



**THE FRANCIS
CRICK
INSTITUTE
LIMITED**
A COMPANY
LIMITED BY
SHARES
TRUSTEES'
ANNUAL REPORT
AND FINANCIAL
STATEMENTS
31 MARCH 2016

Charity registration number: 1140062
Company registration number: 6885462

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT AND DIRECTORS' REPORT)

The trustees present their annual directors' report together with the consolidated financial statements for the charity and its subsidiary (together, 'the Group') for the year ended 31 March 2016, which are prepared to meet the requirements for a directors' report and financial statements for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS102) effective 1 January 2015 (Charity SORP).

The trustees' report includes the additional content required of larger charities.

REFERENCE AND ADMINISTRATIVE DETAILS

The Francis Crick Institute Limited ('the charity', 'the Institute' or 'the Crick') is registered with the Charity Commission, charity number 1140062. The charity has operated and continues to operate under the name of the Francis Crick Institute. The Francis Crick Institute is a public benefit entity.

Charity number: 1140062
 Company number: 6885462
 Registered office: Gibbs Building, 215 Euston Road, London NW1 2BE

Advisers

Auditor	Deloitte LLP	Abbotts House, Abbey Street, Reading RG1 3BD
Bankers	HSBC Bank plc	31 Holborn Circus, London EC1A 4DD
Solicitors	CMS Cameron McKenna LLP	Mitre House, 160 Aldersgate Street, London EC1A 4DD
	Herbert Smith Freehills LLP	Exchange House, Primrose Street, London EC2A 2EG
Internal auditor	KPMG LLP	15 Canada Square, London E14 5GL

Directors and trustees

The directors of the charitable company are its trustees for the purposes of charity law.

	Appointed	Resigned	Appointment
Sir David Cooksey (Chair)			Independent
Professor Doreen Cantrell	1 April 2015		Medical Research Council
Professor Margaret Dallman			Imperial College London
Dr Jeremy Farrar			Wellcome Trust
Dr Lynne Gailey			Independent
Professor Peter Gruss			Independent
Sir Harpal Kumar			Cancer Research UK
Professor Sir Robert Lechler	7 July 2016		King's College London
Professor David Lomas	1 August 2015		University College London
Christopher Mottershead		7 July 2016	King's College London
Hilary Newiss		31 October 2015	Independent
Professor Sir John Tooke		31 July 2015	University College London
Lord Willetts	21 December 2015		Independent
Philip Yea			Independent

TRUSTEES' REPORT CONTINUED

Executive Committee

Sir Paul Nurse*	Chief Executive Officer
Dr David Roblin*	Chief Operating Officer and Director of Scientific Translation
John Cooper*	Projects Director and Deputy CEO Emeritus
Nicholas Carter*	Director of Building Services
Melanie Chatfield*	General Counsel
Ruth Collier*	Director of Communications
Alison Davis*	Director of IT&S
Dr Steven Gamblin*	Director of Science Operations
Professor Malcolm Irving	King's College London
John Macey*	Director of Human Resources
Stéphane Maikovsky*	Chief Financial Officer
Katie Matthews*	Director of Public Engagement
Professor Sir Peter Ratcliffe*	Clinical Research Director
Professor Geraint Rees	University College London
Dr James Smith*	Research Director
Sir Richard Treisman*	Research Director
Professor Jonathan Weber	Imperial College London

*Key management personnel

Audit Committee

Philip Yea (Chair)	
Dr Lynne Gailey	Appointed 1 November 2015
Christopher Mottershead	Resigned 7 July 2016
Hilary Newiss	Resigned 31 October 2015

Remuneration Committee

Dr Lynne Gailey (Chair)	
Sir David Cooksey	
Dr Jeremy Farrar	
Professor David Lomas	Appointed 23 October 2015
Hilary Newiss	Resigned 31 October 2015
Professor Sir John Tooke	Resigned 31 July 2015
Lord Willetts	Appointed 18 December 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is a charitable company limited by shares.

Governing document

The charity is governed by its Articles of Association originally adopted on 20 January 2011, revised on the accession of new shareholders on 14 October 2011, and again on 4 December 2015.

Trustees

The Articles of Association of the charity provide for the appointment of directors, who also act as trustees. The directors of the charity are its trustees for the purposes of charity law, and throughout this report are collectively referred to as the trustees.

Each of the charity's six shareholders nominates a trustee, and there are five independent trustees including the Chair. Independent trustees are chosen from a variety of backgrounds for their skills and experience. A tailored induction programme is provided for trustees on appointment.

Related parties

The charity's shareholders are Cancer Research UK, the Medical Research Council, the Wellcome Trust, University College London, Imperial College London and King's College London. The shareholders have entered into a Joint Venture Agreement which, inter alia, establishes the basis on which funding will be made available to the charity. The charity has a wholly owned subsidiary (UKCMRI Construction Limited) which exists to design and construct the building for the new institute.

Organisational management and responsibilities of the Board

The trustees are responsible for ensuring that the charity's aims are being met. The trustees set strategy, decide priorities, establish funding policies and allocate budgets. The trustees develop and agree the overall scientific strategy and policies related to biomedical research and innovation and monitor and review risk, progress and performance.

The trustees have set up the Remuneration Committee for remuneration matters; and the Audit Committee for matters of internal control, risk review in conjunction with the Board, compliance with reporting requirements and liaison with internal and external auditors. The trustees will set up other committees as necessary to provide assistance in the Board's duties.

The executive team, led by the Chief Executive Officer, Sir Paul Nurse, reports directly to the trustees and is responsible for the day-to-day management of the charity's operations and activities.

There is a clear organisation structure, with documented lines of authority and responsibility for control. The trustees approve the annual budget and expenditure targets, and monitor actual and forecast budgets and cash flows.

A Construction Project Board, made up of representatives of the charity and its shareholders, exists to support and advise on the construction project and reports to the trustees.

Pay policy for key management

Key management are the members of the Executive Committee who are employees of the charity (as listed on page 2).

The overall remuneration packages for key management are set by the Remuneration Committee. When new members of the key management group are appointed, a benchmarking exercise is carried out by the institute's Human Resources team.

The overall policy is that the institute pay is set using the upper quartile of the Higher Education and Charity sectors and median to lower quartile of the Pharmaceuticals sector as benchmarks. The overall package is approved by the Remuneration Committee prior to a formal offer being made.

Individual pay awards for key management are then made annually by the Remuneration Committee based on a review of performance carried out by the Chief Executive Officer and Chief Operating Officer.

Risk management

Significant risks to which the trustees believe the charity is exposed have been reviewed and systems and procedures have been established to identify, evaluate and manage those risks. The Executive Team lead on the assessment and management of risk and have developed a Board assurance framework and Board reporting system. In addition, the Executive is responsible for maintaining the devolved risk registers across the delivery programme and for the detailed construction project. The risk registers are reviewed by the Executive Team quarterly. The trustees undertake a formal review of risk twice a year.

The programme to deliver the operational research institute is managed against key milestones, and detailed plans are reviewed each month as well as the risk profile of the planned activities. The Joint Venture Agreement sets out the agreed conditions for funding the project.

Health and safety risks from the work undertaken by contractors are mitigated by the selection of contractors who adopt industry safety guidelines and by regular monitoring of site health and safety by directors of UKCMRI Construction Limited. In addition, the charity maintains construction all risks insurance.

The risk register continues to be under active review.

Principal risks and uncertainties

The charity has a number of high-level strategic risks at this stage of its development. These fall under two main headings:

Project risk:

- Construction and building handover: construction cost and any risk of delay remain actively monitored by Executive and the Board and could arise as a consequence of programme changes, or delays in commissioning and handover given the complexity of the building, or contractor claims. The contractor has previously notified the charity of delays to practical completion and the year has seen a claim from the contractor (now negotiated and settled).
- Transition to single site operations: planning for single site operations includes the development of a new operating model and planning for the transfer of science to the new building. The detailed migration plan continues to be developed in line with revisions to the construction programme to mitigate the risks of delay.

Operational risk:

- Long-term operational funding: budgets for the early years of operation have been developed and approved by the executive, Board and shareholders. A five-year financial plan has been approved by the Board, including a longer-term view on cost management and income generation.
- Crossrail 2: The proposed route for Crossrail 2 passes underground within a close distance of the new Crick building. The basement of the Crick building houses sensitive, science-critical equipment. Construction and vibration disruption to this equipment could seriously disrupt science. Engagement with government, Crossrail 2 and Transport for London has begun in order to understand the risk and to agree a mitigation plan.

TRUSTEES' REPORT CONTINUED

The result of the referendum held on 23 June 2016 on the United Kingdom's membership of the European Union creates some new uncertainties for the Crick. The Crick is in receipt of £5m of EU research grants representing approximately 4% of the Crick steady state income and covering approximately £1m of overhead costs per annum. In addition, around 30% of the Crick's employees are EU nationals. Developments in the EU exit process will be monitored closely and action taken as appropriate as any new arrangements between the UK and the EU become clearer.

Other areas of risk include credit and liquidity risks. Credit risk exposure is reduced by procurement selection procedures for any significant supply contracts entered into by the charity. The liquidity risk which the charity may be exposed to is managed by the provision of funding from the shareholders and cash flow management.

STRATEGIC REPORT

Objectives and activities

Charitable objects

The charity's objects, as set out in its Articles of Association, are:

The advancement of human health and education for the benefit of the public by the promotion and carrying out, directly or indirectly, of all aspects of biomedical research and innovation, which shall include in particular the following:

1. Establishing, operating and managing a centre for medical research and innovation;
2. Engaging in, encouraging and supporting:
 - i. Research into any of the biosciences,
 - ii. The discovery, invention, improvement and development and application of preventions, treatments, cures, diagnostics and other medical agents, methods and processes that may in any way prevent or relieve illness, disease or disorders of whatever nature (including, without limitation, all forms of cancer), and
 - iii. Developing and training scientists and supporting biomedical research endeavours.

Activities

2015/16 was the Crick's first year of operation, following the transfer of staff from the parent institutes (the National Institute of Medical Research (NIMR) and the London Research Institute (LRI)) on 1 April 2015. This first year of operation has been conducted across multiple sites; the former NIMR site at Mill Hill, the former LRI sites at Clare Hall and Lincoln's Inn Fields, and offices at the Wellcome Trust. To support the transfer, new policies, processes and infrastructure necessary to support an independent organisation have been put in place.

In parallel with multi-site operations, the Crick has been completing the construction and commissioning of a new 80,000m² state-of-the-art scientific building in the heart of London. The new laboratory is currently being commissioned for use and it is anticipated that commencement of occupation will take place shortly, and migration be largely complete by the end of 2016.

The Crick's Discovery Without Boundaries (DWB) strategy was agreed by the Board and Founders in 2013. It has five strategic priorities:

1. Pursue discovery without boundaries
2. Create future science leaders
3. Collaborate creatively to advance UK science and innovation
4. Accelerate translation for health and wealth
5. Engage and inspire the public.

To support the implementation of DWB, the Crick has created a strategic programme which focuses on deliverables in 2018.

DWB MISSION 1: PURSUE DISCOVERY WITHOUT BOUNDARIES

The Crick aims to discover the basic biology underlying human health and disease, taking an approach to biomedical research that fosters excellence, breaks down barriers between disciplines, works across institutions and integrates discovery science with clinical and commercial activities.

The excellence of the science foundation provided by the Crick's predecessor institutes was underlined during the year by the awarding of a Nobel Prize to Tomas Lindahl, a Louis Jeantet Prize to John Diffley, and a Brain Prize to Tim Bliss.

The Crick's objective is to build substantially on this underpinning excellence, and the recruitment of first-class researchers will be a major objective for the institute. The Institute has been developing and planning the Crick Group Leader recruitment programme, which will commence in late 2016. Recruitment will be international and national and will target researchers of the highest quality in the early stages of establishing their independent careers.

Three new key scientific appointments have been made in the last year:

- Professor Sir Peter Ratcliffe FRS, head of the Nuffield Department of Clinical Medicine at the University of Oxford, joined the Crick in May 2016 on a 50% appointment as Clinical Research Director.
- Professor Malcolm Irving FRS from King's College London took up a part-time position in April 2016 to develop liaison between the Crick and its university partners.
- Professor Ak Reddy from the University of Cambridge has been appointed as the Sir Keith Peters Chair of Experimental Medicine – a joint UCL/Crick appointment. His laboratory work in circadian rhythms will be based at the Crick.

One further senior appointment is underway and will be finalised in the current year. Professor Karen Vousden will take up a dual appointment as a Crick Senior Group Leader and the Chief Scientist at Cancer Research UK. The Crick is also in discussions about housing Professor Sharon Peacock, Founding Director of the Bloomsbury Research Institute, until that institute's permanent premises becomes available. This appointment will help promote interactions with studies of infectious disease.

In order to bring together researchers from the Crick and its partner universities to develop innovative research ideas and to undertake new, collaborative research projects, a university-Crick attachments programme has been established. The pilot round identified 19 university Principal Investigators who will bring to the Crick complementary expertise in biomedical, physical, chemical, engineering, computational, and clinical sciences. This includes a number of early-career Principal Investigators who will benefit from the excellent training environment at the Crick, and approximately half of the new appointments are women. The second round of recruitment is underway and will conclude in summer 2016.

In other scientific developments, the Crick is helping to lead the eMedLab partnership, which aims to maximise gains for patients and medical research from the explosion in health data. The Crick is intrinsically involved in this partnership and the scientific computing team are providing operational leadership for the collaborative computing platform, bringing a leading-edge cloud environment into practical use.

The Crick's internal science programme review process has been finalised, built on good practice from around the world and establishing rigorous standards. The first reviews are planned to take place in April 2017.

The Crick is home to a range of high-quality research services provided by dedicated Science Technology Platforms, which give researchers access to state-of-the-art equipment and associated technical expertise. The institute will review all the platforms in due course and then on a regular basis to optimise their scientific value. Reviews of the Light Microscopy and Advanced Sequencing Science Technology Platforms have taken place in the last year and the recommendations are currently being implemented. This has included the appointment of a new Head of Light Microscopy, Kurt Anderson, and adding further imaging modalities.

DWB MISSION 2: CREATE FUTURE SCIENCE LEADERS

The Crick aims to develop an approach to biomedical scientific training that maximises research excellence, dynamism and multi-disciplinary activity, and in doing so to fulfil our national role by expanding the talent pool for biomedical research across the UK.

A very successful round of graduate student recruitment has been held in the last year. From over 1,300 applications, 44 PhD students will begin their studies at the Crick in September 2016.

Three cancer clinical fellows funded by a Cancer Research UK Accelerator Award will begin their PhD training in autumn 2016. The Crick will also be part of King's College London's and Imperial College London's applications for Wellcome clinical PhD programmes, working with the universities in training the fellowship cohort and developing a joint annual symposium.

The Crick has an active working group on women in science, and an equality, diversity and inclusion steering group has been established to complement this, providing recommendations for innovative initiatives that support under-represented groups.

DWB MISSION 3: COLLABORATE CREATIVELY TO ADVANCE UK SCIENCE AND INNOVATION

The Crick aims to develop and promote novel forms of partnership, both with its founders and the broader UK scientific community.

One aspect of this partnership involves the Crick's three partner universities, and as well as the formal university-Crick attachments programme and the eMedLab initiative described above there have been numerous 'bottom-up' interactions involving joint grant applications and joint meetings and symposia. Meetings and symposia this year have included events focusing on biophysics and bioengineering; nutrition and the developmental origins of health and disease; and tuberculosis. We also held a meeting focusing on multidisciplinary, at which some of the university attachments spoke.

The Crick has established only a few formal relationships with UK universities in the broader UK community, because we have focused on our three founding funder HEI partners who have provided significant investment into the Crick. The institute is partnering with the Centre for Cancer Immunology in Southampton, and is working on a joint bid to the Wellcome Trust for a clinical PhD academy, involving the Universities of Manchester, Newcastle, Leeds and Sheffield. The Crick is also exploring how best to promote collaborations with CRUK centres and with the Wellcome Trust Sanger Institute.

In July 2015, the Crick announced a collaboration with GSK, the UK's largest healthcare company. Using a new 'open science' model for scientific interaction between institute/academia and industry, new avenues of medical research and drug discovery will be explored across a broad range of diseases. In this model, Crick and GSK scientists will work side-by-side both at the new Crick Laboratory and the GSK R&D hub in Stevenage. These collaborations will knit together the Crick's specialised discovery science knowledge and the pharmaceutical R&D expertise of GSK, opening up possibilities for advances that would not be possible for either partner working alone.

The Crick's aim is to establish similar relationships to the open science collaboration with GSK with other pharmaceutical companies. Advanced discussions are underway with AstraZeneca and collaborative opportunities with several other pharmaceutical companies are also being explored.

TRUSTEES' REPORT CONTINUED

DWB MISSION 4: ACCELERATE TRANSLATION FOR HEALTH AND WEALTH

The Crick conducts discovery science that is open to translation. The institute's translation and innovation strategy will focus on maximising the value that can be generated from its science, measured in terms of improvements to people's lives and in economic opportunities.

The Crick Translation team was established with a number of key appointments during 2015/16, including the appointment of Dr Veronique Birault as Head of Translation. A Translation Advisory Group has been established and will provide external peer review of the Crick's translation projects.

The Crick's Idea to Innovation scheme was launched in 2015, and two translational science projects are underway as a result. The scheme provides funding and support to early-stage translational projects, allowing researchers to address scientific questions that, if successful, would allow continued translational development funded by external grants or with commercial partners.

The first seven pilot research projects with GSK are also now active (see above), with a further nine in the pipeline.

Discussions continue to progress favourably regarding the development of two spin-out companies.

DWB MISSION 5: ENGAGE AND INSPIRE THE PUBLIC

The Crick aims to engage the wider world with its science through inspirational education, public and community engagement programmes, and through engaging wherever possible in public dialogue about biomedical research.

The Crick has an extensive education outreach strategy, which aims to increase the exposure of young people to science and research. In its first year, the Crick has delivered interactive science sessions to over 3,500 children. During the 2015/16 academic year over half of Camden's 65 schools, including the borough's special schools, have participated in the Crick's education programme.

The Crick has taken part in a number of events in 2015/16, including London-wide festivals, and established Crick Chats, a regular discussion programme showcasing cutting-edge Crick research and its clinical applications. The Crick has also worked with partners and the local community on a project to celebrate the UN International Year of Light, and piloted a public engagement training programme for Crick PhD students.

Arts Council England PRISM Fund awarded the Crick a grant to help conserve a collection of scientific instruments, most of which are from the former NIMR, with some from the former LRI. Objects include a microscope used by Peter Medawar and an early model of a ribosome signed by Peter Medawar and Francis Crick. Some of the items will be displayed as part of the Crick's public exhibitions programme when the building officially opens in 2016.

Widespread interest in the Crick and its activities has been reflected in over 1,000 pieces of media coverage in the Crick's first year of operations. The institute's role at the forefront of public discourse about biomedical research and its implications was underlined when Crick researcher Kathy Niakan became the first scientist to receive a licence from the Human Fertilisation and Embryology Authority (HFEA) to perform genome editing using the technique CRISPR-Cas9 in human embryos, receiving worldwide media interest. Dr Niakan was subsequently named in the 'TIME 100' annual list of the most influential people in the world in the past year, having been nominated by one of the inventors of CRISPR.

Public benefit

The trustees confirm that they have paid due regard to the public benefit guidance published by the Charity Commission and have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing their aims and objectives and in planning future activities. In particular, the trustees have considered how planned activities will contribute to the aims and objectives they have set.

In addition to the public benefits anticipated from the operation of science established at the Francis Crick Institute, the charity has also set out to deliver a broad spectrum of investment in engagement with the public, as described above under 'Discovery Without Boundaries Mission 5: Engage and inspire the public'.

ACHIEVEMENTS AND PERFORMANCE

Scientific achievements in 2015/16

Crick scientists produced 400 new scientific papers with publication dates in 2015/16, and started 45 new collaborations out of a total of 175 current collaborations. Two new spin-out companies with a link to Crick research were reported – Fastbase Solutions, a cancer diagnostics company established in Spain, and Paradromics, a US-based company building neural interfaces.

A number of awards have been won by Crick scientists during the course of the year, highlighting the calibre of their work. These are listed in the table below, along with key scientific achievements:

Timeline	Achievement
April 2015	<p>Frank Uhlmann became a Fellow of the Royal Society, in recognition of his major contributions to the understanding of the mechanisms of sister chromatid cohesion, and their relationship to cell cycle regulation.</p> <p>Researchers led by Axel Behrens reported that they had discovered the missing link in a pathway that could be targeted to block the effects of Ras, a commonly mutated gene that drives cancer development.</p> <p>Researchers led by Ian Taylor reported that they had discovered that lentiviruses (the virus family that includes HIV) carry accessory proteins that have the sole purpose of targeting cellular factors that inhibit retroviral infection.</p>
May 2015	<p>Sir Paul Nurse, Chief Executive, was awarded the 2015 Henry G. Friesen International Prize in Health Research by the Friends of Canadian Institutes of Health Research (FCIHR). The prize recognises exceptional innovation by a visionary health leader of international stature.</p> <p>Charles Swanton and Michael Way, Crick Group Leaders, were elected as Fellows of the Academy of Medical Science. Elections are based on exceptional contributions to the medical sciences, either in the form of original discovery or of sustained contributions to scholarship.</p> <p>Research led by Steve Ley uncovered a new signalling pathway that is essential for the survival of mature B lymphocytes, the cells which make antibodies in an immune response. Targeting this pathway may lead to potential new treatments for autoimmune diseases driven by B cells and certain types of B cell cancer.</p>
June 2015	<p>An international team of researchers, led by Peter Cherepanov from the Crick and Imperial College London, reported their discovery of important new detail on how retroviruses take over healthy cells.</p>
July 2015	<p>Researchers led by Francois Guillemot identified key genes necessary for the conversion of astrocytes (cells that are essential for maintaining neurons in the brain) to fully functional neurons. They also uncovered a molecular mechanism that blocks this reprogramming when astrocytes age.</p> <p>Research led by Charles Swanton showed in a large validation study that in some breast cancers, extreme chromosomal instability is associated with improved outcomes. Chromosomal instability, which refers to mutations in a person's DNA that means whole chromosomes or parts of chromosomes are duplicated or deleted, is usually linked to poor treatment outcomes.</p> <p>A study led by Martin Taylor and Simon Boulton described the long sought-after biochemical function of an important family of tumour suppressor proteins.</p> <p>A study by Venizelos Papayannopoulos showed that when immune cells called neutrophils are exposed to cholesterol crystals, they release large extracellular web-like structures that trigger the production of inflammatory molecules linked to arteriosclerosis.</p>
August 2015	<p>A team led by Luiz de Carvalho identified a new pathway for glucose production in TB bacteria that might be a good drug target.</p> <p>Crick-GSK 'open science' collaboration established.</p>
September 2015	<p>Researchers led by Caetano Reis e Sousa found that giving cancer patients aspirin at the same time as immunotherapy could dramatically boost the effectiveness of the treatment.</p> <p>Research led by Tim Mohun into two proteins that are essential for heart development allowed the scientists to develop a model to explain what happens when cardiomyocytes develop.</p>

TRUSTEES' REPORT CONTINUED

Timeline	Achievement
October 2015	<p>Tomas Lindahl, Crick Emeritus Group Leader, was awarded the Nobel Prize for Chemistry. Professor Lindahl was the first Director of the CRUK-funded Clare Hall Laboratories in 1986 and pioneered research in DNA repair and its link to cancer.</p> <p>Chris Schiering, a postdoctoral researcher in Gitta Stockinger's lab, won the Acteria Doctoral Prize in Immunology, awarded by the European Federation of Immunological Societies (EFIS). The prize honours the best doctoral thesis defended in topics related to immunology.</p> <p>Research led by Alex Gould used the powerful genetic manipulation possible in fruit flies to find out how cells that build the brain protect themselves from the dark side of polyunsaturated fatty acids (polyunsaturates).</p> <p>Research led by Caroline Hill shed light on signalling between cells in developing embryos – by demonstrating a difference in timing of the production of a key morphogen (signalling protein) called Nodal and its inhibitor protein, Lefty.</p> <p>Researchers led by James Turner used a mouse model of Turner Syndrome, a common human genetic condition, to investigate problems with egg development. The process of egg cell death they have uncovered in Turner Syndrome mice could explain the cause of infertility in people with abnormal chromosomes.</p>
November 2015	<p>Peter Van Loo, Crick Group Leader, was awarded a Cancer Research UK Future Leader Award at the National Cancer Research Institute (NCRI) Cancer Conference. The award recognises researchers who have demonstrated the potential to achieve world-leading status by producing international quality research.</p> <p>Thomas Surrey, Crick Group Leader, was awarded the Hooke Medal by the British Society for Cell Biology (BSCB) in recognition of the important contributions he has made to our understanding of dynamic microtubule cytoskeleton function.</p> <p>Kate Bishop, Crick Group Leader, was identified as a rising star in UK bioscience in a report by BioBeat which showcases some of the brilliant female leaders working in all areas of bioscience.</p>
December 2015	<p>Research led by Ilaria Malanchi showed that cancer cells arriving in a new part of the body change their new environment to continue to grow.</p> <p>Research led by Frank Uhlmann offered new insights into the mechanism by which four metres of DNA is packaged into the tiny nucleus inside each of our cells.</p>
January 2016	<p>John Diffley, Associate Research Director, was awarded the 2016 Louis-Jeantet Prize for Medicine for his contributions to understanding how DNA replication, a process essential to life, initiates. This award recognises those conducting fundamental biological research that is expected to be of considerable significance for medicine.</p> <p>Research led by Adrian Hayday revealed unexpected ways in which age and a particular type of immune cell make-up affect how an individual responds to vaccination.</p>
February 2016	<p>The Human Fertilisation and Embryology Authority approved a research application by Kathy Niakan to use the CRISPR-Cas9 gene editing technique in human embryos. The aim of the research is to understand the genes required for human embryos to develop successfully in their first seven days.</p> <p>Research led by Markus Ralser indicated that all our genes may be influenced by the food we eat. The study showed that while the activity of our genes influences our metabolism, the opposite is also true and the nutrients available to cells influence our genes.</p> <p>Research led by Alessandro Costa gave important insights into how the machinery that copies DNA functions, heralding further research aimed at intervening when the process goes awry. The team used high-resolution cryo-electron microscopy to obtain the structure of an enzyme called helicase, imaged as it moves along DNA.</p>
March 2016	<p>Tim Bliss jointly won the Brain Prize, awarded by the Grete Lundbeck European Brain Research Foundation in Denmark for his pioneering work on memory.</p> <p>Markus Ralser, Crick Group Leader, was awarded the Biochemical Society's Colworth Medal for his work on the early evolution of cellular metabolism, and the dynamic nature of metabolism that allows living cells to adapt to stress situations.</p> <p>Professor Charles Swanton jointly led research with Dr Sergio Quezada from UCL that revealed potential new targets for cancer immunotherapies and could improve the way existing immunotherapy drugs are used.</p>

FUTURE PLANS

2016/17 is a critical year for the Crick as it will mark the commencement of operations in the new laboratory building, and the associated migration of science from the three existing laboratory sites. Completion of the building is the culmination of work by the Crick and its six founding partner organisations that started in 2007 when the site for the building was first identified.

An extensive migration plan commenced in June 2016 which is designed to move around 1,200 researchers in the least disruptive way possible to maximise scientific continuity. Virtually all science will be in the new laboratory by the end of 2016.

In addition to delivering a successful migration process, key areas of focus during 2016/17 will be:

- Completing a review of executive-level governance, and implementing the key recommendations.
- Commencing Group Leader recruitment under the innovative '6+6' programme, under which Group Leaders are appointed for an initial period of six years followed by a potential second six-year stint. The success of this process is critical to the Crick's strategic objectives around scientific quality and the training and development of future scientific leaders. It will be a major activity requiring engagement and input from across the scientific faculty.
- Successful establishment and integration of the first set of partner university attachments within the Crick laboratory, and the selection of a second set of attachments. University attachments will bring physical and clinical science expertise into the Crick and are therefore key to the development of the Crick's multi-disciplinary research agenda.
- Implementing a range of multi-disciplinary training, career development and mentoring programmes for junior researchers.
- Launching a flagship seminar programme and a broader programme of scientific discourse activities.
- Expanding the number and range of translational projects taking place within the institute, and developing the organisational capacity to support translation activities.
- Identifying and establishing new industrial partnerships.
- Continuing to develop the institute's public and community engagement activities. This will include the delivery of an exciting opening programme that raises the Crick's public profile.

FINANCIAL REVIEW

The institute's first full year of operations see it generating total income of £148.6m (2015: £9.4m), of which the large majority, £148.1m (2015: £9.2m), comes from research grants (or similar types of income) from its funders. This funding includes a total of £18.8m (2015: nil) of donated assets in the form of scientific equipment, and donated services and facilities of £9.7m (2015: £2.5m). To an extent, and pending the Crick's move to its new building, these are one-off items. Core funding is secured from funders for the next four years.

Total expenditure of £128.5m (2015: £16.2m) means that the institute shows a surplus of £20.1m (2015: deficit of £6.9m). This includes the expenditure reflection of the £9.7m (2015: £2.5m) of donated services and facilities, and the surplus position is driven by the donated assets. The charity has made significant investment in capital equipment in the year as it works towards the set-up of the new laboratory building, and carries forward this year additional unspent capital funding.

Net assets at 31 March 2016 are £640.3m (2015: £545.3m). This is primarily represented by fixed assets, and those assets primarily represented by the new laboratory building under construction.

Reserves policy

The charity reviews its reserves policy each year, taking account of its planned activities and the financial requirements forecast for the forthcoming period.

The Joint Venture Agreement ensures that funding is available to meet commitments as they fall due through the subscription of shares by shareholders to fund the capital projects required to establish the charity.

The charity's ongoing operational mission is funded via grants from both shareholders and external grant providers.

Share capital has been invested by the founding shareholders to establish the institute, and these funds are represented by the charity's assets. Over time, depreciation on the fixed assets (which form the major part of the charity's assets) will accumulate as a deficit on the unrestricted funds.

Free reserves of a charity are often defined in relation to the level of unrestricted funds. The expected deficit on unrestricted funds means the charity must take a slightly different approach, and the Crick defines its free reserves as equal to the value of net current assets, less:

- any restricted funds held as net current assets;
- any amounts drawn down from shareholders in relation to the building project and not yet expended;
- deficit budget plans;
- other contracted capital commitments;
- other relevant adjustments.

TRUSTEES' REPORT CONTINUED

The trustees have regard to the information contained in Charity Commission guidance note CC19, 'Charity Reserves: Building Resilience', and in particular the guidance on ensuring the maintenance of beneficiary services and the risks of unplanned closure associated with the charity's business model.

The trustees believe that the charity should have access to reserves equivalent to three months' expenditure in order to maintain the viability of the institute.

The charity aims to retain free reserves equivalent to at least one month's expenditure under this definition. A £20m standby facility corresponding to two months' expenditure equivalent entered into by the shareholders, under which funds can be called following a meeting of the charity's trustees, will be available to the charity in the event of a material adverse event to supplement the free reserves held in cash if less than three months of expenditure.

Free reserves at 31 March 2016 under this definition are:

	£m
Net current assets	47.2
Restricted funds held within net current assets	(2.0)
Unexpended building project funds	(17.1)
Reserves to be used in deficit budget plan	(9.0)
Other relevant adjustment	(3.3)
	15.8

The 'other relevant adjustment' relates to the value remaining on lease of a satellite facility exchanged for share capital in the year. The trustees do not consider this amount to be convertible to a form freely expendable by the charity.

At current expenditure levels, one month's expenditure is £10.7m.

Investment policy

At this stage of the establishment of the institute, the investment policy continues to be confined to the management of short-term liquid funds. The investment principle is to achieve the secure investment of excess cash resources of a short-term nature, diversified to ensure limited concentration of investment. This principle has been achieved during 2015/16.

Assets are safeguarded by investing only with approved counterparties. Investments are risk-averse and non-speculative, and the charity places no income reliance on interest earned. Investments are selected to ensure security, liquidity and diversification. The charity's investment return objective is to ensure that investments earn a market rate of interest consistent with its income principle.

Going concern

The trustees consider that the charity has adequate resources available to it to continue in operational existence for the foreseeable future having made appropriate enquiries, reviewed contracts and confirmed support from the shareholders.

The trustees additionally consider that the charity will continue to have adequate resources through shareholders' committed funding to cover all existing capital commitments. Shareholders have committed funding for operational spending which is sufficient to deliver a balanced budget. Accordingly, trustees have adopted the going concern basis in preparing the financial statements.

EMPLOYEE POLICIES

Employment of disabled persons

The Crick recognises that one in three of the UK population is either disabled or close to someone who is, and one in five of the UK workforce is likely to have a disability, with those disabilities being either visible (for example, a mobility issue or visual impairment) or invisible, such as dyslexia or depression.

The Crick also recognises that to recruit and retain the best people, it must concentrate on ability, rather than disability, to maximise talent pools and utilise key skills. By focusing on key skills and competencies, the Crick can minimise bias and employ the best person for the job.

On learning that an applicant or an employee has a disability, the Crick will consider making reasonable adjustments. Detailed guidance has been produced and is available to managers in helping them determine what adjustments might be needed and whether those adjustments are reasonable.

Employee engagement

The Crick is committed to ensuring that its employees are engaged with and enthusiastic about working at the Crick and contributing to Discovery Without Boundaries.

This takes a number of forms:

- The front page of the Crick intranet is a key source of news about Crick events, Crick achievements and Crick in the news.
- Regular all-staff 'town hall' events are held in which employees are able to talk to and raise questions with the Chief Executive Officer and Chief Operating Officer.
- A Staff Consultative Forum has been set up, and any planned changes that will affect staff are discussed with the forum at formal meetings.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the result for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity, and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

DISCLOSURE OF INFORMATION TO THE AUDITOR

The trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware:

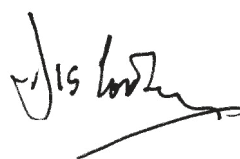
- there is no relevant audit information of which the charity's auditor is unaware; and
- each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant information and to establish that the charity's auditor is aware of that information.

AUDITOR

Deloitte LLP have held office as company auditor following appointment by resolution of the Board on 4 February 2011, and have indicated their willingness to be reappointed for another term.

APPROVAL

The trustees' report incorporating the Strategic Report and Directors' report was approved by the Board of Trustees on 7 October 2016 and signed on its behalf by:



Sir David Cooksey

Chairman
7 October 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE FRANCIS CRICK INSTITUTE LIMITED

We have audited the financial statements of the Francis Crick Institute Limited for the year ended 31 March 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements and the related notes 1 to 25. 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 FRS102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

OPINION ON FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including the group'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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the parent charity or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity 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 of the information and explanations we require for our audit.



Susan Barratt BA, ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

10 October 2016

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Restated Total 2015 £000
Income from					
Core and related funding	3	135,069	973	136,042	9,233
Research grant funding		–	12,111	12,111	–
Charitable activities	5	159	–	159	–
Investment income		280	–	280	121
Other income		44	–	44	2
Total		135,552	13,084	148,636	9,356
Expenditure on					
Charitable activities	6	117,728	10,736	128,464	16,232
Total		117,728	10,736	128,464	16,232
Net income (expenditure)		17,824	2,348	20,172	(6,876)
Reconciliation of funds					
Share capital issued and subscribed	18	72,975	–	72,975	101,378
Share premium	18	1,940	–	1,940	–
Net movement in funds		92,739	2,348	95,087	94,502
Total funds at 1 April		544,591	667	545,258	450,756
Total funds at 31 March	19	637,330	3,015	640,345	545,258

All results are from continuing operations.

Notes 1 to 25 form part of these financial statements.

See note 17 for comparative Consolidated Statement of Financial Activities analysed by funds.

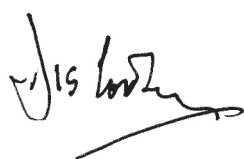
See note 1b for notes on the restatement of comparative figures.

BALANCE SHEETS

31 MARCH 2016

	Notes	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Fixed assets					
Intangible assets	12	223	–	223	–
Tangible assets	13	592,905	526,879	593,193	527,105
Investments	14	–	–	–	–
		593,128	526,879	593,416	527,105
Current assets					
Debtors	15	10,895	13,470	23,513	61,363
Cash and cash equivalents		60,391	30,806	52,059	15,483
		71,286	44,276	75,572	76,846
Liabilities					
Creditors falling due within one year	16	(24,069)	(25,897)	(28,339)	(58,423)
Net current assets		47,217	18,379	47,233	18,423
Net assets		640,345	545,258	640,649	545,528
Funds					
Called up share capital	18	628,143	555,168	628,143	555,168
Share premium	18	12,751	10,811	12,751	10,811
Unrestricted funds	19	(3,564)	(21,388)	(3,260)	(21,118)
Restricted funds	19	3,015	667	3,015	667
		640,345	545,258	640,649	545,528

The financial statements of the Francis Crick Institute Limited were approved and authorised for issue by the Board of Trustees on 7 October 2016 and signed on its behalf by:



Sir David Cooksey

Chairman

Company registration number: 6885462

CASH FLOW STATEMENTS

YEAR ENDED 31 MARCH 2016

	Notes	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Cash flows generated by (used in) operating activities	23	28,282	(3,253)	35,364	(3,860)
Cash flows from investing activities:					
Interest received		280	121	225	54
Purchase of tangible fixed assets		(69,092)	(100,667)	(69,128)	(100,627)
Net cash flows used in investing activities		(68,812)	(100,546)	(68,903)	(100,573)
Cash flows from financing activities:					
Cash proceeds from issuing shares		70,115	101,378	70,115	101,378
Net cash flows from financing activities		70,115	101,378	70,115	101,378
Net increase (decrease) in cash and cash equivalents		29,585	(2,421)	36,576	(3,055)
Cash and cash equivalents at beginning of year		30,806	33,227	15,483	18,538
Cash and cash equivalents at the end of the year		60,391	30,806	52,059	15,483
Reconciliation to cash at bank and in hand:					
Cash at bank and in hand		60,391	30,806	52,059	15,483
Cash equivalents		–	–	–	–
Cash and cash equivalents		60,391	30,806	52,059	15,483

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation and uncertainty in the preparation of the financial statements are as follows:

a. Basis of preparation

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 Francis Crick Institute Limited 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 notes.

As described in the Trustees' Report, the trustees consider that the Francis Crick Institute Limited has adequate resources available to it to continue in operational existence for the foreseeable future having made appropriate enquiries, reviewed contracts and confirmed support from the shareholders. Accordingly they have adopted the going concern basis in preparing the financial statements.

b. Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatement has been made for the transition other than for matters of presentation and allocation of costs (see note 6). An adjustment in preparation for the transition was made during the previous year (compliant with both the previous and new reporting regimes) to recognise liabilities arising from employee entitlement to short-term compensated absence (a 'holiday pay accrual').

c. Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary UKCMRI Construction Limited on a line-by-line basis. The results of the subsidiary are disclosed in note 14. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented as the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The results for the charity are disclosed in note 14.

d. Fund accounting

Unrestricted funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the Francis Crick Institute Limited.

Restricted funds are funds that have been donated or granted for a specific use. These funds are expended in accordance with the requirements of the donor or grantor.

e. Incoming resources

Income is recognised in line with the SORP requirements for entitlement, probability and measurement.

The charity's core funding is in the form of multi-period but time-limited grants which are subject to annual renewal from funders based on a review of science and the agreement of annual budgets. These grants are recognised on an annual basis.

Research grants fall largely into two categories: paid on a reimbursed expenditure basis, or paid on a science milestone basis.

Income on reimbursed expenditure grants is recognised in line with the relevant expenditure, and in line with achievement of milestones on the science milestone basis. The reimbursed expenditure and science milestone requirements represent donor imposed conditions that otherwise limit the recognition of income.

Investment income represents the interest receivable on short-term cash deposits.

f. Gifts in kind

Gifts in kind represent donated premises and associated facilities at an estimated market value. Where shareholders donate limited staff services to the charity and services are difficult to quantify, the charity does not have a policy of assigning a value to those services.

g. Expenditure and irrecoverable VAT

Expenditure is accounted for on an accruals basis. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Charitable activities expenditure comprises the costs of the primary activities of the Francis Crick Institute Limited, including establishing a centre for medical research and innovation. Other expenditure represents those items not falling into any other heading.

Termination payments are recognised when the employee(s) involved have been informed of their employment end date and the amount of their termination payment entitlement.

h. Allocation of costs

Following the commencement of science operations, institute departments are classed either wholly or in part as directly charitable (on a time basis), or as support to the institute.

Support costs are defined as those costs incurred in the operational teams providing support in finance, IT, HR, building services, communications and public engagement.

Executive office and legal teams are classed as part support, and that part classed as support is reported under the governance heading, along with the cost of external audit.

The allocation of support costs across the charitable expenditure headings is in proportion to the directly incurred costs under each heading as a proxy for the size of that activity and the effort involved in supporting each type of charitable work.

i. Pension costs

The charity participates in both defined benefit and defined contribution type pension schemes.

For defined contribution pension schemes, the amount charged to the Statement of Financial Activities in respect of pension costs is the total of contributions due in the year. Differences between contributions payable in the year and contributions actually paid are shown as short-term liabilities at the year end.

The defined benefit scheme that the charity participates in is a multi-employer pension scheme and is unable to allocate underlying assets and liabilities to individual employees. Contributions are accounted for on the same basis as for a defined contribution scheme.

j. Intangible fixed assets

The Francis Crick Institute is engaged in research for the purposes of discovery and/or enhancement of existing knowledge. This is not driven by, but on occasion can result in, patentable or potentially exploitable discoveries. Any internally generated intangible assets arising in this way are not capitalised.

On the founding of the institute, following the 1 April 2015 transfers from the National Institute of Medical Research and the London Research Institute, the institute became owner of certain patents and other intellectual property. These were recognised in the financial statements at fair value (based on the present value of expected future cash flows) and are amortised on a straight-line basis over the life of those assets and cashflows, for terms between two and 18 years, subject to annual reviews for impairment.

k. Tangible fixed assets

Tangible fixed assets are held at cost less accumulated depreciation.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life. Depreciation commences from the date an asset is brought into service.

The period over which assets are depreciated is as follows:

• IT equipment and software	3 years
• Fixtures, fittings and furniture	5 years
• Corporate systems	7 years
• Scientific equipment	5 years
• Vehicles	5 years

Buildings under construction are design and construction costs and are not depreciated. The useful lives of new classes of assets are assessed when the assets are brought into use.

l. Fixed asset investments

The charity's investment in its trading subsidiary is stated at cost, measured by reference to the nominal value only of the shares issued.

m. Taxation

As a registered charity, the Francis Crick Institute Limited is exempt from taxation on its income and gains falling within chapter 3 of part 11 to the Corporation Taxes Act 2010 and section 256 Taxation of Chargeable Gains Act 1992, to the extent that these are applied to charitable purposes. No tax charge has arisen in the years ended 31 March 2016 or 31 March 2015.

n. Operating leases

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

o. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The charity and group only have financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the trustees are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The trustees consider that the most significant critical judgements or sources of estimation uncertainty relate to the valuation of donated assets and facilities (including intangible assets), fixed asset depreciation terms and the valuation of non-cash consideration paid for shares.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3. ANALYSIS OF INCOME FROM CORE AND RELATED ACTIVITIES

	Unrestricted funds £000	Restricted funds £000	2016 Total £000	2015 Total £000
Core funding from founding shareholders	90,764	–	90,764	–
Other grants	15,744	523	16,267	6,687
Prizes	–	450	450	–
Donated services and facilities	9,728	–	9,728	2,534
Donated assets	18,828	–	18,828	–
Donations	5	–	5	12
	135,069	973	136,042	9,233

4. ANALYSIS OF GRANT INCOME BY FUNDER TYPE

	Unrestricted funds £000	Restricted funds £000	2016 Total £000	2015 Total £000
Research Councils	55,092	1,239	56,331	6,157
UK based charities	50,749	5,092	55,841	452
UK based higher education institutions	244	14	258	65
UK based government bodies	–	125	125	13
UK based industry, commerce and public corporations	9	730	739	–
EU government bodies	–	4,275	4,275	–
Other overseas grants	12	1,148	1,160	–
Other grants	402	11	413	–
	106,508	12,634	119,142	6,687

5. ANALYSIS OF INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds £000	Restricted funds £000	2016 Total £000	2015 Total £000
Research conferences	89	–	89	–
Sale of cell lines	70	–	70	–
	159	–	159	–

6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct costs £000	Support costs £000	2016 Total £000	Restated 2015 Total £000
Crick Lab set-up	11,718	1,642	13,360	16,232
Scientific research and translation	102,123	12,250	114,373	–
Developing and training scientists	648	83	731	–
	114,489	13,975	128,464	16,232

7. ANALYSIS OF SUPPORT COSTS

	Crick Lab set-up £000	Scientific research and translation £000	Developing and training scientists £000	2016 Total £000
Governance	48	358	2	408
Finance	248	1,852	13	2,113
Information Technology and Services	676	5,040	34	5,750
Human Resources	318	2,370	16	2,704
Building Services	252	1,882	13	2,147
Communications and Public Engagement	100	748	5	853
	1,642	12,250	83	13,975

	Crick Lab set-up £000	Scientific research and translation £000	Developing and training scientists £000	Restated 2015 Total £000
Governance	152	–	–	152
Finance	274	–	–	274
Information Technology and Services	117	–	–	117
Human Resources	217	–	–	217
	760	–	–	760

In the prior year, before the commencement of science operations and reporting under the previous SORP, support costs were allocated on a time basis, and the institute was only active under one charitable activity. Building Services and Communications teams were allocated wholly to the Crick Lab set-up charitable activity. Support costs previously reported for 2015 were £2,737k including governance costs of £84k.

The costs for management of short-term cash deposits are included under the Finance heading.

8. NET INCOME (EXPENDITURE) FOR THE YEAR

	2016 Total £000	2015 Total £000
Net income is stated after charging (crediting):		
• Depreciation of owned assets	7,560	58
• Amortisation of intangible fixed assets	58	–
• Operating lease rentals	1,535	5
• Foreign exchange gains	(225)	–
• Disposals of fixed assets	–	(8)
Auditor's remuneration:		
• Fees for the audit of the charity's annual financial statements	51	10
• Fees for other services to the group	19	3
• Fees for the audit of subsidiary companies	12	19

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

9. ANALYSIS OF STAFF COSTS, TRUSTEE EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

a. The average monthly number of employees was:

	2016 Total No.	2015 Total No.
Charitable activities	1,066	47
Support	111	10
	1,177	57

b. Their aggregate remuneration comprised:

	2016 Total £000	2015 Total £000
Wages and salaries	49,908	4,126
Redundancy and termination	424	–
Social security costs	4,515	485
Pension costs	5,313	355
	60,160	4,966

c. The number of employees whose emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, were in excess of £60,000 was:

	2016 Total No.	2015 Total No.
£60,000 – £69,999	46	5
£70,000 – £79,999	19	1
£80,000 – £89,999	17	3
£90,000 – £99,999	16	–
£100,000 – £109,999	4	–
£110,000 – £119,999	4	1
£120,000 – £129,999	5	3
£130,000 – £139,999	5	–
£140,000 – £149,999	2	–
£150,000 – £159,999	1	2
£160,000 – £169,999	4	–
£180,000 – £189,999	1	1
£210,000 – £219,999	1	1
£260,000 – £269,999	1	–
£330,000 – £339,999	–	1
£340,000 – £349,999	1	–
	127	18

d. Key management personnel

The key management personnel of the charity are listed on page 2. The total remuneration (including pension contributions and employer's national insurance) of the key management personnel for the year totalled £2,729k (2015: £1,768k).

e. Trustees' remuneration

No trustees received remuneration during the current or prior year. Total travel and subsistence expenses of £3,043 were paid to two trustees (2015: £nil).

10. TAX ON PROFIT ON ORDINARY ACTIVITIES OF TRADING SUBSIDIARY

The actual tax charge for the year differs from the standard rate for the following reasons:

	2016 Total £000	2015 Total £000
Profit on ordinary activities	67	71
Profit multiplied by standard rate of United Kingdom corporation tax of 20%	13	14
Effect of:		
• Expenses not deductible for tax purposes	6	6
• Accelerated capital allowances	–	(6)
• Deduction of distributions (Gift Aid)	(19)	(14)
Total tax charge (credit) for the year	–	–

11. TRANSFERS OF RESEARCH ACTIVITIES

On 1 April 2015, the research activities (including employee contracts) of the National Institute for Medical Research (NIMR) and the London Research Institute (LRI) were transferred to the Francis Crick Institute from their respective parent institutes, the Medical Research Council and Cancer Research UK, for a peppercorn consideration.

Associated working capital (primarily, cash received in advance on research grants and employee-related balances) was transferred at book value. Assets received as a result of the transfer were subject to a valuation exercise, the results of which are summarised below.

Gifted assets:

Asset class	Approach to determining fair value	NIMR £000	LRI £000	Total £000
Intangible assets (patents, IP)	Discounted cash flow	281	–	281
Tangible fixed assets	Book value, revised for Francis Crick Institute accounting policies	4,397	6,654	11,051
Value of gifted assets		4,678	6,654	11,332

Working capital transferred:

Asset class	Approach to determining fair value	NIMR £000	LRI £000	Total £000
Debtors	Book value (proxy for cash)	(226)	(1,443)	(1,669)
Creditors including deferred income	Book value (proxy for cash)	753	4,520	5,273
Net cash settled		527	3,077	3,604

12. INTANGIBLE FIXED ASSETS

Group and charity	Transferred intellectual property £000	Total £000
Cost		
At 1 April 2015	–	–
Additions	281	281
At 31 March 2016	281	281
Amortisation		
At 1 April 2015	–	–
Charge for the year	58	58
At 31 March 2016	58	58
Net book value		
At 31 March 2016	223	223
At 31 March 2015	–	–

NOTES TO THE FINANCIAL STATEMENTS

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13. TANGIBLE FIXED ASSETS

Group	Fixtures, fittings, furniture £000	IT equipment and software £000	Scientific equipment £000	Buildings under construction £000	Total £000
Cost					
At 1 April 2015	541	1,709	–	524,821	527,071
Additions	2,575	3,237	26,162	41,612	73,586
At 31 March 2016	3,116	4,946	26,162	566,433	600,657
Depreciation					
At 1 April 2015	128	64	–	–	192
Charge for the year	51	822	6,687	–	7,560
On disposals	–	–	–	–	–
At 31 March 2016	179	886	6,687	–	7,752
Net book value					
At 31 March 2016	2,937	4,060	19,475	566,433	592,905
At 31 March 2015	413	1,645	–	524,821	526,879

Charity	Fixtures, fittings, furniture £000	IT equipment and software £000	Scientific equipment £000	Buildings under construction £000	Total £000
Cost					
At 1 April 2015	395	1,647	–	525,101	527,143
Additions	2,575	3,237	26,162	41,643	73,617
Disposals	–	–	–	–	–
At 31 March 2016	2,970	4,884	26,162	566,744	600,760
Depreciation					
At 1 April 2015	1	34	–	–	35
Charge for the year	38	807	6,687	–	7,532
On disposals	–	–	–	–	–
At 31 March 2016	39	841	6,687	–	7,567
Net book value					
At 31 March 2016	2,931	4,043	19,475	566,744	593,193
At 31 March 2015	394	1,613	–	525,101	527,108

14. FIXED ASSET INVESTMENTS

The Francis Crick Institute Limited owns the entire issued share capital of UKCMRI Construction Limited, a company incorporated in the United Kingdom and registered in England & Wales, which provides design and construction services to the Francis Crick Institute Limited. The shares are held at cost, being £4 (2015: £4).

A summary of UKCMRI Construction Limited's results is shown below.

	2016 Total £000	2015 Total £000
Profit & loss account		
Turnover	40,249	111,206
Cost of sales	(40,216)	(111,174)
Gross profit	33	32
Operating costs	(21)	(28)
Operating profit	12	4
Other interest receivable and similar income	55	67
	67	71
Distribution payable (Gift Aid)	(67)	(71)
Retained profit for the year	–	–
Balance sheet		
Tangible fixed assets	25	52
Current assets	16,521	78,677
Current liabilities	(16,539)	(78,722)
Total net assets	7	7

A summary of the results of the parent charity is set out below:

	2016 Total £000	2015 Total £000
Total incoming resources	148,648	3,276
Total outgoing resources	(128,442)	(9,263)
Net movement in funds	20,206	(5,987)

15. DEBTORS

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Trade debtors	805	–	252	–
Prepayments and accrued income	7,042	3,855	6,555	256
Amounts owed by group undertakings	–	–	13,812	54,731
Amounts owed by related parties	2,697	6,007	2,635	6,306
Other debtors	351	3,607	259	70
	10,895	13,469	23,513	61,363

NOTES TO THE FINANCIAL STATEMENTS

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16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2016 £000	Group 2015 £000	Charity 2016 £000	Charity 2015 £000
Trade creditors	11,573	5,577	11,341	631
Accruals and deferred income	8,492	20,126	12,734	53,238
Other creditors	2,151	194	2,109	193
Amounts owed to related parties	1,853	–	1,775	–
Amounts owed to group undertakings	–	–	380	4,361
	24,069	25,897	28,339	58,423

17. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £000	Restricted funds £000	Restated Total 2015 £000
Income from			
Research activities	7,963	1,270	9,233
Investments	121	–	121
Other	2	–	2
Total	8,086	1,270	9,356
Expenditure on			
Charitable activities	15,447	785	16,232
Total	15,447	785	16,232
Net income (expenditure)	(7,361)	485	(6,876)
Reconciliation of funds			
Share capital issued and subscribed	101,378	–	101,378
Share premium	–	–	–
Net movement in funds	94,017	485	94,502
Total funds at 1 April	450,574	182	450,756
Total funds at 31 March	544,591	667	545,258

18. CALLED UP SHARE CAPITAL

	2016 Total £000	2015 Total £000
Allotted, called up and fully paid		
Ordinary shares of £1 each	628,143	555,168
Share premium account	12,751	10,811
	640,894	565,979

A total of 72,975,145 shares were issued during the year (2015: 101,378,170) for a consideration of £74,914,393 (2015: £101,378,170). 62,747,049 shares were issued at par (2015: 101,378,170) and 10,228,096 shares (2015: none) were issued at £1.1896 per share, for a total consideration of £12,167,344. Of the shares issued during the year 4,800,000 were issued for non-cash consideration (2015: none).

19. MOVEMENTS IN FUNDS

Group	1 April 2015 £000	Share issues £000	Incoming resources £000	Outgoing resources £000	31 March 2016 £000
Unrestricted funds					
General funds	(21,388)	–	135,552	(117,728)	(3,564)
Restricted funds					
Crick Lab set-up	608	–	513	(42)	1,079
Research grants	–	–	12,561	(10,659)	1,902
Other	59	–	10	(35)	34
	667	–	13,084	(10,736)	3,015
Share capital – par	555,168	72,975	–	–	628,143
Share premium	10,811	1,940	–	–	12,751
Total funds	545,258	74,915	148,636	(128,464)	640,345

Charity	1 April 2015 £000	Share issues £000	Incoming resources £000	Outgoing resources £000	31 March 2016 £000
Unrestricted funds					
General funds	(21,118)	–	135,564	(117,706)	(3,260)
Restricted funds					
Crick Lab set-up:	608	–	513	(42)	1,079
Research grants	–	–	12,561	(10,659)	1,902
Other	59	–	10	(35)	34
	667	–	13,084	(10,736)	3,015
Share capital – par	555,168	72,975	–	–	628,143
Share premium	10,811	1,940	–	–	12,751
Total funds	545,528	74,915	148,648	(128,442)	640,649

The shareholders have provided funds to the Charity for the purpose of establishing the institute. Restricted funds relate to public artwork, scientific computing, and individual scientific projects.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

20. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

Group	Unrestricted funds, non-charitable trading funds and share capital £000	Restricted funds £000	31 March 2016 £000
Intangible fixed assets	223	–	223
Tangible fixed assets	591,841	1,064	592,905
Current assets	64,753	6,533	71,286
Current liabilities	(19,487)	(4,582)	(24,069)
At 31 March 2016	637,330	3,015	640,345
At 31 March 2015	544,591	667	545,258

Charity	Unrestricted funds and share capital £000	Restricted funds £000	31 March 2016 £000
Intangible fixed assets	223	–	223
Tangible fixed assets	592,129	1,064	593,193
Current assets	69,039	6,533	75,572
Current liabilities	(23,757)	(4,582)	(28,339)
At 31 March 2016	637,634	3,015	640,649
At 31 March 2015	544,861	667	545,528

21. EMPLOYEE RETIREMENT BENEFITS

The Francis Crick Institute Limited operates both defined contribution and defined benefit pension scheme arrangements.

New employees are entitled to join the defined contribution pension scheme. Employer contribution rates vary according to the contribution rates of individual employees. The amount paid in employer contributions to the defined contribution scheme was £2,864,988 (2015: £260,392).

The defined benefit pension scheme is the Medical Research Council Pension Scheme (MRCPS). Employees of the former National Institute for Medical Research who transferred to the Francis Crick Institute Limited on 1 April 2015 have remained members of this scheme.

MRCPS is a funded defined benefit pension scheme that prepares its own scheme statements. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to three years' pension is payable on retirement.

Members pay contributions of between 6.0% and 6.5% of pensionable earnings to the Scheme. The Francis Crick Institute Limited pays contributions of 14.9% of pensionable earnings to the Scheme. The amount paid in employer contributions to the defined benefit scheme was £2,358,734 (2015: nil). The institute is indemnified against an employer contribution rate in excess of 14.9%, under an agreement whereby the Medical Research Council would reimburse the institute for costs incurred at any future rate greater than 14.9%.

The required contribution rates are assessed every three years in accordance with the advice of the Government Actuary. The latest actuarial assessment of the MRCPS was at 31 December 2013.

	2013 valuation £m	2010 valuation £m
Market value of assets	1,054	884
Actuarial scheme liabilities	(894)	(802)
Surplus	160	82
Scheme funding level	118%	110%

The current financial assumptions used to calculate scheme liabilities are:

	2016 %	2015 %
Rate of increase of salaries	2.9	2.9
Rate of increase of pension payments	1.9	1.9
Discount rate	3.4	3.1
Inflation rate	1.9	1.9
Expected return on equities	3.4	3.1
Expected return on bonds	3.4	3.1
Expected return on overall fund	3.4	3.1

22. FINANCIAL COMMITMENTS

Operating lease commitments

	2016		2015	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Group: Expiring –				
Within one year	3,518	3	–	5
Between one and five years	780	–	–	3
After five years	925	–	–	–
	5,223	3	–	8
Charity: Expiring –				
Within one year	3,518	–	–	–
Between one and five years	780	–	–	–
After five years	925	–	–	–
	5,223	–	–	–

The Francis Crick Institute Limited had unprovided capital contractual commitments of £12,029,369 at 31 March 2016 (2015: £41,956,775).

23. RECONCILIATION OF NET INCOME/EXPENDITURE TO CASH GENERATED BY OPERATING ACTIVITIES

	Group 2016 £000	Group 2015 £000	Charity 2016 Total £000	Charity 2015 Total £000
Net income/(expenditure) for the year	20,172	(6,876)	20,206	(6,845)
Depreciation and disposal adjustments	7,618	58	7,590	36
Donated assets adjustment	(18,828)	–	(18,828)	–
Amortisation of lease	1,477	–	1,477	–
Interest receivable	(280)	(121)	(225)	(54)
Operating cash flow before movement in working capital	10,159	(6,939)	10,220	(6,863)
(Increase) decrease in debtors	5,896	1,079	41,173	(1,951)
Increase (decrease) in creditors	12,227	2,607	(16,029)	4,954
Cash generated by operating activities	28,282	(3,253)	35,364	(3,860)

NOTES TO THE FINANCIAL STATEMENTS

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24. RELATED PARTY TRANSACTIONS

Advantage has been taken of exemptions under FRS102 33 1.A not to disclose balances or transactions between the parent charity and the wholly-owned subsidiary.

a. Funding from shareholders including shares allotted

2016

	Loans brought forward £000	New funding received £000	Shares allotted £000	Loans carried forward £000
Medical Research Council	–	1,279	(1,279)	–
Cancer Research UK	–	33,255	(33,255)	–
Wellcome Trust	–	21,777	(21,777)	–
University College London	–	6,436	(6,436)	–
Imperial College London	–	6,084	(6,084)	–
King's College London	–	6,084	(6,084)	–
	–	74,915	(74,915)	–

2015

	Loans brought forward £000	New funding received £000	Shares allotted £000	Loans carried forward £000
Medical Research Council	–	38,044	(38,044)	–
Cancer Research UK	–	41,184	(41,184)	–
Wellcome Trust	–	17,046	(17,046)	–
University College London	–	5,104	(5,104)	–
Imperial College London	–	–	–	–
King's College London	–	–	–	–
	–	101,378	(101,378)	–

Loans are provided by shareholders to finance the Francis Crick Institute Limited's establishment of a medical research centre before conversion to share capital. Whilst in place, loans are unsecured, interest free and have no repayment date. Shares allotted are detailed in note 18.

b. Other transactions

	Purchases from related parties £000	Income and recharges from and to related parties £000	Amounts due from related parties at 31 March 2016 £000	Amounts due to related parties at 31 March 2016 £000
Medical Research Council	(6,571)	55,543	455	(1,452)
Cancer Research UK	(55)	51,242	420	(53)
Wellcome Trust	(485)	4,052	1,765	(140)
University College London	(455)	156	57	(60)
Imperial College London	(147)	199	–	(53)
King's College London	(438)	–	–	(95)
	(8,151)	111,192	2,697	(1,853)

	Purchases from related parties £000	Income and recharges from and to related parties £000	Amounts due from related parties at 31 March 2015 £000	Amounts due to related parties at 31 March 2015 £000
Medical Research Council	(346)	4,640	5,713	(148)
Cancer Research UK	(502)	(326)	67	(240)
Wellcome Trust	(641)	(238)	261	(616)
University College London	–	782	983	–
Imperial College London	(31)	22	5	(18)
King's College London	–	22	–	–
	(1,520)	4,902	7,029	(1,022)

c. Donated services and facilities

	2016 Total £000	2015 Total £000
Services	42	254
Premises	8,161	756
Land	1,525	1,525
	9,728	2,535

d. Other related party transactions

The land on which the new Francis Crick Institute laboratory is being built has been made available at nil cost by the Medical Research Council, Cancer Research UK, the Wellcome Trust and University College London. A gift in kind of £1,524,545 (2015: £1,524,545) has been recognised.

Donated services of £41,783 (2015: £253,531) have been recognised relating to seconded staff from the Medical Research Council.

The Wellcome Trust incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, totalling £485,244 (2015: £641,245) including the cost of the secondment of staff and a premises licence fee. The premises are currently made available at below market cost. A gift in kind of £837,545 (2015: £756,053) for the donated element of these premises has been recognised.

Cancer Research UK incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £54,927 (2015: £502,104) including the cost of providing seconded staff and hospitality charges. Premises of the Lincoln's Inn Fields and Clare Hall laboratories have been made available at nil cost. A gift in kind of £7,324,443 (2015: £nil) has been recognised.

The Medical Research Council incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £6,571,240 (2015: £345,735) in providing seconded staff and a service for the Mill Hill premises.

Imperial College London incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £147,169 (2015: £31,264) in providing seconded staff.

University College London incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £455,315 for student tuition fees and seconded staff.

King's College London incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £438,320 in providing seconded staff.

25. POST BALANCE SHEET EVENTS

There are no relevant post balance sheet events to report.

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