off in the year in which it is incurred.

***Finance and operating leases***

The annual rentals for operating leases are charged to the income and expenditure account on a straight line basis over the lease term. Assets acquired under finance leases are included in fixed assets and the capital element is shown as obligations under finance leases.

Assets held under finance leases are recognised at the lower of the assets fair value at the date of inception and the present value of the minimum lease repayments. The related liability is recorded in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income and expenditure account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**THE JAMES HUTTON INSTITUTE**  
**(Limited by Guarantee, Not Having A Share Capital)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1 Principal accounting policies (continued)**

**Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Institute is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**Post retirement benefits**

The Group operates a defined contribution pension scheme which was offered to certain employees during the current and prior years and to all employees from 1 April 2017. Employer contributions to the scheme are charged to income and expenditure in the year to which they relate.

Until 31 March 2017, certain Institute staff participated in the Research Councils Pension Scheme (RCPS). Administration of the scheme is carried out by the Joint Superannuation Service (JSS) of the National Environment Research Council (NERC).

The RCPS defined benefits schemes, as with most public sector pension schemes, are multi-employer defined benefits schemes, where the employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. The Institute therefore accounts for these schemes as if they were defined contribution schemes.

Details of the above schemes are given in note 23.

**Critical accounting estimates and judgements**

In the application of the Institute's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements or estimation uncertainties have a significant effect on amounts recognised in the financial statements:

- In determining the amount of any surplus or deficit to be recognised on external grants and contract income, management must consider the likely eventual outcome of the contract. This involves judgement in determining the stage of completion and an estimate of further costs to come.
- Management make an assessment of the recoverability of trade and other debtors and exercise judgement in determining the level of any provision for doubtful debts.
- Management must also consider whether there has been any impairment of fixed assets.

**THE JAMES HUTTON INSTITUTE**  
**(Limited by Guarantee, Not Having A Share Capital)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**2 Grants received from RESAS**

	2017 £000	2016 £000
<b>Group and Institute</b>		
Opening deferred income	20	310
Grants for current expenditure	23,223	24,043
Grants for capital expenditure	100	499
Other Scottish Government grants	387	149
	<u>23,730</u>	<u>25,001</u>
Income deferred - Centre of Expertise for Water	(81)	-
- Other	-	(20)
	<u>23,649</u>	<u>24,981</u>

All amounts included above are attributable to restricted funds.

**3 Income and endowments from charitable activities**

	2017 £000	2016 £000
<b>Group</b>		
RESAS grants for revenue expenditure	23,223	24,353
RESAS grants for capital expenditure	100	499
Other Scottish Government grants	326	129
Grants from MDT for revenue expenditure	758	604
Grants from MDT for capital expenditure	259	-
Other grants and contract income of Institute	7,235	6,934
Other income	1,871	1,659
Total incoming resources from charitable activities	<u>33,772</u>	<u>34,178</u>
<b>Attributable to funds as follows:</b>		
Restricted funds	31,901	32,519
Unrestricted funds	1,871	1,659
	<u>33,772</u>	<u>34,178</u>

**Analysis of Other Income**

	2017 £000	2016 £000
<b>Group and Institute</b>		
Facilities income	226	226
Other rental income	14	11
Student fees	88	93
Services	245	267
Farm income	744	626
Other sundry income	554	436
	<u>1,871</u>	<u>1,659</u>

**THE JAMES HUTTON INSTITUTE**  
**(Limited by Guarantee, Not Having A Share Capital)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**4 Employee information**

The average number of persons employed by the group during the year is analysed below:

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Scientific	<b>422</b>	432
Other	<b>171</b>	154
	<b><u>593</u></b>	<b><u>586</u></b>
	<b>£000</b>	<b>£000</b>
Employee costs		
Wages and salaries	<b>18,800</b>	18,643
Social security costs	<b>1,865</b>	1,468
Other pension costs	<b>4,166</b>	4,269
<b>Total direct costs of employment</b>	<b><u>24,831</u></b>	<b><u>24,380</u></b>

In accordance with the corporate governance arrangements for the Group, members of the Board received remuneration for their services as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Ray Perman	<b>30,000</b>	30,000
Allan Stevenson	<b>24,000</b>	24,000
George Thorley	-	11,741
Brian Clark	<b>12,000</b>	12,000
Joan MacNaughton	<b>12,000</b>	-
	<b><u>78,000</u></b>	<b><u>77,741</u></b>

The total cost to the Institute of remunerating the Board was £82,800 (2016 - £83,939) which includes irrecoverable VAT on invoiced services.

Travel and subsistence expenses of £7,722 (2016: £7,658) were re-imbursed to 12 members of the Board (2016: 10 members).

The remuneration of the highest paid employee during the year was £156,225 (2016: £118,325). The increase reflects the fact that the CEO position was held by an interim for part of the year ended 31 March 2016.

Key management personnel received remuneration for their services as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Key management personnel	<b><u>891,567</u></b>	<b><u>553,006</u></b>

The number of key management personnel during the year was 6 full-time and 1 for part year (2016: 4 full-time and 2 for part year).

**THE JAMES HUTTON INSTITUTE**  
**(Limited by Guarantee, Not Having A Share Capital)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**4 Employee information (cont.)**

The number of employees, including the Chief Executive, who received remuneration during the year (excluding superannuation contributions, voluntary exit and severance costs) in the following ranges was:

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
£60,000 - £69,999	<b>23</b>	20
£70,000 - £79,999	<b>2</b>	2
£80,000 - £89,999	-	1
£90,000 - £99,999	-	-
£100,000 - £109,999	-	-
£110,000 - £119,999	<b>3</b>	3
£120,000 - £129,999	-	-
£130,000 - £139,999	-	-
£140,000 - £149,999	-	-
£150,000 - £159,999	<b>1</b>	-
	<b>29</b>	<b>26</b>

The above employees are members of either the Research Councils Pension Scheme (RCPS) or a Group Personal Pension Scheme (see note 23). Total contributions accrued to the schemes in relation to these staff in the year amounted to £432,742 (2016 - £469,281).

**5 Investment Income**

	<b>Group</b>		<b>Institute</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Dividends from listed investments	<b>8</b>	7	<b>8</b>	7
Bank interest	<b>67</b>	78	<b>58</b>	68
	<b>75</b>	<b>85</b>	<b>66</b>	<b>75</b>
<b>Attributable to funds as follows:</b>				
Endowment funds	<b>8</b>	7	<b>8</b>	7
Unrestricted funds	<b>67</b>	78	<b>58</b>	68
	<b>75</b>	<b>85</b>	<b>66</b>	<b>75</b>

**THE JAMES HUTTON INSTITUTE**  
**(Limited by Guarantee, Not Having A Share Capital)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**6 Expenditure**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Expenditure on charitable activities</b>		
Scientific staff costs	17,721	17,472
Support staff costs	4,974	5,222
	<b>22,695</b>	<b>22,694</b>
Scientific consumables	6,543	5,816
Fees and stipends	337	342
Depreciation	2,298	2,465
Support costs	4,404	4,321
Investment management fees	3	-
Governance costs	128	84
	<b>36,408</b>	<b>35,722</b>

**Attributable to funds as follows:**

Restricted funds	34,159	33,645
Unrestricted funds	2,246	2,077
Endowment fund	3	-
	<b>36,408</b>	<b>35,722</b>

**Support costs**

Rent and utilities	1,194	1,279
Communications and telephones	187	152
Technical services	461	463
ITS costs	707	675
Library and data manager	443	318
Property maintenance and service and cleaning	537	614
Business development	-	1
Other	1,919	1,917
	<b>5,448</b>	<b>5,419</b>
Recharged and included in expenditure of trading subsidiaries	(1,044)	(1,098)
	<b>4,404</b>	<b>4,321</b>

**Governance costs**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Auditor's remuneration (Institute)		
- audit	27	31
- taxation services	3	4
- other services	12	24
Other governance costs	86	25
	<b>128</b>	<b>84</b>
Auditor's remuneration included in expenditure of trading subsidiaries		
- audit	7	7
- taxation services	-	-
	<b>135</b>	<b>91</b>

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**6a Extraordinary costs**

The Group has incurred the following extraordinary costs.

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Grant clawback provision	<u>-</u>	<u>128</u>
<b>Attributable to funds as follows:</b>		
Restricted funds	<u>-</u>	<u>128</u>

**7 Income and expenditure of trading subsidiaries**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Other trading activities	<b>4,134</b>	4,920
Raising funds	<b>(3,738)</b>	(3,911)
Net income before interest	<u><b>396</b></u>	<u>1,009</u>

All income and expenditure in relation to trading subsidiaries is attributable to unrestricted funds.



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**8 Tangible Fixed Assets**  
**Group**

	Freehold Land and buildings £000	Plant, machinery and equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>				
At beginning of year	37,180	31,475	1,230	69,885
Additions	105	766	128	999
Disposals	-	-	-	-
At end of year	<u>37,285</u>	<u>32,241</u>	<u>1,358</u>	<u>70,884</u>
<b>Depreciation</b>				
At beginning of year	18,016	27,148	1,070	46,234
Charge for year	1,080	1,214	31	2,325
Disposals	-	-	-	-
At end of year	<u>19,096</u>	<u>28,362</u>	<u>1,101</u>	<u>48,559</u>
<b>Net book value</b>				
<b>At 31 March 2017</b>	<u><b>18,189</b></u>	<u><b>3,879</b></u>	<u><b>257</b></u>	<u><b>22,325</b></u>
At 31 March 2016	<u>19,164</u>	<u>4,327</u>	<u>160</u>	<u>23,651</u>

**Institute**

	Freehold Land and buildings £000	Plant, machinery and equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>				
At beginning of year	37,180	30,840	1,230	69,250
Additions	105	744	128	977
Disposals	-	-	-	-
At end of year	<u>37,285</u>	<u>31,584</u>	<u>1,358</u>	<u>70,227</u>
<b>Depreciation</b>				
At beginning of year	18,016	26,575	1,070	45,661
Charge for year	1,080	1,187	31	2,298
Disposals	-	-	-	-
At end of year	<u>19,096</u>	<u>27,762</u>	<u>1,101</u>	<u>47,959</u>
<b>Net book value</b>				
<b>At 31 March 2017</b>	<u><b>18,189</b></u>	<u><b>3,822</b></u>	<u><b>257</b></u>	<u><b>22,268</b></u>
At 31 March 2016	<u>19,164</u>	<u>4,265</u>	<u>160</u>	<u>23,589</u>

**Group and Institute**

Included within heritable land and buildings is land of £4,616,166 (2016 - £4,616,166) which has not been depreciated.

The net book value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017 £000	2016 £000
Motor vehicles	<u>89</u>	<u>-</u>
Depreciation charged for the year in respect of leased assets	<u>3</u>	<u>-</u>

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<b>9</b>	<b>Fixed asset investments</b>	<b>Group</b>		<b>Institute</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Listed investments</b>				
	At beginning of year	<b>164</b>	171	<b>164</b>	171
	Unrealised gain/(loss) on revaluation	<b>42</b>	(7)	<b>42</b>	(7)
	At end of year	<b>206</b>	164	<b>206</b>	164
	Historical cost at 31 March 2017	<b>65</b>	65	<b>65</b>	65

The listed investments were managed during the year by Adam & Company, Investment Management Limited.

	<b>Group</b>		<b>Institute</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Unrealised (loss)/gain on revaluation of fixed asset investments	<b>42</b>	(7)	<b>42</b>	(7)
(Loss)/gain on disposal of tangible fixed asset	-	(3)	-	(3)
	<b>42</b>	(10)	<b>42</b>	(10)
Attributable to funds as follows:				
Restricted funds	-	(3)		
Endowment funds	<b>42</b>	(7)		
	<b>42</b>	(10)		

<b>10</b>	<b>Stocks</b>	<b>Group</b>		<b>Institute</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	Farm Stock	<b>391</b>	465	<b>391</b>	465
	Other	<b>16</b>	13	<b>16</b>	13
		<b>407</b>	478	<b>407</b>	478

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**11 Debtors**

	<b>Group</b>		<b>Institute</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	535	731	-	-
Amounts due from group undertakings	-	-	631	1,186
Other debtors	1,752	1,573	1,752	1,572
Prepayments and accrued income	623	1,043	523	937
Amounts recoverable on research grants and contracts	1,224	790	913	445
	<b>4,134</b>	<b>4,137</b>	<b>3,819</b>	<b>4,140</b>

Amounts falling due after more than one year and included in the debtors above are:

	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Other debtors	<b>17</b>	<b>34</b>	<b>17</b>	<b>34</b>

**12 Current asset investments**

	<b>Group</b>		<b>Institute</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank deposit accounts	<b>6,065</b>	<b>6,307</b>	<b>4,805</b>	<b>5,807</b>

**13 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Institute</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade creditors	1,897	1,778	1,865	1,634
Taxation and social security costs	621	771	527	746
Other creditors	184	617	184	648
Amounts due to group undertakings	-	-	-	6
Accruals and deferred income	1,836	1,791	1,769	1,726
Hire purchase creditors	18	-	18	-
Research grants and contract income received in advance	3,914	4,035	3,581	3,068
	<b>8,470</b>	<b>8,992</b>	<b>7,944</b>	<b>7,828</b>

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**14 Creditors: amounts falling due after one year**

	<b>Group</b>		<b>Institute</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Accruals due:-				
within 1 - 2 years	17	34	17	34
within 2 - 5 years	-	-	-	-
after more than 5 years	-	-	-	-
Obligations under finance leases:-				
within 1 - 2 years	18	-	18	-
within 2 - 5 years	45	-	45	-
after more than 5 years	-	-	-	-
	<b>80</b>	<b>34</b>	<b>80</b>	<b>34</b>

Finance lease payments represent rentals payable by the group for certain motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**15 Financial instruments**

The carrying value of financial assets and financial liabilities was as follows:

	<b>Group</b>		<b>Institute</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Financial assets measured at fair value through net income / expenditure	206	164	206	164
Financial assets that are debt instruments measured at amortised cost	12,013	12,985	10,192	10,644
Financial liabilities measured at amortised cost	3,296	2,799	3,197	2,627

**16 Endowment funds**

	<b>Lewis Endowment Fund £000</b>
Income	8
Expenditure	(3)
	5
Unrealised gain on revaluation of investments	42
At beginning of year	293
<b>At end of year</b>	<b>340</b>

Purpose of funds:

Lewis Endowment Fund – "To provide prizes or other awards for the encouragement and extension of agriculture and of good agricultural methods on the Island of Lewis, or for agricultural education on the said Island or for work of any kind intended to improve agriculture conditions on the said Island".

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**17 Restricted funds**

(a) Restricted capital reserves	<b>Group</b>	<b>Institute</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	22,572	22,572
RESAS grants for capital expenditure	100	100
MDT grants for capital expenditure	259	259
Other grant funding and external contracts	378	378
Depreciation	(2,294)	(2,294)
Disposal of fixed assets	-	-
<b>At end of year</b>	<b>21,015</b>	<b>21,015</b>
(b) Other restricted reserves		
At beginning of year	-	-
Income	31,164	31,164
Expenditure	(31,865)	(31,865)
Extraordinary items	-	-
Transfer from unrestricted reserves (Note 18)	701	701
<b>At end of year</b>	<b>-</b>	<b>-</b>

**18 Unrestricted funds**

	<b>Institute</b>	<b>JHL</b>	<b>MSC</b>	<b>Group</b>
	<b>£000</b>	<b>(attributable to Group)</b>	<b>£000</b>	<b>£000</b>
Beginning of year	4,937	1,345	-	6,282
(Deficit)/surplus before gift aid	(317)	405	-	88
Gift aid	298	(298)	-	-
Net (expenditure) / income	(19)	107	-	88
Transfer to other restricted reserves	(701)	-	-	(701)
<b>At end of year</b>	<b>4,217</b>	<b>1,452</b>	<b>-</b>	<b>5,669</b>

A transfer to other restricted reserves has been made in respect of the deficit on other restricted reserves for the year.

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**19 Net assets by fund**

**Group**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Endowment Funds £000</b>	<b>Total Funds £000</b>
<b>At 31 March 2017</b>				
Fixed assets	1,349	20,976	206	<b>22,531</b>
Current assets	12,870	39	134	<b>13,043</b>
Total creditors	(8,550)	-	-	<b>(8,550)</b>
<b>Net assets</b>	<b><u>5,669</u></b>	<b><u>21,015</u></b>	<b><u>340</u></b>	<b><u>27,024</u></b>
<b>At 31 March 2016</b>				
Fixed assets	1,079	22,572	164	<b>23,815</b>
Current assets	14,229	-	129	<b>14,358</b>
Total creditors	(9,026)	-	-	<b>(9,026)</b>
<b>Net assets</b>	<b><u>6,282</u></b>	<b><u>22,572</u></b>	<b><u>293</u></b>	<b><u>29,147</u></b>

**Institute**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Endowment Funds £000</b>	<b>Total Funds £000</b>
<b>At 31 March 2017</b>				
Fixed assets	1,292	20,976	206	<b>22,474</b>
Current assets	10,949	39	134	<b>11,122</b>
Total creditors	(8,024)	-	-	<b>(8,024)</b>
<b>Net assets</b>	<b><u>4,217</u></b>	<b><u>21,015</u></b>	<b><u>340</u></b>	<b><u>25,572</u></b>
<b>At 31 March 2016</b>				
Fixed assets	1,017	22,572	164	<b>23,753</b>
Current assets	11,782	-	129	<b>11,911</b>
Total creditors	(7,862)	-	-	<b>(7,862)</b>
<b>Net assets</b>	<b><u>4,937</u></b>	<b><u>22,572</u></b>	<b><u>293</u></b>	<b><u>27,802</u></b>

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**20 Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	2017	2016
	£000	£000
<b>Group</b>		
Net income/ (expenditure)	(2,123)	(460)
Extraordinary costs	-	(128)
Depreciation	2,325	2,495
Capital grants credited to income and expenditure account	(737)	(861)
Dividends and interest received	(75)	(85)
Net gain/loss on fixed assets	(42)	10
Decrease/(increase) in stock	71	(31)
Decrease/(increase) in debtors	3	(56)
Decrease in creditors	(557)	(681)
<b>Net cash provided by/(used in) operating activities</b>	<b>(1,135)</b>	<b>203</b>

**21 Components of cash and cash equivalents**

	2017	2016
	£000	£000
Cash at bank and in hand	2,437	3,436
Investments - bank deposit accounts	6,065	6,307
	<b>8,502</b>	<b>9,743</b>

**22 Capital commitments**

The Group and Institute had no capital commitments at the end of either financial year, which were contracted for but for which no provision had been made.

**23 Pension Scheme**

All Institute staff who were employed by The James Hutton Institute prior to September 2014 were eligible to join one of a number of pension schemes encompassed within the Research Councils Pension Scheme (RCPS), which is administered centrally on behalf of all the UK Research Councils by the Joint Superannuation Service (JSS) of the National Environment Research Council (NERC).

There are several different schemes within the RCPS, which have varying benefits and contributions. Further information in relation to these schemes is available from the Civil Service Pension site at [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk). The RCPS schemes are by analogy to the Principal Civil Service Pension Schemes (PCSPS), which are unfunded, with the benefits secured against future tax yields.

As with most public sector pension schemes, the RCPS schemes are multi-employer defined benefits schemes, where the employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. The Institute therefore accounts for these schemes as if they were defined contribution schemes.

Employer contributions to JSS were £3,724k in the year (2016 - £3,988k). There were no outstanding contributions at 31 March 2017 or 2016.



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**23 Pension Scheme (continued)**

Staff joining the Institute after 1 September 2014 and staff of James Hutton Limited were eligible to join a group personal pension scheme. The assets of the scheme are invested with an insurance company and are held separately from those of the Group.

During the year contributions payable by the Group amounted to £442k (2016 - £281k). There were no outstanding contributions at 31 March 2017 or 2016.

During the year, the Institute gave notice of its intention to exit the RCPS schemes and its participation in the schemes ceased on 31 March 2017. From 1 April 2017, all staff are eligible to join the group personal pension scheme.

**24 Operating lease obligations**

At 31 March 2017 the Institute had total future minimum lease payments under non-cancellable operating leases as follows:

	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Group and Institute</b>		
Within 1 year	228	224
Between two and five years	533	578
After more than five years	2,670	2,763
	<u>3,431</u>	<u>3,565</u>

**25 Reconciliation of movement in reserves**

	<b>Group</b>		<b>Institute</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
Opening reserves	<b>29,147</b>	29,735	<b>27,802</b>	28,566
Deficit for the financial year	<b>(2,108)</b>	(588)	<b>(2,230)</b>	(764)
Decrease in year	<u>(2,108)</u>	<u>(588)</u>	<u>(2,230)</u>	<u>(764)</u>
Closing reserves	<u><b>27,039</b></u>	<u>29,147</u>	<u><b>25,572</b></u>	<u>27,802</u>

**26 Related party transactions**

The Institute has taken advantage of the exemption from the requirement to disclose transactions with other group companies which are 100% owned by the James Hutton Institute in accordance with Financial Reporting Standard 102 s.331A.

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**27 Commercial trading operations and the investment in trading subsidiaries**

The Institute holds 100% of the issued ordinary share capital (2 ordinary shares of £1 each) of James Hutton Limited (JHL), a company incorporated in the United Kingdom and registered in Scotland (SC121376). The principal activities of JHL are technology transfer, the commercial exploitation of the scientific expertise and products of the James Hutton Institute and the provision of a range of consultancy and commercial services.

The Institute also holds 100% of the issued ordinary share capital (10,000 ordinary shares of £1 each) of Macaulay Scientific Consulting Limited (MSC), a company incorporated in the United Kingdom and registered in Scotland. On 31 March 2015, the trade, assets and certain liabilities of MSC were transferred to JHL which now operates as the sole commercial subsidiary of the Institute.

JHL pay a substantial part of available profits as gift aid to the Institute.

A summary of the trading results is shown below.

	<b>James Hutton Limited</b>		<b>Macaulay Scientific Consulting Limited</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Profit and loss</b>				
Turnover	4,134	4,920	-	-
Cost of sales	(2,898)	(3,330)	-	-
Gross profit	1,236	1,590	-	-
Administrative expenses	(914)	(719)	-	-
Other operating income	74	138	-	6
Operating profit	396	1,009	-	6
Interest receivable	9	10	-	-
Taxation	-	-	-	-
Profit on ordinary activities after tax	405	1,019	-	6
Gift Aid payments: parent company	(298)	(849)	-	-
Profit for the year	107	170	-	6
The assets and liabilities of the subsidiary				
Fixed assets	57	62	-	-
Current assets	2,552	3,638	-	-
Creditors: amounts falling due with one year	(1,189)	(2,387)	-	-
Provisions for liabilities	-	-	-	-
Total net assets	1,420	1,313	-	-
Aggregate share capital and reserves	1,420	1,313	-	-

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**28 Income**

	<b>Group</b>		<b>Institute</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Geographical segment:				
United Kingdom	<b>34,609</b>	34,367	<b>32,597</b>	32,866
Rest of Europe	<b>2,683</b>	3,262	<b>2,661</b>	2,651
Rest of World	<b>614</b>	1,341	<b>291</b>	441
	<b>37,906</b>	38,970	<b>35,549</b>	35,958
Gift aid	-	-	<b>298</b>	849
Gains/ (losses) on fixed assets	<b>42</b>	(10)	<b>42</b>	(10)
Interest and investment income	<b>75</b>	85	<b>66</b>	75
	<b>38,023</b>	39,045	<b>35,955</b>	36,872

**29 Analysis of Other Expenditure**

	<b>Group</b>		<b>Institute</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Support costs	<b>5,673</b>	5,526	<b>5,448</b>	5,419
Fees and stipends	<b>337</b>	342	<b>337</b>	342
Governance costs	<b>135</b>	91	<b>128</b>	82
	<b>6,145</b>	5,959	<b>5,913</b>	5,843