

# THE BABRAHAM INSTITUTE

England & Wales · Charity number 1053902

## Details

---

Other names	BABRAHAM INSTITUTE
Status	Registered
Legal form	Charitable company
Company number	03011737
Registered	1996-03-20
Register	<a href="#">View on the Charity Commission register</a>

## Contact

---

Address	The Babraham Institute Babraham Hall Babraham Cambridge CB22 3AT
Phone	01223496207
Email	<a href="mailto:comms@babraham.ac.uk">comms@babraham.ac.uk</a>
Website	<a href="http://www.babraham.ac.uk">www.babraham.ac.uk</a>

## Activities

---

**Objects:** THE WORLD-WIDE ADVANCEMENT OF EDUCATION IN BIOLOGICAL SCIENCE

**Activities:** The Babraham Institute undertakes world-leading innovative research into the molecular mechanisms that underlie normal cellular processes and functions throughout development and the ageing process. Much of the Institute's research involves collaborations with other research institutions and organisations worldwide. The Institute also offers first class PhD and postdoctoral training programmes.

## Classification

---

- **How:** Sponsors Or Undertakes Research
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives
- **Who:** Other Charities Or Voluntary Bodies, The General Public/mankind

## Geography

- **Area of benefit:** WORLDWIDE
- Cambridgeshire

## Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£47,500,000	£55,113,000	£154,894,000	361
2024-03-31	£46,622,000	£49,583,000	£158,730,000	356
2023-03-31	£41,164,000	£46,415,000	£156,274,000	367
2022-03-31	£40,547,000	£41,850,000	£151,992,000	369
2021-03-31	£37,113,000	£35,137,000	£146,048,000	374

## Trustees

Name	Role	Appointed
Alexandra Zoe Pygall		2021-01-01
Dr John Wells		2023-12-01
Graham Peter Allen		2017-08-10
John Macey		2023-12-01
Professor Gordon Brown FRS		2021-07-01
Professor Helen Walden		2023-10-01
Professor Linda Partridge FRS		2022-09-01
Professor Paul Lehner FRS		2023-10-01
Professor Petra Hajkova		2023-10-01
TIMOTHY LIVETT		2023-11-28

**THE BABRAHAM INSTITUTE**

England & Wales - Charity number 1053902

---

# Accounts

---

**The Babraham Institute  
(A Charitable Company Limited  
by Guarantee)**

Annual Report and Financial Statements

Year Ended

31 March 2025

**Company Number 03011737**

**Charity Number 1053902**

**THE BABRAHAM INSTITUTE****ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

---

**CONTENTS****PAGE: ANNUAL REPORT**

- 2 Officers and professional advisers  
3 Report of the trustees (incorporating the Strategic Report)

**PAGE: AUDITOR'S REPORT**

- 28 Independent Auditor's Report

**PAGE: FINANCIAL STATEMENTS**

- 32 Consolidated statement of financial activities  
33 Balance sheets  
34 Consolidated statement of cash flows  
35 Notes forming part of the financial statements

**THE BABRAHAM INSTITUTE****OFFICERS AND PROFESSIONAL ADVISERS**

---

<b>TRUSTEES</b>	Prof Dame Linda Partridge FRS (Chair) Mr Graham Allen Prof Gordon Brown FRS Prof Petra Hajkova Prof Paul Lehner FRS Mr Timothy Livett Mr John Macey Ms Alexandra Pygall Prof Helen Walden Dr John Wells	
<b>MEMBERS</b>	Chairman Babraham Institute Board Chairman Babraham Institute Audit Committee UKRI-BBSRC Corporate Member	- Prof Dame Linda Partridge FRS - Mr Timothy Livett - Prof Anne Ferguson-Smith FRS
<b>SECRETARY</b>	Mr Simon Jones	
<b>REGISTERED OFFICE</b>	Babraham Institute Babraham Hall Babraham Cambridge CB22 3AT	
<b>AUDITOR</b>	Grant Thornton UK LLP 8 Finsbury Circus London EC2M 7EA	
<b>BANKERS</b>	Lloyds Bank Plc 4th Floor 25 Gresham Street London EC2V 7HN	
<b>INTERNAL AUDITORS</b>	RSM Risk Assurance Services LLP The Pinnacle 4 <sup>th</sup> Floor 100 Avebury Boulevard Milton Keynes Buckinghamshire MK9 1FH	
<b>INVESTMENT BANK</b>	Royal Bank of Canada 100 Bishopgate London EC2N 4AA	

**REGISTERED COMPANY NUMBER : 03011737****CHARITY REGISTRATION NUMBER : 1053902**

## **THE BABRAHAM INSTITUTE**

### **REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025**

---

The Trustees are pleased to present their annual Trustees' Report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 March 2025 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY**

##### **LEGAL STATUS**

The Trustees, who are the trustees of the charity and directors of the charitable company the "Babraham Institute" (BI) (registered charity in England and Wales number 1053902; a company limited by guarantee, registered in England and Wales number 03011737), present their report together with the audited financial statements for the year ended 31 March 2025. The charity is governed by a Memorandum and Articles of Association adopted 24 June 2011, and its Institute Grant Agreement with the Biotechnology and Biological Sciences Research Council (UKRI-BBSRC) by whom it is strategically funded. UKRI-BBSRC is part of UK Research and Innovation (UKRI), a body working in partnership with universities, research organisations, businesses, charities and government.

The charity has two trading subsidiaries: Babraham Research Campus Limited (BRCL) (Registered in England and Wales number 03241492) and Babraham Institute Enterprise Limited (BIE) (Registered in England and Wales number 06331858); referred to as the "Group" throughout. The principal and registered offices for all companies within the group is : Babraham Hall, Babraham Research Campus, Babraham, Cambridgeshire, CB22 3AT.

##### **PRINCIPAL ACTIVITY**

The principal activity of the group and the charitable company, as set out in the Memorandum and Articles of Association, is undertaking fundamental research; the dissemination of the results of such research for public and economic benefit and the training of research scientists. The charitable company aims to be the UK's premier research institute for work on lifelong health and healthy ageing through frontier research into molecular and cell biology and development. The chief funder of the Institute is UKRI-BBSRC.

BRCL has management and development responsibilities for the Babraham Research Campus to ensure the Campus provides both the buildings and communal environment to benefit all the organisations on Campus. Its principal activities focus on supporting early stage companies and growing biomedical enterprises. This is delivered through the provision of specialised office and laboratory accommodation, access to scientific expertise and equipment (including to the Institute's eight science facilities and specialist equipment which is overseen by the Institute), and to support a research-centric community helping translate early stage science into products and services.

The primary role of BIE is to support the commercialisation of the Institute's science, and the company has responsibility for managing and commercialising the Institute's intellectual property portfolio through partnerships with industry, licencing activities, and the formation of spin-out companies. BIE also manages consultancies of BI scientists and facilitates access to the Institute's cutting-edge scientific facilities for companies both on and off the Babraham Research Campus, thereby supporting the life science industry.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### STRUCTURE, MANAGEMENT AND GOVERNANCE

##### BOARD OF TRUSTEES

Up to and including the year ended 31 March 2025, the Board of Trustees consisted of up to eleven individuals who acted as trustees and directors and are all guarantors of the charitable company, of an amount not exceeding £1, during the period of their appointment and for a year after resignation.

The following were members of the Board of Trustees during the year:

Prof Dame Linda Partridge FRS  
Mr Graham Allen  
Dr James Briscoe FRS – resigned 12 March 2025  
Prof Gordon Brown FRS  
Prof Petra Hajkova #  
Prof Paul Lehner FRS  
Mr Timothy Livett #  
Mr John Macey  
Ms Alexandra Pygall #  
Prof Helen Walden  
Dr John Wells #

# Denotes members of the Audit Committee as of 31 March 2025.

Membership of the charity consists of two Trustee Members (*ex officio* the Chair of the Board of Trustees and the Chair of the Audit Committee) and one Corporate Member, UK Research and Innovation (UKRI).

The Institute's process for Trustee recruitment combines both targeted approaches through the use of an executive recruitment agency and open application. A shortlist is compiled after review of submitted applications and shortlisted candidates are interviewed by at least the Chairman and a selection of other Trustees. Following interviews, new Trustees are appointed by the interviewing Trustees with delegated authority from the Board. Trustees are appointed for a period of up to four years from the date of appointment (usually three) and are eligible for re-appointment at the end of their term. None of the Board of Trustees holds any interest in the shares of any of the subsidiary companies.

Trustees are provided with an induction pack containing key information about the Institute, participate in a face-to-face introduction to the main operational and scientific areas of the Institute, and are offered training in trusteeship by one of the recognised training providers in this area. Most Trustees also take the opportunity to visit the Institute and meet with its wider staff, outside of a formal Board of Trustees meeting.

Separate Audit Committees operate during the year for the Institute and BRCL. Additionally, a joint audit committee is convened annually to ensure proper scrutiny of Group finances and operations and as such incorporates some of the functions of a Finance and General Purposes Committee, although most of such functions are carried out by the Board itself.

The Board delegates the day to day running of the Institute to the senior management team led by Dr Simon Cook as Institute Director.

The Company Secretary and Chief Operating Officer (COO) is Mr Simon Jones. The CEO of BRCL, one of the Institute's trading subsidiaries, Mr Derek Jones, is employed on a BRCL contract. BIE is managed by senior management of the Institute.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### TRUSTEES' RESPONSIBILITIES STATEMENT

The charity's Trustees (who are also directors of the Babraham Institute for the purposes of company law) are responsible for preparing an annual Trustees' Report and 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), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP (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 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 group will continue in business

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

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

In so far as the Trustees are aware at the time of approving our annual Trustees' Report:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006

Institute governance dictates that key strategic decisions are made at the Babraham Executive Committee (BEC; chaired by the Director), which responds to advice from the Board of Directors, Scientific Advisory Panel and other key stakeholders including UKRI-BBSRC and other funding agencies. BEC is comprised of senior managers from across all functional areas, bringing a broad perspective of opinions to Institute business.

The Institute is committed to making a positive impact not only on the protection of the environment but to enhance it, while ensuring our research is maintained at a world-class standard. The Institute has developed a bespoke action plan for sustainability, working with UK-SOS, BRCL and several campus companies.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

The Institute recognises that in order to maintain productive relationships with key stakeholders, the Institute must uphold high standards of business conduct. Operational teams hold and update relevant professional accreditations and undertake continuing personal development to ensure they are working in an effective manner. The Institute's Research Integrity Steering Group, established in 2020, oversees the policies, management systems and processes supporting research integrity at the Institute and aligns its research integrity practises with the principles and standards set out in the UK Research Integrity Office's Code of Practice for Research. We also follow UKRI's expectations of good research practices and conduct as set out in the UKRI Policy on the Governance of Good Research Practice.

This focused attention to research integrity matters will enable others to have confidence that our research is founded on rigour and excellence and is of the highest international quality. As part of the Institute's continuous reflection on ways of working and to provided assurance that we have robust responses to major strategic, financial and operational risks, we undertake a rotation of internal audits of key business areas.

A biennial research integrity (RI) assurance review assesses and ensures the Institute is achieving the standards set out in the Institute RI policy. It provides structure to RI processes and procedures and acts as a good self-check preparatory process for RI audits [by the Institute auditors (RSM)]. The review included two levels: corporate (overall Institute RI standards) compliance review and individual (sampled) research groups 'Good Research in Practice' (GRiP), looking at RI standards compliance 'in practice on the ground'. The 2023-2024 review report and action plan was approved by the Institute's Executive Committee (BEC) on 11th July 2024 and shared with the Audit Committee and Science and Impact Advisory Committee in the first instance, and will help provide assurance to staff, BEC, Trustees, and grant awarding bodies.

The Institute holds a Silver Athena SWAN award and is one of 164 Member organisations that currently hold Athena SWAN awards in the UK. The Athena SWAN Charter was launched in 2005 to recognise commitment to advancing women's careers in science, technology, engineering, mathematics and medicine (STEMM) employment in higher education. The awards recognise good practice in recruiting, retaining and promoting women in STEMM. The Charter believes that an organisation must have institutional support and underpinning institutional good practice, policies and procedures in place in order to achieve and sustain an award. The group is aware of its statutory duty to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the charity, as well as generally through training and career development. The charity is an equal opportunities employer and supports diversity in the workplace. The Institute follows the principles of the government's Disability Confident Scheme.

The Institute has numerous mechanisms to foster relationships with key stakeholders. As the principal funder, relations with UKRI-BBSRC are maintained through many formal interactions. The Institute Director and Chair of the Board of Trustees hold regular partnership meetings with the Chief Executive of the UKRI-BBSRC. In addition, the Directors of all UKRI-BBSRC Institutes meet regularly with UKRI-BBSRC to discuss their strategic alliance. Furthermore, the Chief Operating Officer and senior members of the operations team hold frequent bilateral meetings with their counterparts at UKRI-BBSRC. Both BI and BBSRC are shareholders in the campus development company, BRCL.

As a majority shareholder the Institute maintains close and productive relationships with BRCL management and Board. One area to highlight is in regard to environmental sustainability, where representatives from complementary functional areas, including engineering and facilities management, work collectively to reduce the impact of the campus on the local and wider environment. In addition to this, the Institute and BRCL are working collaboratively on a series of knowledge exchange networking events, have coordinated a successful UKRI-BBSRC Collaborative Training Partnership (CTP) studentship programme and a UKRI-BBSRC Campus Impact Acceleration initiative, which has funded a range of Campus networking and collaborative opportunities. This collaborative working has been significantly enhanced by the creation of cross-institutional roles. Notably, members of the KEC team have engaged in cross-institutional roles, supported by a Royal Society Entrepreneur-in-Residence fellowship for 2024-2026.

Beyond the UKRI-BBSRC, the Institute is part of additional formal and informal networks. For grants running in 2024-2025 the Institute had collaborations with 66 organisations across 18 countries. As part of the EU-LIFE alliance, a collection of independent European research institutes in the life sciences, the Institute plays a key role in building and promoting excellence in the life sciences.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

Institute scientists all belong to their collaborative research networks, bringing together ideas from across the globe. A notable demonstration is the inception of the UK Proteostasis Network in 2023 by two Institute leads, Dr Della David and Dr Oliver Florey, and two counterparts at the University of Cambridge, Dr Laura Itzhaki, Department of Pharmacology and Dr Ritwick Sawarkar, MRC Toxicology Unit. The Network brings together all career stages of researchers working in proteostasis-related areas, both from academic and commercial research. The Network held its inaugural conference meeting in May 2024, with over 170 attendees. Over 130 individuals across the UK have registered for updates and communications from the Network and 61 research groups are now listed as members of the UK Proteostasis Network on the Network's website. A second Network meeting will be held in Dundee in June 2025 in partnership with the Autophagy UK network.

The Institute continues to be committed to the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. Procurement for goods and services is provided by a wide range of suppliers and the contractual terms and conditions that the Institute puts in place with third parties are regularly reviewed and have been updated to include provisions designed to ensure that any risks of modern slavery in the Institute's supply chain are appropriately and effectively addressed. The Institute's modern slavery statement is published on its website and was last updated in 2024.

Institute science interfaces with many key areas of policy from public health to education, and from animal welfare to big data. Our life science research has significant potential to shape and inform policy on topics such as gene editing, stem cell research, human development and the effect of dietary restriction over the course of a person's life. Our researchers and staff place significant value on working with policymakers and policy organisations through discussion, evidence and debate. We also participate in broader discussions including animal welfare and the importance of the bioeconomy.

Dr Peter Rugg-Gunn, Group Leader and Head of Public Engagement at the Babraham Institute, was a member of the Working Group of experts that created the first ever UK guidelines for the generation and use of stem cell-based embryo models (SCBEM) in research (<https://www.babraham.ac.uk/news/2024/07/code-on-stem-cell-based-embryo-models-research>). The new SCBEM Code of Practice was published in July 2024, proposes clear guidance and oversight processes, to bring greater transparency and openness to the research and reassurance to the public.

The Institute is committed to creating, maintaining and promoting equality, diversity and inclusivity (EDI) in all aspects of its policies, procedures and activities, and to the principles of the Equality Act 2010. Our 'equity4success' (e4s) strategic initiative unites all EDI activities and regularly consults with individuals to monitor the implementation of this goal (<https://www.babraham.ac.uk/about-us/e4s>).

#### BBSRC INSTITUTE ASSESSMENT EXERCISE

In 2023 the Babraham Institute undertook an Institute Assessment Exercise (IAE) for BBSRC. The IAE application set out what the Institute will deliver for the period 2024-2028 and the infrastructure needed to support that, to deliver our mission of securing health and maximising health span. The IAE application set out the workstreams relevant to the global challenge of an ageing population and specifically, BBSRC's Strategic Priority of bioscience for an integrated understanding of health and wider government priorities for health. The IAE concluded in December 2023 with BBSRC confirming £48M in strategic funding for the Institute's ISP programmes, CCG, and other initiatives. The funding for 2024-2028 supports the Institute to undertake three strategic programmes of work: Epigenetic control across the life course, Cellular responses to stress, and Immunity, resilience and repair. All three programmes have a strong focus on the mechanisms that drive ageing and will provide new insights into age-related disease that the Institute will progress with biotech, pharma and clinicians. 2025-2026 will see the IAE mid-term review take place, following which preparation for the Institute Assessment Exercise 2028 will commence.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### OBJECTIVES AND ACTIVITIES

##### INSTITUTE OBJECTIVES

In the furtherance of the charitable objectives listed in the Memorandum and Articles of Association, the charitable company is guided by a comprehensive portfolio of integrated policies. Further details of the charitable company's mission can be found online ([www.babraham.ac.uk/about-us](http://www.babraham.ac.uk/about-us)). Information on funding, research activities, scientific facilities and wider Institute programmes such as public engagement and commercialisation can be found in the Institute's biennial Overview reports. The 2023-2024 report is available online ([www.babraham.ac.uk/our-research/annual-research-report](http://www.babraham.ac.uk/our-research/annual-research-report)).

The Institute's three ISPs receive funding from the UKRI-BBSRC in the form of Institute Strategic Programme Grants (ISPG) awarded to each programme. Each ISPG contains a list of objectives for the term of the grant, together with time plans and resource requirements; the grants are allocated for these specific, approved projects and funding may not be diverted to diverse activities. The ISPGs are summarised in the list of objectives below and a more detailed insight into the aims of each ISPG and research group can be found on the Institute's website.

##### SCIENTIFIC AIMS

The Institute's research operates across three science programmes (Institute Strategic Programmes, ISPs) focusing on epigenetics, signalling and immunology and is supported by UKRI-BBSRC strategic funding (renewed through an Institute Assessment Exercise in 2023 for the period 2024-2028). The programmes work towards our overarching goal of understanding the fundamental biological mechanisms and changes underlying development and healthy ageing. Key strategic objectives include:

##### **Strategic programme: Epigenetic control across the life course**

**Exploring the links between diet, metabolites and gene regulation to improve our understanding of mechanisms that maintain and support lifelong health.**

- Aim 1: How changes in the balance of cellular metabolites affect epigenetic systems
- Aim 2: How epigenetic states are established and maintained
- Aim 3: How epigenetic states change over the life course

Research aims expanded at: (<https://www.babraham.ac.uk/our-research/epigenetics>)

##### **Strategic programme: Immunity, resilience and repair**

**Advancing our understanding of the molecular and cellular basis of immunity to protect and improve health across the life course.**

- Aim 1: Understanding the molecular and cellular basis of immunity
- Aim 2: Mechanisms of resilience and repair

Research aims expanded at: (<https://www.babraham.ac.uk/our-research/immunology>)

##### **Strategic programme: Cellular responses to stress**

**Defining how cellular signalling pathways act together to coordinate cellular responses and how signalling mechanisms are affected by age.**

- Aim 1: A new understanding of the cellular responses to stress and how this changes across the life course
- Aim 2: Identifying new strategies to sustain the health of ageing cells, tissues and organisms

Research aims expanded at: (<https://www.babraham.ac.uk/our-research/signalling>)

**Leveraging the capital investment in Institute infrastructure and equipment**, in particular the state-of-the-art scientific facilities and biological support unit, to attract investment from both the public and private sectors.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

#### INSTITUTE OBJECTIVES (CONTINUED)

#### SCIENTIFIC AIMS (CONTINUED)

Complementing ISPG funding there is a Campus Capability Grant (CCG) supporting the Institute and its core biological research facilities. This is used to enable the Institute to effectively disseminate knowledge and, where appropriate, facilitate partnerships or spin-out companies to maximise the impact of Institute research to translate research into action for social and economic benefit. A key part of the Knowledge Exchange and Commercialisation (KEC) strategy is to partner with industry, particularly biotech and pharma companies, to translate our research and support the bioeconomy. The grant also enables the Institute to employ a team of skilled KEC specialists to support and facilitate this work.

Each ISP contains a number of research Group Leaders who adopt complementary approaches to address a common set of biological questions. Group leaders are either appointed as tenure-track or tenured group leaders. In May 2024, Professor Kai-Michael Toellner joined the Institute’s Immunology programme as a senior group leader. Dr Len Stephens and Dr Phill Hawkins retired from the Signalling programme at the end of March 2025.

The Institute’s research groups are structured so they can share resources, techniques and skills. Each Group Leader runs their own group and is expected to create, lead, maintain and develop an internationally competitive programme of innovative research.

Each ISP Lead is responsible for leading and co-ordinating a cohesive programme of research that contributes to the Institute’s mission of understanding and helping to improve lifelong health. This involves coordinating and uniting the goals of several groups and ensuring appropriate annual reporting to the UKRI-BBSRC.

Each Group Leader is expected to raise additional funds for their research over and above the UKRI-BBSRC core ISPG funding, not only to support the critical mass of researchers needed, but also to form strong strategic partnerships with other funders (often from the medical charity sector or the biotech/pharma industry) that are interested in the translation of Babraham Institute science into technologies and discoveries with high impact for the benefit of lifelong health and wellbeing. Grant success for 2024-2025 is detailed in later section: Achievements and Performance

The current balance of group leaders across research programmes (as of 1<sup>st</sup> April 2025) is shown below

<b>Epigenetics research programme, hosting the strategic programme: Epigenetic control across the life course</b>	<b>Immunology research programme, hosting the strategic programme: Immunity, resilience and repair</b>	<b>Signalling research programme, hosting the strategic programme: Cellular responses to stress</b>
3 tenured group leaders	2 tenured group leaders	5 tenured group leaders
4 tenure track group leaders	2 tenure track group leaders	4 tenure track group leaders
	2 associate group leaders	1 associate group leader

The Institute also benefits from close collaboration with six Honorary Group Leaders, appointed for an initial period of five years, to provide multi-disciplinary dimensions to our research areas.

The Institute’s current Honorary Group Leaders are:

- Dr Martin Howard (appointed 2020): senior group leader at the John Innes Centre. Hosted by the Epigenetics programme.
- Professor Valerie O’Donnell (appointed 2021): Professor of Biochemistry at Cardiff University. Hosted by the Signalling programme.
- Professor Kathy Niakan (appointed in 2021 Mary Marshall and Arthur Walton Professor of Reproductive Physiology and Director of the Centre for Trophoblast Research, University of Cambridge. Hosted by the Epigenetics programme.
- Professor Wolf Reik FRS (appointed 2022): Director, Altos Labs Cambridge Institute of Science, former group leader and Director at the Babraham Institute. Hosted by the Epigenetics programme.
- Professor Adrian Liston (appointed 2023): Professor of Pathology at the University of Cambridge, former group leader at the Babraham Institute. Hosted by the Immunology programme.
- Dr Yiliang Ding (appointed 2023): group leader at the John Innes Centre. Hosted by the Immunology programme.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### INSTITUTE OBJECTIVES (CONTINUED)

#### SCIENTIFIC AIMS (CONTINUED)

The overall science direction of the Institute is determined by the Babraham Executive Committee (BEC; the senior executive committee responsible for the running of the Institute); additionally, the Science Policy Committee (SPoC; a subcommittee of BEC with additional membership from amongst the senior science staff and Grants Office) provides scientific leadership and vision and also monitors and assesses the science across all groups.

The impact of this research, for the public benefit, is a deeper understanding of the mechanisms of health and disease throughout life. The insights gained from the Institute's fundamental research aims to underpin translational research and the creation of new therapies and treatments to protect health and reduce age-related decline. Our research may also lead to changes to public advice on healthy living, wellbeing and ageing and influence public health policies.

Through understanding normal physiology in both humans and animals, the Institute's scientists are able to apply this knowledge to disease conditions, often partnering with medical research charities and organisations devoted to alleviating the effects of those particular diseases. As a fundamental research organisation, it is acknowledged that the Institute's research can be far removed from these final outcomes and there is an expectation that the translation of Institute research may take some years to come to fruition, yet over the course of its history the Institute has demonstrated its ability to deliver high-impact research advances (e.g., work on fundamental cell biology and inositol lipid signalling spanning work underpinned by discoveries made in the 1960s to current day).

Additional demonstrations include the involvement of Institute immunologists in the development of some of the world's first therapeutically useful monoclonal antibodies, leading to several monoclonal antibody drugs such as Herceptin (for metastatic breast cancer), infliximab (for Crohn's disease) and Vectibix (Panitumumab), licensed for the treatment of colorectal cancer, which was developed directly from research performed at the Institute more than a decade earlier. The Institute continues to translate its research findings with 11 new consultancies, 24 new collaborations, 12 new patents and 10 innovation opportunities disclosed in 2024.

#### INSTITUTE MISSION STATEMENT

- To be a world-leading life science and innovation research institution producing internationally recognised and respected science with a view to creating significant social and economic impacts through understanding and improving lifelong health.
- To maximise awareness, relevance and impact of our work through a diverse and creative programme of knowledge exchange, commercialisation, public engagement and communication. Particularly by building a reputation for collaboration, transparency and high-quality science and business acumen.
- To provide a unique and highly successful environment, establishing Babraham Research Campus as the leading campus for bioscience start-up and developing biomedical companies and for supporting the development and growth of those organisations.

#### INSTITUTE REMIT

- The Babraham Institute is an independent charitable life sciences Institute, strategically funded by the UKRI-BBSRC, carrying out world-leading innovative research and advanced training with relevance to the biological, biotechnological, biomedical, pharmaceutical and health research and user communities.
- The Institute's research focuses on determining the mechanisms whereby cell signalling and gene regulation control normal cellular processes and functions underpinning ageing, development and the maintenance of health and wellbeing.
- The advances made due to the Institute's research are publicly available and the Institute actively seeks partnership and knowledge exchange with relevant companies and with clinical and other researchers to ensure effective application of its research.
- To be an active participant of the Babraham Research Campus by supporting early-stage bioscience enterprise through collaboration and providing access to state-of-the-art equipment.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### INSTITUTE REMIT (CONTINUED)

As part of the UK Science Base, the Institute contributes to the economic growth, quality of life and public engagement objectives of government. Our contribution is key in driving BBSRC's strategic research priorities around an integrated understanding of health, developing and applying transformative technologies and advancing our understanding of the rules of life. Our research aligns with the aspirations and vision of the BBSRC Strategic Delivery Plan (2022-2025), UKRI Strategy for 2022-2027: Transforming tomorrow together and the BBSRC Forward Look for UK Bioscience and which highlights ageing as a strategic challenge. Similarly, our research also closely aligns with the healthcare challenge of ageing and the ambition to understand the pathways associated with multi-system ageing in order to develop new diagnostics and therapies as outlined in the UK Government's Life Science Vision, in addition to our work being of relevance to some of the Vision's other challenge areas.

#### ROADMAP FOR TEAM SCIENCE

A comprehensive Roadmap for Team Science was developed in 2024 with those many of the projects and actions outlined in it commencing over 2024-2025. The Roadmap for Team Science looks to embed team science at the Institute as well as focusing on the Institutes ways of working and how these can enable the Institute to achieve a stronger implementation of its strategy across the three ISPGs and the Institute as a whole.

The Roadmap was created based on agreed priorities, and themes, identified during a wide-ranging staff engagement project, undertaken in 2023-2024, the Institute Culture Consultation (ICC). This consultation involved stakeholder interviews, focus groups, online engagement and workshops seeking to identify the barriers and enablers hindering or supporting a positive research culture at the Institute, in alignment with the UKRI-BBSRC Institute Strategy. The ICC project and subsequent Roadmap for Team Science was shared as part of the BBSRC Connecting Research Culture Conference in March 2025, where the approach, outputs, and lessons learnt were shared with other BBSRC sister-institutes.

#### BABRAHAM GROUP BUSINESS OBJECTIVES

##### Delivery of World Class science, within the Institute's remit

- International leadership
- Synergistic and nationally strategic research
- Collaborative partnerships
- Socio-economic impact
- Graduate and postdoctoral training programme

##### Excellent fit-for-purpose infrastructure for science

- Technical
- Corporate
- Educational

##### The highest standards of Corporate Social Responsibility

- Values and impact of our research. The Institute holds and abides by the following values:
  - Benefit - *We make a difference*. As a world-leading centre of excellence in life sciences research we work to make discoveries for societal benefit that make a real difference in science, health and policy within the UK and globally
  - Innovation - *We extend the boundaries of knowledge*. We work at the forefront of creative discovery science, nurturing our people through development and training, and provide the environment for innovation to thrive
  - Integrity - *We are open, honest, and inclusive*. We work together to uphold the standards expected of us, operating with honesty and responsibility, creating an inclusive and motivating environment, and communicating openly and transparently
- Maintaining the highest standards of research integrity (for details see our Research Integrity Statement: <https://www.babraham.ac.uk/our-research/research-integrity/annual-statement-on-research-integrity-2023>)

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### BABRAHAM GROUP BUSINESS OBJECTIVES (CONTINUED)

- Community partnerships
- Minimising the environmental impact of the Campus in line with net zero targets
- Public Engagement Programme to engage and inspire
- Openness and transparency in all aspects of the Institute's work
- Commitment to strengthening a positive research culture and to supporting the career development and wellbeing of our staff
- Widening access to opportunities to explore research and obtain practical experience of research
- Commitment to Equality, Diversity, and Inclusion (EDI)

#### An internationally recognised contribution to the UK's economic competitiveness

- Inward investment to the Babraham Research Campus
- Commercialisation and wealth creation
- Partnerships and knowledge flow

#### Robust sustainability

- Financial planning and estate strategy

#### Efficient and effective management

- Operations and People

#### A high standard of Corporate Governance

- Risk control and contingency planning
- Regulatory compliance
- Boards and subcommittees; executive decision-making structure and authorities

#### Within BRCL specifically, the key business objectives are:

- The delivery of research and innovation undertaken by the companies and academic researchers on the Campus
- The development of people and talent both in the academic and commercial settings
- The growth of Campus capabilities in order to support translation and company creation, and help to accelerate company growth and scale-up
- The nurturing of the ecosystem by being a vibrant, dynamic, and well-connected research and innovation location and playing an active part in that community
- Campus investment and ensuring sustainability
- The creation of new partnerships, and to sustain those we have created, with organisations both on and off the site and which have added value and contributed to the vibrancy of the Campus

#### ENGAGEMENT WITH EMPLOYEES

During the year the Babraham Group has continued to provide employees with relevant information and to seek their views on matters of common concern through groups, committees, staff updates, engagement surveys, through line managers and through an Institute Culture Consultation project. Priority is given to ensuring that employees are aware of all significant matters affecting the group's position and any significant organisational changes. The HR department commissioned a series of three employee engagement surveys (in collaboration with The Survey Initiative). The last of which was conducted in 2024. The surveys have helped to identify key issues and priorities for improvement, as well as highlighting areas of success, good practice and progress within the Institute.

Information continues to be published regularly in the Institute-wide monthly newsletter, and this is now an established part of the Institute's internal communication mechanisms. The newsletter has been successful in engaging the Institute community with recognition initiatives (such as Staff Recognition Awards and the Institute's Annual Prizes), personnel changes, and news and updates from teams across the Institute.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### ENGAGEMENT WITH EMPLOYEES (CONTINUED)

These scheduled communications are supplemented with tailored communications emailed directly to staff on issues of particular note, such as changes to Institute management and important health and safety notices. Although ad hoc, these emailed communications ensure that all staff receive information that is relevant to the situation, the mechanisms for communication and support are made clear and misinformation is avoided.

The Institute's intranet provides a 'one-stop-shop' for a wealth of information on teams, initiatives and processes across the Institute, most recently becoming the home for a consolidated learning and development programme overseen by the Institute's HR team. To support full awareness and transparency, the Institute's Institute Assessment Exercise documentation (barring sensitive information) was published on the Institute's intranet.

LabTalks, the Institute's internal annual symposium, was held on 12<sup>th</sup> and 13<sup>th</sup> September 2024 and two Institute-wide staff updates were presented on 24<sup>th</sup> April and 16<sup>th</sup> December, as well as an update event sharing the findings of the Institute Culture Consultation and launching the Institute's Roadmap for Team Science on 6<sup>th</sup> June 2024.

A Gold Award was received by the Institute from the SOS-UK Green Impact programme in October 2022. This award was extended to a Platinum Green Impact Award in October 2023 and re-awarded at the same platinum level in 2024 (<https://www.babraham.ac.uk/news/2024/12/platinum-green-impact-award-sustainability>) reflecting continued work by the Institute's Green Labs initiative at the Institute and also with BRCL companies (15 campus companies participated in the cross-campus sustainability network as part of the SOS-UK Green Impact programme accreditation in 2023 and 2024).

Continuation of this work as part of the next cycle of the Green Impact programme will achieve further environmental action with expanded participation across BRCL. The vision is that the Campus is Carbon Neutral by 2040 in line with the UKRI Environmental Sustainability Strategy.

The Institute plans to build on ongoing good practice to further progress equal opportunities. A highlight of the impacts delivered by the Institute's equity4success initiative is the successful establishment of a Roving Researcher position, which provides support to researchers on long-term leave in order to maintain the momentum of research projects. After being established in 2020, the position has supported 11 researchers. There has been a high degree of interest from other organisations across 2024-2025 in how to establish similar schemes and BI has given presentations on the programme.

In 2024, the Institute received a renewal of its Silver Athena Swan Award. Following a recent review, Athena SWAN status must now be renewed every five years. The 2024 award is the renewal of the Institute's Silver Athena SWAN award from 2015 and recognises that we have met the expanded criteria of the charter. The Babraham Institute's application built on the progress and achievements made since the Institute's original award in 2015. These include establishing a post-doctoral researcher mentoring scheme, appointing an Equality and Diversity Manager to oversee and coordinate the Institute's equality4success programme, and working to increase the visibility of women, especially at senior levels. The panel feedback highlighted the strong structures and support in place at the Institute to underpin and recognise gender equality work. Looking ahead to 2024-2029, the e4s programme will focus on four key priorities: career development, support for staff, workplace culture and addressing gender disparity in staff leaving academia. (<https://www.babraham.ac.uk/news/2024/12/institute-athena-swan-silver-award>)

The LGBTQ+ Network continued to meet across 2024-2025 to raise awareness and the profile of LGBTQ+ issues and staff in the workplace, help remove barriers to inclusion and ensure that there are visible role models at different levels of the organisation.

The Institute joined the Technician Commitment in 2019 to pledge action against the key challenges that affect our technical staff, leading to the creation of a steering group to represent the variety of technical specialist roles found across the Institute. Key areas of focus and objectives have been mapped to the Technician Commitment themes of Visibility, Recognition, Career Development and Sustainability. In July 2024, following stakeholder consultation, the Technician Commitment Steering Group submitted a detailed action plan for 2024-2027 (<https://www.babraham.ac.uk/sites/default/files/2024-08/Babraham-Institute-Technician-Commitment-Self-Assesment-and-Action-Plan-July-2024.pdf>). Ongoing projects in 2025 under the action plan include establishing transparent career progression pathways and support, improving robust data collection, technician commitment drop-in sessions and developing a series of internal technician commitment themed events.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### ENAGEMENT WITH EMPLOYEES (CONTINUED)

Progress is now being made towards meeting the objectives of the 2024-27 Action Plan, with the new 3-year plan led by Technician Commitment Steering Group Chair, Laura Durrant. ([www.babraham.ac.uk/people/technician-commitment](http://www.babraham.ac.uk/people/technician-commitment)).

The third Animal Technician Conference was held at the Institute in October 2024, organised by members of the Institute's animal facility (Biological Support Unit). Successes for members of the cohort in winning external awards include: Two technical specialists shortlisted for the 2025 Papin Prize: Simon Andrews, Head of the Bioinformatics Team for his longstanding contributions to research and Rita Dapaah, Flow Cytometry Assistant, for her exceptional performance as an Early Career technical specialist. Dr Rachael Walker is shortlisted as a finalist for the 2025 Cambridge Independent Science and Technology Awards. Three technical specialists: Juliet Emery, Head of Science Technical Services; Laura Durrant, Genomics Specialist; and Megan Hamilton, Head of our Genomics facility, each completed the Herschel Programme for Women in Technical Leadership.

The mental health and wellbeing of our staff is paramount, and the Institute has a number of ways to support staff. The Employee Assistance Programme (EAP) is a 24-hour helpline for Institute staff, including financial, legal, relationship and emotional support as well as telephone counselling. We continue to operate a Mental Health First Aider (MHFA) scheme (started 2020), training volunteers from across the Institute as Mental Health First Aiders to act as a first point of contact for staff who are experiencing a mental health issue or emotional distress and to help signpost staff to the appropriate support. Additionally, we introduced the Access to Work Mental Health Support service delivered by Remploy which provides support to individuals who are experiencing difficulties at work due to depression, anxiety, stress and/or other mental health conditions.

We strive to update and improve our wellbeing offering to staff, running several wellbeing and mental health related webinars in 2024 as well as providing staff with monthly wellbeing themes and related resources. In 2024 we continued our annual calendar of wellbeing events with the addition of various talks and craft workshops run by staff. Access to onsite health 'MOTs' as well as cycle MOTs continued the successful collaborative relationship with the Green Labs strategic initiative.

Babraham Boost, the Institute's benefits platform, provides discount shopping vouchers for staff, thus assisting with financial wellbeing particularly during the cost of living crisis. The platform also contains a wealth of wellbeing information and support and is intended to be the centralised repository for all of the Institute's staff benefits provision, thus providing easy and quick access to the benefits available.

Remuneration of key management personnel is set annually by the Senior Remuneration Committee which comprises the Institute Chair and Deputy Chair along with at least one other trustee. The Committee is chaired by the trustee appointed to oversee HR matters on behalf of the Board. In line with government requirements, the Institute continues to publish its Gender Pay Gap figures annually: (<https://www.babraham.ac.uk/work-and-study/e4s/gender-pay-gap>).

#### SUMMARY PUBLIC BENEFIT STATEMENT

The charitable purpose of the Institute is to advance education, specifically to increase public learning and knowledge in the field of biological and biomedical sciences and also to provide training leading to a higher degree (PhD) in research techniques and provide a significant contribution to collective knowledge and impact in specific areas of study and expertise. The Trustees are mindful of their collective responsibility to ensure that the charity complies with public benefit guidance issued by the Charities Commission

#### ACHIEVEMENTS AND PERFORMANCE

Key performance indicators focussing on non-financial performance during the reporting year are detailed below. The choice of performance indicators is based on readily available information which provides a useful comparison of achievements this financial year to last year.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

#### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

##### Number of publications

The Institute's research continues to have biological / biomedical relevance and impact. Potentially a very wide cross-section of the public will benefit from our understanding of the ageing process and as a result of the translation of our findings into new medicines or treatments. Given the broad scope of our work, its relevance to everyone through their lifecycle, and our commitment to maximising research impacts through knowledge sharing with politicians, industry, policy organisations, charities, health and care services, we believe the Institute is making vital contributions to the future wellbeing and economy of the UK and beyond. In 2024 (calendar year) the Institute's scientists published a total of 79 (2022: 101, 2023: 96) full and refereed research and review articles in journals. Papers from the 2024-2025 year have already been cited 300 times.

A full bibliographic list of all scientific publications is available on our website ([www.babraham.ac.uk/publications](http://www.babraham.ac.uk/publications)) and under each group's webpage. As with all scientific research organisations, these publications are the main immediate tangible output of the Institute's activities.

##### New Grants

The Institute, during the year, continued to seek additional external funding from various sources both within the United Kingdom, European Union and further afield. The number of new grants with a start date in 2024-2025, by funding source and the total awarded, are below:

	2024-2025		2023-2024		2022-2023		2021-2022	
	Number	£'000	Number	£'000	Number	£'000	Number	£'000
UKRI-BBSRC	3	1,363	7	1,349	3	1,218	3	1,154
UKRI-MRC	3	1,218	0	0	1	1,418	3	1,263
European Commission	1	192	3	2,124	4	3,383	2	243
Industry, levy boards	7	851	8	672	7	544	1	295
Trusts, foundations, charities, foreign governments	4	341	7	8,870	1	137	6	4,579
	<b>18</b>	<b>3,965</b>	<b>25</b>	<b>13,015</b>	<b>16</b>	<b>6,700</b>	<b>15</b>	<b>7,534</b>

The decrease in grants for 2024-25 stems from a shift in researcher activity during the previous year. In 2023, with researchers heavily focused on preparing for the Institute Assessment Exercise, this led to a reduced number of grant proposals being submitted. As is standard, grant income typically follows a one-year lag: proposals submitted in one financial year generate income in the next. Because fewer proposals were submitted in 2023, the impacts are seen in 2024-25 figures.

As in past years, identifying, applying for, and securing new external funding sources remains a high priority for the Institute. Notable successes this year highlight the Institute's scientific strength and collaborative reach:

- LIPID MAPS Collaborative Grant (£1.3M, MRC):**  
 The Babraham Institute, in partnership with Cardiff University and the University of California San Diego, has secured a £1.3 million MRC grant to support the continued development of *LIPID MAPS*, the world's largest curated lipid database. This resource plays a critical role in advancing our understanding of lipid biology and its involvement in diseases such as cardiovascular disease and dementia, underscoring the Institute's contribution to international lipidomics research.
- Marie Skłodowska-Curie Postdoctoral Fellowship – Dr Teruhito Ishihara:**  
 Dr Teruhito Ishihara has been awarded a prestigious Marie Curie Fellowship to undertake research within the Epigenetics ISP, under the supervision of Professor Gavin Kelsey. His work will focus on epigenetic regulation and further reinforces the Institute's commitment to fostering outstanding early career researchers.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

#### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

##### New Grants (continued)

- Leverhulme Early Career Fellowship – Dr Irene Zorzan:**  
 Dr Irene Zorzan has been awarded a Leverhulme Early Career Fellowship, supporting her independent research and development as an emerging leader in her field.

#### PUBLIC ENGAGEMENT

##### Overview

The Institute’s vision is of an open, transparent and accountable organisation that is leading in its contribution of science to culture, society, economic development and growth. The Institute is recognised nationally as a leader in scientific public engagement. Public Engagement is embedded within Institute research with a focus on two-way interactions between researchers and public groups to ensure that all parties benefit. The Institute’s Public Engagement Team supports a varied and dynamic programme to help researchers and staff engage with students, teachers, community groups, family and adult audiences. This support includes: delivering a core programme of engagement opportunities, providing training in public engagement, enabling researcher-led activities through provision of seed funding, providing specialist advice to maximise engagement and impact opportunities in external grant applications, and championing reward and recognition practices. The figures below highlight the Institute’s commitment to these activities.

Key metrics for public engagement activities at the Babraham Institute

	2024/54	2023/24	2022/23	2021/22
Visitors to site	361	285	394	0 <sup>2</sup>
Outreach Events <sup>1</sup>	33	26	33	28
Total Public Audience Engaged	2,537	1,326	3,201	3,894
Proportion of audience being from areas of high deprivation	74%	63%	52%	26%
Website visits	208,027	202,243	159,425	127,222

<sup>1</sup>Visits to schools, science festival exhibits, public lectures, panel sessions, public dialogue workshops, hosting community tours on campus, including online / digital formats.

<sup>2</sup>No visitors to site occurred during the 2020-22 period due to the Covid-19 Pandemic.

##### Strategic Focus on Underserved Audiences

The Institute engages local, national and international audiences with a focus on developing long-term relationships with communities that are traditionally underserved by science engagement programmes. Work in the sector to assess ‘science capital’ – a measure of a person’s access to and engagement with science – has shown that people living in areas of higher deprivation have lower levels of science capital. This imbalance is highly pronounced in Cambridgeshire and East Anglia where there are postcode areas with the lowest and highest levels of deprivation. Many of these deprived areas are in rural locations which have typically been underserved by engagement programmes due to the tendency of higher education institutions to focus on areas close to Cambridge and other urban centres. In 2019 The Institute started taking steps to build foundation processes and relationships with audience groups to begin tackling the issue. Over the last year, we have continued to build on this work and have published a new strategy: (<https://www.babraham.ac.uk/sites/default/files/2025-04/Public-Engagement-Strategy-2024-2028-%286%29.pdf>) to focus our programmes to enable more equitable engagement with our research. This strategy has been positively received by stakeholders including BBSRC.

This strategy focuses on equitable access, with 74% of the 2024-2025 audience from high deprivation areas: a 20-fold increase in five years.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

##### PUBLIC ENGAGEMENT (CONTINUED)

Developing relationships with schools and community groups identified via the Government's indices of multiple deprivation have been key to this impact. This measurable progress has been very rewarding and motivating for Institute staff and continues to drive support for impactful engagement.

##### Widening Access through Partnerships

We have also strengthened links with education sector partners, such as the Youth STEMM award, to allow for more measurable and greater impact of our work. Our move to operate student placements through the In2STEM (further education student focused) and In2Research (undergraduate student focused) programmes have enabled more equitable

access to research experience at the Institute and we have seen great successes in these programmes with clear impacts on participants' next step career destinations. Both of these programmes are operated by the In2Science charity. Their work to build long-term partnerships with students from low-income backgrounds provides a route to directly engage and recruit students to the programmes and the Institute.

To date, 30 undergraduate students have participated in the Research Access Programme. Of these, 13 have gone on to apply for PhDs, with others pursuing Master's degrees or careers in related sectors. Many of the students have cited the Programme as a key enabler of their next steps, with one student from last year saying: *"Before coming to the Babraham Institute, I had very limited knowledge and connections. Just establishing myself as someone breaking into the professional world has been really useful. I've enjoyed every minute."* This programme is continually evaluated and improved to ensure students are receiving the best support and experience possible and alumni are supported to assess long-term outcomes.

##### School Audiences

This year's schools' programme saw strong outcomes, notably the return of the Sixth Form Conference. 90 students, teachers, and parents engaged in talks and a poster/art showcase, themed around proteostasis to align with Signalling ISP research. Student work was later exhibited at the Cambridge Festival, sparking further conversations with the public.

The 'BioInspire' programme continues to grow, building deeper links with key schools and offering regular opportunities for student engagement. We sponsor students for the Youth STEMM Award, now recognised in UCAS applications. An expanded online BioInspire cohort of 30 students across the UK now participates in monthly sessions with Institute staff. Sixteen researchers across roles have facilitated discussions to date. These sustained relationships support our wider schools' events such as Schools' Day, where this year 50% of student attendees came from areas of higher deprivation.

##### Community Audiences

Community engagement has included hybrid online/in-person events, including on sensitive topics such as animal research. This year, our Science Spotlight series and the launch of a new 360° BSU virtual tour enabled the public to explore working practices and animal welfare in research. A new exhibit further explains how and why mice are used in research, with positive feedback reflecting greater public confidence.

Both initiatives were supported by our internal PE Seed Fund, which backs staff-led projects. These activities align with our openness about animal research and have contributed to reducing misconceptions.

We also expanded our regional presence through events like the Royal Norfolk Show and Peterborough STEM Festival, targeting audiences in areas of deprivation. The "Big Autophagy Obstacle Course," another Seed Fund-supported project developed by two PhD students, creatively engaged the public with signalling research and reached nearly 500 people at the STEM Festival. The students were awarded the Institute's annual PE Prize for their efforts.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

##### PUBLIC ENGAGEMENT (CONTINUED)

###### The Year Ahead

Throughout the year, public engagement work has been well received by audiences, researcher contributors, funders and peers alike. Looking ahead, the Public Engagement Team aims to continue to develop relationships with traditionally

underserved audiences and provide opportunities for high quality, two-way engagement between staff and members of the public. We are also strengthening links with other BBSRC funded institutes through developing new collaborative engagement resources to enable the public to explore how Institute work fits into the wider bioscience sector at joint events across the country. This will enable the Institute to continue its leadership role in providing open, equitable and impactful engagement for public audiences with scientific research.

##### KNOWLEDGE EXCHANGE AND COMMERCIALISATION (KEC)

The Institute's Knowledge Exchange and Commercialisation (KEC) programme is designed to enhance the dissemination, impact, and—where appropriate—the commercial application of the knowledge developed and held within the Institute. This approach reflects the understanding that such knowledge results from public investment, and the Institute is committed to ensuring that this investment delivers meaningful societal and economic benefits.

Key activities include providing training in emerging scientific techniques to fellow researchers through continuing professional development (CPD), as well as active collaboration with the biotechnology and pharmaceutical industries and other research institutions. The Institute also contributes its expertise to inform science policy and strategy, both domestically and internationally, engaging with policymakers and industry leaders.

Where relevant, the Institute pursues opportunities to translate its research into practical applications through commercialisation, supported by the strategic oversight and partnership of its wholly-owned trading subsidiary, Babraham Institute Enterprise (BIE). The Institute also works with industry and stakeholders to understand their challenges and respond effectively.

On the commercialisation front, the Amniotic Epithelium project under the name of 'AmnioCam' (led by Dr Aljona Kolmogorova and Dr Peter Rugg-Gunn) was successful in securing a place on the BBSRC ICURE programme and subsequently, recommended for spin-out. AmnioCam has now been accepted as part of the 2025 cohort of the Accelerate@Babraham programme operated by the Babraham Research Campus. More particularly, the appointment of Dr Alonja Kolmogorova was supported by the BBSRC Intervention Fund and was introduced as part of a new 'Entrepreneurship Lead' scheme aimed at offering postdoctoral researchers a dedicated secondment with the KEC team to lead a BI project and gain hands-on commercial experience.

The Institute's patent portfolio has grown to a set of 16 patent families over the last year, these have strong potential clinical value in diverse clinical fields including regenerative medicine, drug discovery, sequencing, high-efficiency cell reprogramming, cancer therapeutics, traumatic brain injury, MS, cognitive decline, wound repair and ophthalmology. These filings are being actively developed to fund spin-out opportunities or high-value licensing opportunities.

A new proof-of-concept fund named the "Innovation Catalyst Fund" was created to support the development and translation of BI science. Four projects have successfully secured funding totalling £147,000. These projects will enable target validation in the field of heathspan and age-related metabolic disorders, multiomics sequencing technology business planning/strategy and vaccine development.

A new Business Development Manager role was created in the KEC team to expand the commercial activities of BI scientific facilities and enhance attractiveness of the Campus, with the newly appointed staff member starting on 1<sup>st</sup> May 2025. The post is jointly funded by the Campus (40%) and BIE (60%).

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

##### Knowledge Exchange and Commercialisation (KEC) (Continued)

On the knowledge exchange front, a FTMA grant in collaboration with Newcastle University was secured early 2024 providing support for a range of research collaborations, training opportunities, and knowledge exchange placements for Institute researchers and technicians. Under this grant, 14 short projects have so far been funded, supporting knowledge exchange across core facility management, commercialisation, grant management and research integrity fields and have initiated five collaborative research projects. The FTMA has further supported nine seminars and visits between Newcastle and BI teams,

including NU and BI visits by Group Leads, Facility Heads, Translational teams, and BI researcher participation in the inaugural meeting of the Newcastle Ageing SIG. Such supported collaborations and placements with industrial and institutional hosts have enabled exposure of technicians and research staff to a range of new commercial and academic environments and significantly enabled translational activities and market awareness across the three ISPs.

A UKRI-BBSRC Industrial Doctoral Landscape Award (IDLA) grant was submitted in February 2025, in collaboration with BRCL, University of Cambridge, Wellcome Sanger, MRC-LMB, EMBL-EBI, AstraZeneca, Alloy Therapeutics, Illumina Inc, and Cambridge cluster science parks. Bringing together these industrial and academic collaborators highlighted the role of the Babraham Institute as a key partner for the South Cambridge Life Science cluster.

The range of Institute initiated Campus events continued to develop in 2024-2025 on diverse translational, professional career and academic themes. BI is working closely with the Campus on the 3-year BBSRC Babraham Campus Impact Acceleration Account (CIAA) grant's delivery (April 2023–2026), to facilitate Campus interactions, networks, collaborations, services and training opportunities. KEC team members are part of the CIAA panel. Four CIAA Institute-Company collaborations were awarded over the reporting period and a cell sorting course funded. The CIAA grant has additionally funded the creation of an Entrepreneurship and Career network, a Mentorship network for Campus and Institute staff. Campus Network meetings (Flow, Bioinformatics, Imaging, Technicians) have been organised during the reporting period. Four CTP students participated in the 2024 Accelerate@Babraham programme and seven BI researchers participated in individual entrepreneurship sessions supported by the CIAA focused on pitching/communication and leadership. In addition to these events, the KEC team have produced nine events over the year that have showcased Babraham Institute research, innovation and leadership to a range of commercial and academic audiences. An additional six showcases to individual biotech and pharma companies were carried out.

Separate to the CIAA activities, diverse translational training opportunities continue to be provided by KEC to Institute staff and students through scholarships awarded to students and staff to enable participation in the Judge Business School's EnterpriseTECH, Newton Venture Program and the BioSpark entrepreneurship programmes. The KEC travel fund has supported eight RTPs, post-docs and PhD applicants in attending a range of conferences, raising visibility of BI science and providing cross-disciplinary and cross-sector networking opportunities. Two postdocs in Epigenetics were successful in securing places in the BBSRC ICURe Engage entrepreneurship programme. Five Babraham Institute EnterpriseTECH scholarships were awarded to BI PhD students, supporting their participation in the September 2024 cohort of the EnterpriseTech programme run by the University of Cambridge's Judge Business school.

The BIE Board has also been restructured with the appointment of senior executives Dr Iain Thomas, Dr Danielle Hoyle, Dr Laura Parton and Mr Matthew Wheeler as Non-executive Directors, bringing complementary skills in technology and preclinical/early clinical development, with backgrounds ranging from academic research, technology transfer/business development to biotech/pharma R&D. Dr Alan Watt was appointed chair of the BIE Board. In 2024-2025, Babraham Institute Enterprise Limited generated £1,244k (2023-2024: £2,036k) in revenues from the commercialisation of its assets and activities. Most of the revenues arise from commercialisation of the Institute's scientific facilities.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

#### ENVIRONMENTAL SUSTAINABILITY AND STREAMLINE ENERGY AND CARBON REPORTING

The Institute's Environmental Sustainability Vision is a commitment to making a positive impact on not only the protection of the environment but to enhance it while ensuring our research is maintained at a world class standard. The Institute's Chief Operating Officer has responsibility for environmental management.

The Institute continues to invest in energy saving opportunities exploiting funding opportunities from UKRI-BBSRC and UKRI to not only improve and reduce the carbon footprint of the Institute and its science but to maximise efficiency in its use of energy.

Latest updates include:

- The Institute continues to operate a Tri-generation CHP unit to meet the sites heat and cooling loads. The unit remains registered with the Department for Science, Innovation and Technology (DSIT) CHP Quality Assurance (CHPQA) Programme and good quality certification has been achieved.
- Low energy LED and LED Smart lighting is now installed in all Babraham Institute buildings with only the ground floor lighting of the Biological Support Unit to be changed, funding for this project has been secured this financial year.

#### 2024/25 Streamlined Energy and Carbon Report (SECR) outcomes - Emissions Data

Greenhouse Gas Emissions		2024/25	2023/24	2022/23
Scope Emissions Indicators (tCO <sub>2</sub> e)	Total Gross Emissions	5,522	6,019	5,597
	Total Net Emissions	5,522	6,019	5,597
	Gross Emissions Scope 1 (Fuel)	4,911	5,464	4,295
	Gross Emissions Scope 1 (Transport x 100)	328	285	312
	Total Scope 1 Emissions	5,239	5,749	4,606
	Gross Emissions Scope 2 (Electricity)	283	270	990
Related Energy Consumption (MWh)	Electricity: Non-Renewable	6,739,820	7,814,955	4,187,202
	Electricity: Renewable	1,381,623	1,315,586	5,121,870
	Transport	13,415	11,573	12,422
	Gas	26,901,633	29,932,343	23,527,186

#### Methodology

- The report covers the emissions for which the Institute has financial control, this was the boundary defined by the organisation.
- Utility data was collected for the past three financial years; 2022/23, 2023/24 and 2024/25 for the period 1st April to 31st March consistently.
- Measurement of Scope 1 and Scope 2 emissions were based on billing data via invoices provided by the utility supplier and recorded mileage for transport emissions.
- Reporting was based on the analysis of the data, to highlight any trends, progress towards reduction and recognised improvements.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### ENVIRONMENTAL SUSTAINABILITY AND STREAMLINE ENERGY AND CARBON REPORTING (CONTINUED)

- An Intensity Ratio of tCO<sub>2</sub>e/Full Time Equivalent was selected by the Institute to present the data on a clear and transparent like-for-like basis.
- The methodology used to compile the data was that used in the fulfilment of the regulatory requirements for the Energy Savings Opportunity Scheme (ESOS).
- There are no process emissions within the organisation and emissions from air conditioning, refrigeration units in offices buildings are excluded due to cost of data collection. These are estimated to account for less than 0.2% of the total Scope 1 emissions.
- Emissions factors used are those from the UK Government GHG Conversion Factors for Company Reporting Standard Set 2018.

#### 2024/25 and future years - Net Zero Carbon

As part of the Babraham Research Campus future 'Vision for Growth' strategy the 2040 Net Zero Carbon (NZC) target has been embedded into the joint stakeholder's commitment. The joint stakeholders UKRI-BBSRC, Babraham Institute (BI) and Babraham Research Campus Ltd (BRCL) have agreed via the vehicle of the Joint Stakeholders Programme Board to form a coordinated approach to the operational areas of the campus that come within the orbit of those stakeholders.

To this end UKRI-BBSRC, BRCL and BI have made significant investment in defining the approach to attaining operational NZC by 2040. This has come in the form of feasibility studies on the preferred approaches to Scope 1 and 2 emissions, renewables feasibility studies, but most significantly the initial commitments drawn into the Local Plan Call for Sites submission and the current ongoing outline planning application drawn-up Campus Master Plan.

The application documents contain the blueprint for both energy and operational sustainability for future growth and the overall operation of the campus. The financial commitment to these studies amounts to around £1.6m to date.

The Institute continues to invest in energy reduction schemes with its smart lighting project. Other investments include B607 Energy Centre district heating pumps replaced with inverter driven direct drive pumps, further reducing electricity consumption.

The overriding objective for the Institute and BRCL is to undertake the effectively phased replacement of all existing fossil fuel energy systems with low to zero carbon systems by 2040 at the latest.

These objectives are, as stated above contained within the outline planning application that will lead on the future energy and operational sustainability for not only the Babraham Institute but the Babraham Campus.

#### GROUP ESTATE ACTIVITIES

The Babraham Research Campus (for which BRCL has the on-going development and management responsibility) maintains a significant location for life-science companies to establish and grow in the Cambridge life science cluster.

There are over 60 organisations operating within the Babraham Research Campus. Tenants are located in a number of purpose-built buildings with both laboratory and office space. In total, occupied space is in excess of 25,000 square meters.

The campus maintains its distinct features: the co-location of world-leading academic research and commercial life-science activity, campus facilities that reflect the space needs of early-stage and scale-up companies, access to on-site science capability, and a community focussed upon human healthcare on a single site. We believe the campus is well placed for future growth and development.

#### INSTITUTE FUTURE DEVELOPMENTS

The Institute will continue to be engaged in the field of basic bioscience with a strong emphasis on research into healthy ageing. The Institute's science programmes will determine the significance of biological changes for the ageing process from

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### INSTITUTE FUTURE DEVELOPMENTS (CONTINUED)

conception onwards. With the core themes of resilience and proteostasis our goal of understanding mechanisms that promote health across the life course will benefit from the coalescence of expertise across our research programmes and facilities.

With the efforts of our Knowledge Exchange and Commercialisation team we have built a strong pipeline of entrepreneurship and commercial awareness and expect to see steady growth in activities related to research translation. In addition, the appointment of a Business Development Manager will expand commercial awareness of the Institute's facilities and inform future technology developments to meet the needs of academic and commercial researchers.

The priority is to ensure that all our UKRI-BBSRC funded research is internationally competitive with the best academic groups in our area of endeavour. We continue to prioritise the need to control costs in all categories including pay expenditure, but note the need to invest strategically to reach new collaborators and expand the reach of the Institute wherever possible.

Attracting the most gifted staff remains a strategic priority for the Institute, complemented by a 'grow your own' approach where we invest in and support existing members of our community to develop in their roles. We have successfully participated in a range of apprenticeship schemes, particularly across technical specialist roles. These strategies support the continued programme of succession planning, which remains an important issue. This will continue to be achieved through new recruitment to priority areas as well as through advancing the progression of early career scientists and other staff and ensuring that they are fully equipped to take leading roles in the future development of the organisation. We welcomed a new senior group leader to the Immunology programme in September 2025.

Having created the UK Proteostasis Network we look forward to being an active supporter of the Network as it grows to connect proteostasis researchers across specialisms and kingdoms of life.

#### GROUP FUTURE DEVELOPMENTS

The venture between BRCL and Biomed Realty Inc (BMR), a US corporation which was announced in 2022, took delivery of a new 40,000 ft<sup>2</sup> laboratory and office building in February 2024. This building was designed to accommodate companies already on the campus, wishing to grow on site. The property is currently 75% let and BRCL are supplying the facilities management services to both to the building, and the individual companies located in the property.

With regard to the future developments and in support of the agreed strategy between the campus partners (UKRI-BBSRC, the Babraham Institute and BRCL) a pre-planning application programme was initiated, funded by the freeholder UKRI-BBSRC - to allow the submission in 2025 of an outline planning application ensuring the campus is well placed for future growth.

#### RISK MANAGEMENT

The Institute Board of Trustees is responsible for ensuring there are effective and adequate risk management and internal control systems in place to manage the major risks to which the charity is exposed. The Audit Committee agrees an annual risk-based internal audit plan which covers major risks identified by management and the Board of Trustees. It receives reports from RSM internal auditors on the effectiveness of internal controls, progress against the internal audit plan and progress on recommendations made in reports. The Board of Trustees reviews a full risk report annually tracking major risks. The Science and Impact Advisory Committee (SIAC) also assess the science quality and vision covered in various sections of the risk register. The table below summarises how the Institute manages its key risks.

This year has seen the completion of a comprehensive review and update of Institute Business Continuity Plans (BCPs) – both the overarching Institute plan and departmental plans - and their supporting documentation following 2024's BCP table-top exercise involving all lead members of the Crisis Management Team.

**THE BABRAHAM INSTITUTE**

**REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025**

**RISK MANAGEMENT (CONTINUED)**

Risk Area	Description of Risk	Risk Management
<p><b>Business Sustainability</b></p>	<p>The Institute having to manage the loss or reduction of UKRI-BBSRC funding. The inability for the institute to remain financially viable, managing energy price increases, insufficient capital budget and failures to secure enough competitive grant income. A lack of technological investment at the institute to enable research.</p>	<ul style="list-style-type: none"> <li>• Annual budget setting and monitoring to ensure effective use of resources. Defined policy and procedure to spend Institute reserves and effective investment of reserves under the Treasury Management Policy.</li> <li>• Participating in a UKRI-BBSRC-wide Institute Financial sustainability agenda and Peer review process.</li> <li>• Review to ensure progress against ISPG, CCG and KEC objectives.</li> <li>• Capital Equipment Policy and Procedures in place to prioritise business cases for each UKRI-BBSRC capital equipment funding call.</li> <li>• Review and approve quality/science alignment of grants, and advising the grant applicant on how to strengthen proposals.</li> </ul>
<p><b>Reputational Maintenance</b></p>	<p>The Institute having to manage reputational damage caused by poor contribution to bioscience, scientific misconduct or an honest failure to replicate results, staff breaching the code of conduct and the threats posed by animal rights activism. A lack of technological investment at the institute which degrades reputation.</p>	<ul style="list-style-type: none"> <li>• Effective Public Engagement strategy in place to raise Institute's profile. Events / conferences for the scientific community to raise the Institute's profile.</li> <li>• Scientific collaborations to raise the Institute's profile.</li> <li>• Showcasing the Institute through external communication mechanisms, including the website, social media, the science annual report and press engagement.</li> <li>• Biennial Research Integrity Assurance Review (including Lab notebook OneNote procedures).</li> <li>• Promotion of a good Research Integrity Culture through policies.</li> </ul>
<p><b>IT System Failure</b></p>	<p>The Institute being subject to a cyber-attack, threats due to unresolved system vulnerabilities, the lack of training of knowledge of staff or negligence. The risk of a major incident on site such as a power outage, fire, flood etc effecting on site data centres.</p>	<ul style="list-style-type: none"> <li>• Continual review of IT procedures, assessment of new risks as they develop and regular system upgrades to ensure systems are fit for purpose.</li> <li>• Maintain Network Security. Urgent recommendations (e.g., critical vulnerabilities) are implemented in response to notifications from Janet CSIRT service (the network provider for UK Education, Research and other public sector entities) and other notification services. Cyber Essentials Certification in place.</li> <li>• Multi-layered backup strategy in place.</li> <li>• IT staff are trained in IT security and have regular CPD in this area to ensure knowledge is up to date. Regular training and communication to staff on new and existing threats to build knowledge and awareness.</li> <li>• Secure authentication strategy in place for all system and account access.</li> </ul>
<p><b>Business Continuity</b></p>	<p>The Institute is unable to continue day to day operation due to severe business disruption to science and research.</p>	<ul style="list-style-type: none"> <li>• Equipment and logistical steps in place along with ensuring policies and SOPs are fit for purpose and reflect current best practice. Supply chain resilience is built in as far as possible.</li> <li>• A reciprocal agreement is in place to use facilities at the CRUK Cambridge Institute as an emergency centre.</li> <li>• Business Continuity Plan and Crisis Management Team is in place to provide a framework and table top exercises annually.</li> <li>• Commercial insurance in place to cover financial loss through business disruption.</li> </ul>

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

#### RISK MANAGEMENT (CONTINUED)

Risk Area	Description of Risk	Risk Management
<b>HR Management</b>	The Institute is unable to recruit and retain staff due to staff burnout, inadequate team resources and poor planning.	<ul style="list-style-type: none"> <li>• Attractiveness of the Babraham Research Campus and good infrastructure such as provision, housing, parking, etc.</li> <li>• Competitive pay scheme and benefits including research support package. Benchmarking of pay and benefits with other organisations to ensure parity.</li> <li>• Provision and maintenance of excellent science facilities and equipment and support for immigration licenses and visas and an employee assistance programme to support staff wellbeing.</li> </ul>

Within BRCL, the Directors carry out regular reviews of the risks to which the company may be exposed both at regular Board Meetings and through the company's Audit Committee. Where necessary the company can call upon the Group's internal auditors RSM to act as an independent internal audit service. The principal strategic risks considered by the BRCL board include:

- Global Economics and Political Changes
- Increase in local market competition
- Investment into the life-science sector
- Rent Negotiations with UKRI-BBSRC

#### FINANCIAL REVIEW

During the year, the total group reserves decreased from £159m to £156m, with details of the movement in group funds shown in the Statement of Financial Activities on page 31.

The individual results within the group are detailed below.

#### BABRAHAM INSTITUTE

Overall results for the Babraham Institute show a decrease in total funds from £144m to £140m. Restricted revenue funds decreased by £5,230k, Restricted Capital funds increased by £144k and Unrestricted Revenue funds increased by £946k totalling a decrease of £4,140k across all funds.

The Institute's surplus on unrestricted funds for the year of £946k compared to a deficit of £1,855k last year, with 2024/25 including a transfer of £4.5m from Restricted Revenue funds.

The operating deficit before investment gains, depreciation and transfers is £4,172k and £2,743k respectively for 2025 and 2024 – per the table below ;

	2025 £'000	2024 £'000
<b>Operating Deficit before Investment gains/losses, depreciation and transfers</b>	<b>(4,172)</b>	<b>(2,743)</b>
Depreciation	(7,732)	(6,842)
Loss on disposal of fixed assets	(252)	-
Transfers from capital and revaluation reserves	8,067	7,038
Transfers from restricted revenue reserves	4,598	-
Fair Value adjustment to investment properties	-	(1,200)
Investment Income (dividends and interest)	91	75
Investment gains - realised and unrealised	346	1,817
<b>Surplus/(Deficit) for year – unrestricted funds</b>	<b>946</b>	<b>(1,855)</b>

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### FINANCIAL REVIEW CONTINUED

The movement on operating results from £2,743k deficit to £4,172k deficit mainly relates to increases in salary costs in the year (£618k) and a fall in rental and facility income (£935k). Other income and costs remain comparable to the previous year.

Annual revaluations within the Institute (£3,059k) to land and buildings have further increased capital reserves in the year (note 9). Capital funds within the Institute continue to be released from capital reserves against depreciation charges in the year. During the year £5,151k of capital funding was received (2024: 4,534k).

The Institute continues to maximise its returns on funds by holding investments managed by Royal Bank of Canada (RBC). This allowed the Institute to benefit from investment income of £91k in the year (2024: £75k), together with unrealised gains of £346k (2024 : £1,871k) on investments held.

The Institute has appointed RBC to be its investment manager to implement the specific treasury management actions that will be required to apply the overall Treasury Management Policy.

The Treasury Management Policy within the Institute is reviewed annually, with the aim of the policy being to ensure ;

- that adequate short term liquid funds are always available to the Institute in order to meet all cash requirements as they fall due.
- that flexible, competitively priced funding is available to the Institute at all times should unexpected cash needs arise so as to avoid breaking any long-term investments.
- the most competitive return on surplus cash resources within an agreed risk profile.
- all financial risks are identified and managed, including interest rate, credit and exchange rate risks arising from operating activities.

Regarding environmental, social, and governance (ESG) factors, the investment policy adopts investment strategies which seek to minimise and ideally eliminate irresponsible corporate behaviour and also reflects on the key challenges of climate change. The Institutes appointed investment managers that will be accountable to the Institute in terms of financial performance and adherence to commitments made on issues of social responsibility and sustainability.

The Institute has continued to actively monitor its cost base and strive for efficiency savings where possible to ensure the Institute continues to maximise its operations based on the funding received. Looking to the future the Institute continues to remain on a tight financial budget and a longer-term focus will need to be placed upon continuing to seek and secure fresh income streams.

#### BABRAHAM RESEARCH CAMPUS LIMITED (BRCL)

The profit for the year after taxation amounted to £465k (2024: £1,541k). The reduction in profitability compared with the prior year primarily reflects the costs incurred on refurbishment projects undertaken across certain buildings during the year, together with voids in rental space, which has impacted rental and service charge income and landlord void rates costs.

Gift aid of £383k (2024 : nil) was paid to the Babraham Institute.

#### BABRAHAM INSTITUTE ENTERPRISE LIMITED (BIE)

Babraham Institute Enterprise Limited made a profit after tax of £270k (2024: profit £618k). Operating results (before depreciation, amortisation and investments gains) are £222k profit for 2024/25 and £209k profit for 2023/24. Turnover (including licencing income) for the year of £1,247k compared to £2,036k for the previous year, a decrease of £789k, due to a reduction in income from science facility use to commercial customers. This decrease in activity also led to lower costs of £711k in the year, and these movements account for the change in operating results.

Gift aid of £200k (2024: £534k) was paid in the year to Babraham Institute, the higher gift aid value in 2024 being gift aid for 2022/23 and 2023/24 paid in one year.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

#### RESERVES POLICY

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

- Future operational and capital expenditure requirements
- Potential financial risks identified in the Risk Register
- Funding required for strategic investments not included in the operating budget
- Working capital / liquidity requirements

The Trustees have reviewed the reserves of the Group. The review encompasses the nature of the income and expenditure streams, the need to match variable income with fixed commitments, and the nature of the reserves. The Trustees concluded that to facilitate long-term planning they aim to achieve free reserves of £19m, covering 3 months working capital and any other financial obligations should the business cease to operate. At 31 March 2025, total reserves (excluding Minority Interests) were £146M (2024: 158M) – analysed below ;

	2025	2024
	£'000	£'000
Unrestricted Revenue Reserves	21,515	20,278
Restricted Revenue Reserves	818	6,048
Restricted Capital Reserves	45,873	46,729
Revaluation Reserve	78,188	77,196

The Trustees are satisfied that there are sufficient free reserves (£19.8m) to provide the necessary funds to mitigate financial risks associated with operational and capital expenditure identified in the Risk Register. Free reserves (as compared to unrestricted reserves of £21.5m) excludes less liquid assets (fixed assets, stock etc) which cannot be readily converted to cash.

#### PRINCIPAL FUNDING SOURCES AND REVIEW OF EXPENDITURE

The Babraham Institute is one of eight Institutes receiving strategic funding from the UKRI-BBSRC. Funding is derived from our principal sponsor, the UKRI-BBSRC, together with external grants or fellowships competitively gained from other research councils, charities and industry.

Expenditure incurred as analysed in the Statement of Financial Activities relates to Charitable Activities, including support costs. Commercial trading activities are shown separately.

Staff costs remain the largest single component of group expenditure £19.9m (2024: £19.1m), followed by repairs and maintenance costs £6.8m (2024: £4.3m), energy costs £5.5m (2024 : £4.9m), consumables (laboratory and general) £4.1m (2024: £4.1m) and rent, rates and insurance £2.8m (2024: £2.5m).

Total expenditure for the year of £55.1m compares to £49.5m in 2023-24 an increase of £5.6m. Increases in repairs and maintenance (£2.6m), depreciation charges (£1.0m), salary costs (£0.8m), fuel charges (£0.6m) and loss on disposal of fixed assets (£0.5m) account for the majority of the increase in expenditure in this reporting year.

#### GOING CONCERN

The Babraham Institute is dependent on various funding sources including UKRI-BBSRC to meet its liabilities as they fall due within future years. The current funding model is not sufficient to meet costs, and the institute is expecting net cash outflows for the going concern period. To this extent, a release of BBSRC restricted revenue funds (£500k) will also form part of future years funding. As part of the quinquennial Institute Assessment Exercise (IAE), completed in 2023/24, funding has now been confirmed for 2024/25 and 2025/26 and provisional funding allocations set for the next two years to 2027/28 at £11.5m per annum. As part of financial forecasting, a base case scenario in regard to both income and expenditure which continued to show a steady decline in cash/investments, has been forecast up to 12 months from signing to 31 December 2026.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

#### GOING CONCERN (CONTINUED)

Forecasts will include elements of estimations, however the level of uncertainty in our plans is not considered material.

UKRI-BBSRC continues to invest significant capital funds (£5.1m in 2024/25) and indicates that the Institute remains a key strategic organisation within the wider UKRI-BBSRC research community. The Institute continues to review its operating costs, with a restructuring process underway which will lead to a reduction in operating costs in 2025/26. This focus on long-term financial sustainability remains, with additional planned future cost savings in 2026/27.

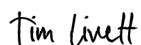
Given that ;

- the Institute has now received indicative funding for the next three years from UKRI-BBSRC to 2027/28
- the Institute does not envisage any issues with UKRI-BBSRC Strategic funding in this four-year period (2024/25 to 2027/28)
- UKRI-BBSRC have provided additional support by way of an energy grant for 2025/26 of £900k
- UKRI-BBSRC funding assurance reviews regarding financial management are positive
- the Institute will continue to review its cost base with a view to restructure and reduce operating costs, with Trustees identifying actions to mitigate existing and future cost pressures which risk going concern

Therefore, the Trustees believe that a combination of confirmed grant funding and commercial income, existing available free cash and investment reserves held by the Institute and its subsidiaries, provide assurance that the group can continue to fulfil its mission and objectives.

Accordingly, after making appropriate enquiries and reviewing the going concern scenario, the Trustees consider the Group and Parent Charity have adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements have been prepared on a going concern basis.

**The Trustees' Report incorporating the Strategic Report was approved on behalf of the Board**



**Mr T Livett**

**Chairman of the Audit Committee, Trustee and Member**

Date: 18/12/2025

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE

---

#### OPINION

We have audited the financial statements of The Babraham Institute (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended **31 March 2025**, which comprise **the Consolidated Statement of Financial Activities – incorporating the Income and Expenditure Account, Balance Sheets, Consolidated Statement of Cashflows** and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at **31 March 2025** and of the group's incoming resources and application of resources including, **its** income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: Accounting and Reporting by Charities, 2019 Edition; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### BASIS FOR OPINION

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the group's and parent charitable company's business model including effects arising from **macro-economic uncertainties such as increased inflation in recent years, real term reduction in funding levels from Government agencies for life science research, and difficulties in attracting and retaining campus tenants**, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the group's and parent charitable company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)

---

#### OTHER INFORMATION

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

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

We have nothing to report in this regard.

#### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Directors Report prepared for the purposes of company law, included in the **Annual Report** for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors Report included in the **Annual Report** has been prepared in accordance with applicable legal requirements.

#### MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the **Annual Report**.

#### 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 charitable company, 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.

#### RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement **set out on Page 5**, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)

---

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are most applicable to the Group and the parent charitable company. We identified the following laws and regulations as the most likely to have a material effect on the amounts or disclosures in the financial statements if non-compliance were to occur; FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, Charities SORP, Companies Act 2006, and applicable Tax legislation;
- We understood how the Group and parent charitable company is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Audit Committee. We corroborated our enquiries through review of board minutes, papers provided to the Audit Committee and any correspondence received from regulatory bodies;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that increased revenue;
  - potential management bias in determining accounting estimates; especially in relation to valuation of leasehold land and buildings and investment properties; and
  - transactions with related parties.
- Our audit procedures involved:
  - evaluation of the design and implementation of controls that management has in place to prevent and detect fraud;
  - journal entry testing, incorporating data analytics, with a focus on journals meeting our defined risk criteria based on our understanding of the Group;
  - using a valuation specialist to challenge assumptions and judgements made by management in the significant accounting estimate relating to the valuation of leasehold land and buildings and investment properties;
  - testing the completeness of the Group's related party transactions through information obtained at the parent charitable company and its subsidiaries and testing that these transactions had a valid business purpose; and
  - assessing the completeness of disclosures in the Annual Report and compliance with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)

---

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- The engagement partner's assessment of the appropriateness of the engagement team's collective competence and capabilities to identify or recognise non-compliance with laws and regulations included consideration of the engagement teams':
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the Group and parent charitable company operates; and
  - understanding of the legal and regulatory requirements specific to the Group and parent charitable company.
- Relevant laws and regulations were communicated to all engagement team members. We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

#### USE OF OUR REPORT

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



**Stephen Dean**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

**London**

Date: 18/12/2025

## THE BABRAHAM INSTITUTE

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - INCORPORATING THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

	Note	Restricted revenue funds £'000	Restricted capital funds £'000	Un-restricted funds £'000	2025 Total funds £'000	2024 Total funds £'000
<b>Income from:</b>						
Charitable activities		19,378	5,151	4,329	28,858	28,837
Trading activities		-	-	17,886	17,886	17,441
Investment income		-	-	756	756	344
<b>Total income</b>	2	<b>19,378</b>	<b>5,151</b>	<b>22,971</b>	<b>47,500</b>	46,622
<b>Expenditure on:</b>						
Charitable activities		(19,378)	-	(18,347)	(37,725)	(35,550)
Raising funds		-	-	(17,275)	(17,275)	(13,405)
Taxation	7	-	-	(113)	(113)	(628)
<b>Total expenditure</b>	3	<b>(19,378)</b>	<b>-</b>	<b>(35,735)</b>	<b>(55,113)</b>	(49,583)
Profit on investments	11,12,16	-	-	717	717	158
<b>Net income/(expenditure)</b>		<b>-</b>	<b>5,151</b>	<b>(12,047)</b>	<b>(6,896)</b>	(2,803)
<b>Net income/(expenditure) for the year is attributable to:</b>						
The parent undertaking		-	5,151	(12,060)	(6,909)	(3,188)
Minority interest		-	-	13	13	385
		<b>-</b>	<b>5,151</b>	<b>(12,047)</b>	<b>(6,896)</b>	(2,803)
<b>Transfers</b>						
Release of capital funds/transfers	17	(5,230)	(8,067)	13,297	-	-
<b>Other recognised gains and losses</b>						
Gain on revaluations of tangible fixed assets	9	-	3,060	-	3,060	5,259
<b>Other recognised gains for the year is attributable to:</b>						
The parent undertaking		-	3,060	-	-	5,259
Minority interest		-	-	-	-	-
		<b>-</b>	<b>3,060</b>	<b>-</b>	<b>3,060</b>	5,259
Movement in funds attributable minority interests	11	-	(8)	(13)	(21)	(385)
<b>Net movement in funds</b>		<b>(5,230)</b>	<b>136</b>	<b>1,237</b>	<b>(3,857)</b>	2,071
Balances brought forward	17	6,048	123,925	20,278	150,251	148,180
<b>Balances carried forward at 31 March 2025</b>	17	<b>818</b>	<b>124,061</b>	<b>21,515</b>	<b>146,394</b>	150,251

All amounts relate to continuing activities. All recognised gains and losses are included in the consolidated statement of financial activities. The notes on pages 35 to 59 form part of these financial statements.

## THE BABRAHAM INSTITUTE

REGISTERED NUMBER: 03011737

### BALANCE SHEETS AT 31 MARCH 2025

	Note	Group		Institute	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	8	379	353	-	-
Tangible assets	9	113,674	111,410	112,662	110,540
Investment properties	10	-	1,800	-	1,800
Investments	11,12	22,338	25,001	26,374	29,131
		<b>136,391</b>	138,564	<b>139,036</b>	141,471
<b>Current assets</b>					
Stocks	13	352	371	130	136
Debtors	14	6,830	7,395	4,053	5,111
Cash at bank and in hand	21	20,215	23,412	2,254	5,242
		<b>27,397</b>	31,178	<b>6,437</b>	10,489
<b>Creditors: amounts falling due within one year</b>	15	<b>(11,582)</b>	(13,534)	<b>(5,421)</b>	(7,768)
<b>Net current assets</b>		<b>15,815</b>	17,644	<b>1,016</b>	2,721
<b>Total assets less current liabilities</b>		<b>152,206</b>	156,208	<b>140,052</b>	144,192
<b>Debtors: amounts falling due after more than one year</b>	16	<b>2,688</b>	2,522	-	-
<b>Net assets</b>		<b>154,894</b>	158,730	<b>140,052</b>	144,192
<b>Funds</b>					
Restricted capital fund		45,873	46,729	45,847	46,695
Revaluation Reserve		78,188	77,196	78,188	77,196
	17	<b>124,061</b>	123,925	<b>124,035</b>	123,891
Unrestricted funds	17	21,515	20,278	15,199	14,253
Restricted revenue fund	17	818	6,048	818	6,048
		<b>146,394</b>	150,251	<b>140,052</b>	144,192
Minority Interests	11	8,500	8,479	-	-
		<b>154,894</b>	158,730	<b>140,052</b>	144,192

The Institute includes in its financial statements leasehold land and buildings owned by third parties, these are detailed further in notes 9 and 10.

These financial statements were approved by the Board of Trustees and authorised for issue on 18/12/2025

*Tim Livett*

**Mr T Livett**  
Chairman of the Audit Committee, Trustee and Member

The notes on pages 35 to 59 form part of these financial statements.

## THE BABRAHAM INSTITUTE

## CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025		2024	
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net Income/Expenditure		(6,896)		(2,803)	
<i>Adjusted for</i>					
Depreciation charges	9	8,154		7,177	
Amortisation of intangible assets	8	40		29	
Profit on disposal of fixed assets		525		(10)	
(Reversal)/Impairment of investments	11	(32)		1,659	
Capital grants received	2	(5,151)		(4,534)	
Tax charge	7	113		(628)	
Interest received	2	(756)		(344)	
Decrease/(Increase) in stocks	13	19		(34)	
Decrease/(Increase) in debtors	14	1,232		(499)	
(Decrease)/Increase in creditors	15	(1,724)		15	
Tax (paid)/recovered		(1,004)		725	
<i>Net cash (used)/provided by operating activities</i>			(5,480)		753
<b>Cash flows from investing activities</b>					
Interest and investment income received	2	756		344	
Payments to acquire intangible fixed assets	8	(88)		(128)	
Payments to acquire tangible fixed assets	9	(5,843)		(4,712)	
Payments to acquire investments (net of fees)	12	(12,971)		(11,515)	
Receipts from sale of tangible fixed assets		34		20	
Receipts from sale of investments		12,186		9,768	
Cash funds withdrawn from investments held	12	3,058		1,675	
Capital grants received	2	5,151		4,534	
<i>Net cash provided/(used) by investing activities</i>			2,283		(14)
<b>Change in cash and cash equivalents in the reporting period</b>			(3,197)		739
<b>Cash and cash equivalents at the beginning of the reporting period</b>			23,412		22,673
<b>Cash and cash equivalents at the end of the reporting period</b>			20,215		23,412

The net debt reconciliation is shown in Note 21.

The notes on pages 35 to 59 form part of these financial statements.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES

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

##### 1.1 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 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The particular accounting policies adopted in the preparation of the financial statements are set out below and have been applied consistently with the previous year.

##### 1.2 Going Concern

The Babraham Institute is dependent on various funding sources including UKRI-BBSRC to meet its liabilities as they fall due within future years. The current funding model is not sufficient to meet costs, and the institute is expecting net cash outflows for the going concern period. To this extent, a release of BBSRC restricted revenue funds (£500k) will also form part of future years funding. As part of the quinquennial Institute Assessment Exercise (IAE), completed in 2023/24, funding has now been confirmed for 2024/25 and 2025/26 and provisional funding allocations set for the next two years to 2027/28 at £11.5m per annum. As part of financial forecasting, a base case scenario in regard to both income and expenditure which continued to show a steady decline in cash/investments, has been forecast up to 12 months from signing to 31 December 2026. Forecasts will include elements of estimations, however the level of uncertainty in our plans is not considered material.

UKRI-BBSRC continues to invest significant capital funds (£5.1m in 2024/25) and indicates that the Institute remains a key strategic organisation within the wider UKRI-BBSRC research community. The Institute continues to review its operating costs, with a restructuring process underway which will lead to a reduction in operating costs in 2025/26. This focus on long-term financial sustainability remains, with additional planned future cost savings in 2026/27.

Given that ;

- the Institute has now received indicative funding for the next three years from UKRI-BBSRC to 2027/28
- the Institute does not envisage any issues with UKRI-BBSRC Strategic funding in this four-year period (2024/25 to 2027/28)
- UKRI-BBSRC have provided additional support by way of an energy grant for 2025/26 of £900k
- UKRI-BBSRC funding assurance reviews regarding financial management are positive
- the Institute will continue to review its cost base with a view to restructure and reduce operating costs, with Trustees identifying actions to mitigate existing and future cost pressures which risk going concern

Therefore, the Trustees believe that a combination of confirmed grant funding and commercial income, existing available free cash and investment reserves held by the Institute and its subsidiaries, provide assurance that the group can continue to fulfil its mission and objectives.

Accordingly, after making appropriate enquiries and reviewing the going concern scenario, the Trustees consider the Group and Parent Charity have adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements have been prepared on a going concern basis.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of subsidiary companies - Babraham Research Campus Limited and Babraham Institute Enterprise Limited.

The results of the subsidiaries are incorporated on a line by line basis as required under the SORP.

Babraham Institute Enterprise Limited has a 40% holding in Bioscience Partnership Limited. The results of Bioscience Partnership Limited have not been included for consolidation purposes on the grounds that it is immaterial in the context of group operations.

A separate income and expenditure account dealing with the results of the charitable company has not been presented as permitted under section 408 of the Companies Act 2006. The charitable company, The Babraham Institute, is referred to as the Institute throughout the financial statements.

##### 1.4 Incoming resources

Income comprises unencumbered grants received from research councils; grant income from collaborative, commissioned and competitively awarded research projects; income from miscellaneous charitable activities; commercial and residential rents from the letting of Group controlled property; and interest earned on the investment of surplus funds.

Income is recognised when the Institute becomes legally entitled to the income and the amount can be quantified with reasonable accuracy. All core UKRI-BBSRC grants are recognised as revenue in the year they are receivable. Grant income including research grants received in advance of conditions being met is deferred until those conditions are fully satisfied.

Capital grants are recognised in the consolidated statement of financial activities when entitlement passes, and once the criteria of certainty and measurement are met.

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

Trading income, which includes rent and letting income and other income relates to non-charitable services undertaken and is recognised in accordance with the terms of the contracts entered into, reflecting the point at which the obligations have been satisfied.

##### 1.5 Fund accounting

###### *Unrestricted funds*

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

###### *Restricted funds*

Income received by way of grants, sponsorship, donation or legacy which is directed by the provider as to be applied for specific purposes is accounted for within restricted income. Awards applied within the terms dictated by the awarding authority on the acquisition or improvement of tangible fixed assets are also accounted for within restricted income funds in full. The balance of the restricted fixed asset fund is reduced by the depreciation or amortisation charges over the expected useful life of the asset. This treatment has been applied to reflect the assets being on land owned by a third party, therefore at the end of the lease they will revert to that third party (see further explanation below regarding the ownership of land and buildings).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.6 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Resources expended are classified according to the nature of the cost as follows;

Charitable activities – comprises those costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be directly allocated to such activities and those costs of an indirect nature necessary to support the charities activities.

Trading activities - represents the costs associated with trading and raising income including the Institute's rental activities and tenant services and investments. Commercial trading operations relate to income and expenditure incurred by the trading subsidiaries.

Governance costs – include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

Support costs - include all other costs that whilst not relating directly to the charity's activities are needed to support the work undertaken in the charity's pursuit of its objectives. These have been allocated to the charity's activities on a basis consistent with the use of the resource, e.g. floor area, staff numbers.

##### 1.7 Tangible fixed assets

The Institute includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The Trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institute's lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

In 2020-21 BRCL renewed its lease with its Landlord (UKRI) and rent is now payable on leasehold land and buildings owned by third parties. This lease is recognised as an operating lease and hence BRCL no longer recognises any land and buildings on its balance sheet.

Scientific buildings are those leased and used by the group for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value. Other buildings represent those buildings used for ancillary purposes. These properties are held at cost less impairment

##### 1.8 Fixed asset revaluation

Leasehold land and buildings are included at open market value where this can be established or depreciated replacement cost in the case of specialised scientific buildings. Professional valuations are reviewed periodically in the interim periods. The resulting valuations are depreciated in accordance with the depreciation policy.

##### 1.9 Depreciation

Depreciation is provided by the group to write off the cost or valuation, less estimated residual values, of all fixed assets other than assets in course of construction, evenly over their expected useful lives. It is calculated at the following rates:

- Computer equipment\* - 3 years straight line
- Non-computer equipment\*- 3-5 years straight line
- Energy Generating Plant\*- 10 years straight line
- Leasehold land and buildings- over the shorter of the period of the lease, plus any notified intended extension thereto and the estimated useful remaining life.

\*Computer equipment, Non-computer equipment and Energy Generating plant are included in Fixtures and Equipment in Note 9.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.10 Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of net realisable value and value in use.

##### 1.11 Investment property

Investment Properties represent long leasehold properties let to tenants on a commercial basis. These properties are held at open market value with any changes in value held in a revaluation reserve unless the value of the reserve is insufficient to cover a deficit when an impairment loss is put through the SOFA.

The Institute includes in its financial statements leasehold investment properties owned by third parties, that it occupies and enjoys through peppercorn leases at their full market value. The Trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Within BRCL, a single new lease was entered into in December 2020, with new terms and provisions, including the requirement to pay rent to UKRI-BBSRC. The lease is structured in a way to represent the role BRCL has in the delivery of the Campus vision on behalf of UKRI-BBSRC and to protect the significant capital investment UKRI-BBSRC has made into the Campus. The nature of the rent provisions and short surrender rights means this lease is accounted for as an operating lease. It includes assets used for leasing out to life science start up and scale up businesses, plus service and self-occupied buildings and does not recognise any valuation on the balance sheet.

##### 1.12 Intellectual property

The cost of acquired intellectual property is capitalised and written off over its useful economic life. Intellectual property assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

##### 1.13 Research and development costs

Research and development costs are written off to the consolidated statement of financial activities account as they are incurred.

##### 1.14 Grants

UKRI-BBSRC capital grants are included within restricted capital funds and released over the estimated useful economic lives of the assets funded by the grant.

##### 1.15 Stocks

Stocks are valued at the lower of cost and net realisable value.

##### 1.16 Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the statement of financial activities.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.17 Pension costs

The Institute participates in the Research Council's pension scheme for employees previously employed under UKRI-BBSRC contracts. All Institute staff are now employed under local contracts, however staff previously contributing to the Research Council's pension scheme retained the right to continue contributing to this scheme.

This is an unfunded multi-employer defined benefit scheme. Since any assets and liabilities of the scheme cannot be split between participating employers, the Institute's pension costs are accounted as for a defined contribution scheme, with costs charged to the income and expenditure account as incurred.

Contributions by all other Institute staff and those by the subsidiary undertakings (BRCL and BIE) are made to a defined contribution pension scheme and charged to the income and expenditure account as incurred.

##### 1.18 Redundancy costs

A liability is recognised for redundancy where the charity is demonstrably committed to terminating the employment of an employee. Redundancy payments are charged to the Statement of Financial Activities as incurred or at an estimated value at the reporting date.

Redundancy payments for employees who remain on UKRI- BBSRC contracts are outlined in the Civil Service Compensation Scheme Terms and approved by Joint Superannuation Services (JSS) who administer the scheme on behalf of the charity.

All other Institute staff (non UKRI-BBSRC) and those employed by the subsidiary undertakings (BRCL and BIE) are calculated in accordance with statutory provisions.

##### 1.19 Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income and expenditure account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the income and expenditure account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the statement of financial activities on a straight-line basis over the term of the lease.

##### 1.20 Taxation

The Institute is a registered charity within the meaning of the UK Taxes Acts and is, therefore, eligible to claim exemptions to income tax and capital gains tax.

The trading subsidiary companies are liable for assessment to taxation.

##### 1.21 Fixed Assets Investments (excluding properties)

Investments in subsidiaries and associates are stated at cost. To the extent that the carrying value exceeds the recoverable amount, an impairment loss is recognised. Other fixed asset investments are either held at fair value or cost less impairment. Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.21 Fixed Assets Investments (excluding properties) continued

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's funds. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of the net movement in funds since the date of the combination. Losses applicable to the minority in excess of the minority's share of net movement in funds are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

##### 1.22 Investments

Investments are shown at fair value with historical cost separately disclosed. Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities.

##### 1.23 Financial Instruments

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

##### 1.24 Cash and cash equivalents

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

##### 1.25 Creditors

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

##### 1.26 Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these estimates have been made include:

- Depreciation, which has been charged in line with the accounting policy above. The amount of depreciation charged and net book value of the assets is included in Note 9.

The items in the financial statements where these judgements have been made include:

- Land and buildings and Investment Property are held at fair value as determined by a professional valuer in line with the accounting policy 1.7 and 1.11 above. The carrying value, and valuation movements, are included in Notes 9 and 10.
- Fixed asset investments are held at fair value with regard to year end reports from Royal Bank of Canada - in line with the accounting policy 1.21 above. The carrying value, and valuation movements, are included in Note 11.
- Investments are held at fair value in line with the accounting policy 1.22 above. The carrying value, and valuation movements are based on stockbroker reports and/or other publicly available information, are included in Note 12.
- The recognition of land and buildings on the balance sheet is included in line with the accounting policy 1.7 and 1.11 above and in accordance with continuing long-term occupancy. The carrying value, and valuation movements, are included in Note 9 and 10 as determined by a professional valuer.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 2 ANALYSIS OF INCOMING RESOURCES

	Restricted revenue funds £'000	Restricted capital funds £'000	Unrestricted funds £'000	2025 Total £'000	2024 Total £'000
<b>Trading activities:</b>					
Grant Income	-	-	1,550	1,550	1,028
Goods and services	-	-	5,491	5,491	5,448
Rent	-	-	10,845	10,845	10,965
	-	-	17,886	17,886	17,441
<b>Investment income:</b>					
Bank interest and dividends receivable	-	-	732	732	318
Royalty/licence income	-	-	24	24	26
	-	-	756	756	344
<b>Charitable activities:</b>					
Grants and Donations UKRI-BBSRC					
- Competitive strategic grant	11,601	5,151	-	16,752	16,135
- Minor works	833	-	-	833	813
- Other grants	476	-	-	476	1,368
Competitive project grants	1,984	-	-	1,984	1,168
Medical Research Council	750	-	-	750	1,052
University Links	103	-	-	103	168
European Union	1,071	-	-	1,071	1,040
Industry, levy boards	715	-	-	715	180
Trusts, foundations, charities	1,845	-	-	1,845	1,865
Goods and services	-	-	2,757	2,757	3,145
Rent	-	-	1,572	1,572	1,903
	19,378	5,151	4,329	28,858	28,837
<b>Total income</b>	<b>19,378</b>	<b>5,151</b>	<b>22,971</b>	<b>47,500</b>	<b>46,622</b>
Total Income 2024	19,255	4,534	22,833	46,622	

Charitable activities relate on the whole to scientific research. Goods and services income and rental income relate to the sale of services, both scientific and non-scientific services to external companies and individuals.

Incoming resources can be geographically analysed as:

	2025 £'000	2024 £'000
UK	46,315	45,301
Europe	1,126	1,213
Rest of World	59	108
	47,500	46,622

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED

	Allocation basis	Scientific Research £'000	Governance £'000	Total 2025 £'000	Total 2024 £'000
Staff costs	Direct	7,465	147	<b>7,612</b>	7,017
Laboratory supplies	Direct	1,891	-	<b>1,891</b>	2,040
Travel and subsistence	Direct	300	8	<b>308</b>	172
Equipment and hire charges	Direct	45	-	<b>45</b>	39
Computing costs	Direct	-	-	-	3
Library	Direct	20	-	<b>20</b>	62
Legal & professional charges	Direct	31	198	<b>229</b>	216
Recruitment	Direct	9	-	<b>9</b>	12
Training	Direct	3	-	<b>3</b>	3
Other costs	Direct	389	-	<b>389</b>	231
Scientific services support costs	Use of resource	27,219	-	<b>27,219</b>	25,755
<b>Total Charitable costs</b>		<b>37,372</b>	<b>353</b>	<b>37,725</b>	35,550
Total Charitable costs 2024		35,199	351		
Commercial trading operation costs				<b>17,275</b>	13,405
Taxation (note 7)				<b>113</b>	628
<b>Total Group costs</b>				<b>55,113</b>	49,583

Restricted expenditure included in the above is £19,378k (2024: £19,255k). All other expenditure is unrestricted.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED (CONTINUED)

##### Analysis of scientific services support costs for charitable purposes

	Administration £'000	Estates £'000	Technical Services £'000	Total 2025 £'000	Total 2024 £'000
Staff costs	3,593	1,208	4,115	<b>8,916</b>	8,882
Travel and subsistence	99	1	61	<b>161</b>	177
Repairs and minor works	30	1,613	853	<b>2,496</b>	1,729
Rent and rates	792	139	-	<b>931</b>	844
Fuel and water charges	185	1,964	-	<b>2,149</b>	1,984
Equipment and hire charges	119	21	47	<b>187</b>	291
Depreciation	7,732	-	-	<b>7,732</b>	6,842
Minor works	-	4	15	<b>19</b>	818
Waste disposal	-	4	-	<b>4</b>	7
Computing costs	165	17	387	<b>569</b>	516
Legal and professional charges	117	93	41	<b>251</b>	312
Recruitment	10	-	-	<b>10</b>	16
Training	155	-	8	<b>163</b>	119
Library	37	-	228	<b>265</b>	247
Food purchases	49	-	-	<b>49</b>	56
Bad debts	-	-	-	-	3
Loss on disposal of fixed assets	252	-	-	<b>252</b>	-
Other costs	946	876	1,243	<b>3,065</b>	2,912
	<b>14,281</b>	<b>5,940</b>	<b>6,998</b>	<b>27,219</b>	<b>25,755</b>
Total Support Costs 2024	<b>12,864</b>	<b>5,322</b>	<b>7,569</b>		<b>25,755</b>

Support costs are allocated to the charity's activities on a method consistent with the use of the resource.

#### Governance Expenditure

Governance costs during the year can be analysed as

	2025 £'000	2024 £'000
Staff costs	<b>147</b>	140
Travel and subsistence	<b>8</b>	11
Legal and professional charges	<b>198</b>	200
	<b>353</b>	351

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 4 INCOMING RESOURCES AND RESOURCES EXPENDED

	Group		Institute	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Incoming resources and resources expended are stated after charging:				
Amounts payable to auditors in respect of audit services to the Institute	77	75	77	75
Amounts payable to auditors in respect of audit services to subsidiary undertakings	43	43	-	-
Amounts payable to auditors in respect of non-audit services*	16	10	6	5
Net loss/(gain) on foreign currency translations	6	(40)	6	(40)
Depreciation	8,154	7,177	7,732	6,842
Amortisation of intangible fixed assets	40	29	-	-
Profit/(loss) on disposal - fixed assets	525	(10)	252	-
Operating lease payments in respect of:				
- land and buildings	1,980	1,913	780	713
- other leases	20	12	20	12

\* Non-audit services relate to the provision of corporate tax compliance services and VAT advisory services.

#### 5 EMPLOYEES

Staff costs for all employees were as follows:

	Group		Institute	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Wages and salaries	16,304	15,708	13,559	13,073
Social security costs	1,560	1,485	1,269	1,205
Other pension costs	2,083	1,987	1,700	1,631
	19,947	19,180	16,528	15,909

The average number of employees during the year was as follows:

	2025 No	2024 No
Charitable activities	106	102
Support activities	196	196
Commercial operations	59	58
	361	356

Redundancy costs (included in wages and salary costs) during the year totalled £61k (2024: £240k). Redundancy costs relate to staff on external grants, where the grant finishes and staff are not transferred to other Institute employment. Redundancy payments are based on contractual obligations and agreed schemes.

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(CONTINUED)****5 EMPLOYEES (CONTINUED)**

The number of staff earning greater than £60,000 was:

	Group		Institute	
	2025 No	2024 No	2025 No	2024 No
£ 60,000 - £ 69,999	<b>19</b>	17	<b>19</b>	15
£ 70,000 - £ 79,999	<b>10</b>	11	<b>9</b>	10
£ 80,000 - £ 89,999	<b>9</b>	4	<b>9</b>	3
£ 90,000 - £ 99,999	<b>1</b>	2	-	1
£100,000 - £109,999	<b>1</b>	2	<b>1</b>	1
£110,000 - £119,999	-	1	-	1
£120,000 - £129,999	<b>2</b>	2	<b>1</b>	1
£130,000 - £139,999	<b>3</b>	2	<b>3</b>	2
£150,000 - £159,999	<b>1</b>	-	-	-
£160,000 - £169,999	<b>1</b>	1	<b>1</b>	1
£170,000 - £179,999	<b>1</b>	1	-	-
	<b>48</b>	43	<b>43</b>	35

Within the Institute, the number of staff earning over £60,000 for whom retirement benefits are accruing under defined contribution schemes amount to 31 (2024: 21) and the amounts paid in the year were £268,261 (2024: £181,382).

The number of staff earning over £60,000 for whom retirement benefits are accruing under the RCUK pension scheme amount to 12 (2024: 14) and the amounts paid in the year were £298,771 (2024: £317,718).

**6 REMUNERATION AND BENEFITS – TRUSTEES AND KEY MANAGEMENT PERSONNEL**

None of the members of the Board of Trustees received any remuneration from the Institute during the year. Aggregate expenses incurred by 11 (2024: 14) Trustees in respect of travelling costs totalled £8,100 (2024: £10,674).

Key management personnel includes staff within the highest two pay bands within the Institute. This comprises the Institute Director, Chief Operating Officer, heads of each of the science programmes, plus one other senior group leader - who form part of Babraham Executive Committee (BEC).

The aggregate remuneration for key management personnel during the year was £1,087k (2024: £1,033k). There were no other transactions with key management personnel during the year (2024: none).

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(CONTINUED)****7 TAXATION**

	Group		Institute	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
<b>Corporation tax</b>				
Current tax on profits for the year – BRCL	209	738	-	-
Tax Relief in respect of gift aid – BRCL	(96)	-	-	-
Current tax on profits for the year - BIE	-	4	-	-
<b>Total Current Tax</b>	<b>113</b>	<b>742</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>				
Origination/reversal of timing differences – BRCL	-	(28)	-	-
Origination/reversal of timing differences – BIE	-	(86)	-	-
<b>Total taxation on profits for the year</b>	<b>113</b>	<b>628</b>	<b>-</b>	<b>-</b>

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

The tax assessed for the year is lower (2024: lower) than the standard rate of corporation tax in the UK of 25% (2024: 25%). The tax differences shown below refer to the trading subsidiaries, Babraham Research Campus Limited and Babraham Institute Enterprise Limited :

	Group	
	2025 £'000	2024 £'000
Surplus on ordinary activities before tax as shown in the accounts of the trading subsidiary - BRCL	769	2,643
Surplus on ordinary activities before tax as shown in the accounts of the trading subsidiary - BIE	469	536
Surplus on ordinary activities multiplied by the standard rate of corporation tax at 25% (2024: 25%).	309	795
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(21)	49
Income not taxable for tax purpose (investment gains)	-	(82)
Exempt ABGH distributions	(26)	-
Other permanent differences	37	-
Amounts relating to other comprehensive income or otherwise transferred	(50)	-
Other differences leading to an increase/(decrease) in tax charge	(40)	-
Tax relief on gift aid payment	(96)	(134)
<b>Total taxation on profits for the year</b>	<b>113</b>	<b>628</b>

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(CONTINUED)****8 INTANGIBLE ASSETS**

<b>Group</b>	<b>Intellectual Property £'000</b>
<i>Cost</i>	
At 1 April 2024	<b>447</b>
Additions	88
Disposals	(25)
<b>At 31 March 2025</b>	<b>510</b>
<i>Amortisation</i>	
At 1 April 2024	94
Provided for the year	40
On Disposals	(3)
<b>At 31 March 2025</b>	<b>131</b>
<i>Net book value</i>	
<b>31 March 2025</b>	<b>379</b>
31 March 2024	353

Intangible assets relate to intellectual property purchased by the subsidiary company Babraham Institute Enterprise Limited.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 9 TANGIBLE ASSETS

Group	Short leasehold land and buildings £'000	Fixtures and Equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 31 March 2024	97,714	40,863	138,577
Additions	-	5,843	5,843
Revaluation	(513)	-	(513)
Disposals	-	(2,270)	(2,270)
Transfer from Investment Properties	1,800	-	1,800
<b>At 31 March 2025</b>	<b>99,001</b>	<b>44,436</b>	<b>143,437</b>
<i>Depreciation</i>			
At 31 March 2024	-	27,167	27,167
Provided for the year	3,573	4,581	8,154
Disposals	-	(1,985)	(1,985)
Revaluations	(3,573)	-	(3,573)
<b>At 31 March 2025</b>	<b>-</b>	<b>29,763</b>	<b>29,763</b>
<i>Net book value</i>			
<b>At 31 March 2025</b>	<b>99,001</b>	<b>14,673</b>	<b>113,674</b>
At 31 March 2024	97,714	13,696	111,410

The Group includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value of £99m. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Group, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The only circumstance under which the Group could be asked to vacate the site is due to a failure to deliver the required programme, which in the trustees' view is highly unlikely. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £99.0m.

Babraham Institute land and buildings were valued as at 31 March 2025 by Radice Surveyors, acting as external valuer on the basis of Existing Use Value on the special assumption that the lease from the UKRI-BBSRC is ignored and the Properties are assumed to be held freehold by the Institute.

The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporates the International Valuation Standards 2017) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value - using a Depreciated Replacement Cost Approach for the specialised buildings and either a Market or Income Approach for all other buildings and land. This valuation resulted in an increase in valuation of £3,060k at the year end.

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(CONTINUED)****9 TANGIBLE ASSETS (CONTINUED)**

Properties held for the purpose of rental income are included in Investment property (Note 10).

<b>Institute</b>	<b>Short leasehold land and buildings £'000</b>	<b>Fixtures and equipment £'000</b>	<b>Total £'000</b>
<i>Cost or valuation</i>			
At 31 March 2024	97,714	36,430	134,144
Additions	-	5,279	5,279
Revaluations	(513)	-	(513)
Disposals	-	(2,226)	(2,226)
Transfer from Investment Properties	1,800	-	1,800
<b>At 31 March 2025</b>	<b>99,001</b>	<b>39,483</b>	<b>138,484</b>
<i>Depreciation</i>			
At 31 March 2024	-	23,604	23,604
Provided for the year	3,573	4,159	7,732
Disposals	-	(1,941)	(1,941)
Revaluations	(3,573)	-	(3,573)
<b>At 31 March 2025</b>	<b>-</b>	<b>25,822</b>	<b>25,822</b>
<i>Net book value</i>			
<b>At 31 March 2025</b>	<b>99,001</b>	<b>13,661</b>	<b>112,662</b>
At 31 March 2024	97,714	12,826	110,540

The Institute includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future.

The only circumstance under which the Institute could be asked to vacate the site is due to a failure to deliver the required programme, which in the trustees' view is highly unlikely. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

See note above (tangible fixed asset group) regarding the professional valuation for Babraham Institute land and buildings.

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(CONTINUED)****9 TANGIBLE ASSETS (CONTINUED)**

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £99.0m.

Properties held for the purpose of rental income are included in Investment property (Note 10).

The historical net book value of land and buildings is as follows:

	<b>Group</b>		<b>Institute</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Historical net book value at 31 March 2025	<b>18,086</b>	19,593	<b>18,086</b>	19,593

**10 INVESTMENT PROPERTY**

<b>Group</b>	<b>Long term leasehold investment properties</b>
	<b>£'000</b>
<i>Valuation</i>	
At 1 April 2024	<b>1,800</b>
Revaluation	-
Transfer to land and buildings	<b>(1,800)</b>
At 31 March 2025	-
<b>Historical net book value</b> at 31 March 2025	-

Investment properties within Babraham Institute became vacant during 2024-25 and use of the buildings reverted back to the Institute. As such, the value of investment properties has been transferred to general land and buildings prior to any revaluation. Any change in valuation at year end has now been recognised through revaluation reserves.

<b>Institute</b>	<b>Investment property</b>
	<b>£'000</b>
<i>Valuation</i>	
At 1 April 2024	<b>1,800</b>
Revaluation	-
Transfer to land and buildings	<b>(1,800)</b>
At 31 March 2025	-
<b>Historical net book value</b> at 31 March 2025	-

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 11 FIXED ASSET INVESTMENTS

Trade investments represent listed and unlisted investments held by the trading subsidiary companies. Trade investments held by subsidiary companies are in both the UK and Europe.

Group	Trade Investments £'000
<b>Market Value</b>	
At 31 March 2024	2,546
Disposals	(250)
Gains on investments	312
Impairment reversal	32
<b>At 31 March 2025</b>	<b>2,640</b>

Further listed investments are held within Babraham Institute (the parent company) of £19,698k (see note 12). Overall, group investments total **£22,338k**.

Within the Institute, Group undertakings represent the Institute's shareholding of Babraham Institute Enterprise Limited and Babraham Research Campus Limited.

Institute	Group Undertakings £'000
<b>Cost</b>	
At 31 March 2024	6,676
<b>At 31 March 2025</b>	<b>6,676</b>

Further listed investments within Babraham Institute total £19,698k (see note 12). Institute investments (non-group) are **£26,374k**.

The results and assets of its subsidiaries shown for the period ended 31 March 2025 were:

	Babraham Research Campus Limited £'000	Babraham Institute Enterprise Limited £'000	Total £'000
Turnover	18,441	1,138	19,579
Profit for the period after taxation	465	469	934
Non current assets	1,862	2,175	4,037
Current Assets	21,450	832	22,282
Current Liabilities	(7,145)	(362)	(7,507)
Net current assets	14,305	470	14,775
Non-current assets	2,688	-	2,688
Net assets	18,855	2,645	21,500

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 11 FIXED ASSET INVESTMENTS (CONTINUED)

The Institute owns 75% of Babraham Research Campus Limited (Registered in England and Wales number 03241492 address Babraham Hall, Babraham, Cambridge, Cambridgeshire, CB22 3AT) and the UKRI-BBSRC owns the remaining 25%.

The Institute continues to own 100% of Babraham Institute Enterprise Limited (Registered in England and Wales number 06331858 address Babraham Hall, Babraham, Cambridge, Cambridgeshire, CB22 3AT); both companies are incorporated in England.

The Group's share of the net assets in the subsidiary undertakings shown above are consolidated in the financial statements.

Other shareholdings held by Babraham Institute Enterprise Limited are detailed below:

- 400 "C" ordinary £1 shares representing 40% of the issued share capital of Bioscience Partnership Limited. The company continues not to trade and therefore there is no movement during the year.

The results of Bioscience Partnership Limited are not consolidated on the grounds that they are immaterial in the context of group operations.

Minority interests represent 25% of BRCL held by UKRI-BBSRC.

Minority interest	2025 £'000	2024 £'000
At 1 April 2024	8,479	8,094
Share of profit	21	385
<b>At 31 March 2025</b>	<b>8,500</b>	<b>8,479</b>

#### 12 FIXED ASSET INVESTMENTS

Listed Securities – Group and Institute	Medium Term	Long Term	2025 Total	2024 Total
<i>Market Value</i>	£'000	£'000	£'000	£'000
At 1 April 2024	2,288	20,167	22,455	22,384
Additions	1,076	11,997	13,073	11,626
Disposals	(1,076)	(11,997)	(13,073)	(11,626)
Transfers/Withdrawals	(9)	(3,049)	(3,058)	(1,675)
Investment Income	8	49	57	40
Management Charges	(11)	(91)	(102)	(111)
Realised and unrealised gains	87	259	346	1,817
<b>At 31 March 2025</b>	<b>2,363</b>	<b>17,335</b>	<b>19,698</b>	<b>22,455</b>
Historic cost of initial investment	2,174	16,408	18,582	20,338

Listed Securities represent investments held in medium term equity funds and longer-term fixed income instruments. The focus is on capital preservation and to avoid losses over the investment horizon, generating a return in excess of inflation over the long term whilst generating an income to support the ongoing activities of the Institute.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 12 FIXED ASSET INVESTMENTS (CONTINUED)

The investment portfolio includes investments which individually represent five percent or more of the total investments held. This is detailed below.

	Value £'000	Proportion of portfolio
Bluebay Funds Impact Aligned Bond	1,534	7.8%
Wellington Management Fund (Ireland) Plc	1,387	6.7%
Brown Advisory Funds Plc BA Global	1,326	7.0%
Brown Advisory Funds PLC US	1,035	5.3%

#### 13 STOCKS

	Group		Institute	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Raw materials, consumables and other stocks	<b>352</b>	371	<b>130</b>	136

#### 14 DEBTORS

	Group		Institute	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade debtors	<b>2,541</b>	3,822	<b>534</b>	1,578
Amounts owed by group undertakings	-	-	<b>841</b>	1,061
Grants receivable	<b>1,573</b>	1,092	<b>1,573</b>	1,092
Corporation Tax	<b>667</b>	-	-	-
Other debtors	<b>154</b>	268	<b>152</b>	266
Prepayments and accrued income	<b>1,895</b>	2,213	<b>953</b>	1,114
	<b>6,830</b>	7,395	<b>4,053</b>	5,111
<i>Amounts owed by subsidiary undertakings</i>				
Babraham Research Campus Limited	-	-	<b>534</b>	587
Babraham Institute Enterprise Limited	-	-	<b>307</b>	474
	-	-	<b>841</b>	1,061

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Institute	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade creditors	2,837	3,805	1,279	3,064
Amounts owed to group undertakings	-	-	471	743
Other creditors	3,592	3,722	743	697
Corporation tax	-	228	-	-
Other tax and social security	747	961	524	542
Grants in advance	3,004	3,363	1,747	1,898
EU co-ordinated programme partners	13	12	13	12
Accruals and other deferred income	1,389	1,443	644	812
	<b>11,582</b>	<b>13,534</b>	<b>5,421</b>	<b>7,768</b>
<i>Amounts owed to group undertakings</i>				
Babraham Research Campus Limited	-	-	452	703
Babraham Institute Enterprise Limited	-	-	19	40
	-	-	471	743

Reconciliation of movement in grants receivable and in advance:

	2025 £'000	2024 £'000
Grants receivable/(in advance) at 1 April 2024	(3,363)	(3,659)
Additional grants – note 2	19,378	19,255
Released during year	(19,019)	(18,959)
<b>Grants receivable/(in advance) at 31 March 2025</b>	<b>(3,004)</b>	<b>(3,363)</b>

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025  
(CONTINUED)****16 DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

Debtors falling due after more than one year of £2,688k (2024 : £2,522k) comprise deferred tax £297k and Other Debtors of £2,391k, analysed as follows ;

**Deferred Tax**

	<b>Group</b>		<b>Institute</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2024	<b>297</b>	183	-	-
Credited/(charged) to the statement of financial activities	-	114	-	-
<b>At 31 March 2025</b>	<b>297</b>	297	-	-

The provision for deferred tax is made up as follows:

	<b>Group</b>		<b>Institute</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fixed asset timing differences – BRCL	<b>297</b>	297	-	-
	<b>297</b>	297	-	-

**Other Debtors**

	<b>Group</b>		<b>Institute</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Other Debtors	<b>2,391</b>	<b>2,225</b>	-	-
<b>At 31 March 2025</b>	<b>2,391</b>	<b>2,225</b>	-	-

During the year, the shareholder loan provided to the joint venture with Biomed was adjusted by £166,000. This adjustment comprises of £107,000 in respect of accrued interest on the loan and £59,000 to reflect the present value of the loan, taking into account the expected future repayment date of April 2028.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 17 FUNDS

The incoming funds for the Institute include restricted funds comprising the following unexpended balances of donations and grants to be applied for specific purposes.

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve £'000	Unrestricted funds £'000	Minority Interests £'000	Total £'000
<b>Group</b>					
At 31 March 2024	6,048	123,925	20,278	8,479	158,730
Incoming resources	19,378	5,151	22,971	-	47,500
Expenditure, losses and taxation	(19,378)	-	(35,735)	-	(55,113)
Gain on investments	-	-	717	-	717
Transfers of funds	(5,230)	(8,067)	13,297	-	-
Gain on revaluations	-	3,060	-	-	3,060
Funds attributable to minority interests	-	(8)	(13)	21	-
<b>At 31 March 2025</b>	<b>818</b>	<b>124,061</b>	<b>21,515</b>	<b>8,500</b>	<b>154,894</b>
<b>Institute</b>					
At 31 March 2024	6,048	123,891	14,253	-	144,192
Incoming resources	19,565	5,151	7,184	-	31,900
Expenditure and losses	(19,565)	-	(19,881)	-	(39,446)
Transfers of funds	(5,230)	(8,067)	13,297	-	-
Revaluation Movement	-	3,060	-	-	3,060
Investment Losses	-	-	346	-	346
<b>At 31 March 2025</b>	<b>818</b>	<b>124,035</b>	<b>15,199</b>	<b>-</b>	<b>140,052</b>

The restricted revenue funds of £818k consist of:

- funds specifically held by the Institute for future minor building repairs of £118k
- UKRI-BBSRC Strategic grant funding and Knowledge Exchange funding of £700k

The restricted capital funds comprise:

- the assets gifted/let to the Institute from/by the UKRI-BBSRC and the revaluation of those assets, the revaluation of the subsidiary undertaking's leasehold land and related infrastructure and capital grants receivable. The expenditure movement is the depreciation on these assets.
- rebuild maintenance grants received from UKRI-BBSRC of total value of £5,068k (2024: £5,068k) are held within restricted capital funds.

As the grant requires these assets to be used for the purpose for which the grant was provided, they remain within restricted capital funds.

Details relating to the minority interest are included in note 11.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 17 FUNDS (CONTINUED)

The transfers of capital funds relate to the release of previously received capital income (held within Capital Reserves) against depreciated charges.

##### *Analysis of net assets between funds*

Fund balances at 31 March 2025 are represented by:

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve funds £'000	Unrestricted funds £'000	2025 Total £'000	2024 Total £'000
<b>Group</b>					
Intangible fixed assets	-	-	379	<b>379</b>	353
Tangible fixed assets	-	112,654	1,020	<b>113,674</b>	111,410
Investment properties	-	-	-	-	1,800
Investments	774	11,407	10,157	<b>22,338</b>	25,001
Current and long-term assets	1,823	-	28,262	<b>30,085</b>	33,700
Total liabilities	(1,779)	-	(9,803)	<b>(11,582)</b>	(13,534)
Total funds	818	124,061	30,015	<b>154,894</b>	158,730
Minority Interests	-	-	(8,500)	<b>(8,500)</b>	(8,479)
Total net assets	<b>818</b>	<b>124,061</b>	<b>21,515</b>	<b>146,394</b>	150,251
<b>Institute</b>					
Tangible fixed assets	-	112,662	-	<b>112,662</b>	110,540
Investment properties	-	-	-	-	1,800
Investments	774	11,373	14,227	<b>26,374</b>	29,131
Current assets	1,823	-	4,614	<b>6,437</b>	10,489
Total liabilities	(1,779)	-	(3,642)	<b>(5,421)</b>	(7,768)
Total net assets	<b>818</b>	<b>124,035</b>	<b>15,199</b>	<b>140,052</b>	144,192

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 18 OPERATING LEASES AND CAPITAL COMMITMENTS

The Institute and BRCL has entered into a number of operating leases for buildings, plant and machinery. The group's future minimum operating lease payments are as follows :

	Group		Institute	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Within one year	<b>1,220</b>	1,212	<b>20</b>	12
Within two to five years	<b>4,046</b>	5,254	<b>446</b>	454
	<b>5,266</b>	6,466	<b>466</b>	466

Capital commitments at the end of the financial year for which no provision has been made:

	Group		Institute	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Contracted	<b>1,573</b>	174	<b>6</b>	54

#### 19 PENSIONS

The Institute participates in the Research Council's pension scheme for employees previously employed under UKRI-BBSRC contracts. All Institute staff are now employed under local contracts, however staff previously contributing to the Research Council's pension scheme retained the right to continue contributing to this scheme. This is an unfunded multi-employer defined benefit scheme. Since any assets and liabilities of the scheme cannot be split between participating employers, the Institute's pension costs are accounted as for a defined contribution scheme, with costs charged to the income and expenditure account as incurred.

Contributions by all other Institute staff are made to a defined contribution pension scheme and charged to the income and expenditure account as incurred.

A defined contribution pension scheme is operated on behalf of the employees of the subsidiary undertakings. The assets are held separately from those of the Institute in an independently administered fund.

The pension charge represents contributions payable and amounted to:

	2025 £'000	2024 £'000
Babraham Institute	<b>1,700</b>	1,631
Babraham Institute Enterprise Limited	-	7
Babraham Research Campus Limited	<b>383</b>	349
	<b>2,083</b>	1,987

The amount of pension contributions included within creditors at the year end was £281,910 (2024: £262,768).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

#### 20 FINANCIAL INSTRUMENTS

	2025 £'000	2024 £'000
Financial assets measured at amortised cost	24,805	29,715
Financial liabilities measured at amortised cost	(8,565)	(9,931)

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, other tax and social security creditors, bank loans and accruals.

#### 21 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2024 £'000	Cash flows £'000	At 31 March 2025 £'000
Cash and cash equivalents			
Cash	23,412	(3,197)	20,215

#### 22 RELATED PARTY TRANSACTIONS

The Babraham Institute owns 75% of Babraham Research Campus Limited with UKRI-BBSRC owning the remaining 25% and owns 100% of Babraham Institute Enterprise Limited.

The value of transactions with Babraham Research Campus Limited and Babraham Institute Enterprise Limited for the reporting year and balances outstanding at the year-end are as follows:

	Babraham Research Campus Ltd		Babraham Institute Enterprise Ltd	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Income	1,373	1,513	1,002	1,691
Expenditure	(1,931)	(1,883)	(46)	(114)
Debtors at 31 March 2025				
Due within one year	452	703	19	40
Creditors at 31 March 2025	(534)	(584)	(307)	(477)

There are no debts at year end which are repayable on demand or incur interest charges.

**THE BABRAHAM INSTITUTE**

England & Wales - Charity number 1053902

---

# Accounts

---

**The Babraham Institute  
(A Charitable Company Limited  
by Guarantee)**

Annual Report and Financial Statements

Year Ended

31 March 2024

**Company Number 03011737**

**Charity Number 1053902**

**THE BABRAHAM INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

---

**CONTENTS**

**PAGE: ANNUAL REPORT**

- 2 Officers and professional advisers
- 3 Report of the trustees (incorporating the Strategic Report)

**PAGE: AUDITOR'S REPORT**

- 26 Independent Auditor's Report

**PAGE: FINANCIAL STATEMENTS**

- 30 Consolidated statement of financial activities
- 31 Balance sheets
- 32 Consolidated statement of cash flows
- 33 Notes forming part of the financial statements

## THE BABRAHAM INSTITUTE

### OFFICERS AND PROFESSIONAL ADVISERS

---

<b>TRUSTEES</b>	Prof Dame Linda Partridge FRS (Chair) Mr Graham Allen Dr James Briscoe FRS Prof Gordon Brown FRS Prof Petra Hajkova Prof Paul Lehner FRS Mr Timothy Livett Mr John Macey Ms Alexandra Pygall Prof Helen Walden Dr John Wells	
<b>MEMBERS</b>	Chairman Babraham Institute Board Chairman Babraham Institute Audit Committee UKRI-BBSRC Corporate Member	- Prof Dame Linda Partridge FRS - Mr Timothy Livett - Prof Anne Ferguson-Smith FRS
<b>SECRETARY</b>	Mr Simon Jones	
<b>REGISTERED OFFICE</b>	Babraham Institute Babraham Hall Babraham Cambridge CB22 3AT	
<b>AUDITOR</b>	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG	
<b>BANKERS</b>	Lloyds Bank Plc 4th Floor 25 Gresham Street London EC2V 7HN	
<b>INTERNAL AUDITORS</b>	RSM Risk Assurance Services LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP	
<b>INVESTMENT BANK</b>	Royal Bank of Canada 100 Bishopgate London EC2N 4AA	

**REGISTERED COMPANY NUMBER : 03011737**

**CHARITY REGISTRATION NUMBER : 1053902**

## **THE BABRAHAM INSTITUTE**

### **REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024**

---

The Trustees are pleased to present their annual Trustees' Report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 March 2024 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY**

##### **LEGAL STATUS**

The Trustees, who are the trustees of the charity and directors of the charitable company the "Babraham Institute" (BI) (registered charity in England and Wales number 1053902; a company limited by guarantee, registered in England and Wales number 03011737), present their report together with the audited financial statements for the year ended 31 March 2024. The charity is governed by a Memorandum and Articles of Association adopted 24 June 2011, and its Institute Grant Agreement with the Biotechnology and Biological Sciences Research Council (UKRI-BBSRC) by whom it is strategically funded. UKRI-BBSRC is part of UK Research and Innovation (UKRI), a body working in partnership with universities, research organisations, businesses, charities and government.

The charity has two trading subsidiaries: Babraham Research Campus Limited (BRCL) (Registered in England and Wales number 03241492) and Babraham Institute Enterprise Limited (BIE) (Registered in England and Wales number 06331858); referred to as the "Group" throughout.

##### **PRINCIPAL ACTIVITY**

The principal activity of the group and the charitable company, as set out in the Memorandum and Articles of Association, is education, through undertaking research; the dissemination of the results of such research for the public benefit and the training of research scientists. The charitable company aims to be the UK's premier research institute for work on lifelong health and healthy ageing through frontier research into molecular and cell biology and development. The chief funder of the Institute is UKRI. Operating across the whole of the UK with a combined budget of more than £9 billion, UKRI became operational on 1 April 2018 and has brought together the seven Research Councils (including UKRI-BBSRC), Innovate UK and a new organisation, Research England.

BRCL has management and development responsibilities for the Babraham Research Campus to ensure the Campus provides both the buildings and communal environment to benefit all the organisations on Campus. Its principal activities focus on supporting early stage companies and growing biomedical enterprises. This is delivered through the provision of specialised office and laboratory accommodation, access to scientific expertise and equipment (including to the Institute's eight science facilities and specialist equipment which is overseen by the Institute), and to support a research-centric community helping translate early stage science into products and services.

The primary role of BIE is to support the commercialisation of the Institute's science, and the company has responsibility for managing and commercialising the Institute's intellectual property portfolio through partnerships with industry, licencing activities, and the formation of spin-out companies. BIE also facilitates access to the Institute's cutting-edge scientific facilities for companies both on and off the Babraham Research Campus, thereby supporting the life science industry.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### STRUCTURE, MANAGEMENT AND GOVERNANCE

##### BOARD OF TRUSTEES

Up to and including the year ended 31 March 2024, the Board of Trustees consisted of up to sixteen individuals who acted as trustees and directors and are all guarantors of the charitable company, of an amount not exceeding £1, during the period of their appointment and for a year after resignation.

The following were members of the Board of Trustees during the year:

Prof Peter Rigby FRS	– resigned 1 September 2023
Mr Graham Allen	
Mr Geoff Braham	– resigned 27 November 2023
Dr James Briscoe FRS	
Prof Gordon Brown FRS	
Dr Lynne Gailey	– resigned 27 November 2023
Prof Petra Hajkova #	– appointed 1 October 2023
Prof Nic Jones	– resigned 1 September 2023
Prof Paul Lehner FRS	– appointed 1 October 2023
Mr Timothy Livett #	– appointed 27 November 2023
Mr John Macy	– appointed 27 November 2023
Prof Peter Parker FRS	– resigned 27 November 2023
Prof Dame Linda Partridge FRS	
Ms Alexandra Pygall #	
Prof Helen Walden	– appointed 1 October 2023
Dr John Wells #	– appointed 27 November 2023

# Denotes members of the Audit Committee as at 31 March 2024.

Membership of the charity consists of two Trustee Members (*ex officio* the Chair of the Board of Trustees and the Chair of the Audit Committee) and one Corporate Member, UK Research and Innovation (UKRI).

The Institute's process for Trustee recruitment combines both targeted approaches through the use of an executive recruitment agency and open application. A shortlist is compiled after review of submitted applications and shortlisted candidates are interviewed by at least the Chairman and a selection of other Trustees. Following interviews, new Trustees are appointed by the interviewing Trustees with delegated authority from the Board. Trustees are appointed for a period of up to four years from the date of appointment (usually three) and are eligible for re-appointment at the end of their term. None of the Board of Trustees holds any interest in the shares of any of the subsidiary companies.

Trustees are provided with an induction pack containing key information about the Institute, participate in a face-to-face introduction to the main operational and scientific areas of the Institute, and are offered training in trusteeship by one of the recognised training providers in this area. Most Trustees also take the opportunity to visit the Institute and meet with its wider staff, outside of a formal Board of Trustees meeting.

Separate Audit Committees operate during the year for the Institute and BRCL. Additionally, a joint audit committee is convened annually to ensure proper scrutiny of Group finances and operations and as such incorporates some of the functions of a Finance and General Purposes Committee, although most of such functions are carried out by the Board itself.

The Board delegates the day to day running of the Institute to the senior management team led by Dr Simon Cook as Institute Director.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### BOARD OF TRUSTEES (CONTINUED)

The Company Secretary and Chief Operating Officer (COO) is Mr Simon Jones. The CEO of BRCL, one of the Institute's trading subsidiaries, Mr Derek Jones, is employed on a BRCL contract. BIE is managed by senior management of the institute.

#### TRUSTEES' RESPONSIBILITIES STATEMENT

The charity's Trustees (who are also directors of the Babraham Institute for the purposes of company law) are responsible for preparing an annual Trustees' Report and 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), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP (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 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 group will continue in business

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

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

In so far as the Trustees are aware at the time of approving our annual Trustees' Report:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006

Institute governance dictates that key strategic decisions are made at the Babraham Executive Committee (BEC; chaired by the Director), which responds to advice from the Board of Directors, Scientific Advisory Panel and other key stakeholders including UKRI-BBSRC and other funding agencies. BEC is comprised of senior managers from across all functional areas, bringing a broad perspective of opinions to Institute business.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

The Institute is committed to making a positive impact not only on the protection of the environment but to enhance it, while ensuring our research is maintained at a world-class standard. The Institute has developed a bespoke action plan for sustainability, working with UK-SOS, BRCL and several campus companies. A Gold Award was received by the Institute from the SOS-UK Green Impact programme in October 2022. This award was extended to a Platinum Green Impact Award (<https://www.babraham.ac.uk/news/2023/10/institute-receives-platinum-green-impact-award>) in October 2023, reflecting continued work by the Institute's Green Labs initiative at the Institute and also with BRCL companies (15 campus companies participated in the cross-campus sustainability network as part of the SOS-UK Green Impact programme accreditation awarded in October 2023). Continuation of this work as part of the next cycle of the Green Impact programme will achieve further environmental action with expanded participation across BRCL. The vision is that the Campus is Carbon Neutral by 2040.

The Institute recognises that in order to maintain productive relationships with key stakeholders, the Institute must uphold high standards of business conduct. Operational teams hold and update relevant professional accreditations and undertake continuing personal development to ensure they are working in an effective manner. In 2020-21 a Research Integrity Steering Group was established to oversee the policies, management systems and processes supporting research integrity at the Institute. This will enable others to have confidence that our research is founded on rigour and excellence and is of the highest international quality.

The Institute has numerous mechanisms to foster relationships with key stakeholders. As the principal funder, relations with UKRI-BBSRC are maintained through many formal interactions. The Institute Director and Chair of the Board of Trustees hold regular partnership meetings with the Chief Executive of the UKRI-BBSRC. In addition, the Directors of all UKRI-BBSRC Institutes meet regularly with UKRI-BBSRC to discuss their strategic alliance. Furthermore, the Chief Operating Officer and senior members of the operations team hold frequent bilateral meetings with their counterparts at UKRI-BBSRC. Both BI and BBSRC are shareholders in the campus development company, BRCL.

As a majority shareholder the Institute maintains close and productive relationships with BRCL management and Board. One area to highlight is in regard to environmental sustainability, where representatives from complementary functional areas, including engineering and facilities management, work collectively to reduce the impact of the campus on the local and wider environment. In addition to this, the Institute and BRCL are working collaboratively on a series of knowledge exchange networking events, have coordinated on successful UKRI-BBSRC Collaborative Training Partnership (CTP) studentship programme and a UKRI-BBSRC Campus Impact Acceleration initiative, which has funded a range of Campus networking and collaborative opportunities. More details are given in the Knowledge Exchange and Commercialisation update.

Beyond the UKRI-BBSRC, the Institute is part of additional formal and informal networks. As part of the EU-LIFE alliance, a collection of independent European research institutes in the life sciences, the Institute plays a key role in building and promoting excellence in the life sciences. Institute scientists all belong to their collaborative research networks, bringing together ideas from across the globe. A notable demonstration is the inception of the UK Proteostasis Network in 2023 by two Institute leads, Dr Della David and Dr Oliver Florey, and two counterparts at the University of Cambridge, Dr Laura Itzhaki, Department of Pharmacology and Dr Ritwick Sawarkar, MRC Toxicology Unit. The Network brings together all career stages of researchers working in proteostasis-related areas, both from academic and commercial research. The Network held its inaugural conference meeting in May 2024, with over 170 attendees. Over 130 individuals across the UK have registered for updates and communications from the Network and 43 research groups are now listed as members of the UK Proteostasis Network (via the PI contact) on the Network's website. For grants running in 2023/24 the Institute had collaborations with 106 organisations across 20 countries.

The Institute continues to be committed to the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. Procurement for goods and services is provided by a wide range of suppliers and the contractual terms and conditions that the Institute puts in place with third parties are regularly reviewed and have been updated to include provisions designed to ensure that any risks of modern slavery in the Institute's supply chain are appropriately and effectively addressed. The Institute's modern slavery statement is published on its website.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

Institute science interfaces with many key areas of policy from public health to education, and from animal welfare to big data. Our life science research has significant potential to shape and inform policy on topics such as gene editing, stem cell research, human development and the effect of dietary restriction over the course of a person's life.

We also participate in broader discussions including animal welfare and the importance of the bioeconomy. A notable activity connecting future policy development and public dialogue was concluded in October 2023 with the publication of a report on a public dialogue exercise (<https://www.babraham.ac.uk/news/2023/10/public-support-extending-14-day-rule>) undertaken by the Human Developmental Biology Initiative (HDBI) and led by the Institute on public perceptions of early human embryo research. Our researchers and staff place significant value on working with policymakers and policy organisations through discussion, evidence and debate.

In 2019, the HR department commissioned a series of three employee engagement surveys (in collaboration with The Survey Initiative). The first was launched in 2020, the second in early 2022 and the final survey in early 2024. The surveys have helped to identify key issues and priorities for improvement, as well as highlighting areas of success, good practice and progress within the Institute.

In addition, the Institute completed an internal consultation project across all staff (voluntary participation) which ran from October 2023 to March 2024. This project included stakeholder interviews, focus groups, online engagement and workshops to identify the barriers and enablers hindering or supporting a positive research culture at the Institute and inform a roadmap to embed a Team Science approach across the Institute.

The Institute is committed to creating, maintaining and promoting equality, diversity and inclusivity (EDI) in all aspects of its policies, procedures and activities, and to the principles of the Equality Act 2010. Our 'equity4success' strategic initiative unites all EDI activities and regularly consults with individuals to monitor the implementation of this goal (<https://www.babraham.ac.uk/about-us/e4s>).

The Institute became a signatory to the Technician Commitment in 2019 to pledge action against the key challenges that affect our technical staff. Consultations with stakeholders identified the main objectives and a self-assessment providing contextual information about the Institute, progress to date and a detailed 24-month future action plan for embedding the Technician Commitment was developed ([www.babraham.ac.uk/people/technician-commitment](http://www.babraham.ac.uk/people/technician-commitment)). The action plan was scheduled to run from 2020; however, an extension was given due to delays from the Covid-19 pandemic (which affected Technical Specialists particularly) and then further extended to enable staff to focus on the Institute Assessment Exercise (see page 8). Following stakeholder consultation, a detailed action plan is under development for implementation from 2024, over a three-year timeframe (submitted end July 2024) with progress being overseen by a Technician Commitment Steering Group. 2023-24 saw the second Animal Technician Conference, proposed and shaped by two animal technicians, held at Babraham. Successes for members of the cohort in winning external awards include: Dr Rachael Walker, Head of the Institute's Flow Cytometry facility, received a Papin Prize in recognition of her contribution to knowledge exchange. Animal Technician Aimee Paterson was presented with the inaugural Sir Colin Blakemore Memorial Award in recognition of her passion and bravery in talking about her work in animal research.

The mental health and wellbeing of our staff is paramount and the Institute has a number of ways to support staff. The Employee Assistance Programme (EAP) is a 24-hour helpline for Institute staff, including financial, legal, relationship and emotional support as well as telephone counselling. In 2020 we established the Mental Health First Aider (MHFA) scheme, recruiting volunteers from across the Institute to be trained up as Mental Health First Aiders to act as a first point of contact for staff who are experiencing a mental health issue or emotional distress and to help signpost staff to the appropriate support. Additionally (in 2020) we introduced the Access to Work Mental Health Support service delivered by Remploy which provides support to individuals who are experiencing difficulties at work due to depression, anxiety, stress and/or other mental health conditions. We continually strive to update and improve our wellbeing offering to staff and have run a number of wellbeing and mental health related webinars in 2023 as well as providing staff with monthly wellbeing themes and related resources. In addition, in 2023 we continued our annual calendar of wellbeing events including collaborative activities with the Green Labs strategic initiative, for example cycle to work initiatives, with the second phase of Babraham Boost, Cycle2Work Scheme being launched in August 2023.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

This followed the launch of the first phase of Babraham Boost, the Institute's benefits platform which provides discount shopping vouchers for staff, thus assisting with financial wellbeing particularly during the cost of living crisis. The platform also contains a wealth of wellbeing information and support and is intended to be the centralised repository for all of the Institute's staff benefits provision, thus providing easy and quick access to the benefits available.

#### INSTITUTE ASSESSMENT EXERCISE

In 2023 Babraham Institute undertook an Institute Assessment Exercise (IAE). The IAE application sets out what the Institute will aim to deliver for the period 2024-2028 and the infrastructure needed to support that, to deliver our mission of securing health and maximising health span. It presents how our work is relevant to the global challenge of an ageing population and specifically, BBSRC's Strategic Priority of bioscience for an integrated understanding of health and wider government priorities for health. The main components of the IAE documentation are:

- Director's Statement: Comprising the Executive Summary, vision, strategic direction, social and economic impact delivery, and key outcomes from the previous funding cycle (2017-2023) plus financial overview.
- Institute Research Culture Statement: Setting out the Institute's aims, objectives and future actions for becoming a beacon of best practice for improving research culture.
- Institute Development Grant (IDG): Comprises plans for utilising the IDG as a flexible and agile funding stream to implement the aims and recommendations of BBSRC's Institute Strategy, the Knowledge Exchange and Commercialisation strategy and Open Access implementation.
- Proposals outlining our three Institute Strategic Programme Grants (ISPG):
  - Mechanisms underlying Epigenetic Resilience in Development and Ageing (Epigenetics ISP)
  - Immunity, Resilience and Repair (Immunology ISP)
  - Mechanisms governing homeostatic responses to stress across the life course (Signalling ISP)
- Core Capability Grant (CCG): Presenting the Institute's core capability to deliver the strategic plan of work set out in the IAE submission.

The Institute welcomed the inclusion of defining how we support and maintain a positive research culture and the move to team CVs, presenting the combined expertise across research and science-support roles that ensures the successful delivery of our science.

The IAE concluded in December 2023 with BBSRC confirming full funding for the Institute's ISP programmes, CCG, and other initiatives. The BBSRC assessment panel commended the Institute on its inclusive research culture confirming The Babraham Institute has been awarded £48m from BBSRC, part of UK Research and Innovation, to support its core research across epigenetics, immunology and cell signalling over the next four years. The focus of the Institute's fundamental research is to understand biology in relation to maintaining health, especially with regards to protecting and maximising good health in the later years of life.

## OBJECTIVES AND ACTIVITIES

### INSTITUTE OBJECTIVES

In the furtherance of the charitable objectives listed in the Memorandum and Articles of Association, the charitable company is guided by a comprehensive portfolio of integrated policies. Further details of the charitable company's mission can be found online ([www.babraham.ac.uk/about-us](http://www.babraham.ac.uk/about-us)). Information on funding, research activities, scientific facilities and wider Institute programmes such as public engagement, commercialisation and equality and diversity can be found in the Institute's 2021/22 review. This was reshaped in 2021 to adapt our former annual research reports into an update on the Institute's wider activities, importantly recognising the teams and people behind the Institute's success ([www.babraham.ac.uk/our-research/annual-research-report](http://www.babraham.ac.uk/our-research/annual-research-report)).

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### INSTITUTE OBJECTIVES (CONTINUED)

##### SCIENTIFIC AIMS

The Institute's research operates across three science programmes (Institute Strategic Programmes, ISPs) focusing on epigenetics, signalling and immunology and is supported by UKRI-BBSRC strategic funding (renewed through an Institute Assessment Exercise in 2023 for the period 2024-2028). The programmes work towards our overarching goal of understanding the fundamental biological mechanisms and changes underlying development and healthy ageing. Key strategic objectives include:

- Understanding the molecular and cellular basis of immunity; the interaction between the immune system and other tissues in mechanisms of resilience and repair; the role of signalling pathways in the immune system as well as the effects of ageing on the immune response and vaccination response.
- Investigating the role of signalling pathways to coordinate cellular responses in response to stress or damage, with a major focus on proteostasis, in order to apply this knowledge in the development of new strategies to maintain health.
- Examining the mechanisms that establish epigenetic states and of epigenetic inheritance, stem cell differentiation and the impact of subtle epigenetic differences on cell diversity.
- Studying the impacts of diet and other lifestyle and environmental factors on epigenetics, signalling, metabolism, health and ageing.
- Leveraging the capital investment in Institute infrastructure and equipment, in particular the state-of-the-art scientific facilities and biological support unit, to attract investment from both the public and private sectors.

Each ISP contains a number of research Group Leaders who adopt complementary approaches to address a common set of biological questions. Group leaders are either appointed as tenure-track or tenured group leaders. In 2023 Dr Hayley Sharpe successfully completed her tenure review (<https://www.babraham.ac.uk/news/2023/11/dr-hayley-sharpe-becomes-tenured-group-leader>) and became a tenured group leader. The Institute also benefits from close collaboration with six Honorary Group Leaders, appointed for an initial period of five years, to provide multi-disciplinary dimensions to our research areas.

The Institute's current Honorary Group Leaders are:

- Dr Martin Howard (appointed 2020): senior group leader at the John Innes Centre. Hosted by the Epigenetics programme.
- Professor Valerie O'Donnell (appointed 2021): Professor of Biochemistry at Cardiff University. Hosted by the Signalling programme.
- Professor Kathy Niakan (appointed in 2021 Mary Marshall and Arthur Walton Professor of Reproductive Physiology and Director of the Centre for Trophoblast Research, University of Cambridge. Hosted by the Epigenetics programme.
- Professor Wolf Reik FRS (appointed 2022): Director, Altos Labs Cambridge Institute of Science, former group leader and Director at the Babraham Institute. Hosted by the Epigenetics programme.
- Professor Adrian Liston (appointed 2023): Professor of Pathology at the University of Cambridge, former group leader at the Babraham Institute. Hosted by the Immunology programme.
- Dr Yiliang Ding (appointed 2023): group leader at the John Innes Centre. Hosted by the Immunology programme.

The Institute's three ISPs receive funding from the UKRI-BBSRC in the form of Institute Strategic Programme Grants (ISPG) awarded to each programme. Each ISPG contains a list of objectives for the term of the grant, together with time plans and resource requirements; the grants are allocated for these specific, approved projects and funding may not be diverted to diverse activities. The ISPGs are summarised in the list of objectives above and a more detailed insight into the aims of each ISPG and research group can be found in the Institute's website.

Complementing ISPG funding there is a Campus Capability Grant (CCG) supporting the Institute and its core biological research facilities. The UKRI-BBSRC also provides a Knowledge Exchange and Commercialisation (KEC) grant which is used to enable the Institute to effectively disseminate knowledge and, where appropriate, facilitate partnerships or spin-out companies to maximise the impact of Institute research to translate research into action for social and economic benefit. A key part of the KEC strategy is to partner with industry, particularly biotech and pharma companies, to translate our research and support the bioeconomy. The grant also enables the Institute to employ a team of skilled KEC specialists to support and facilitate this work.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### INSTITUTE OBJECTIVES (CONTINUED)

The Institute's research groups are structured so they can share resources, techniques and skills. Each Group Leader runs their own group and is expected to create, lead, maintain and develop an internationally competitive programme of innovative research.

Each ISP Lead is responsible for leading and co-ordinating a cohesive programme of research that contributes to the Institute's mission of understanding and helping to improve lifelong health. This involves coordinating and uniting the goals of several groups and ensuring appropriate annual reporting to the UKRI-BBSRC.

Each Group Leader is expected to raise additional funds for their research over and above the UKRI-BBSRC core ISPG funding, not only to support the critical mass of researchers needed, but also to form strong strategic partnerships with other funders (often from the medical charity sector or the biotech/pharma industry) that are interested in the translation of Babraham Institute science into technologies and discoveries with high impact for the benefit of lifelong health and wellbeing.

During 2023 a number of Group Leaders were successful in securing new funding from a range of grant funders. These included, Dr Hayley Sharpe (Signalling research programme) who was awarded an ERC Consolidatory Grant (<https://www.babraham.ac.uk/news/2023/11/hayley-sharpe-receives-erc-consolidator-grant>), Dr Martin Turner (Head of the Immunology research programme) who received a Wellcome Discovery Award, and Dr Michelle Linterman (Immunology) who as part of the new Ageing Cluster of the MRC National Mouse Genetics Network, joined the GSK Immunology Network as an academic partner in the UKRI-funded IMMPROVE (Immune Memory and Mechanisms of Protection from Vaccines) project.

The overall science direction of the Institute is determined by the Babraham Executive Committee (BEC; the senior executive committee responsible for the running of the Institute); additionally, the Science Policy Committee (SPoC; a subcommittee of BEC with additional membership from amongst the senior science staff and Grants Office) provides scientific leadership and vision and also monitors and assesses the science across all groups.

The impact of this research, for the public benefit, is a deeper understanding of the mechanisms of health and disease throughout life. The insights gained from the Institute's fundamental research aims to underpin translational research and the creation of new therapies and treatments to protect health and reduce age-related decline. Our research may also lead to changes to public advice on healthy living, wellbeing and ageing and influence public health policies.

Through understanding normal physiology in both humans and animals, the Institute's scientists are able to apply this knowledge to disease conditions, often partnering with medical research charities and organisations devoted to alleviating the effects of those particular diseases. As a fundamental research organisation, it is acknowledged that the Institute's research can be far removed from these final outcomes and there is an expectation that the translation of Institute research may take some years to come to fruition, yet over the course of its history the Institute has demonstrated its ability to deliver high-impact research advances (e.g., work on fundamental cell biology and inositol lipid signalling spanning work underpinned by discoveries made in the 1960s to current day).

Additional demonstrations include the involvement of Institute immunologists in the development of some of the world's first therapeutically useful monoclonal antibodies, leading to several monoclonal antibody drugs such as Herceptin (for metastatic breast cancer), infliximab (for Crohn's disease) and Vectibix (Panitumumab), licensed for the treatment of colorectal cancer, which was developed directly from research performed at the Institute more than a decade earlier.

#### INSTITUTE MISSION STATEMENT

- To be a world-leading life science and innovation research institution producing internationally recognised and respected science with a view to creating significant social and economic impacts through understanding and improving lifelong health.
- To maximise awareness, relevance and impact of our work through a diverse and creative programme of knowledge exchange, commercialisation, public engagement and communication. Particularly by building a reputation for collaboration, transparency and high-quality science and business acumen.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### INSTITUTE OBJECTIVES (CONTINUED)

- To provide a unique and highly successful environment, establishing Babraham Research Campus as the leading campus for bioscience start-up and developing biomedical companies and for supporting the development and growth of those organisations.

#### INSTITUTE REMIT

- The Babraham Institute is an independent charitable life sciences Institute, strategically funded by the UKRI-BBSRC, carrying out world-leading innovative research and advanced training with relevance to the biological, biotechnological, biomedical, pharmaceutical and health research and user communities.
- The Institute's research focuses on determining the mechanisms whereby cell signalling and gene regulation control normal cellular processes and functions underpinning ageing, development and the maintenance of health and wellbeing.
- The advances made due to the Institute's research are publicly available and the Institute actively seeks partnership and knowledge exchange with relevant companies and with clinical and other researchers to ensure effective application of its research.
- To be an active participant of the Babraham Research Campus by supporting early-stage bioscience enterprise through collaboration and providing access to state-of-the-art equipment.

As part of the UK Science Base, the Institute contributes to the economic growth, quality of life and public engagement objectives of government. Our contribution is key in driving BBSRC's strategic research priorities around an integrated understanding of health, developing and applying transformative technologies and advancing our understanding of the rules of life. Our research aligns with the aspirations and vision of the BBSRC Strategic Delivery Plan (2022-2025) 1 and BBSRC Forward Look for UK Bioscience 2 which highlight ageing as a strategic challenge. Similarly, our research also closely aligns with the healthcare challenge of ageing and the ambition to understand the pathways associated with multi-system ageing in order to develop new diagnostics and therapies as outlined in the UK Government's Life Science Vision, in addition to our work being of relevance to some of the Vision's other challenge areas.

#### INSTITUTE CULTURE CONSULTATION

In 2023/24 Babraham Institute undertook an Institute Culture Consultation. This project aimed to review, redefine and update the Institute's Strategy. The goal, in alignment with the UKRI-BBSRC Institute Strategy, was to embed team science at the Institute. Working with Organisation Effectiveness Cambridge (OECam) a range of focus groups, workshops and online engagement sessions were undertaken to gather staff feedback from across the institute, engaging 40% of staff. The exercise was wide ranging, looking at the Institute structures and ways of working and how they enable the Institute to achieve a stronger implementation of its strategy across the three ISPGs and the Institute as a whole.

#### BABRAHAM GROUP BUSINESS OBJECTIVES

##### Delivery of World Class science, within the Institute's remit

- International leadership
- Synergistic and nationally strategic research
- Collaborative partnerships
- Socio-economic impact
- Graduate and postdoctoral training programme

##### Excellent fit-for-purpose infrastructure for science

- Technical
- Corporate
- Educational

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### BABRAHAM GROUP BUSINESS OBJECTIVES (CONTINUED)

##### The highest standards of Corporate Social Responsibility

- Values and impact of our research. The Institute holds and abides by the following values:
  - Benefit - *We make a difference*. As a world-leading centre of excellence in life sciences research we work to make discoveries for societal benefit that make a real difference in science, health and policy within the UK and globally
  - Innovation - *We extend the boundaries of knowledge*. We work at the forefront of creative discovery science, nurturing our people through development and training, and provide the environment for innovation to thrive
  - Integrity - *We are open, honest, and inclusive*. We work together to uphold the standards expected of us, operating with honesty and responsibility, creating an inclusive and motivating environment, and communicating openly and transparently
- Maintaining the highest standards of research integrity (for details see our Research Integrity Statement)
- Community partnerships
- Minimising the environmental impact of the Campus in line with net zero targets
- Public Engagement Programme to engage and inspire
- Openness and transparency in all aspects of the Institute's work
- Commitment to strengthening a positive research culture and to supporting the career development and wellbeing of our staff
- Widening access to opportunities to explore research and obtain practical experience of research
- Commitment to Equality, Diversity, and Inclusion (EDI)

##### An internationally recognised contribution to the UK's economic competitiveness

- Inward investment to the Babraham Research Campus
- Commercialisation and wealth creation
- Partnerships and knowledge flow

##### Robust sustainability

- Financial planning and estate strategy

##### Efficient and effective management

- Operations and People

##### A high standard of Corporate Governance

- Risk control and contingency planning
- Regulatory compliance
- Boards and subcommittees; executive decision-making structure and authorities

##### Within BRCL specifically, the key business objectives are:

- The delivery of research and innovation undertaken by the companies and academic researchers on the Campus
- The development of people and talent both in the academic and commercial settings
- The growth of Campus capabilities in order to support translation and company creation, and help to accelerate company growth and scale-up
- The nurturing of the ecosystem by being a vibrant, dynamic, and well-connected research and innovation location and playing an active part in that community
- Campus investment and ensuring sustainability
- The creation of new partnerships, and to sustain those we have created, with organisations both on and off the site and which have added value and contributed to the vibrancy of the Campus

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### EMPLOYEES

During the year the Babraham Group has continued to provide employees with relevant information and to seek their views on matters of common concern through groups, committees, staff updates, engagement surveys, through line managers and through an Institute Culture Consultation project. Priority is given to ensuring that employees are aware of all significant matters affecting the group's position and any significant organisational changes.

Information continues to be published regularly in the Institute-wide monthly newsletter and this is now an established part of the Institute's internal communication mechanisms. The newsletter has been successful in engaging the Institute community with recognition initiatives (such as Staff Recognition Awards and the Institute's Annual Prizes), personnel changes, and news and updates from teams across the Institute.

These scheduled communications are supplemented with tailored communications emailed directly to staff on issues of particular note, such as changes to Institute management and important health and safety notices. Although ad hoc, these emailed communications ensure that all staff receive information that is relevant to the situation, the mechanisms for communication and support are made clear and misinformation is avoided.

The Institute's intranet provides a 'one-stop-shop' for a wealth of information on teams, initiatives and processes across the Institute, most recently becoming the home for a consolidated learning and development programme overseen by the Institute's HR team. To support full awareness and transparency, the Institute's Institute Assessment Exercise documentation (barring sensitive information) was published on the Institute's intranet.

LabTalks, the Institute's internal annual symposium, was held on 15<sup>th</sup> September 2023 and two Institute-wide staff updates were presented on 13<sup>th</sup> June and 13<sup>th</sup> December, as well as a launch event for the Institute Culture Consultation on 31<sup>st</sup> October.

The Institute holds a Silver Athena SWAN award and is one of 164 Member organisations that currently hold Athena SWAN awards in the UK. The Athena SWAN Charter was launched in 2005 to recognise commitment to advancing women's careers in science, technology, engineering, mathematics and medicine (STEMM) employment in higher education. The awards recognise good practice in recruiting, retaining and promoting women in STEMM. The Charter believes that an organisation must have institutional support and underpinning institutional good practice, policies and procedures in place in order to achieve and sustain an award.

The group is aware of its statutory duty to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the charity, as well as generally through training and career development. The charity is an equal opportunities employer and supports diversity in the workplace. The Institute follows the principles of the government's Disability Confident Scheme.

The Institute plans to build on ongoing good practice to further progress equal opportunities. A highlight of the impacts delivered by the Institute's equality4success initiative is the successful establishment of a Roving Researcher position, which provides support to researchers on long-term leave in order to maintain the momentum of research projects. After being established in 2020, the position has supported 11 researchers. There has been a high degree of interest from other organisations in how to establish similar schemes and we have given presentations on the programme. The Roving Researcher position and similar initiatives was covered in a Nature careers feature in February 2024 (<https://www.nature.com/articles/d41586-024-00354-8>), which highlighted the impact the support has on researchers who take leave and the uniqueness of the dynamic Roving Researcher role.

Following a recent review, Athena SWAN status must now be renewed every five years. In addition, the Institute successfully applied for an extension to allow for delays EDI work has faced due to the pandemic and changes to our directorship over the past few years. The Institute has submitted its application in 2024.

As mentioned earlier in the Trustees Report, the Institute joined the Technician Commitment in 2019, leading to the creation of a steering group to represent the variety of technical specialist roles found across the Institute. Key areas of focus and objectives have been mapped to the Technician Commitment themes of Visibility, Recognition, Career Development and Sustainability.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

#### EMPLOYEES (CONTINUED)

Progress is being made towards meeting the objectives of the 2021-24 Action Plan, with a new 3-year plan being developed in 2024.

Remuneration of key management personnel is set annually by the Senior Remuneration Committee which comprises the Institute Chair and Deputy Chair along with at least one other trustee. The Committee is chaired by the trustee appointed to oversee HR matters on behalf of the Board.

#### SUMMARY PUBLIC BENEFIT STATEMENT

The charitable purpose of the Institute is to advance education, specifically to increase public learning and knowledge in the field of biological and biomedical sciences and also to provide training leading to a higher degree (PhD) in research techniques and provide a significant contribution to collective knowledge and impact in specific areas of study and expertise. The Trustees are mindful of their collective responsibility to ensure that the charity complies with public benefit guidance issued by the Charities Commission.

#### ACHIEVEMENTS AND PERFORMANCE

Key performance indicators focussing on non-financial performance during the reporting year are detailed below. The choice of performance indicators is based on readily available information which provides a useful comparison of achievements this financial year to last year.

##### Number of publications

The Institute's research continues to have biological / biomedical relevance and impact. Potentially a very wide cross-section of the public will benefit from our understanding of the ageing process and as a result of the translation of our findings into new medicines or treatments. Given the broad scope of our work, its relevance to everyone through their lifecourse, and our commitment to maximising research impacts through knowledge sharing with politicians, industry, policy organisations, charities, health and care services, we believe the Institute is making vital contributions to the future wellbeing and economy of the UK and beyond. In 2023 (calendar year) the Institute's scientists published a total 96 (2021: 97; 2022: 101) full and refereed research and review articles in journals. Though only published last year these papers have already been cited almost 1,000 times.

A full bibliographic list of all scientific publications is available on our website ([www.babraham.ac.uk/publications](http://www.babraham.ac.uk/publications)) and under each group's webpage. As with all scientific research organisations, these publications are the main immediate tangible output of the Institute's activities.

##### New Grants

The Institute, during the year, continued to seek additional external funding from various sources both within the United Kingdom, European Union and further afield. The number of new grants with a start date in 2023/24, by funding source and the total awarded, are below:

	2023/24		2022/23		2021/22		2020/21	
	Number	£'000	Number	£'000	Number	£'000	Number	£'000
UKRI-BBSRC	7	1,349	3	1,218	3	1,154	0	0
UKRI-MRC	0	0	1	1,418	3	1,263	2	973
European Commission	3	2,124	4	3,383	2	243	5	2,743
Industry, levy boards	8	672	7	544	1	295	1	420
Trusts, foundations, charities, foreign governments	7	8,870	1	137	6	4,579	5	2,370
	<b>25</b>	<b>13,015</b>	<b>16</b>	<b>6,700</b>	<b>15</b>	<b>7,534</b>	<b>13</b>	<b>6,506</b>

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

#### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

As in past years, identifying, applying and securing new external funding sources remains a high priority of the Institute. Notable successes this year, and indicators of the quality of the Institute’s research, are the award of prestigious Wellcome Discovery grants to Dr Peter Rugg-Gunn, Dr Della David and Dr Martin Turner. (<https://www.babraham.ac.uk/news/2023/02/dr-della-david-and-dr-peter-rugg-gunn-receive-wellcome-discovery-awards>) and (<https://www.babraham.ac.uk/news/2023/11/martin-turner-receives-wellcome-discovery-award>) and Hayley Sharpe’s UKRI-BBSRC and ERC Consolidator Award.

#### Public Engagement

##### Overview

The Institute’s vision is of an open, transparent and accountable organisation that is leading in its contribution of science to culture, society, economic development and growth. Public engagement at the Institute is embedded within its research and supports interactions between researchers and a variety of public groups. The Institute has a core Public Engagement Team that supports a varied and dynamic programme to help researchers engage with students, teachers, community groups, family and adult audiences. This support includes: operating a core programme of engagement opportunities, providing training in public engagement, administering internal public engagement seed funding, and providing expertise to shape external grants applications. The Institute’s engagement programme has continued to enable societal impact of the Institute’s research. The figures below highlight the Institute’s commitment to these activities.

	2023/24	2022/23	2021/22	2020/21
Visitors to site	285	394	0 <sup>^</sup>	0 <sup>^</sup>
Outreach Events*	26	33	28	12
Total Public Audience Engaged	1,326	3,201	3,894	2,142
Proportion of audience being from areas of high deprivation	63.4%	52%	25.7%	24.9%
Website visits	202,243	159,425	127,222	154,650

\*Visits to schools, science festival exhibits, public lectures, panel sessions, public dialogue workshops, hosting community tours on campus, including online / digital formats.

<sup>^</sup>No visitors to site occurred during the 2020-22 period due to the Covid-19 Pandemic.

#### Strategic Focus on Underserved Audiences

The Institute’s public engagement programme continues to engage at local, national and international level with a focus on developing relationships with communities traditionally underserved by engagement programmes. Work in the sector to assess ‘science capital’ - a measure of a person’s access to and engagement with science, has shown people living in areas of higher deprivation have lower levels of science capital. This imbalance is highly pronounced in Cambridgeshire and East Anglia where there are postcode areas with the lowest and highest levels of deprivation. Many of these deprived areas are in rural locations which have traditionally been underserved by engagement programmes due to the tendency to focus around Cambridge and other urban centres.

The Institute’s public engagement work aims to contribute to improving equitable access to science. To achieve this, the team have continued to develop relationships with several key partners. These include direct links with schools and community groups in areas of high deprivation (identified based on the UK government’s indices of multiple deprivation metrics). Through actively reaching out to these audiences and removing geographical and financial barriers, we enable these groups to engage with our research. This has led to 63.4% of our audience, in the 2023/24 year, being from these areas of high deprivation, up from 52% in 2022/23 and continuing to show the impact of the strategic change over the last few years, which began in earnest in 2019 when the proportion was just 4%.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

##### Public Engagement (continued)

##### Partnerships

We have also continued to build links with education sector partners such as the Youth STEMM award and T-level training providers to allow for more measurable impact of our work, whilst supporting non-traditional routes into science careers. Our move to operate student placements through the In2STEM (further education student focused) and In2Research (undergraduate student focused) programmes have enabled more equitable access to research experience at the Institute and we have seen great successes in these programmes with clear impacts on participants next step career destinations. Both these programmes are operated by the In2Science charity. Their work to build long-term partnerships with students from low-income backgrounds provides a route to directly engage and recruit students to the programmes.

To date, there have been 28 students take part in the Research Access Programme with 9 of them having gone on to apply for PhDs. Others have gone on to pursue other next steps such as: master's degrees, patent law, and scientific editing. Many have cited the programme as a key enabler of their next steps, with one student from last year saying: "I feel like I have learnt more in these 8 weeks than in four years of university, I feel like much more of a scientist." This programme is continually evaluated to ensure students are receiving the best support and experience possible.

##### School Audiences

The schools' programme has been highly successful over the last year, with a particular highlight being the marking of the 30<sup>th</sup> year of Schools' Day. This year we had over 200 students from 35 schools across the UK visiting the Institute to take part in hands-on practical projects. Almost all Institute research groups took part in hosting groups and we facilitated campus company involvement with Cancer Research Horizons and Sanofi also hosting students. The event received very positive feedback from students and teachers and also received good media coverage in the Cambridge Independent newspaper and on ITV Anglian News, highlighting the type of projects undertaken and the impact of the event on participants and our researchers. This year around 40% of students in attendance were from schools in traditionally underserved areas, up from 25% in 2023 and 8% in 2020.

Beyond this, relationships have been developed with more schools in these priority areas through our 'BioInspire' programme. This programme offers regular opportunities for staff to engage students and build deeper relationships with a small number of schools in our priority areas. We also sponsor these students to undertake the Youth STEMM Award which gives formal recognition of their extra curriculum engagement and enables our work to have a tangible positive impact on their post-education choices (for example the award is now recognised on UCAS applications). This year we expanded the 'BioInspire' programme to also include an online virtual cohort to enable students further from the Institute to engage.

##### Community Audiences

There has also been success in the community engagement programmes with a hybrid programme of in-person and online events. Events such as the Cambridge Festival have showcased Institute research whilst events focused in our local area have strengthened understanding and support for the Institute and campus. The team have also continued to engage on often controversial work such as that of the Biological Support Unit, through events such as our Science Spotlight events which provide the opportunity for audiences to virtually tour the facility and see behind the otherwise closed doors. This work continues to dispel misconceptions around Institute work and contribute to our commitment to openness in animal research.

Our public engagement work has also contributed to important national conversations and influenced science policy. Over the past 18 months the Institute led a public dialogue project to better understand public views on research involving the use of human embryos and the regulations governing this work. This project, funded through a Wellcome Enrichment Grant to the Human Developmental Biology Initiative and receiving matched funding through the UKRI Sciencewise programme, brought together the general public, people with experience of health-related impacts of the research, policy makers (such as the Human Fertilisation and Embryology Authority - HFEA), scientists, and bioethicists.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

##### Public Engagement (continued)

A series of discursive workshops facilitated discussions to help the public participants provide informed views on a range of topics such as their thoughts on the current 14-day limit on culturing embryos for research (the so called “14-day rule”). The information generated from this work has been taken forward to help inform the HFEA’s ongoing work to review the HFE Act (with the project additionally being highlighted in a recent POSTnote on the topic), shape future research direction, and initiate further public engagement around the topic. The HDBI public dialogue also generated media attention. A Science Media Centre briefing session was held around the results of the project resulting in a number of outlets featuring the project. These included the BBC who reported on the project via their News website and on the Radio 4 Today Programme, as well as other outlets such as the Lancet who published an editorial on the project.

The work has contributed to follow-on projects to further engage the public such as one led by Cambridge Reproduction, to bring public voices into the development of a code of practice to govern the use of stem cell derived embryo models, which currently fall into a grey area of the existing regulations. This project, and the development of Code of Practice, is supported by Institute researchers who are providing their scientific expertise and public engagement experience.

##### The Year Ahead

Throughout the year public engagement work has been well received by audiences, researcher contributors, funders and peers alike. Looking ahead, the public engagement team aims to continue to develop relationships with traditionally underserved audiences and provide opportunities for high quality, two-way engagement between staff and members of the public. This will enable the Institute to continue its leadership role in providing open, equitable and impactful engagement for public audiences with scientific research.

##### Knowledge Exchange and Commercialisation (KEC)

The Institute’s KEC programme aims to maximise the dissemination, impact and, where appropriate, the exploitation of knowledge generated by and held within the Institute. Implicit in this is the recognition that this knowledge is the product of public investment and that the Institute has a duty to maximise outcomes from this investment for societal and economic benefit.

Activities include the training of fellow scientists in new emerging techniques, through continued professional development (CPD), engagement with the Biotech / Pharma sector and other research organisations. In addition, the Institute aims to use its expertise to inform policy, direction and understanding of science by policy makers and industrialists at home and abroad. KEC is viewed as a two-way dialogue in which the Institute engages with industry and stakeholders to listen to their concerns and try to respond to their needs. Where appropriate the Institute seeks to maximise the impact of its research through commercialisation – this is managed by the Institute’s wholly-owned trading arm BIE.

On the commercialisation front, two commercial ventures were included in the 2023 Accelerate@Babraham programme operated by the Babraham Research Campus; Aila Biotech, spun out from the Liston lab’s research at the Institute in 2022, and CytoCalx, developed by the Head of the Institute’s Flow Cytometry Facility.

The Institute’s patent portfolio has grown to a set of fifteen patent families over the last year, these have strong potential clinical value in diverse clinical fields including personalised medicine, drug discovery, high-efficiency cell reprogramming, cancer therapeutics, traumatic brain injury, MS, cognitive decline, wound repair and ophthalmology, cardiovascular and chronic kidney disease. These filings are being actively developed to fund spin-out opportunities or high-value licensing opportunities.

On the knowledge exchange front, a UKRI-BBSRC grant of £180K was undertaken in 2023, providing support for a range of research collaborations, training opportunities, and knowledge exchange placements for Institute researchers and technicians, while in 2024, a £300K grant was secured that will be undertaken in collaboration with Newcastle University to enable similar knowledge exchange opportunities.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

##### Knowledge Exchange and Commercialisation (KEC) (Continued)

Such supported collaborations and placements with industrial and institutional hosts have enabled exposure of technicians and research staff to a range of new commercial and academic environments and significantly enabled translational activities and market awareness across the three ISPs.

In 2021 the Institute and Campus successfully secured funding for fifteen PhD studentships from UKRI-BBSRC as part of a Collaborative Training Partnership (CTP), to date 9 student projects have started in collaboration with 8 Babraham Research Campus companies. In 2024 the UKRI-BBSRC extended this programme, offering a further 7 studentships and agreeing to widen the eligible set of companies to include those situated on the Granta Park. By October 2025 the CTP student cohort will be 22.

The range of Institute initiated Campus events continued to develop in 2023-24 on diverse translational, professional career and academic themes. These activities have been significantly enhanced by the UKRI-BBSRC Campus Impact Acceleration Account (CIAA) awarded to BRCL in July 2022 and March 2023, which is being delivered in partnership with the Institute. CIAA funding has supported six Institute-Campus company collaborations over the reporting period, as well as fully funding the creation and delivery of a Flow Cytometry course, and 4 Institute Campus networks. Overall the KEC team have produced 11 events over the year that have showcased Babraham Institute research, innovation and leadership to a range of commercial and academic audiences.

Separate to the CIAA activities, diverse translational training opportunities continue to be provided by KEC to Institute staff and students through scholarships awarded to students and staff to enable participation in the Judge Business School's EnterpriseTECH, Newton Venture Program and the BioSpark entrepreneurship programmes.

In 2023/24, Babraham Institute Enterprise Limited generated £2,036k (2022/23: £2,320k) in revenues from the commercialisation of its assets and activities. Most of the revenues arise from collaborations with industry and commercialisation of the Institute's scientific facilities.

#### SUSTAINABILITY

The Institute's Environmental Sustainability Vision is a commitment to making a positive impact on not only the protection of the environment but to enhance it while ensuring our research is maintained at a world class standard. The Institute's Chief Operating Officer has responsibility for environmental management.

The Institute continues to invest in energy saving opportunities exploiting funding opportunities from UKRI-BBSRC and UKRI to not only improve and reduce the carbon footprint of the Institute and its science but to maximise efficiency in its use of energy. Latest updates include:

- The Institute continues to operate a Tri-generation CHP unit to meet the sites heat and cooling loads. The unit remains registered with the Department for Science, Innovation and Technology (DSIT) CHP Quality Assurance (CHPQA) Programme and good quality certification has been achieved.
- Low energy LED and LED Smart lighting is now installed in all Babraham Institute buildings with only the ground floor lighting of the Biological Support Unit to be changed, funding for this project will hopefully be secured this financial year.

**THE BABRAHAM INSTITUTE****REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024****SUSTAINABILITY (CONTINUED)****2023/24 Streamlined Energy and Carbon Report (SECR) outcomes - Emissions Data**

<b>Greenhouse Gas Emissions</b>		<b>2023/24</b>	<b>2022/23</b>	<b>2021/22</b>
<b>Scope Emissions Indicators (tCO<sub>2</sub>e)</b>	Total Gross Emissions	<b>6,019</b>	<b>5,597</b>	<b>6,317</b>
	Total Net Emissions	<b>6,019</b>	<b>5,597</b>	<b>6,317</b>
	Gross Emissions Scope 1 (Fuel)	<b>5,464</b>	<b>4,295</b>	<b>5,771</b>
	Gross Emissions Scope 1 (Transport x 100)	<b>285</b>	<b>312</b>	<b>224</b>
	Total Scope 1 Emissions	<b>5,749</b>	<b>4,606</b>	<b>5,996</b>
	Gross Emissions Scope 2 (Electricity)	<b>270</b>	<b>990</b>	<b>320</b>
<b>Related Energy Consumption (MWh)</b>	Electricity: Non-Renewable	<b>7,814,955</b>	<b>4,187,202</b>	<b>7,785,672</b>
	Electricity: Renewable	<b>1,315,586</b>	<b>5,121,870</b>	<b>1,509,387</b>
	Transport	<b>11,573</b>	<b>12,422</b>	<b>8,942</b>
	Gas	<b>29,932,343</b>	<b>23,527,186</b>	<b>31,509,854</b>

During 2022/23 the Tri-generation CHP unit underwent a major planned service. This resulted in lower gas, but higher electricity consumption in the year compared to both past and current years.

**Methodology**

- The report covers the emissions for which the Institute has financial control and this was the boundary defined by the organisation.
- Utility data was collected for the past three financial years; 2021/22, 2022/23 and 2023/24 for the period 1st April to 31st March consistently.
- Measurement of Scope 1 and Scope 2 emissions were based on billing data via invoices provided by the utility supplier and recorded mileage for transport emissions.
- Reporting was based on the analysis of the data, to highlight any trends, progress towards reduction and recognised improvements.
- An Intensity Ratio of tCO<sub>2</sub>e/Full Time Equivalent was selected by the Institute to present the data on a clear and transparent like-for-like basis.
- The methodology used to compile the data was that used in the fulfilment of the regulatory requirements for the Energy Savings Opportunity Scheme (ESOS).
- There are no process emissions within the organisation and emissions from air conditioning, refrigeration units in offices buildings are excluded due to cost of data collection. These are estimated to account for less than 0.2% of the total Scope 1 emissions.
- Emissions factors used are those from the UK Government GHG Conversion Factors for Company Reporting Standard Set 2018.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### SUSTAINABILITY (CONTINUED)

##### Proposed Targets for 2024/25 - Net Zero Carbon

The Institute together with BRCL have engaged with consultants to create a report on the mechanical and electrical infrastructure serving the Babraham Research Campus. This report has now been completed and approved and will form the basis of the Institute's net zero strategy including a timeline for specific projects.

A Strategic Asset Management plan (SAMP) has been produced and this document provides the strategic vision for the Institute and identifies opportunities to further align its operational assets with current and future business needs. The SAMP has identified the need for a Space Management Plan, recognising the importance of the organisation's working environment. The next generation report will help the Institute define its needs over the next 15 years - recognising key constraints such as budget, pathway to net zero and the wider campus and key stakeholders. This will ensure net zero funding is used for the long-term benefit of both the Institute and the wider campus.

Funding for this plan has been approved with completion expected towards the end of 2024.

The Institute continues with its ongoing water saving measures with surveys and inspections of sections of water supply pipework. The subsequent survey report has highlighted internal cracking to several sections of the pipework that will require remedial action in the short to medium term. New Isolation valves have been installed in several areas which will help in identifying the location of any future leaks in the below ground water main.

The route to Net Zero commissioned last year focusses on Scope 1 and Scope 2 Energy Strategy Report for the Babraham Institute and BRCL. The Institute continues to invest in energy reduction schemes with its smart lighting project. Other investments include B607 Energy Centre district heating pumps, replaced with inverter driven direct drive pumps - further reducing electricity consumption.

In summary, the overriding objective for the Institute and BRCL is to undertake the effectively phased replacement of all existing fossil fuel energy systems with low to zero carbon systems by 2040 at the latest.

Initial actions taken from the report are;

- Undertake a thermal imaging survey on buildings identified through the Space Management Plan.
- Fabric survey of all Institute buildings identified in the Space Management Plan, investigating potential energy savings through improved insulation (wall and floor) and improved glazing.
- Undertake a site-wide survey to investigate suitability of roof mounted solar arrays on Institute buildings where the local planning authority allow.

#### GROUP ESTATE ACTIVITIES

The Babraham Research Campus for which Babraham Research Campus Limited (BRCL) has the on-going development and management responsibility, maintains as a significant location for life-science companies to establish and grow in the Cambridge life science cluster.

There are over 60 organisations operating within the Babraham Research Campus. Tenants are located in a number of purpose-built buildings with both laboratory and office space. In total, occupied space is in excess of 25,000 square meters.

The campus maintains its distinct features: the co-location of world-leading academic research and commercial life-science activity, campus facilities that reflect the space needs of early-stage and scale-up companies, access to on-site science capability, and a community focussed upon human healthcare on a single site. We believe the campus is well placed for future growth and development.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### INSTITUTE FUTURE DEVELOPMENTS

The Institute will continue to be engaged in the field of basic bioscience with a strong emphasis on research into healthy ageing. The Institute's science programmes will determine the significance of biological changes for the ageing process from conception onwards.

The priority is to ensure that all our UKRI-BBSRC funded research is internationally competitive with the best academic groups in our area of endeavour. We continue to prioritise the need to control costs in all categories including pay expenditure, but note the need to invest strategically to reach new collaborators and expand the reach of the Institute wherever possible.

Attracting the most gifted staff remains a strategic priority for the Institute, complemented by a 'grow your own' approach where we invest in and support existing members of our community to develop in their roles. We have successfully participated in a range of apprenticeship schemes, particularly across technical specialist roles. These strategies support the continued programme of succession planning, which remains an important issue. This will continue to be achieved through new recruitment to priority areas as well as through advancing the progression of early career scientists and other staff and ensuring that they are fully equipped to take leading roles in the future development of the organisation.

#### GROUP FUTURE DEVELOPMENTS

During this reporting period, the joint venture between BRCL and Biomed Realty Inc (BMR), a US corporation which was announced in 2022, took delivery of a new 40,000 ft<sup>2</sup> laboratory and office building in February 2024. This building was designed to accommodate companies already on the campus, wishing to grow on site. The property is currently 75% let and BRCL are supplying the facilities management services both to the joint-venture, and the individual companies located in the property.

The campus maintains its distinct features: the co-location of world-leading academic research and commercial life-science activity, campus facilities that reflect the space needs of early-stage and scale-up companies, access to on-site science capability and a community focussed upon human healthcare on a single site.

With regard to the future developments and in support of the agreed strategy between the campus partners (UKRI-BBSRC, the Babraham Institute and BRCL) a pre-planning application programme was initiated, funded by the freeholder UKRI-BBSRC - to allow the submission in 2025 of an outline planning application ensuring the campus is well placed for future growth.

#### RISK MANAGEMENT

The Institute Board of Trustees is responsible for ensuring there are effective and adequate risk management and internal control systems in place to manage the major risks to which the charity is exposed. The Audit Committee agrees an annual risk-based internal audit plan which covers major risks identified by management and the Board of Trustees. It receives reports from RSM internal auditors on the effectiveness of internal controls, progress against the internal audit plan and progress on recommendations made in reports. The Board of Trustees reviews a full risk report annually tracking major risks. The Science and Impact Advisory Committee (SIAC) also assess the science quality and vision covered in various sections of the risk register. The table below summarises how the Institute manages its key risks.

Following an extensive review of the Corporate Risk Register in 2023/24, including a consolidation of 32 corporate risks to 12, focus this year has been on moving departmental risk registers to 4Risk software and on management of these registers. In addition, this year has seen a comprehensive review and update of Institute Business Continuity Plans (BCPs) – both the overarching Institute plan and departmental plans - and their supporting documentation. A BCP table-top exercise involving all lead members of the Crisis Management Team was run in June 2024.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

#### RISK MANAGEMENT (CONTINUED)

Risk Area	Description of Risk	Risk Management
<b>Business Sustainability</b>	The Institute having to manage the loss or reduction of UKRI-BBSRC funding. The inability for the institute to remain financially viable, managing energy price increases, insufficient capital budget and failures to secure enough competitive grant income. A lack of technological investment at the institute to enable research.	<ul style="list-style-type: none"> <li>• Annual budget setting and monitoring to ensure effective use of resources. Defined policy and procedure to spend Institute reserves and effective investment of reserves under the Treasury Management Policy.</li> <li>• Participating in a UKRI-BBSRC-wide Institute Financial sustainability agenda and Peer review process.</li> <li>• Review to ensure progress against ISPG, CCG and KEC objectives.</li> <li>• Capital Equipment Policy and Procedures in place to prioritise business cases for each UKRI-BBSRC capital equipment funding call.</li> <li>• Review and approve quality/science alignment of grants, and advising the grant applicant on how to strengthen proposals.</li> </ul>
<b>Reputational Maintenance</b>	The Institute having to manage reputational damage caused by poor contribution to bioscience, scientific misconduct or an honest failure to replicate results, staff breaching the code of conduct and the threats posed by animal rights activism. A lack of technological investment at the institute which degrades reputation.	<ul style="list-style-type: none"> <li>• Effective Public Engagement strategy in place to raise Institute's profile. Events / conferences for the scientific community to raise the Institute's profile.</li> <li>• Scientific collaborations to raise the Institute's profile.</li> <li>• Showcasing the Institute through external communication mechanisms, including the website, social media, the science annual report and press engagement.</li> <li>• Biennial Research Integrity Assurance Review (including Lab notebook OneNote procedures).</li> <li>• Promotion of a good Research Integrity Culture through policies.</li> <li>• Strategic Security Consultant ensures the Institute's interests are protected and that BRCL delivers security to the correct specification, reducing the risk of breach/failure.</li> </ul>
<b>IT System Failure</b>	The Institute being subject to a cyber-attack, threats due to unresolved system vulnerabilities, the lack of training of knowledge of staff or negligence. The risk of a major incident on site such as a power outage, fire, flood etc effecting on site data centres.	<ul style="list-style-type: none"> <li>• Continual review of IT procedures, assessment of new risks as they develop and regular system upgrades to ensure systems are fit for purpose.</li> <li>• Maintain Network Security. Urgent recommendations (e.g., critical vulnerabilities) are implemented in response to notifications from Janet CSIRT service (the network provider for UK Education, Research and other public sector entities) and other notification services. Cyber Essentials Certification in place.</li> <li>• Multi-layered backup strategy in place.</li> <li>• IT staff are trained in IT security and have regular CPD in this area to ensure knowledge is up to date. Regular training and communication to staff on new and existing threats to build knowledge and awareness.</li> <li>• Secure authentication strategy in place for all system and account access.</li> </ul>
<b>Business Continuity</b>	The Institute is unable to continue day to day operation due to severe business disruption to science and research.	<ul style="list-style-type: none"> <li>• Equipment and logistical steps in place along with ensuring policies and SOPs are fit for purpose and reflect current best practice. Supply chain resilience is built in as far as possible.</li> <li>• A reciprocal agreement is in place to use facilities at the CRUK Cambridge Institute as an emergency centre.</li> <li>• Business Continuity Plan and Crisis Management Team is in place to provide a framework and table top exercises annually.</li> <li>• Commercial insurance in place to cover financial loss through business disruption.</li> </ul>

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

#### RISK MANAGEMENT (CONTINUED)

Risk Area	Description of Risk	Risk Management
HR Management	The Institute is unable to recruit and retain staff due to staff burnout, inadequate team resources and poor planning.	<ul style="list-style-type: none"> <li>Attractiveness of the Babraham Research Campus and good infrastructure such as provision, housing, parking, etc.</li> <li>Competitive pay scheme and benefits including research support package. Benchmarking of pay and benefits with other organisations to ensure parity.</li> <li>Provision and maintenance of excellent science facilities and equipment and support for immigration licenses and visas and an employee assistance programme to support staff wellbeing.</li> </ul>

Within BRCL, the Directors carry out regular reviews of the risks to which the company may be exposed both at regular Board Meetings and through the company's Audit Committee. Where necessary the company can call upon the Group's internal auditors RSM to act as an independent internal audit service. The principal strategic risks considered by the BRCL board include:

- Global Economics and Political Changes
- Increase in local market competition
- Investment into the life-science sector
- Rent Negotiations with UKRI-BBSRC

#### FINANCIAL REVIEW

During the year, the total group reserves increased from £156m to £159m, with details of the movement in group funds shown in the Statement of Financial Activities on page 31.

The individual results within the group are detailed below.

#### BABRAHAM INSTITUTE

Overall results for the Babraham Institute show an increase in total funds from £143m to £144m. Restricted revenue funds increased by £289k, Restricted Capital funds increased by £2,394k and Unrestricted Revenue funds decreased by £1,855k totalling an increase of £828k across all funds.

The Institute's deficit on unrestricted funds for the year of £1,855k compared to a deficit of £1,891k last year. The operating deficit before investment gains/losses, depreciation and transfers is £2,743k and £3,927k respectively for 2024 and 2023.

	2024 £'000	2023 £'000
Deficit before Investment gains/losses, depreciation and transfers – unrestricted funds	(2,743)	(3,927)
Depreciation	(6,842)	(6,255)
Transfers from capital and revaluation reserves	7,038	8,776
Fair Value adjustment to investment properties	(1,200)	(400)
Investment Income (dividends and interest)	75	255
Investment gains/(losses) - realised and unrealised	1,817	(340)
<b>Deficit for year – unrestricted funds</b>	<b>(1,855)</b>	<b>(1,891)</b>

Revenue income increased from £26.2m to £28.1m in the year (£1.9m). Funding from URKI-BBSRC increased by £1.7m with funding across all other areas remaining comparable to the previous year.

Costs, excluding depreciation charges were £30.5m for 2024/25 and £30.4m for 2023/24. Whilst salary costs increased by £503k in the year, lower energy (£254k), recruitment (£75k) and library costs (£113k) offset the increase in staff costs.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### FINANCIAL REVIEW (CONTINUED)

Annual revaluations within the Institute (£4,898k) to land and buildings have further increased capital reserves in the year (note 9). Capital funds within the Institute continue to be released from capital reserves against depreciation charges in the year. During the year £4,534k of capital funding was received (2023 : £3,233k).

The Institute continues to maximise its returns on funds by holding investments managed by Royal Bank of Canada. This allowed the Institute to benefit from investment income of £75k in the year (2023 : £255k), together with unrealised gains of £1.8m (2023 loss £340k) on investments held.

The Institute has continued to actively monitor its cost base and strive for efficiency savings where possible to ensure the Institute continues to maximise its operations based on the funding received. Looking to the future the Institute continues to remain on a tight financial budget and a longer-term focus will need to be placed upon continuing to seek and secure fresh income streams.

#### BABRAHAM RESEARCH CAMPUS LIMITED (BRCL)

The profit for the year after taxation amounted to £1,541k (2023: £1,958k). Both income and costs have increased compared to last year, driven by higher rent and facilities management revenue. The rise in costs is attributed to expanded facilities management activities and increased investment in BRCL science and entrepreneurship initiatives, including mentoring schemes, the accelerate@babraham programme, and broader cluster engagement. Additionally, a present value adjustment of £393k was applied to the shareholder loan to the joint venture with Biomed, detailed in note 16.

No Gift Aid (2023: £220k) was paid to The Babraham Institute relating to the year 2023/24.

#### BABRAHAM INSTITUTE ENTERPRISE LIMITED (BIE)

Babraham Institute Enterprise Limited made a profit after tax of £618k (2023: profit £191k). Excluding investment impairments/impairment reversals, operating results are £209k profit for 2023/24 and £322k profit for 2022/23. Turnover including licencing income for the year of £2,036k compared to £2,320k for the previous year, a decrease of £284k. This decrease in activity also led to lower costs of £171k in the year, and these movements account for the change in operating results.

Gift aid of £534k (2023: £nil) was paid in the year to Babraham Institute; £334k relating to profits from 2022/23 and £200k from 2023/24.

#### RESERVES POLICY

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

- Future operational and capital expenditure requirements
- Potential financial risks identified in the Risk Register
- Funding required for strategic investments not included in the operating budget
- Working capital / liquidity requirements

The Trustees have reviewed the reserves of the Group. The review encompasses the nature of the income and expenditure streams, the need to match variable income with fixed commitments, and the nature of the reserves. The Trustees concluded that to facilitate long-term planning they aim to achieve unrestricted reserves of £19m, covering 3 months working capital and any other financial obligations should the business cease to operate.

The Trustees are satisfied that there are sufficient unrestricted reserves (£20.3m) to provide the necessary funds to mitigate financial risks associated with operational and capital expenditure identified in the Risk Register.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

---

#### PRINCIPAL FUNDING SOURCES AND REVIEW OF EXPENDITURE

The Babraham Institute is one of eight Institutes receiving strategic funding from the UKRI-BBSRC. Funding is derived from our principal sponsor, the UKRI-BBSRC, together with external grants or fellowships competitively gained from other research councils, charities and industry.

Expenditure incurred as analysed in the Statement of Financial Activities relates to Charitable Activities, including support costs. Commercial trading activities are shown separately.

Staff costs form the largest single component of group expenditure £19.1m (2023: £18.1m), followed by consumables (laboratory and general) £4.1m (2023: £4.7m), repairs and maintenance costs £4.3m (2023: £3.6m) and rent, rates and insurance £2.5m (2023: £2.3m).

Total expenditure for the year of £49.9m compares to £46.4m in 2022-23 an increase of £3.5m. Increases in salary costs (£1.1m), repairs and maintenance (£0.7m), fuel charges (£0.4m), depreciation charges (£0.6m) and taxation (£0.5m) account for the majority of the increase in expenditure in this reporting year.

#### GOING CONCERN

The Babraham Institute is dependent on various funding sources including UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the quinquennial Institute Assessment Exercise (IAE), completed in the year, funding has now been confirmed for 2024/25 and provisional funding allocations set for the next three years to 2027/28. As part of financial forecasting, various scenarios have been explored for 2024/25 and 2025/26 on future income streams and costs. Forecasts will include elements of estimations, however the level of uncertainty in our plans is not considered material.

UKRI-BBSRC continues to invest significant capital funds (£4.5m in 2023/24) and indicates that the Institute remains a key strategic organisation within the wider UKRI-BBSRC research community. The Institute will be reviewing its operating and group governance model in 2024/25 in consultation with UKRI-BBSRC, in order to focus on its long-term financial sustainability.

The following developments should be taken into consideration as part of the review:

- the Institute has now received indicative funding for the next four years from UKRI-BBSRC to 2027/28
- the Institute does not envisage any issues with funding in this four-year period
- UKRI-BBSRC funding assurance reviews regarding financial management are positive
- the successful outcome regarding science direction and funding from the Institute Assessment Exercise (IAE)
- group governance and operating models will be reviewed in the near future regarding improved financial sustainability

Therefore, the Trustees believe that a combination of confirmed grant funding and commercial income, existing cash reserves held by the Institute and its subsidiaries, and the planned review into future governance conducted by UKRI-BBSRC and BI, together provide assurance that the group can continue to fulfil its mission and objectives.

Accordingly, after making appropriate enquiries and reviewing various scenarios including reductions in rental income, gift aid and science service facility income, the Trustees consider the Group and Parent Charity have adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements have been prepared on a going concern basis.

**The Trustees' Report incorporating the Strategic Report was approved on behalf of the Board**

*Tim Livett*

**Mr T Livett**

**Chairman of the Audit Committee, Trustee and Member**

Date: 16/10/2024

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE

---

#### OPINION

We have audited the financial statements of Babraham Institute (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2024, which comprise the Consolidated Statement of Financial Activities, the Group and Institute Balance Sheets, the Consolidated Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2024 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 including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: Accounting and Reporting by Charities, 2019 Edition; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### BASIS FOR OPINION

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the group's and parent charitable company's business model including effects arising from macro-economic uncertainties such as cost of living crisis, Brexit and Covid 19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the group's and parent charitable company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)

---

#### OTHER INFORMATION

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

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

We have nothing to report in this regard.

#### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Directors' Report, prepared for the purposes of company law, included in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Report of the Trustees have been prepared in accordance with applicable legal requirements.

#### MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Report of the Trustees.

#### 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 charitable company, 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.

#### RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)

---

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are most applicable to the Group and the parent charitable company. We identified the following laws and regulations as the most likely to have a material effect on the amounts or disclosures in the financial statements if non-compliance were to occur; Charities SORP (FRS 102), Companies Act 2006, Data Protection Act 2018, Health and Safety regulations, Tax legislation, Anti-Bribery legislation and Employment law;
- We understood how the Group and parent charitable company is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Audit Committee. We corroborated our enquiries through review of board minutes, papers provided to the Audit Committee and any correspondence received from regulatory bodies;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that increased revenue;
  - potential management bias in determining accounting estimates; especially in relation to valuation of leasehold land and buildings and investment properties; and
  - transactions with related parties.
- Our audit procedures involved:
  - evaluation of the design and implementation of controls that management has in place to prevent and detect fraud;
  - journal entry testing, incorporating data analytics, with a focus on journals meeting our defined risk criteria based on our understanding of the Group;
  - using a valuation specialist to challenge assumptions and judgements made by management in the significant accounting estimate relating to the valuation of leasehold land and buildings and investment properties;
  - testing the completeness of the Group's related party transactions through information obtained at the parent charitable company and its subsidiaries and testing that these transactions had a valid business purpose; and
  - assessing the completeness of disclosures in the Trustees' Report and compliance with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)

---

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- The engagement partner's assessment of the appropriateness of the engagement team's collective competence and capabilities to identify or recognise non-compliance with laws and regulations included consideration of the engagement teams':
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the Group and parent charitable company operates; and
  - understanding of the legal and regulatory requirements specific to the Group and parent charitable company.
- Relevant laws and regulations were communicated to all engagement team members. We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

#### USE OF OUR REPORT

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

*James Bird*

#### James Bird FCA

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
Date: 16/10/2024

## THE BABRAHAM INSTITUTE

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - INCORPORATING THE CONSOLIDATED  
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024**

	Note	Restricted revenue funds £'000	Restricted capital funds £'000	Un- restricted funds £'000	2024 Total funds £'000	2023 Total funds £'000
<b>Income from:</b>						
Charitable activities		19,255	4,534	5,048	28,837	25,934
Trading activities		-	-	17,441	17,441	14,913
Investment income		-	-	344	344	317
<b>Total income</b>	2	<b>19,255</b>	<b>4,534</b>	<b>22,833</b>	<b>46,622</b>	<b>41,164</b>
<b>Expenditure on:</b>						
Charitable activities		(19,255)	-	(16,295)	(35,550)	(34,805)
Raising funds		-	-	(13,405)	(13,405)	(11,084)
Taxation	7	-	-	(628)	(628)	(526)
<b>Total expenditure</b>	3	<b>(19,255)</b>	<b>-</b>	<b>(30,328)</b>	<b>(49,583)</b>	<b>(46,415)</b>
Profit/(losses) on investments	10,11,12	-	-	158	158	(785)
<b>Net income/(expenditure)</b>		<b>-</b>	<b>4,534</b>	<b>(7,337)</b>	<b>(2,803)</b>	<b>(6,036)</b>
<b>Net income/(expenditure) for the year is attributable to:</b>						
The parent undertaking		-	4,522	(7,710)	(3,188)	(6,471)
Minority interest		-	12	373	385	435
		<b>-</b>	<b>4,534</b>	<b>(7,337)</b>	<b>(2,803)</b>	<b>(6,036)</b>
<b>Transfers</b>						
Release of capital funds/transfers	17	289	(7,038)	6,749	-	-
<b>Other recognised gains and losses</b>						
Gain on revaluations of tangible fixed assets	9,11	-	4,898	361	5,259	10,318
<b>Other recognised gains for the year is attributable to:</b>						
The parent undertaking			4,898	361	5,259	10,318
Minority interest			-	-	-	-
			<b>4,898</b>	<b>361</b>	<b>5,259</b>	<b>10,318</b>
Movement in funds attributable minority interests	11	-	(12)	(373)	(385)	(435)
<b>Net movement in funds</b>		<b>289</b>	<b>2,382</b>	<b>(600)</b>	<b>2,071</b>	<b>3,847</b>
Balances brought forward	17	5,759	121,543	20,878	148,180	144,333
<b>Balances carried forward at 31 March 2024</b>	17	<b>6,048</b>	<b>123,925</b>	<b>20,278</b>	<b>150,251</b>	<b>148,180</b>

All amounts relate to continuing activities. All recognised gains and losses are included in the consolidated statement of financial activities. The notes on pages 33 to 57 form part of these financial statements.

## THE BABRAHAM INSTITUTE

REGISTERED NUMBER: 03011737

### BALANCE SHEETS AT 31 MARCH 2024

	Note	Group		Institute	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	8	353	254	-	-
Tangible assets	9	111,410	108,987	110,540	108,087
Investment properties	10	1,800	3,000	1,800	3,000
Investments	11,12	25,001	24,635	29,131	29,060
		<b>138,564</b>	136,876	<b>141,471</b>	140,147
<b>Current assets</b>					
Stocks	13	371	337	136	146
Debtors	14	7,395	9,514	5,111	4,781
Cash at bank and in hand		23,412	22,673	5,242	6,711
		<b>31,178</b>	32,524	<b>10,489</b>	11,638
<b>Creditors: amounts falling due within one year</b>	15	<b>(13,534)</b>	(13,309)	<b>(7,768)</b>	(8,421)
<b>Net current assets</b>		<b>17,644</b>	19,215	<b>2,721</b>	3,217
<b>Total assets less current liabilities</b>		<b>156,208</b>	156,091	<b>144,192</b>	143,364
<b>Debtors: amounts falling due after more than one year</b>	16	<b>2,522</b>	183	-	-
<b>Net assets</b>		<b>158,730</b>	156,274	<b>144,192</b>	143,364
<b>Funds</b>					
Restricted capital fund		46,729	47,600	46,695	47,554
Revaluation Reserve		77,196	73,943	77,196	73,943
	17	<b>123,925</b>	121,543	<b>123,891</b>	121,497
Unrestricted funds	17	20,278	20,878	14,253	16,108
Restricted revenue fund	17	6,048	5,759	6,048	5,759
		<b>150,251</b>	148,180	<b>144,192</b>	143,364
Minority Interests	11	8,479	8,094	-	-
		<b>158,730</b>	156,274	<b>144,192</b>	143,364

The Institute includes in its financial statements leasehold land and buildings owned by third parties, these are detailed further in notes 9 and 10.

These financial statements were approved by the Board of Trustees and authorised for issue on 16/10/2024

*Tim Livett*

**Mr T Livett**

**Chairman of the Audit Committee, Trustee and Member**

The notes on pages 33 to 57 form part of these financial statements.

## THE BABRAHAM INSTITUTE

## CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024		2023	
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net Income/Expenditure		(2,803)		(6,036)	
<i>Adjusted for</i>					
Depreciation charges	9	7,177		6,542	
Amortisation of intangible assets	8	29		16	
Profit on disposal of fixed assets		(10)		(76)	
Impairment of investments	11	1,659		445	
Capital grants received	2	(4,534)		(3,234)	
Tax charge	7	(628)		(526)	
Interest received	2	(344)		(317)	
Increase in stocks	13	(34)		(55)	
Increase in debtors	14	(499)		(1,564)	
Increase in creditors	15	15		858	
Tax paid		725		793	
<i>Net cash provided/(used) by operating activities</i>			<b>753</b>		<b>(3,154)</b>
<b>Cash flows from investing activities</b>					
Interest Received	2	344		317	
Payments to acquire intangible fixed assets	8	(128)		(162)	
Payments to acquire tangible fixed assets	9	(4,712)		(4,802)	
Payments to acquire investments (net of fees)	12	(11,515)		(29,436)	
Receipts from sale of tangible fixed assets		20		109	
Receipts from sale of investments		9,768		28,813	
Cash funds withdrawn from investments held		1,675		6,077	
Capital grants received	2	4,534		3,234	
<i>Net cash (used)/ provided by investing activities</i>			<b>(14)</b>		<b>4,150</b>
<b>Change in cash and cash equivalents in the reporting period</b>			<b>739</b>		<b>996</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>			<b>22,673</b>		<b>21,677</b>
<b>Cash and cash equivalents at the end of the reporting period</b>			<b>23,412</b>		<b>22,673</b>

The net debt reconciliation is shown in Note 21.

The notes on pages 33 to 57 form part of these financial statements.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

---

#### 1 ACCOUNTING POLICIES

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

##### 1.1 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 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The particular accounting policies adopted in the preparation of the financial statements are set out below and have been applied consistently with the previous year.

##### 1.2 Going Concern

The Babraham Institute is dependent on various funding sources including UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the quinquennial Institute Assessment Exercise (IAE), completed in the year, funding has now been confirmed for 2024/25 and provisional funding allocations set for the next three years to 2027/28. As part of financial forecasting, various scenarios have been explored for 2024/25 and 2025/26 on future income streams and costs. Forecasts will include elements of estimations, however the level of uncertainty in our plans is not considered material.

UKRI-BBSRC continues to invest significant capital funds (£4.5m in 2023/24) and indicates that the Institute remains a key strategic organisation within the wider UKRI-BBSRC research community. The Institute will be reviewing its operating and group governance model in 2024/25 in consultation with UKRI-BBSRC, in order to focus on its long-term financial sustainability.

The following developments should be taken into consideration as part of the review:

- the Institute has now received indicative funding for the next four years from UKRI-BBSRC to 2027/28
- the Institute does not envisage any issues with funding in this four-year period
- UKRI-BBSRC funding assurance reviews regarding financial management are positive
- the successful outcome regarding science direction and funding from the Institute Assessment Exercise (IAE)
- group governance and operating models will be reviewed in the near future regarding improved financial sustainability

Therefore, the Trustees believe that a combination of confirmed grant funding and commercial income, existing cash reserves held by the Institute and its subsidiaries, and the planned review into future governance conducted by UKRI-BBSRC and BI, together provide assurance that the group can continue to fulfil its mission and objectives.

Accordingly, after making appropriate enquiries and reviewing various scenarios including reductions in rental income, gift aid and science service facility income, the Trustees consider the Group and Parent Charity have adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements have been prepared on a going concern basis.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of subsidiary companies - Babraham Research Campus Limited and Babraham Institute Enterprise Limited.

The results of the subsidiaries are incorporated on a line by line basis as required under the SORP.

Babraham Institute Enterprise Limited has a 40% holding in Bioscience Partnership Limited. The results of Bioscience Partnership Limited have not been included for consolidation purposes on the grounds that it is immaterial in the context of group operations.

A separate income and expenditure account dealing with the results of the charitable company has not been presented as permitted under section 408 of the Companies Act 2006. The charitable company, The Babraham Institute, is referred to as the Institute throughout the financial statements.

##### 1.4 Incoming resources

Income comprises unencumbered grants received from research councils; grant income from collaborative, commissioned and competitively awarded research projects; income from miscellaneous charitable activities; commercial and residential rents from the letting of Group controlled property; and interest earned on the investment of surplus funds.

Income is recognised when the Institute becomes legally entitled to the income and the amount can be quantified with reasonable accuracy. All core UKRI-BBSRC grants are recognised as revenue in the year they are receivable. Grant income including research grants received in advance of conditions being met is deferred until those conditions are fully satisfied.

Capital grants are recognised in the consolidated statement of financial activities when entitlement passes, and once the criteria of certainty and measurement are met.

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

Trading income, which includes rent and letting income and other income relates to non-charitable services undertaken and is recognised in accordance with the terms of the contracts entered into, reflecting the point at which the obligations have been satisfied.

##### 1.5 Fund accounting

###### *Unrestricted funds*

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

###### *Restricted funds*

Income received by way of grants, sponsorship, donation or legacy which is directed by the provider as to be applied for specific purposes is accounted for within restricted income. Awards applied within the terms dictated by the awarding authority on the acquisition or improvement of tangible fixed assets are also accounted for within restricted income funds in full. The balance of the restricted fixed asset fund is reduced by the depreciation or amortisation charges over the expected useful life of the asset. This treatment has been applied to reflect the assets being on land owned by a third party, therefore at the end of the lease they will revert to that third party (see further explanation below regarding the ownership of land and buildings).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.6 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Resources expended are classified according to the nature of the cost as follows;

Charitable activities – comprises those costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be directly allocated to such activities and those costs of an indirect nature necessary to support the charities activities.

Trading activities - represents the costs associated with trading and raising income including the Institute's rental activities and tenant services and investments. Commercial trading operations relate to income and expenditure incurred by the trading subsidiaries.

Governance costs – include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

Support costs - include all other costs that whilst not relating directly to the charity's activities are needed to support the work undertaken in the charity's pursuit of its objectives. These have been allocated to the charity's activities on a basis consistent with the use of the resource, e.g. floor area, staff numbers.

##### 1.7 Tangible fixed assets

The Institute includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The Trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institute's lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

In 2020-21 BRCL renewed its lease with its Landlord (UKRI) and rent is now payable on leasehold land and buildings owned by third parties. This lease is recognised as an operating lease and hence BRCL no longer recognises any land and buildings on its balance sheet.

Scientific buildings are those leased and used by the group for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value. Other buildings represent those buildings used for ancillary purposes. These properties are held at cost less impairment

##### 1.8 Fixed asset revaluation

Leasehold land and buildings are included at open market value where this can be established or depreciated replacement cost in the case of specialised scientific buildings. Professional valuations are reviewed periodically in the interim periods. The resulting valuations are depreciated in accordance with the depreciation policy.

##### 1.9 Depreciation

Depreciation is provided by the group to write off the cost or valuation, less estimated residual values, of all fixed assets other than assets in course of construction, evenly over their expected useful lives. It is calculated at the following rates:

- Computer equipment\* - 3 years straight line
- Non-computer equipment\*- 3-5 years straight line
- Energy Generating Plant\*- 10 years straight line
- Leasehold land and buildings- over the shorter of the period of the lease, plus any notified intended extension thereto and the estimated useful remaining life.

\*Computer equipment, Non-computer equipment and Energy Generating plant are included in Fixtures and Equipment in Note 9.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.10 Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of net realisable value and value in use.

##### 1.11 Investment property

Investment Properties represent long leasehold properties let to tenants on a commercial basis. These properties are held at open market value with any changes in value held in a revaluation reserve unless the value of the reserve is insufficient to cover a deficit when an impairment loss is put through the SOFA.

The Institute includes in its financial statements leasehold investment properties owned by third parties, that it occupies and enjoys through peppercorn leases at their full market value. The Trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Within BRCL, a single new lease was entered into in December 2020, with new terms and provisions, including the requirement to pay rent to UKRI-BBSRC. The lease is structured in a way to represent the role BRCL has in the delivery of the Campus vision on behalf of UKRI-BBSRC and to protect the significant capital investment UKRI-BBSRC has made into the Campus. The nature of the rent provisions and short surrender rights means this lease is accounted for as an operating lease. It includes assets used for leasing out to life science start up and scale up businesses, plus service and self-occupied buildings and does not recognise any valuation on the balance sheet.

##### 1.12 Intellectual property

The cost of acquired intellectual property is capitalised and written off over its useful economic life. Intellectual property assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

##### 1.13 Research and development costs

Research and development costs are written off to the consolidated statement of financial activities account as they are incurred.

##### 1.14 Grants

UKRI-BBSRC capital grants are included within restricted capital funds and released over the estimated useful economic lives of the assets funded by the grant.

##### 1.15 Stocks

Stocks are valued at the lower of cost and net realisable value.

##### 1.16 Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the statement of financial activities.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.17 Pension costs

The Institute participates in the Research Council's pension scheme for employees previously employed under UKRI-BBSRC contracts. All Institute staff are now employed under local contracts, however staff previously contributing to the Research Council's pension scheme retained the right to continue contributing to this scheme.

This is an unfunded multi-employer defined benefit scheme. Since any assets and liabilities of the scheme cannot be split between participating employers, the Institute's pension costs are accounted as for a defined contribution scheme, with costs charged to the income and expenditure account as incurred.

Contributions by all other Institute staff and those by the subsidiary undertakings (BRCL and BIE) are made to a defined contribution pension scheme and charged to the income and expenditure account as incurred.

##### 1.18 Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income and expenditure account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the income and expenditure account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the statement of financial activities on a straight-line basis over the term of the lease.

##### 1.19 Taxation

The Institute is a registered charity within the meaning of the UK Taxes Acts and is, therefore, eligible to claim exemptions to income tax and capital gains tax.

The trading subsidiary companies are liable for assessment to taxation.

##### 1.20 Fixed Assets Investments (excluding properties)

Investments in subsidiaries and associates are stated at cost. To the extent that the carrying value exceeds the recoverable amount, an impairment loss is recognised.

Other fixed asset investments are either held at fair value or cost less impairment. Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities.

##### 1.20 Fixed Assets Investments (excluding properties)

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's funds. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of the net movement in funds since the date of the combination. Losses applicable to the minority in excess of the minority's share of net movement in funds are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.21 Investments

Investments are shown at fair value with historical cost separately disclosed. Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities.

##### 1.22 Financial Instruments

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

##### 1.23 Cash and cash equivalents

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

##### 1.24 Creditors

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

##### 1.25 Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

The items in the financial statements where these estimates have been made include:

- Depreciation, which has been charged in line with the accounting policy above. The amount of depreciation charged and net book value of the assets is included in Note 9.

The items in the financial statements where these judgements have been made include:

- Land and buildings and Investment Property are held at fair value in line with the accounting policy 1.7 and 1.11 above. The carrying value, and valuation movements, are included in Notes 9 and 10.
- Fixed asset investments are held at fair value in line with the accounting policy 1.20 above. The carrying value, and valuation movements, are included in Note 11.
- Investments are held at fair value in line with the accounting policy 1.21 above. The carrying value, and valuation movements, are included in Note 12.
- The recognition of land and buildings on the balance sheet is included in line with the accounting policy 1.7 and 1.11 above. The carrying value, and valuation movements, are included in Note 9 and 10.

**THE BABRAHAM INSTITUTE**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024  
(CONTINUED)**

**2 ANALYSIS OF INCOMING RESOURCES**

	Restricted revenue funds £'000	Restricted capital funds £'000	Unrestricted funds £'000	2024 Total £'000	2023 Total £'000
<b>Trading activities:</b>					
Grant Income	-	-	1,028	1,028	458
Goods and services	-	-	5,448	5,448	5,058
Rent	-	-	10,965	10,965	9,397
	-	-	17,441	17,441	14,913
<b>Investment income:</b>					
Bank interest and dividends receivable	-	-	318	318	302
Royalty/licence income	-	-	26	26	15
	-	-	344	344	317
<b>Charitable activities:</b>					
Grants and Donations UKRI-BBSRC					
- Competitive strategic grant	11,601	4,534	-	16,135	9,633
- Minor works	813	-	-	813	695
- Other grants	1,368	-	-	1,368	4,957
	-	-	-	-	-
Competitive project grants	1,168	-	-	1,168	1,088
Medical Research Council	1,052	-	-	1,052	1,042
University Links	168	-	-	168	172
European Union	1,040	-	-	1,040	914
Industry, levy boards	180	-	-	180	33
Trusts, foundations, charities	1,865	-	-	1,865	2,507
Goods and services	-	-	3,145	3,145	3,062
Rent	-	-	1,903	1,903	1,831
	19,255	4,534	5,048	28,837	25,934
<b>Total income</b>	<b>19,255</b>	<b>4,534</b>	<b>22,833</b>	<b>46,622</b>	<b>41,164</b>
Total Income 2023	17,807	3,234	20,123	41,164	

Charitable activities relate on the whole to scientific research. Goods and services income and rental income relate to the sale of services, both scientific and non-scientific services to external companies and individuals.

Incoming resources can be geographically analysed as:

	2024 £'000	2023 £'000
UK	45,301	39,843
Europe	1,213	1,003
Rest of World	108	318
	46,622	41,164

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED

	Allocation basis	Scientific Research £'000	Governance £'000	Total 2024 £'000	Total 2023 £'000
Staff costs	Direct	6,877	140	<b>7,017</b>	6,962
Laboratory supplies	Direct	2,040	-	<b>2,040</b>	2,327
Travel and subsistence	Direct	161	11	<b>172</b>	183
Equipment and hire charges	Direct	39	-	<b>39</b>	100
Repairs and minor works	Direct	-	-	-	3
Computing costs	Direct	3	-	<b>3</b>	3
Library	Direct	62	-	<b>62</b>	102
Legal & professional charges	Direct	16	200	<b>216</b>	209
Recruitment	Direct	12	-	<b>12</b>	23
Training	Direct	3	-	<b>3</b>	-
Other costs	Direct	231	-	<b>231</b>	308
Scientific services support costs	Use of resource	25,755	-	<b>25,755</b>	24,585
<b>Total Charitable costs</b>		<b>35,199</b>	<b>351</b>	<b>35,550</b>	34,805
Total Charitable costs 2023		34,487	318		
Commercial trading operation costs				<b>13,405</b>	11,084
Taxation (note 7)				<b>628</b>	526
<b>Total Group costs</b>				<b>49,583</b>	46,415

Restricted expenditure included in the above is £19,255k (2023: £17,807k). All other expenditure is unrestricted.

**THE BABRAHAM INSTITUTE**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024  
(CONTINUED)**

**3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED (CONTINUED)**

**Analysis of scientific services support costs for charitable purposes**

	<b>Administration</b>	<b>Estates</b>	<b>Technical</b>	<b>Total</b>	<b>Total 2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>Services</b>	<b>2024</b>	<b>£'000</b>
			<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Staff costs	3,556	1,177	4,149	<b>8,882</b>	8,337
Travel and subsistence	84	1	92	<b>177</b>	177
Repairs and minor works	-	637	1,092	<b>1,729</b>	1,670
Rent and rates	742	102	-	<b>844</b>	686
Fuel and water charges	86	1,898	-	<b>1,984</b>	2,239
Equipment and hire charges	71	15	205	<b>291</b>	296
Depreciation	6,842	-	-	<b>6,842</b>	6,255
Minor works	-	810	8	<b>818</b>	667
Waste disposal	2	5	-	<b>7</b>	7
Computing costs	55	18	443	<b>516</b>	479
Legal and professional charges	73	191	48	<b>312</b>	288
Recruitment	9	5	2	<b>16</b>	81
Training	101	-	18	<b>119</b>	103
Library	7	-	240	<b>247</b>	321
Food purchases	56	-	-	<b>56</b>	54
Bad debts	3	-	-	<b>3</b>	-
Loss on disposal of fixed assets	-	-	-	-	(38)
Other costs	1,177	463	1,272	<b>2,912</b>	2,963
	<b>12,864</b>	<b>5,322</b>	<b>7,569</b>	<b>25,755</b>	<b>24,585</b>
Total Support Costs 2023	<b>11,593</b>	<b>5,321</b>	<b>7,671</b>		<b>24,585</b>

Support costs are allocated to the charity's activities on a method consistent with the use of the resource.

**Governance Expenditure**

Governance costs during the year can be analysed as

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs	<b>140</b>	135
Travel and subsistence	<b>11</b>	10
Legal and professional charges	<b>200</b>	173
	<b>351</b>	<b>318</b>

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024  
(CONTINUED)****4 INCOMING RESOURCES AND RESOURCES EXPENDED**

	Group		Institute	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Incoming resources and resources expended are stated after charging:				
Amounts payable to auditors in respect of audit services to the Institute	75	73	75	73
Amounts payable to auditors in respect of audit services to subsidiary undertakings	43	35	-	-
Amounts payable to auditors in respect of non-audit services*	10	14	5	4
Net loss/(gain) on foreign currency translations	(40)	(25)	(40)	(25)
Depreciation	7,177	6,542	6,842	6,255
Amortisation of intangible fixed assets	29	16	-	-
Profit on disposal - fixed assets	(10)	(76)	-	(38)
Operating lease payments in respect of:				
- land and buildings	1,913	1,841	713	641
- other leases	12	6	12	6

\* Non-audit services relate to the provision of corporate tax compliance services and VAT advisory services.

**5 EMPLOYEES**

Staff costs for all employees were as follows:

	Group		Institute	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Wages and salaries	15,708	14,828	13,073	12,633
Social security costs	1,485	1,429	1,205	1,182
Other pension costs	1,987	1,862	1,631	1,591
	<b>19,180</b>	<b>18,119</b>	<b>15,909</b>	<b>15,406</b>

The average number of employees during the year was as follows:

	2024	2023
	No	No
Charitable activities	102	107
Support activities	196	207
Commercial operations	58	53
	<b>356</b>	<b>367</b>

Redundancy costs (included in wages and salary costs) during the year totalled £240k (2023: £171k). Redundancy costs relate to staff on external grants, where the grant finishes and staff are not transferred to other Institute employment. Also in both 2022-23 and 2023-24, redundancy also includes costs relating to 2 (2023 : 3) staff posts who, after a Board led review of Institute financial sustainability were consulted and took redundancy pay. Redundancy payments are based on contractual obligations and agreed schemes.

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024  
(CONTINUED)****5 EMPLOYEES (CONTINUED)**

The number of staff earning greater than £60,000 was:

	Group		Institute	
	2024 No	2023 No	2024 No	2023 No
£ 60,000 - £ 69,999	17	12	15	10
£ 70,000 - £ 79,999	11	13	10	12
£ 80,000 - £ 89,999	4	-	3	-
£ 90,000 - £ 99,999	2	1	1	1
£100,000 - £109,999	2	-	1	-
£110,000 - £119,999	1	4	1	3
£120,000 - £129,999	2	2	1	2
£130,000 - £139,999	2	-	2	-
£140,000 - £149,999	-	-	-	-
£150,000 - £159,999	-	1	-	1
£160,000 - £169,999	1	-	1	-
£170,000 - £179,999	1	-	-	-
£180,000 - £189,999	-	-	-	-
£190,000 - £199,999	-	1	-	-
	<b>43</b>	<b>34</b>	<b>35</b>	<b>29</b>

Within the Institute, the number of staff earning over £60,000 for whom retirement benefits are accruing under defined contribution schemes amount to 21 (2023: 18) and the amounts paid in the year were £181,382 (2023: £150,484).

The number of staff earning over £60,000 for whom retirement benefits are accruing under the RCUK pension scheme amount to 14 (2023: 11) and the amounts paid in the year were £317,718 (2023: £255,782).

**6 REMUNERATION AND BENEFITS – TRUSTEES AND KEY MANAGEMENT PERSONNEL**

None of the members of the Board of Trustees received any remuneration from the Institute during the year. Aggregate expenses incurred by 14 (2023: ten) Trustees in respect of travelling costs totalled £10,674 (2023: £10,499).

Key management personnel includes staff within the highest two pay bands within the Institute. This comprises the Institute Director, Chief Operating Officer, heads of each of the science programmes, plus one other senior group leader - who form part of Babraham Executive Committee (BEC).

The aggregate remuneration for key management personnel during the year was £1,033k (2023: £1,129k). There were no other transactions with key management personnel during the year (2023: none).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 7 TAXATION

	Group		Institute	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Corporation tax</b>				
Current tax on profits for the year – BRCL	738	387	-	-
Adjustment in relation to the prior year – BRCL	-	110	-	-
Tax Relief in respect of gift aid – BRCL	-	(42)	-	-
Current tax on profits for the year - BIE	4	-	-	-
<b>Total Current Tax</b>	<b>742</b>	<b>455</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>				
Origination/reversal of timing differences – BRCL	(28)	(16)	-	-
Origination/reversal of timing differences – BIE	(86)	87	-	-
<b>Total taxation on profits for the year</b>	<b>628</b>	<b>526</b>	<b>-</b>	<b>-</b>

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

The tax assessed for the year is lower (2023: lower) than the standard rate of corporation tax in the UK of 19% (2023: 19%). The tax differences shown below refer to the trading subsidiaries, Babraham Research Campus Limited and Babraham Institute Enterprise Limited :

	Group	
	2024 £'000	2023 £'000
Surplus on ordinary activities before tax as shown in the accounts of the trading subsidiary - BRCL	2,643	2,398
Surplus on ordinary activities before tax as shown in the accounts of the trading subsidiary - BIE	536	277
Surplus on ordinary activities multiplied by the standard rate of corporation tax at 25% (2023: 19%).	795	509
<i>Effects of:</i>		
Expenses not deductible for tax purposes	49	25
Income not taxable for tax purpose (investment gains)	(82)	-
Adjustments to tax charge in respect of prior periods	-	110
Deferred Tax not recognised / Remeasurement of deferred tax	-	25
Other differences leading to an increase/(decrease) in tax charge	-	(101)
Tax relief on gift aid payment	(134)	(42)
<b>Total taxation on profits for the year</b>	<b>628</b>	<b>526</b>

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024  
(CONTINUED)**

---

**8 INTANGIBLE ASSETS**

<b>Group</b>	<b>Intellectual Property £'000</b>
<i>Cost</i>	
At 1 April 2023	<b>319</b>
Additions	<u>128</u>
<b>At 31 March 2024</b>	<b><u>447</u></b>
<i>Amortisation</i>	
At 1 April 2023	65
Provided for the year	<u>29</u>
<b>At 31 March 2024</b>	<b><u>94</u></b>
<i>Net book value</i>	
<b>31 March 2024</b>	<b><u>353</u></b>
31 March 2023	<u>254</u>

Intangible assets relate to intellectual property purchased by the subsidiary company Babraham Institute Enterprise Limited.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 9 TANGIBLE ASSETS

Group	Short leasehold land and buildings £'000	Fixtures and Equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2023	96,128	37,163	133,291
Additions	-	4,712	4,712
Revaluation	1,586	-	1,586
Disposals	-	(1,012)	(1,012)
<b>At 31 March 2024</b>	<b>97,714</b>	<b>40,863</b>	<b>138,577</b>
<i>Depreciation</i>			
At 1 April 2023	-	24,304	24,304
Provided for the year	3,312	3,865	7,177
Disposals	-	(1,002)	(1,002)
Revaluations	(3,312)	-	(3,312)
<b>At 31 March 2024</b>	<b>-</b>	<b>27,167</b>	<b>27,167</b>
<i>Net book value</i>			
<b>At 31 March 2024</b>	<b>97,714</b>	<b>13,696</b>	<b>111,410</b>
At 31 March 2023	96,128	12,859	108,987

The Group includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value of £98m. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Group, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The only circumstance under which the Group could be asked to vacate the site is due to a failure to deliver the required programme, which in the trustees' view is highly unlikely. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £97.7m.

Babraham Institute land and buildings were valued as at 31 March 2024 by Powis Hughes Limited, acting as external valuer on the basis of Existing Use Value on the special assumption that the lease from the UKRI-BBSRC is ignored and the Properties are assumed to be held freehold by the Institute.

The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporates the International Valuation Standards 2017) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value - using a Depreciated Replacement Cost Approach for the specialised buildings and either a Market or Income Approach for all other buildings and land. This valuation resulted in an increase in valuation of £4,898k at the year end.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 9 TANGIBLE ASSETS (CONTINUED)

Properties held for the purpose of rental income are included in Investment property (Note 10).

Institute	Short leasehold land and buildings £'000	Fixtures and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2023	96,128	32,484	128,612
Additions	-	4,397	4,397
Revaluations	1,586	-	1,586
Disposals	-	(451)	(451)
<b>At 31 March 2024</b>	<b>97,714</b>	<b>36,430</b>	<b>134,144</b>
<i>Depreciation</i>			
At 1 April 2023	-	20,525	20,525
Provided for the year	3,312	3,530	6,842
Disposals	-	(451)	(451)
Revaluations	(3,312)	-	(3,312)
<b>At 31 March 2024</b>	<b>-</b>	<b>23,604</b>	<b>23,604</b>
<i>Net book value</i>			
<b>At 31 March 2024</b>	<b>97,714</b>	<b>12,826</b>	<b>110,540</b>
At 31 March 2023	96,128	11,959	108,087

The Institute includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future.

The only circumstance under which the Institute could be asked to vacate the site is due to a failure to deliver the required programme, which in the trustees' view is highly unlikely. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

See note above (tangible fixed asset group) regarding the professional valuation for Babraham Institute land and buildings.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 9 TANGIBLE ASSETS (CONTINUED)

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £97.7m.

Properties held for the purpose of rental income are included in Investment property (Note 10).

The historical net book value of land and buildings is as follows:

	Group		Institute	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Historical net book value at 31 March 2024	<b>19,593</b>	21,259	<b>19,593</b>	21,259

#### 10 INVESTMENT PROPERTY

Group	Long term leasehold investment properties £'000
<i>Valuation</i>	
At 1 April 2023	<b>3,000</b>
Revaluation	(1,200)
At 31 March 2024	<b>1,800</b>
<b>Historical net book value</b> at 31 March 2024	<b>-</b>

The valuation of investment land and buildings leased by the Babraham Institute from the UKRI-BBSRC was carried out as at 31 March 2024 by Powis Hughes Limited, chartered surveyors and is based on the special assumption that the terms of lease to the Institute have been ignored and land and buildings are considered to be held as freehold. This valuation resulted in a decrease in valuation of £1,200k at the year end to £1.8m

Institute	Investment property £'000
<i>Valuation</i>	
At 1 April 2023	<b>3,000</b>
Revaluation	(1,200)
At 31 March 2024	<b>1,800</b>
<b>Historical net book value</b> at 31 March 2024	<b>-</b>

The Institute includes in its financial statements Investment Properties owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Group, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Investment properties were revalued at 31 March 2024 by Powis Hughes Limited, chartered surveyors.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 11 FIXED ASSET INVESTMENTS

Trade investments represent listed and unlisted investments held by the trading subsidiary companies. Trade investments held by subsidiary companies are in both the UK and Europe.

Group	Trade Investments £'000
<b>Market Value</b>	
At 31 March 2023	2,251
Revaluation/Fair value adjustment	361
Impairment	(66)
<b>At 31 March 2024</b>	<b>2,546</b>

Further listed investments are held within Babraham Institute (the parent company) of £22,455k (see note 12). Overall, group investments total **£25,001k**.

Within the Institute, Group undertakings represent the Institute's shareholding of Babraham Institute Enterprise Limited and Babraham Research Campus Limited.

Institute	Group Undertakings £'000
<b>Cost</b>	
At 31 March 2023	6,676
<b>At 31 March 2024</b>	<b>6,676</b>

Further listed investments within Babraham Institute total £22,455k (see note 12). Institute investments (non-group) are **£29,131k**.

The results and assets of its subsidiaries shown for the period ended 31 March 2024 were:

	Babraham Research Campus Limited £'000	Babraham Institute Enterprise Limited £'000	Total £'000
Turnover	17,108	2,036	19,144
Profit/(loss) for the period after taxation	1,541	84	1,625
Non current assets	1,927	1,838	3,765
Current Assets	21,397	1,088	22,485
Current Liabilities	(7,073)	(550)	(7,623)
Net current assets	14,324	538	14,862
Non-current assets	2,522	-	2,522
Net assets	18,773	2,376	21,149

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 11 FIXED ASSET INVESTMENTS (CONTINUED)

The Institute owns 75% of Babraham Research Campus Limited (Registered in England and Wales number 03241492 address Babraham Hall, Babraham, Cambridge, Cambridgeshire, CB22 3AT) and the UKRI-BBSRC owns the remaining 25%.

The Institute continues to own 100% of Babraham Institute Enterprise Limited (Registered in England and Wales number 06331858 address Babraham Hall, Babraham, Cambridge, Cambridgeshire, CB22 3AT); both companies are incorporated in England.

The Group's share of the net assets in the subsidiary undertakings shown above are consolidated in the financial statements.

Other shareholdings held by Babraham Institute Enterprise Limited are detailed below:

- 400 "C" ordinary £1 shares representing 40% of the issued share capital of Bioscience Partnership Limited. The company continues not to trade and therefore there is no movement during the year.

The results of Bioscience Partnership Limited are not consolidated on the grounds that they are immaterial in the context of group operations.

Minority interests represent 25% of BRCL held by UKRI-BBSRC.

Minority interest	2024 £'000	2023 £'000
At 1 April 2023	8,094	7,659
Share of result	385	435
<b>At 31 March 2024</b>	<b>8,479</b>	8,094

#### 12 FIXED ASSET INVESTMENTS

Listed Securities – Group and Institute	Medium Term	Long Term	2024 Total	2023 Total
<i>Market Value</i>	£'000	£'000	£'000	£'000
At 1 April 2023	2,187	20,197	22,384	34,017
Additions	642	10,984	11,626	7,939
Disposals	(642)	(10,984)	(11,626)	(7,880)
Transfers/Withdrawals	-	(1,675)	(1,675)	(6,940)
Investment Income	4	36	40	314
Management Charges	(13)	(98)	(111)	(157)
Realised and unrealised gains and losses	110	1,707	1,817	1,389
<b>At 31 March 2024</b>	<b>2,288</b>	<b>20,167</b>	<b>22,455</b>	28,682
Historic cost of initial investment	2,108	18,230	20,338	23,973

Listed Securities represent investments held in medium term equity funds and longer-term fixed income instruments. The focus is on capital preservation and to avoid losses over the investment horizon, generating a return in excess of inflation over the long term whilst generating an income to support the ongoing activities of the Institute.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 12 FIXED ASSET INVESTMENTS (CONTINUED)

The investment portfolio includes investments which individually represent five percent or more of the total investments held. This is detailed below.

	Value £'000	Proportion of portfolio
Brown Advisory Funds US	2,613	11.6%
AAF Boston Common ABN Amro	1,795	8.0%
Ishares IV Plc MSCI USA	1,775	7.9%
Bluebay Funds Impact	1,671	7.4%
Wellington Management Fund (Ireland) Plc	1,560	6.9%
Brown Advisory Funds BA Global	1,470	6.5%
Impax Funds (Ireland) Environmental Leaders	1,373	6.1%

#### 13 STOCKS

	Group		Institute	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Raw materials, consumables and other stocks	<b>371</b>	337	<b>136</b>	146

#### 14 DEBTORS

	Group		Institute	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade debtors	<b>3,822</b>	3,259	<b>1,578</b>	826
Amounts owed by group undertakings	-	-	<b>1,061</b>	1,143
Grants receivable	<b>1,092</b>	1,430	<b>1,092</b>	1,430
Other debtors	<b>268</b>	2,870	<b>266</b>	360
Prepayments and accrued income	<b>2,213</b>	1,955	<b>1,114</b>	1,022
	<b>7,395</b>	9,514	<b>5,111</b>	4,781
<i>Amounts owed by subsidiary undertakings</i>				
Trade debtors	-	-	<b>684</b>	796
Other debtors	-	-	<b>377</b>	347
	-	-	<b>1,061</b>	1,143

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Institute	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade creditors	3,805	3,168	3,064	2,628
Amounts owed to group undertakings	-	-	743	382
Other creditors	3,722	3,343	697	643
Corporation tax	228	18	-	-
Other tax and social security	961	902	542	531
Grants in advance	3,363	3,659	1,898	2,432
EU co-ordinated programme partners	12	747	12	747
Accruals	1,443	1,472	812	1,058
	<b>13,534</b>	<b>13,309</b>	<b>7,768</b>	<b>8,421</b>
<i>Amounts owed to group undertakings</i>				
Babraham Research Campus Limited	-	-	703	348
Babraham Institute Enterprise Limited	-	-	40	34
	-	-	<b>743</b>	<b>382</b>

Reconciliation of movement in grants receivable and in advance:

	2024 £'000	2023 £'000
Grants receivable/in advance at 1 April 2023	(3,659)	(2,090)
Additional grants – note 2	19,255	17,807
Released during year	(18,959)	(19,376)
<b>Grants receivable/in advance at 31 March 2024</b>	<b>(3,363)</b>	<b>(3,659)</b>

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 16 DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Debtors falling due after more than one year of £2,522k (2023 : £183k) comprise deferred tax £297k and Other Debtors of £2,225k, analysed as follows ;

##### Deferred Tax

	Group		Institute	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
At 1 April 2023	183	253	-	-
Credited/(charged) to the statement of financial activities	114	(70)	-	-
<b>At 31 March 2024</b>	<b>297</b>	<b>183</b>	<b>-</b>	<b>-</b>

The provision for deferred tax is made up as follows:

	Group		Institute	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Short term timing differences - BIE	-	(83)	-	-
Fixed asset timing differences – BRCL	297	266	-	-
	<b>297</b>	<b>183</b>	<b>-</b>	<b>-</b>

##### Other Debtors

	Group		Institute	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Other Debtors	2,225	-	-	-
<b>At 31 March 2024</b>	<b>2,225</b>	<b>-</b>	<b>-</b>	<b>-</b>

A shareholder loan provided by BRCL to the joint venture with Biomed has been adjusted by £393k in present value due to the expected future repayment date of April 2028. Previously, the loan was recognised as repayable on demand, with no present value adjustment applied.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 17 FUNDS

The incoming funds for the Institute include restricted funds comprising the following unexpended balances of donations and grants to be applied for specific purposes.

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve £'000	Unrestricted funds £'000	Minority Interests £'000	Total £'000
<b>Group</b>					
At 1 April 2023	5,759	121,543	20,878	8,094	156,274
Incoming resources	19,255	4,534	22,833	-	46,622
Expenditure, losses and taxation	(19,255)	-	(30,328)	-	(49,583)
Gain on investments	-	-	158	-	158
Transfers of funds	289	(7,038)	6,749	-	-
Gain on revaluations	-	4,898	361	-	5,259
Funds attributable to minority interests	-	(12)	(373)	385	-
<b>At 31 March 2024</b>	<b>6,048</b>	<b>123,925</b>	<b>20,278</b>	<b>8,479</b>	<b>158,730</b>
<b>Institute</b>					
At 1 April 2023	5,759	121,497	16,108	-	143,364
Incoming resources	19,743	4,534	8,365	-	32,642
Expenditure and losses	(19,743)	-	(17,586)	-	(37,329)
Transfers of funds	289	(7,038)	6,749	-	-
Revaluation Movement	-	4,898	-	-	4,898
Investment Losses	-	-	617	-	617
<b>At 31 March 2024</b>	<b>6,048</b>	<b>123,891</b>	<b>14,253</b>	<b>-</b>	<b>144,192</b>

The restricted revenue funds of £6,048k consist of:

- funds specifically held by the Institute for future minor building repairs of £118k
- UKRI-BBSRC Strategic grant funding and Knowledge Exchange funding of £665k
- UKRI-BBSRC Energy grant funding of £667k
- UKRI-BBSRC Sustainability funds of £4,598k

The restricted capital funds comprise:

- the assets gifted/let to the Institute from/by the UKRI-BBSRC and the revaluation of those assets, the revaluation of the subsidiary undertaking's leasehold land and related infrastructure and capital grants receivable. The expenditure movement is the depreciation on these assets.
- rebuild maintenance grants received from UKRI-BBSRC of total value of £5,068k (2023 £5,068k) are held within restricted capital funds.

As the grant requires these assets to be used for the purpose for which the grant was provided, they remain within restricted capital funds.

Details relating to the minority interest are included in note 11.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 17 FUNDS (CONTINUED)

The transfers of capital funds relate to the release of previously received capital income (held within Capital Reserves) against depreciated charges.

##### *Analysis of net assets between funds*

Fund balances at 31 March 2024 are represented by:

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve funds £'000	Unrestricted funds £'000	2024 Total £'000	2023 Total £'000
<b>Group</b>					
Intangible fixed assets	-	-	353	<b>353</b>	254
Tangible fixed assets	-	110,543	867	<b>111,410</b>	108,987
Investment properties	-	1,800	-	<b>1,800</b>	3,000
Investments	6,561	11,582	6,858	<b>25,001</b>	24,635
Current and long-term assets	1,092	-	32,608	<b>33,700</b>	32,707
Total liabilities	(1,605)	-	(11,929)	<b>(13,534)</b>	(13,309)
Total funds	6,048	123,925	28,757	<b>158,730</b>	156,274
Minority Interests	-	-	(8,479)	<b>(8,479)</b>	(8,094)
Total net assets	<b>6,048</b>	<b>123,925</b>	<b>20,278</b>	<b>150,251</b>	148,180
<b>Institute</b>					
Tangible fixed assets	-	110,540	-	<b>110,540</b>	108,087
Investment properties	-	1,800	-	<b>1,800</b>	3,000
Investments	6,561	11,551	11,019	<b>29,131</b>	29,060
Current assets	1,092	-	9,397	<b>10,489</b>	11,638
Total liabilities	(1,605)	-	(6,163)	<b>(7,768)</b>	(8,421)
Total net assets	<b>6,048</b>	<b>123,891</b>	<b>14,253</b>	<b>144,192</b>	143,364

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 18 CAPITAL COMMITMENTS

Capital commitments at the end of the financial year for which no provision has been made:

	Group		Institute	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Contracted	<b>174</b>	1,132	<b>54</b>	1,132

The Institute and BRCL has entered into a number of operating leases for buildings, plant and machinery. The group's future minimum operating lease payments are as follows :

	BRCL		Institute	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Within one year	<b>1,200</b>	1,200	<b>12</b>	7
Within two to five years	<b>4,800</b>	4,800	<b>454</b>	428
	<b>6,000</b>	6,000	<b>466</b>	435

#### 19 PENSIONS

The Institute participates in the Research Council's pension scheme for employees previously employed under UKRI-BBSRC contracts. All Institute staff are now employed under local contracts, however staff previously contributing to the Research Council's pension scheme retained the right to continue contributing to this scheme. This is an unfunded multi-employer defined benefit scheme. Since any assets and liabilities of the scheme cannot be split between participating employers, the Institute's pension costs are accounted as for a defined contribution scheme, with costs charged to the income and expenditure account as incurred.

Contributions by all other Institute staff are made to a defined contribution pension scheme and charged to the income and expenditure account as incurred.

A defined contribution pension scheme is operated on behalf of the employees of the subsidiary undertakings. The assets are held separately from those of the Institute in an independently administered fund.

The pension charge represents contributions payable and amounted to:

	2024	2023
	£'000	£'000
Babraham Institute	<b>1,631</b>	1,591
Babraham Institute Enterprise Limited	<b>7</b>	13
Babraham Research Campus Limited	<b>349</b>	258
	<b>1,987</b>	1,862

The amount of pension contributions included within creditors at the year end was £262,768 (2023: £215,254).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

#### 20 FINANCIAL INSTRUMENTS

	2024 £'000	2023 £'000
Financial assets measured at amortised cost	29,715	30,757
Financial liabilities measured at amortised cost	(9,931)	(8,885)

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, other tax and social security creditors, bank loans and accruals.

#### 21 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2023 £'000	Cash flows £'000	At 31 March 2024 £'000
Cash and cash equivalents			
Cash	22,673	739	23,412

#### 22 RELATED PARTY TRANSACTIONS

The Babraham Institute owns 75% of Babraham Research Campus Limited with UKRI-BBSRC owning the remaining 25% and owns 100% of Babraham Institute Enterprise Limited.

The value of transactions with Babraham Research Campus Limited and Babraham Institute Enterprise Limited for the reporting year and balances outstanding at the year-end are as follows:

	Babraham Research Campus Ltd		Babraham Institute Enterprise Ltd	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Income	1,513	1,344	1,691	1,749
Expenditure	(1,883)	(1,654)	(114)	(259)
Debtors at 31 March 2024				
Due within one year	703	636	40	507
Creditors at 31 March 2024	(584)	(348)	(477)	(34)

There are no debts at year end which are repayable on demand or incur interest charges.

**THE BABRAHAM INSTITUTE**

England & Wales - Charity number 1053902

---

# Accounts

---

**The Babraham Institute  
(A Charitable Company Limited  
by Guarantee)**

Annual Report and Financial Statements

Year Ended

31 March 2023

**Company Number 03011737**

**Charity Number 1053902**

**THE BABRAHAM INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

---

**CONTENTS**

**PAGE: ANNUAL REPORT**

- 2 Officers and professional advisers
- 3 Report of the trustees (incorporating the Strategic Report)

**PAGE: AUDITOR'S REPORT**

- 24 Independent Auditor's Report

**PAGE: FINANCIAL STATEMENTS**

- 28 Consolidated statement of financial activities
- 29 Balance sheets
- 30 Consolidated statement of cash flows
- 31 Notes forming part of the financial statements

## THE BABRAHAM INSTITUTE

### OFFICERS AND PROFESSIONAL ADVISERS

---

<b>TRUSTEES</b>	Prof Dame Linda Partridge FRS (Chair as of 1 <sup>st</sup> September 2023) Mr Graham Allen Mr Geoff Braham Dr James Briscoe FRS Prof Gordon Brown FRS Dr Lynne Gailey Prof Peter Parker FRS Ms Alexandra Pygall	
<b>MEMBERS</b>	Chairman Babraham Institute Board Chairman Babraham Institute Audit Committee UKRI-BBSRC Corporate Member	- Prof Dame Linda Partridge FRS - Mr Geoff Braham - Prof Melanie Welham
<b>SECRETARY</b>	Mr Simon Jones	
<b>REGISTERED OFFICE</b>	Babraham Institute Babraham Hall Babraham Cambridge CB22 3AT	
<b>AUDITOR</b>	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY	
<b>BANKERS</b>	Lloyds Bank Plc 4th Floor 25 Gresham Street London EC2V 7HN	
<b>INTERNAL AUDITORS</b>	RSM Risk Assurance Services LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP	
<b>INVESTMENT BANK</b>	Royal Bank of Canada 100 Bishopgate London EC2N 4AA	

**REGISTERED COMPANY NUMBER** : 03011737

**CHARITY REGISTRATION NUMBER** : 1053902

## **THE BABRAHAM INSTITUTE**

### **REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023**

---

The Trustees are pleased to present their annual Trustees' Report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 March 2023 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY**

##### **LEGAL STATUS**

The Trustees, who are the trustees of the charity and directors of the charitable company the "Babraham Institute" (BI) (registered charity in England and Wales number 1053902; a company limited by guarantee, registered in England and Wales number 03011737), present their report together with the audited financial statements for the year ended 31 March 2023. The charity is governed by a Memorandum and Articles of Association adopted 24 June 2011, and its Institute Grant Agreement with the Biotechnology and Biological Sciences Research Council (UKRI-BBSRC) by whom it is strategically funded. UKRI-BBSRC is part of UK Research and Innovation (UKRI), a body working in partnership with universities, research organisations, businesses, charities and government.

The charity has two trading subsidiaries: Babraham Research Campus Limited (BRCL) (Registered in England and Wales number 03241492) and Babraham Institute Enterprise Limited (BIE) (Registered in England and Wales number 06331858); referred to as the "Group" throughout.

##### **PRINCIPAL ACTIVITY**

The principal activity of the group and the charitable company, as set out in the Memorandum and Articles of Association, is education, through undertaking research; the dissemination of the results of such research for the public benefit and the training of research scientists. The charitable company aims to be the UK's premier research institute for work on lifelong health and healthy ageing through frontier research into molecular and cell biology and development. The chief funder of the Institute is UKRI. Operating across the whole of the UK with a combined budget of more than £9 billion, UKRI became operational on 1 April 2018 and has brought together the seven Research Councils (including UKRI-BBSRC), Innovate UK and a new organisation, Research England.

BRCL operates from within the Babraham Research Campus, for which it has management and development responsibilities to ensure the Campus provides both the buildings and communal environment to benefit all the organisations on Campus. Its principal activities focus on supporting early stage companies and growing biomedical enterprises. This is delivered through the provision of specialised office and laboratory accommodation, access to scientific expertise and equipment (including to the Institute's eight science facilities and specialist equipment which is overseen by the Institute), and to support a research-centric community helping translate early stage science into products and services.

The primary role of BIE is to support the commercialisation of the Institute's science, and the company has responsibility for managing and commercialising the Institute's intellectual property portfolio through partnerships with industry, licencing activities, and the formation of spin-out companies. BIE also facilitates access to the Institute's cutting-edge scientific facilities for companies both on and off the Babraham Research Campus, thereby supporting the life science industry.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### STRUCTURE, MANAGEMENT AND GOVERNANCE

##### BOARD OF TRUSTEES

Up to and including the year ended 31 March 2023, the Board of Trustees consisted of up to ten individuals who acted as trustees and directors and are all guarantors of the charitable company, of an amount not exceeding £1, during the period of their appointment and for a year after resignation.

The following were members of the Board of Trustees during the year:

Prof Peter Rigby FRS – resigned 1 September 2023  
Mr Graham Allen  
Mr Geoff Braham #  
Dr James Briscoe FRS #  
Prof Gordon Brown FRS  
Dr Lynne Gailey #  
Prof Nic Jones – resigned 1 September 2023  
Prof Peter Parker FRS  
Prof Dame Linda Partridge FRS – appointed 30 September 2022  
Ms Alexandra Pygall #

# Denotes members of the Audit Committee as at 31 March 2023.

Membership of the charity consists of two Trustee Members (*ex officio* the Chair of the Board of Trustees and the Chair of the Audit Committee) and one Corporate Member, UK Research and Innovation (UKRI).

One Trustee Member, Prof Linda Partridge (who will take the position of Board Chair from September 2023) was recruited to the Board in the year ending 31 March 2023. The Institute's process for Trustee recruitment combines both targeted approaches through the use of an executive recruitment agency and open application. A shortlist is compiled after review of submitted applications and shortlisted candidates are interviewed by at least the Chairman and a selection of other Trustees. Following interviews, new Trustees are appointed by the interviewing Trustees with delegated authority from the Board. Trustees are appointed for a period of up to four years from the date of appointment (usually three) and are eligible for re-appointment at the end of their term. None of the Board of Trustees holds any interest in the shares of any of the subsidiary companies.

Trustees are provided with an induction pack containing key information about the Institute and are offered training in trusteeship by one of the recognised training providers in this area. Most Trustees also take the opportunity to visit the Institute and meet with its staff, outside of a formal Board of Trustees meeting.

Separate Audit Committees operate during the year for the Institute and BRCL. Additionally, a joint audit committee is convened annually to ensure proper scrutiny of Group finances and operations and as such incorporates some of the functions of a Finance and General Purposes Committee, although most of such functions are carried out by the Board itself.

The Board delegates the day to day running of the Institute to the senior management team led by Dr Simon Cook as Institute Director. Dr Cook was appointed Institute Director (3 year fixed term) in June 2022 after having been appointed Interim Director in July 2021.

The Company Secretary and Chief Operating Officer (COO) is Mr Simon Jones. The CEO of BRCL, one of the Institute's trading subsidiaries, Mr Derek Jones, is employed on a BRCL contract. BIE is managed by Dr Keith Jones (CEO) and senior management from the Institute.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### TRUSTEES' RESPONSIBILITIES STATEMENT

The charity's Trustees (who are also directors of the Babraham Institute for the purposes of company law) are responsible for preparing an annual Trustees' Report and 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), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (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 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 group will continue in business.

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

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

In so far as the Trustees are aware at the time of approving our annual Trustees' Report:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006

Institute governance dictates that key strategic decisions are made at the Babraham Executive Committee (BEC; chaired by the Director), which responds to advice from the Board of Directors, Scientific Advisory Panel and other key stakeholders including UKRI-BBSRC and other funding agencies. BEC is comprised of senior managers from across all functional areas, bringing a broad perspective of opinions to Institute business.

The Institute is committed to making a positive impact not only on the protection of the environment but to enhance it, while ensuring our research is maintained at a world-class standard. The Institute has developed a bespoke action plan for sustainability, working with UK-SOS, BRCL and eight campus companies. A Gold Award was received by the Institute by the SOS-UK Green Impact programme in October 2022, reflecting work by the Institute's Green Labs initiative at the Institute and also with BRCL companies. Continuation of this work as part of the next cycle of the Green Impact programme will achieve further environmental action with expanded participation across BRCL. The vision is that the Campus is Carbon Neutral by 2040.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

The Institute recognises that in order to maintain productive relationships with key stakeholders, the Institute must uphold high standards of business conduct. Operational teams hold and update relevant professional accreditations and undertake continuing personal development to ensure they are working in an effective manner. In 2020-21 a Research Integrity Steering Group was established to oversee the policies, management systems and processes supporting research integrity at the Institute. This will enable others to have confidence that our research is founded on rigour and excellence and is of the highest international quality.

The Institute has numerous mechanisms to foster relationships with key stakeholders. As the principal funder, relations with UKRI-BBSRC are maintained through many formal interactions. The Institute Director and Chair of the Board of Trustees hold regular partnership meetings with the Chief Executive of the UKRI-BBSRC. In addition, the Directors of all UKRI-BBSRC Institutes meet regularly with UKRI-BBSRC to discuss their strategic alliance. Furthermore, the Chief Operating Officer and senior members of the operations team hold frequent bilateral meetings with their counterparts at UKRI-BBSRC.

As a majority shareholder the Institute maintains close and productive relationships with BRCL management and Board. One area to highlight is in regard to environmental sustainability, where representatives from complementary functional areas, including engineering and facilities management, work collectively to reduce the impact of the campus on the local and wider environment. In addition to this, the Institute and BRCL partnered on a series of knowledge exchange networking events, coordinated a successful Collaborative Training Partnership (CTP) application and established a mentoring scheme. More details are given in the Knowledge Exchange and Commercialisation update.

Beyond the UKRI-BBSRC, the Institute is part of additional formal and informal networks. As part of the EU-LIFE alliance, a collection of independent European research institutes in the life sciences, the Institute plays a key role in building and promoting excellence in the life sciences. Institute scientists all belong to their collaborative research networks, bringing together ideas from across the globe. For grants running in 2022-2023 the Institute had collaborations with 63 organisations across 16 countries.

The Institute continues to be committed to the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. Procurement for goods and services is provided by a wide range of suppliers and the contractual terms and conditions that the Institute puts in place with third parties are regularly reviewed and have been updated to include provisions designed to ensure that any risks of modern slavery in the Institute's supply chain are appropriately and effectively addressed. The Institute's modern slavery statement is published on its website.

Institute science interfaces with many key areas of policy from public health to education, and from animal welfare to big data. Our life science research has significant potential to shape and inform policy on topics such as gene editing, stem cell research and the effect of dietary restriction over the course of a person's life. We also participate in broader discussions including animal welfare and the importance of the bioeconomy. Our researchers and staff place significant value on working with policymakers and policy organisations through discussion, evidence and debate.

In 2019, the HR department commissioned a series of three employee engagement surveys (in collaboration with The Survey Initiative). The first was launched in 2020, the second in early 2022 and the final survey is scheduled for early 2024. The surveys have helped to identify key issues and priorities for improvement, as well as highlighting areas of success, good practice and progress within the Institute.

The Institute is committed to creating, maintaining and promoting equality, diversity and inclusivity (EDI) in all aspects of its policies, procedures and activities, and to the principles of the Equality Act 2010. Our 'equality4success' strategic initiative unites all EDI activities and regularly consults with individuals to monitor the implementation of this goal (<https://www.babraham.ac.uk/about-us/e4s>).

The Technician Commitment signed up to in 2019-20 to pledge action against the key challenges that affect our technical staff continues to be developed. Consultations with stakeholders identified the main objectives and a self-assessment providing contextual information about the Institute, progress to date and a detailed 24-month future action plan for embedding the Technician Commitment was developed.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

Implementation was extended by 12 months until January 2022 due to Covid-19 delays. Following the stakeholder consultation, a detailed action plan ([www.babraham.ac.uk/people/technician-commitment](http://www.babraham.ac.uk/people/technician-commitment)) is under development for implementation from 2024, over a three year timeframe. Progress is being overseen by a Technician Commitment Steering Group. A particular success in 2022-2023 was the development of an Animal Technician Conference which was proposed and shaped by two animal technicians. Their leadership in establishing this event and supporting the goals of the Technician Commitment was recognised with an Outstanding Collaborator Award at the 2023 Research Institute Technician Awards.

The mental health and wellbeing of our staff is paramount and the Institute has a number of ways to support staff. The Employee Assistance Programme (EAP) is a 24-hour helpline for Institute staff, including financial, legal, relationship and emotional support as well as telephone counselling. In 2020 we established the Mental Health First Aider (MHFA) scheme, recruiting volunteers from across the Institute to be trained up as Mental Health First Aiders to act as a first point of contact for staff who are experiencing a mental health issue or emotional distress and to help signpost staff to the appropriate support. Additionally (in 2020) we introduced the Access to Work Mental Health Support service delivered by Remploy which provides support to individuals who are experiencing difficulties at work due to depression, anxiety, stress and/or other mental health conditions. Since the pandemic we have significantly improved our wellbeing offering to staff and have run a number of wellbeing and mental health related webinars and provided staff with monthly wellbeing themes and related resources. In addition, in 2022 we commenced an annual calendar of wellbeing events including collaborative activities with the Green Labs strategic initiative, for example cycle to work initiatives. Also, in 2022 we launched the first phase of Babraham Boost, the Institute's benefits platform which provides discount shopping vouchers for staff, thus assisting with financial wellbeing particularly during the cost of living crisis. The platform also contains a wealth of wellbeing information and support and is intended to be the centralised repository for all of the Institute's staff benefits provision, thus providing easy and quick access to the benefits available. The second phase, salary sacrifice schemes was launched in August 2023, by the introduction of the "cycle2work" scheme.

## OBJECTIVES AND ACTIVITIES

### INSTITUTE OBJECTIVES

In the furtherance of the charitable objectives listed in the Memorandum and Articles of Association, the charitable company is guided by a comprehensive portfolio of integrated policies. Further details of the charitable company's mission can be found online ([www.babraham.ac.uk/about-us](http://www.babraham.ac.uk/about-us)). Information on funding, research activities, scientific facilities and wider Institute programmes such as public engagement, commercialisation and equality and diversity can be found in the Institute's Annual Research Report covering 2019-2020 ([www.babraham.ac.uk/our-research/annual-research-report](http://www.babraham.ac.uk/our-research/annual-research-report)).

### SCIENTIFIC AIMS

The Institute's research operates across three science programmes (Institute Strategic Programmes, ISPs) focusing on epigenetics, signalling and immunology and is supported by UKRI-BBSRC strategic funding. The programmes work towards our overarching goal of understanding the fundamental biological mechanisms and changes underlying development and healthy ageing. Key strategic objectives include:

- Understanding the interaction between the immune system and other tissues; the role of signalling pathways in the immune system as well as the effects of ageing on the immune response and vaccination.
- Investigating the role of signalling pathways and the autophagy process in ageing, health and disease.
- Using the epigenetic clock to investigate how life events influence biological ageing, and examining mechanisms of epigenetic inheritance, stem cell differentiation and the impact of subtle epigenetic differences on cell diversity.
- Studying the impacts of diet and other lifestyle and environmental factors on epigenetics, signalling, metabolism, health and ageing.
- Leveraging the capital investment in Institute infrastructure and equipment, in particular the state-of-the-art scientific facilities and biological support unit, to attract investment and interaction from both the public and private sectors.

Each ISP contains a number of research Group Leaders who adopt complementary approaches to address a common set of biological questions. In addition to existing Group Leaders, Dr Arianne Richard, joined the Immunology research programme

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### INSTITUTE OBJECTIVES (CONTINUED)

in April 2022, thus completing the Institute's recent 2020-22 recruitment phase for new Group Leaders. In the year 2022-23 the Institute welcomed Dr Wolf Reik, Dr Adrian Liston and Dr Yiliang Ding as Honorary Group Leaders.

(<https://www.babraham.ac.uk/news/2023/03/yiliang-ding-honorary-group-leader>)

The Institute's three ISPGs receive funding from the UKRI-BBSRC in the form of Institute Strategic Programme Grants (ISPG) awarded to each programme. Each ISPG contains a list of objectives for the term of the grant, together with time plans and resource requirements; the grants are allocated for these specific, approved projects and funding may not be diverted to diverse activities. The ISPGs are summarised in the list of objectives above and a more detailed insight into the aims of each ISPG and research group can be found in the Annual Research Report ([www.babraham.ac.uk/our-research/annual-research-report](http://www.babraham.ac.uk/our-research/annual-research-report)).

Complementing ISPG funding there is a Campus Capability Grant (CCG) supporting the Institute and its core biological research facilities. The UKRI-BBSRC also provides a Knowledge Exchange and Commercialisation (KEC) grant which is used to enable the Institute to effectively disseminate knowledge and, where appropriate, facilitate partnerships or spin-out companies to maximise the impact of Institute research to translate research into action for social and economic benefit. A key part of the KEC strategy is to partner with industry, particularly biotech and pharma companies, to translate our research and support the bioeconomy. The grant also enables the Institute to employ a team of skilled KEC specialists to support and facilitate this work.

The Institute's research groups are structured so they can share resources, techniques and skills. Each Group Leader runs their own group and is expected to create, lead, maintain and develop an internationally competitive programme of innovative research. Each ISP Lead is responsible for leading and co-ordinating a cohesive programme of research that contributes to the Institute's mission of understanding and helping to improve lifelong health. This involves coordinating and uniting the goals of several groups and ensuring appropriate annual reporting to the UKRI-BBSRC.

Each Group Leader is expected to raise additional funds for their research over and above the UKRI-BBSRC core ISPG funding, not only to support the critical mass of researchers needed, but also to form strong strategic partnerships with other funders (often from the medical charity sector or the biotech/pharma industry) that are interested in the translation of Babraham Institute science into technologies and discoveries with high impact for the benefit of lifelong health and wellbeing.

The overall science direction of the Institute is determined by the Babraham Executive Committee (BEC; the senior executive committee responsible for the running of the Institute); additionally, the Science Policy Committee (SPoC; a subcommittee of BEC with additional membership from amongst the senior science staff and Grants Office) provides scientific leadership and vision and also monitors and assesses the science across all groups.

The impact of this research, for the public benefit, is a deeper understanding of the mechanisms of health and disease throughout life. The insights gained from the Institute's fundamental research may lead to changes to public advice on healthy living, wellbeing and ageing; could influence public health policies; and may underpin translational research and the creation of new therapies and treatments.

Through understanding normal physiology in both humans and animals, the Institute's scientists are able to apply this knowledge to disease conditions, often partnering with medical research charities and organisations devoted to alleviating the effects of those particular diseases. As a fundamental research organisation, it is acknowledged that the Institute's research can be far removed from these final outcomes and there is an expectation that the translation of Institute research may take some years to come to fruition, yet over the course of its history the Institute has demonstrated its ability to deliver high-impact research advances (e.g., work on fundamental cell biology and inositol lipid signalling spanning work underpinned by discoveries made in the 1960s to current day:

<https://www.babraham.ac.uk/sites/default/files/media/files/babraham%20poster.pdf>).

Additional demonstrations include the involvement of Institute immunologists in the development of some of the world's first therapeutically useful monoclonal antibodies, leading to several monoclonal antibody drugs such as Herceptin (for metastatic breast cancer), infliximab (for Crohn's disease) and Vectibix (Panitumumab), licensed for the treatment of colorectal cancer, which was developed directly from research performed at the Institute more than a decade earlier.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### INSTITUTE OBJECTIVES (CONTINUED)

The results of a recent new collaboration supported by Innovate UK (part of UKRI) could lead to the identification of new anti-cancer drugs. In 2022, Enhanc3D Genomics Ltd, a new spin-out from the Institute, formed from genomics research undertaken by Institute Group Leaders, raised £10 million in series A funding to advance its *GenLink3D*<sup>TM</sup> proprietary technology platform, enabling genome-wide profiling to identify links between gene regulatory regions and their target genes to open up new therapeutic opportunities. A suite of work published by groups within the Institute's Epigenetics programme in 2021 and early 2022 on stem cells provides important research models and know-how and advances our understanding of early development with potential impact on understanding developmental disorders<sup>1</sup>, cellular reprogramming for personalised medicine<sup>2</sup> and fertility treatments<sup>3</sup>. Cellular reprogramming research published by the Reik lab in April 2022 received international media coverage and this work will be featured in a documentary exploring research into how to secure improved health in later years<sup>4</sup>. Links to the articles can be found below;

1. <https://www.babraham.ac.uk/news/2022/02/new-way-study-awakening-human-genome>
2. <https://www.babraham.ac.uk/news/2022/03/stem-cell-secrets-allow-researchers-revamp-reprogramming>
3. <https://www.babraham.ac.uk/news/2021/09/key-staying-naive>
4. [https://www.babraham.ac.uk/news/category/news?field\\_keywords\\_target\\_id=341&created%5Bmin%5D=&created%5Bmax%5D=&combine](https://www.babraham.ac.uk/news/category/news?field_keywords_target_id=341&created%5Bmin%5D=&created%5Bmax%5D=&combine)

#### INSTITUTE MISSION STATEMENT

- To be a world-leading life science and innovation research institution producing internationally recognised and respected science with a view to creating significant social and economic impacts through understanding and improving lifelong health.
- To maximise awareness, relevance and impact of our work through a diverse and creative programme of knowledge exchange, commercialisation, public engagement and communication. Particularly by building a reputation for collaboration, transparency and high-quality science and business acumen.
- To provide a unique and highly successful environment, establishing Babraham Research Campus as the leading campus for bioscience start-up and developing biomedical companies and for supporting the development and growth of those organisations.

#### INSTITUTE REMIT

- The Babraham Institute is an independent charitable life sciences Institute, strategically funded by the UKRI-BBSRC, carrying out world-leading innovative research and advanced training with relevance to the biological, biotechnological, biomedical, pharmaceutical and health research and user communities.
- The Institute's research focuses on determining the mechanisms whereby cell signalling and gene regulation control normal cellular processes and functions underpinning ageing, development and the maintenance of health and wellbeing.
- The advances made due to the Institute's research are publicly available and the Institute actively seeks partnership and knowledge exchange with relevant companies and with clinical and other researchers to ensure effective application of its research.
- To be an active participant of the Babraham Research Campus by supporting early-stage bioscience enterprise through collaboration and providing access to state-of-the-art equipment.

As part of the UK Science Base, the Institute contributes to the economic growth, quality of life and public engagement objectives of government. Our work supports the UKRI-BBSRC's Forward Look for UK bioscience and bioscience for an integrated understanding of health. It also closely aligns with the healthcare challenge of ageing and the ambition to understand the pathways associated with multi-system ageing in order to develop new diagnostics and therapies as outlined in the UK Government's Life Science Vision, in addition to our work being of relevance to some of the Vision's other challenge areas.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### BABRAHAM GROUP BUSINESS OBJECTIVES

##### Delivery of World Class science, within the Institute's remit

- International leadership
- Synergistic and nationally strategic research
- Collaborative partnerships
- Graduate and postdoctoral training programme

##### Excellent fit-for-purpose infrastructure for science

- Technical
- Corporate
- Educational

##### The highest standards of Corporate Social Responsibility

- Values and impact of our research. The Institute holds and abides by the following values:
  - Benefit - *We make a difference*. As a world-leading centre of excellence in life sciences research we work to make discoveries for societal benefit that make a real difference in science, health and policy within the UK and globally.
  - Innovation - *We extend the boundaries of knowledge*. We work at the forefront of creative discovery science, nurturing our people through development and training, and provide the environment for innovation to thrive.
  - Integrity - *We are open, honest, and inclusive*. We work together to uphold the standards expected of us, operating with honesty and responsibility, creating an inclusive and motivating environment, and communicating openly and transparently.
- Maintaining the highest standards of research integrity (for details see our Research Integrity Statement)
- Community partnerships
- Minimising the environmental impact of the Campus
- Public Engagement Programme to engage and inspire
- Openness and transparency in all aspects of the Institute's work

##### An internationally recognised contribution to the UK's economic competitiveness

- Inward investment to the Babraham Research Campus
- Commercialisation and wealth creation
- Partnerships and knowledge flow

##### Robust sustainability

- Financial planning and estate strategy

##### Efficient and effective management

- Operations and People

##### A high standard of Corporate Governance

- Risk control and contingency planning
- Regulatory compliance
- Boards and subcommittees; executive decision-making structure and authorities

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### BABRAHAM GROUP BUSINESS OBJECTIVES (CONTINUED)

##### Within BRCL specifically, the key business objectives are:

- The delivery of research and innovation undertaken by the companies and academic researchers on the Campus.
- The development of people and talent both in the academic and commercial settings.
- The growth of Campus capabilities in order to support translation and company creation, and help to accelerate company growth and scale-up.
- The nurturing of the ecosystem by being a vibrant, dynamic, and well-connected research and innovation location and playing an active part in that community.
- Campus investment and ensuring sustainability.
- The creation of new partnerships, and to sustain those we have created, with organisations both on and off the site and which have added value and contributed to the vibrancy of the Campus.

#### EMPLOYEES

During the year the Babraham Group has continued to provide employees with relevant information and to seek their views on matters of common concern through groups, committees, staff updates, engagement surveys and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the group's position and any significant organisational changes.

Information continues to be published regularly in the Institute-wide monthly newsletter and this is now an established part of the Institute's internal communication mechanisms. The newsletter has been successful in engaging the Institute community with recognition initiatives (such as Staff Recognition Awards and the Institute's Annual Prizes), personnel changes, and news and updates from teams across the Institute.

These scheduled communications are supplemented with tailored communications emailed directly to staff on issues of particular note, such as changes to Institute management and important health and safety notices. Although ad hoc, these emailed communications ensure that all staff receive information that is relevant to the situation, the mechanisms for communication and support are made clear and misinformation is avoided.

The Michael Wakelam Symposium, titled 'Lipid Signalling, lipidomics and beyond' was held on 29<sup>th</sup> and 30<sup>th</sup> July 2022. Over the course of two days the Institute community was honoured to host speakers and attendees who paid tribute to a thoughtful and responsive Director, a respected scientist and scientific leader, who had worked with the Institute since 2009.

A Business Continuity Plan event was held on 6<sup>th</sup> July 2022, bringing together departmental leads and deputies as part of a crisis management team to deal with the hypothetical scenario of a ransomware attack on the Institute. BICS (the Institute's computing department) were instrumental in both the development of the event and in managing the scenario on the day. The Institute also received a certificate of commendation from Cambridgeshire Fire and Rescue Service for the hosting of the 'Dragontail' exercise on 11<sup>th</sup> July 2022, which saw Police, Fire and Ambulance services respond to a simulated emergency on the Babraham Research Campus.

LabTalks, was held on 17<sup>th</sup> and 18<sup>th</sup> November 2022 and an Institute staff update regarding Group Leader redundancies took place on 15<sup>th</sup> November 2022. A UKRI-BBSRC Partnership visit was conducted on 4<sup>th</sup> November 2022, where Professor Welham, executive chair of BBSRC and members of the senior team visited the Institute where group leader research was showcased.

The Institute holds a Silver Athena SWAN award and is one of 164 Member organisations that currently hold Athena SWAN awards in the UK. The Athena SWAN Charter was launched in 2005 to recognise commitment to advancing women's careers in science, technology, engineering, mathematics and medicine (STEMM) employment in higher education. The awards recognise good practice in recruiting, retaining and promoting women in STEMM. The Charter believes that an organisation must have institutional support and underpinning institutional good practice, policies and procedures in place in order to achieve and sustain an award.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### EMPLOYEES (CONTINUED)

The group is aware of its statutory duty to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the charity, as well as generally through training and career development. The charity is an equal opportunities employer and supports diversity in the workplace. The Institute follows the principles of the government's Disability Confident Scheme.

The Institute plans to build on ongoing good practice to further progress equal opportunities. A highlight of the impacts delivered by the Institute's equality4success initiative is the successful establishment of a Roving Researcher position, which provides support to researchers on long-term leave in order to maintain the momentum of research projects. After being established in 2020, the position has supported 11 researchers and one science facility. There has been a high degree of interest from other organisations in how to establish similar schemes and we have given presentations on the programme.

Following a recent review, Athena SWAN status must now be renewed every five years. In addition, the Institute successfully applied for an extension to allow for delays EDI work has faced due to the pandemic and changes to our directorship over the past few years. The Institute is preparing an application for 2024.

As mentioned earlier in the Trustees Report, the Institute joined the Technician Commitment in 2019, leading to the creation of a steering group to represent the variety of technical specialist roles found across the Institute. Key areas of focus and objectives have been mapped to the Technician Commitment themes of Visibility, Recognition, Career Development and Sustainability. Progress is being made towards meeting the objectives of the 2021-23 Action Plan, with a new 3-year plan being developed for submission in early 2024.

Remuneration of key management personnel is set annually by the Senior Remuneration Committee which comprises the Institute Chair and Deputy Chair along with at least one other trustee. The Committee is chaired by the trustee appointed to oversee HR matters on behalf of the Board.

#### SUMMARY PUBLIC BENEFIT STATEMENT

The charitable purpose of the Institute is to advance education, specifically to increase public learning and knowledge in the field of biological and biomedical sciences and also to provide training leading to a higher degree (PhD) in research techniques and significant contribution to collective knowledge and understanding of specific areas of study and expertise. The Trustees are mindful of their collective responsibility to ensure that the charity complies with public benefit guidance issued by the Charities Commission.

#### ACHIEVEMENTS AND PERFORMANCE

Key performance indicators focussing on non-financial performance during the reporting year are detailed below. The choice of performance indicators is based on readily available information which provides a useful comparison of achievements this financial year to last year.

##### Number of publications

The Institute's research continues to have biological / biomedical relevance and impact. Potentially a very wide cross-section of the public will benefit from our understanding of the ageing process and as a result of the translation of our findings into new medicines or treatments. Given the broad scope of our work, its relevance to everyone through their lifecycle, and our commitment to maximising research impacts through knowledge sharing with politicians, industry, policy organisations, charities, health and care services, we believe the Institute is making vital contributions to the future wellbeing and economy of the UK and beyond. In 2022 (calendar year) the Institute's scientists published a total 94 (2021:97; 2020:126) full and refereed research and review articles in journals, this number is expected to increase post-covid. Though only published last year these papers have already been cited almost 1,000 times.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

#### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

A full bibliographic list of all scientific publications is available on our website ([www.babraham.ac.uk/publications](http://www.babraham.ac.uk/publications)) and under each group's webpage. As with all scientific research organisations, these publications are the main immediate tangible output of the Institute's activities.

#### New Grants

The Institute, during the year, continued to seek additional external funding from various sources both within the United Kingdom, European Union and further afield. The number of new grants with a start date in 2022/23, by funding source and the total awarded, are below:

	2022/23		2021/22		2020/21		2019/20	
	Number	£'000	Number	£'000	Number	£'000	Number	£'000
UKRI-BBSRC	3	1,218	3	1,154	0	0	5	1,786
UKRI-MRC	1	1,418	3	1,263	2	973	2	916
European Commission	4	3,383	2	243	5	2,743	2	361
Industry, levy boards	7	544	1	295	1	420	3	457
Trusts, foundations, charities, foreign governments	1	137	6	4,579	5	2,370	9	1,970

As in past years, identifying, applying and securing new external funding sources remains a high priority of the Institute. Notable successes this year, and indicators of the quality of the Institute's research, are the award of prestigious Wellcome Discovery grants to Dr Peter Rugg-Gunn and Dr Della David. (<https://www.babraham.ac.uk/news/2023/02/dr-della-david-and-dr-peter-rugg-gunn-receive-wellcome-discovery-awards>)

#### Public Engagement

The Institute's engagement programme has seen a return to full operation over the last year with the removal of most pandemic measures. Both ourselves and our partners have been able to return to many of our historic events, as well as, launching new initiatives to better engage traditionally underserved audiences. The Institute's vision is of an open, transparent and accountable organisation that is leading in its contribution of science to culture, society, economic development and growth. Public engagement at the Institute is embedded within its research and supports interactions between researchers and a variety of public groups. The Institute has a core Public Engagement Team, supporting a varied and dynamic programme to engage students, teachers, community groups, family and adult audiences. The figures below highlight the Institute's commitment to these activities.

	2022/23	2021/22	2020/21	2019/20
Visitors to site	394	0 <sup>^</sup>	0 <sup>^</sup>	440
Outreach Events*	33	28	12	34
Total Public Audience Engaged	3,201	3,894	2,142	2,251
Website visits	159,425	127,222	154,650	116,435

\*Visits to schools, science festival exhibits, public lectures, panel sessions, public dialogue workshops, hosting community tours on campus, library talks etc, including online / digital formats.

<sup>^</sup>No visitors to site were recorded during the 2020-22 period due to the Covid-19 Pandemic.

The Institute's public engagement programme continues to engage at local, national and international level with a focus on developing relationships with communities traditionally underserved by engagement programmes. Over the last year the team have further developed relationships with a number of key partners. These include direct links with schools and community groups in areas of high deprivation - enabling these groups to engage with our research.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### ACHIEVEMENTS AND PERFORMANCE – PUBLIC ENGAGEMENT (CONTINUED)

We have also linked with education sector partners such as the Youth STEMM award and T-level training providers to allow for more measurable impact and peer recognition of our work, whilst building capacity for science enrichment in non-traditional routes into science careers. Our move to operate student placements through the In2Science (further education student focussed) and In2Research (undergraduate student focussed) programmes have enabled more equitable access to research experience at the Institute and we have seen great successes in these programmes with clear impacts on participants next step career destinations. The Research Access Programme (summer placements for undergraduate students from disadvantaged backgrounds) in particular has been recognised internally and externally for its impact with the programme, with it being made a finalist for the Cambridge Independent STEM Initiative of the Year Award (with results of this being announced in May).

The schools programme has been highly successful over the last year, with the return of both the 6<sup>th</sup> Form Conference in autumn 2022 and Schools day in early 2023. The 6<sup>th</sup> Form Conference provides the opportunity for further education students to research Institute science and present this back to researchers to gain experience of work, outside of the lab, that researchers do day-to-day. Schools Day returned in a similar format to the past with almost 200 students from 28 schools across the UK visiting the Institute to take part in hands on practical projects, with almost all research groups taking part and hosting groups within their labs. Both of these events were well attended and received very positive feedback. Of note was the success in expanding the audience of these events to include relatively large numbers of students from underserved areas (areas of high deprivation as determined by the government Indices of Multiple Deprivation metric) - furthering equitable access to the Institute's programmes. Beyond these flagship events, regular school visits have been carried out with priority schools that have been traditionally underserved through the Biolnspire programme, providing more opportunities for staff to engage students as well as building deeper relationships with these audiences. There has also been success in the community engagement programmes with a hybrid programme of in-person and online events, which re-established previous two-way engagement opportunities whilst capitalising on the learnings from online events and the extended audience reach this gives. Events such as the Cambridge Festival have showcased high tech approaches to our work through virtual reality activities, allowing for more experience led engagement. The team have also continued to engage on often controversial work such as that of the Biological Support Unit through events such as our Science Spotlight events which provide the opportunity for audiences to virtually tour the facility and see behind the otherwise closed doors. This work continues to dispel misconceptions around Institute work and contribute to our commitment to openness in animal research.

The experience gained from the ORION Open Science public dialogue is now being used in the Wellcome Funded Human Developmental Biology Index (HDBI) project. Alongside the research grant, further funding for public engagement work was successfully applied for. Using funding through the associated Wellcome Enrichment Grant and additional support through the UKRI Sciencewise programme, the team has embarked on developing and delivering a public dialogue around society's views on early human developmental biology research and associated regulations, such as the 14-day limit on culturing embryos for research. This work is expected to run throughout 2023 with reporting due in the autumn. We anticipate this project will have impacts on work led by the Human Fertility and Embryology Authority around reviewing the current UK law, as well as, impacts on good practice followed by those working in the sector (in line with 2021 recommendations from the International Society for Stem Cell Research calling for meaningful public engagement around the topic).

Throughout the year public engagement work has been well received by audiences, researcher contributors, funders and peers alike. Looking ahead, the public engagement team aims to continue to develop relationships with traditionally underserved audiences and provide opportunities for high quality, two-way engagement between staff and members of the public. This will enable the team to continue as a leader in equitable engagement with traditionally underserved audiences and expertise in impactful deliberative dialogue approaches with.

#### Knowledge Exchange and Commercialisation (KEC)

The Institute's KEC programme aims to maximise the dissemination, impact and, where appropriate, the exploitation of knowledge generated by and held within the Institute. Implicit in this is the recognition that this knowledge is the product of

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### ACHIEVEMENTS AND PERFORMANCE – KEC (CONTINUED)

public investment and that the Institute has a duty to maximise outcomes from this investment for societal and economic benefit.

Activities include the training of fellow scientists in new emerging techniques, through continued professional development (CPD), engagement with the Biotech / Pharma sector and other research organisations. In addition, the Institute aims to use its expertise to inform policy, direction and understanding of science by policy makers and industrialists at home and abroad. KEC is viewed as a two-way dialogue in which the Institute engages with industry and stakeholders to listen to their concerns and try to respond to their needs. Where appropriate the Institute seeks to maximise the impact of its research through commercialisation – this is managed by the Institute's wholly-owned trading arm BIE.

On the commercialisation front, the Institute's 2020 spin-out, Enhanc3D Genomics Ltd has had further success, raising £10 million in Series A financing to advance its *GenLink3D*<sup>TM</sup> proprietary technology platform. A further spin-out opportunity is currently being supported for highly innovative research originating from the Immunology programme, around a platform enabling a gene delivery therapeutic that may have potential in treating a range of neuroinflammation diseases.

The Institute's patent portfolio has grown to a set of twelve patent families over the last year, these have strong potential clinical value in diverse clinical fields including cancer therapeutics, traumatic brain injury, MS, cognitive decline, wound repair and ophthalmology, cardiovascular and chronic kidney disease. These filings are being actively developed to found spin-out opportunities or high-value licensing opportunities. A significant exclusive commercial licence for one patent family to Altos Labs UK Limited was executed in 2022, including £150k license fee and £60k patent reimbursement on signing, an annual licence fee of £25k, up to £4.25m in milestone payments, 10% of sublicense fees (reducing to 5% over 3 years) and a 1% royalty on sales (confidential information). A further industry licence currently under negotiation, resulting from KEC support of an industry-Institute collaboration that has helped the company to develop their technology platform.

On the knowledge exchange front, successful UKRI-BBSRC grants with a combined worth £350,000 were secured in 2022 and 2023, which have funded seven industry R&D research collaborations with BRCL companies and diverse cross-organisational and training and career-development opportunities for researchers and technicians. Supported collaborations and placements with industrial and institutional hosts have enabled exposure of technicians and research staff to a range of new commercial and academic environments and significantly enabled translational activities and market awareness across the three ISPs.

In 2021 the Institute and Campus successfully secured funding for fifteen PhD studentships from UKRI-BBSRC as part of a Collaborative Training Partnership (CTP). Rolling out over a period of three years, eleven different Institute research groups will host students as they undertake their PhDs in partnership with thirteen Campus companies. Each CTP student will conduct their research within one of the Institute's three research programmes and spend time working with one of the Campus-based companies. The close location of companies to the Institute will allow students to benefit from a high degree of interaction with their industrial partner throughout the period of their studentship. Through a tailored programme of skills training and scientific and industry supervision the partnership will produce a cohort of bioscience researchers equipped with excellent research skills and commercial know-how. Students will also shadow early-stage life science ventures as they participate in the Campus' five-month bioentrepreneurial programme, Accelerate@Babraham, which will provide insight to the spin out/start-up process and an awareness of key commercial knowledge areas. Six of these studentships started in October 2022, and recruitment for a further 3 secured in January 2023.

The range of Institute initiated Campus events continued to develop in 2022-23 on diverse translational, professional career and academic themes. These activities have been significantly enhanced by the UKRI-BBSRC Campus Impact Acceleration Account (CIAA) awarded to BRCL in July 2022 and March 2023, which are being delivered in partnership with the Institute. CIAA funding is supporting BRCL-based industry collaborative R&D, financing the development of Campus-based industry-facing Facility services opportunities, translational and entrepreneurial training, Campus mentorship and networking opportunities.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

#### ACHIEVEMENTS AND PERFORMANCE – KEC (CONTINUED)

Separate to the CIAA activities, diverse translational training opportunities have been provided by KEC to Institute staff and students through scholarships awarded to students and staff enabling participation in the Judge Business School's EnterpriseTECH, Newton Venture Program and the BioSpark entrepreneurship programmes. Translational support has been provided to two teams who in March 2023 secured places on the Accelerate@Babraham accelerator to develop developing spin-out opportunities from the Immunology ISP and Flow Cytometry Facility. In 2022-23, Babraham Institute Enterprise Limited generated £2,320k (2022 : £1,664k) in revenues from the commercialisation of its assets and activities. Most of the revenues arise from collaborations with industry and commercialisation of the Institute's scientific facilities.

#### SUSTAINABILITY

The Institute's Environmental Sustainability Vision is a commitment to making a positive impact on not only the protection of the environment but to enhance it while ensuring our research is maintained at a world class standard. The Institute's Chief Operating Officer has responsibility for environmental management.

The Institute continues to invest in energy saving opportunities exploiting funding opportunities from UKRI-BBSRC and UKRI to not only improve and reduce the carbon footprint of the Institute and its science but to maximise efficiency in its use of energy. Latest updates include:

- The Institute continues to operate a Tri-generation CHP unit to meet the sites heat and cooling loads. The unit remains registered with the Department for Business, Energy and Industrial Strategy (BEIS) CHP Quality Assurance (CHPQA) Programme and good quality certification has been achieved.
- Smart lighting continues to be rolled out across the Institutes building stock with the remainder of lighting within the two main laboratories upon successful funding being completed in 2023.

#### 2022/23 Streamlined Energy and Carbon Report (SERC) outcomes - Emissions Data

Greenhouse Gas Emissions		2022/23	2021/22	2020/21
Scope Emissions Indicators (tCO <sub>2</sub> e)	Total Gross Emissions	5,597	6,317	6,503
	Total Net Emissions	5,597	6,317	6,503
	Gross Emissions Scope 1 (Fuel)	4,295	5,771	5,465
	Gross Emissions Scope 1 (Transport x 100)	312	224	117
	Total Scope 1 Emissions	4,606	5,996	5,582
	Gross Emissions Scope 2 (Electricity)	990	320	921
Related Energy Consumption (MWh)	Electricity: Non-Renewable	4,187,202	7,785,672	6,236,091
	Electricity: Renewable	5,121,870	1,509,387	3,254,693
	Transport	12,422	8,942	4,686
	Gas	23,527,186	31,509,854	29,709,938

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### SUSTAINABILITY (CONTINUED)

##### Methodology

- The report covers the emissions for which the Institute has financial control and this was the boundary defined by the organisation.
- Utility data was collected for the past three financial years; 2020/21, 2021/22 and 2022/23 for the period 1st April to 31st March consistently.
- Measurement of Scope 1 and Scope 2 emissions were based on billing data via invoices provided by the utility supplier and recorded mileage for transport emissions.
- Reporting was based on the analysis of the data, to highlight any trends, progress towards reduction and recognised improvements.
- An Intensity Ratio of tCO<sub>2</sub>e/Full Time Equivalent was selected by the Institute to present the data on a clear and transparent like-for-like basis.
- The methodology used to compile the data was that used in the fulfilment of the regulatory requirements for the Energy Savings Opportunity Scheme (ESOS).
- There are no process emissions within the organisation and emissions from air conditioning, refrigeration units in offices buildings are excluded due to cost of data collection. These are estimated to account for less than 0.2% of the total Scope 1 emissions.
- Emissions factors used are those from the UK Government GHG Conversion Factors for Company Reporting Standard Set 2018.

##### Proposed Targets for 2023-24

The Babraham Institute continues with its ongoing water saving measures and has undertaken an internal camera inspection of a suspect section of water supply pipework. The subsequent survey report has highlighted internal cracking to several sections of the pipework that will require remedial action in the short to medium term. New Isolation valves have been installed in several areas which will help in identifying the location of any future leaks in the below ground water main.

The Route to Net Zero commissioned last year focusses on Scope 1 and Scope 2 Energy Strategy Report for the Babraham Institute and the Babraham Research Campus. The Energy Strategy Report is a high-level strategic report and feasibility study including appraisal of options for reducing energy consumption (Scopes 1 and 2), reducing reliance on fossil fuel derived energy supply across the estate, relative risks and a milestone programme for achieving Net Zero Carbon. The report also covers overall budget expectations.

In summary, the overriding objective for the Institute and BRCL is to undertake the effectively phased replacement of all existing fossil fuel energy systems with low to zero carbon systems by 2040 at the latest.

Initial actions taken from the report are;

- Undertake a thermal imaging survey in 2023 as a pre-cursor to further building-level energy audits. In parallel, begin implementing energy conservation measures across the Institute while ensuring all existing system are used efficiently.
- Fabric survey of all BI buildings to identify potential energy savings through improved insulation (wall and floor), improved glazing and solar shading or thermal window film.
- Undertake a site-wide survey to investigate suitability of roof mounted solar arrays on Institute buildings where the local planning authority allow.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### GROUP ESTATE ACTIVITIES

There are over 60 organisations operating within the Babraham Research Campus. The Campus is managed by BRCL and BRCL develops and builds facilities to support the commercial activities on site. Tenants are located in a number of purpose-built buildings with both laboratory and office space. In total, occupied space is in excess of 9,000 square meters.

This development is part of an on-going programme of expanding the campus following the initial £44m investment by HM Government in 2011. The investment programme is designed to deliver innovation from the research base, generate economic growth, and create and support new companies based on world-leading UK bioscience.

In April 2014, an additional £17m capital development project was initiated, catalysed by a further £6m grant announced by the Chancellor of the Exchequer, again to further develop the Babraham Research Campus. Under this project an additional laboratory and office building has been constructed and a new social infrastructure building has been completed and opened to campus tenants in January 2017. This latter building named The Cambridge Building now provides a new 200-seater conference facility, catering, meeting rooms and social and networking space. This reflects the needs of a growing campus, and the key role of providing space for networking for the campus tenants.

#### INSTITUTE FUTURE DEVELOPMENTS

The Institute will continue to be principally engaged in the field of basic bioscience with a strong emphasis on research into healthy ageing. The Institute's science programmes will determine the significance of biological changes for the ageing process from conception onwards. In preparation for the Institute Assessment Exercise, scheduled for completion in Autumn 2023, a review of the evolution and adaptation of ISPG's is taking place.

The priority is to ensure that all our UKRI-BBSRC funded research is internationally competitive with the best academic groups in our area of endeavour. We continue to prioritise the need to control costs in all categories including pay costs, but note the need to invest strategically to reach new collaborators and expand the reach of the Institute wherever possible.

With the UK's departure from the European Union, some clarity regarding the UK's participation in Horizon Europe has now been established, however delays and uncertainty will have an impact. Active grants during 2022-23 from the EU come to £6.7M in total funding over the life of the grants. The Institute is following carefully opportunities for international collaboration from UKRI and beyond.

Ensuring the Institute continues to attract the most gifted staff remains a strategic priority, recruiting talented but less experienced individuals who we train and develop into key roles. This supports the continued programme of succession planning which remains an important issue. This will continue to be achieved through new recruitment to priority areas as well as through advancing the progression of early career scientists and other staff and ensuring that they are fully equipped to take leading roles in the future development of the organisation.

#### GROUP FUTURE DEVELOPMENTS

During this reporting period, and in support of the agreed strategy for the campus BRCL have progressed the opportunity to further develop the campus. BRCL announced in September 2022 an agreement to form a partnership with Biomed Realty Inc (BMR), a US corporation, already with a presence on the campus, to jointly construct a new c. 40,000 ft<sup>2</sup> laboratory and office building. This building is designed to accommodate companies already on the campus, wishing to grow on site. BMR was selected as a development partner following a tender process where a number of potential partners were invited to submit a proposal against an invite to tender package we had developed. Anticipated completion in Q1 2024, the building is expected to have occupants on completion such as the local demand, and at a rental value higher than originally envisaged primarily as result of the limited demand for the high-quality, well located laboratory space that we provide on campus.

Whilst the infrastructure development of the campus is a key component of BRCL's growth, there is too the other elements of the strategic plan that involves the support of activities to encourage entrepreneurship, science translation and high quality scientific training. To that end, BRCL continues to run the accelerate@babraham programme, provides easy-access laboratory and science capabilities on a short-term basis in a communal laboratory centre, supports the Babraham Institute in their PhD programmes, and works collaboratively with other entrepreneurial initiatives and centres in the region such as Start Codon, and the Cambridge Biomedical Campus.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

#### RISK MANAGEMENT

The Institute Board of Trustees is responsible for ensuring there are effective and adequate risk management and internal control systems in place to manage the major risks to which the charity is exposed. The Audit Committee agrees an annual risk-based internal audit plan which covers major risks identified by management and the Board of Trustees. It receives reports from internal auditors on the effectiveness of internal controls, progress against the internal audit plan and progress on recommendations made in reports. The Board of Trustees reviews a full risk report annually tracking major risks. The Science and Impact Advisory Committee (SIAC) also assess the science quality and vision covered in various sections of the risk register. The table below summarises how the Institute manages its key risks.

During 2022-23 the Governance and Projects Office undertook an extensive review of the Corporate Risk Register, moving this to the new RSM 4Risk software to ensure easier interactivity, monitoring and reporting of risks. Following consultation with other organisations and industry bodies, the Corporate Risk Register was condensed from 32 to 12 overarching risks to bring us in line with best practice. Looking ahead it is planned that departmental risk registers will move to RSM 4Risk.

In addition to risk registers utilising RSM 4Risk software, in December 2022, as part of an ongoing major review of all institute policies and policy awareness, policies were moved to RSM 4Policies software to enable transparency, easier engagement and monitoring.

Risk Area	Description of Risk	Risk Management
<b>Business Sustainability</b>	The Institute having to manage the loss or reduction of UKRI-BBSRC funding. The inability for the institute to remain financially viable, managing energy price increases, insufficient capital budget and failures to secure enough competitive grant income. A lack of technological investment at the institute to enable research.	<ul style="list-style-type: none"> <li>• Annual budget setting and monitoring to ensure effective use of resources. Defined policy and procedure to spend Institute reserves and effective investment of reserves under the Treasury Management Policy.</li> <li>• Participating in a UKRI-BBSRC-wide Institute Financial sustainability agenda and Peer review process.</li> <li>• Review to ensure progress against ISPG, CCG and KEC objectives.</li> <li>• Capital Equipment Policy and Procedures in place to prioritise business cases for each UKRI-BBSRC capital equipment funding call. Increase awareness of adequate funding opportunities; support and train staff applying for funding (Grants Office)</li> <li>• Review and approve quality and science alignment of grants, and advising the grant applicant on how to strengthen proposal to be submitted (SPOC)</li> </ul>
<b>Reputational Maintenance</b>	The Institute having to manage reputational damage caused by poor contribution to bioscience, scientific misconduct or an honest failure to replicate results, staff breaching the code of conduct and the threats posed by animal rights activism. A lack of technological investment at the institute which degrades reputation.	<ul style="list-style-type: none"> <li>• Effective Public Engagement strategy in place to raise Institute's profile. Events / conferences for the scientific community to raise the Institute's profile.</li> <li>• Scientific collaborations to raise the Institute's profile.</li> <li>• Showcasing the Institute through external communication mechanisms, including the website, social media, the science annual report and press engagement.</li> <li>• Biennial Research Integrity Assurance Review (including Lab notebook OneNote procedures).</li> <li>• Promotion of a good Research Integrity Culture through policies.</li> <li>• Strategic Security Consultant ensures the Institute's interests are protected and that BRCL delivers security to the correct specification, reducing the risk of breach/failure.</li> </ul>

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

#### RISK MANAGEMENT (CONTINUED)

Risk Area	Description of Risk	Risk Management
<b>IT System Failure</b>	The Institute being subject to a cyber-attack, threats due to unresolved system vulnerabilities, the lack of training of knowledge of staff or negligence. The risk of a major incident on site such as a power outage, fire, flood etc effecting on site data centres.	<ul style="list-style-type: none"> <li>Continual review of IT procedures and assessment of new risks as they develop to ensure systems are fit for purpose.</li> <li>Maintain Network Security. Urgent recommendations (e.g., critical vulnerabilities) are implemented in response to notifications from Janet CSIRT service and other notification services. Cyber Essentials Certification in place.</li> <li>Immutable (Read-only) backup service for IT servers to ensure service recovery is possible in the event of a ransomware attack.</li> <li>IT staff are trained in IT security and have regular CPD in this area to ensure knowledge is up to date</li> <li>Multifactor Authentication (MFA) enabled for all remote access. Regular communication to staff on new and existing threats to build knowledge and awareness.</li> </ul>
<b>Business Continuity</b>	The Institute is unable to continue day to day operation due to severe business disruption to science and research	<ul style="list-style-type: none"> <li>Equipment and logistical steps in place along with ensuring policies and SOPs are fit for purpose and reflect current best practice. Supply chain resilience is built in as far as possible.</li> <li>A reciprocal agreement is in place to use facilities at the CRUK Cambridge Institute as an emergency centre.</li> <li>Business Continuity Plan and Crisis Management Team is in place to provide a framework and table top exercises annually. Managing external profile of the Institute during the event of an incident.</li> <li>Commercial insurance in place to cover financial loss through business disruption.</li> </ul>
<b>HR Management</b>	The Institute is unable to recruit and retain staff due to staff burnout, inadequate team resources and poor planning.	<ul style="list-style-type: none"> <li>Attractiveness of the Babraham Research Campus and good infrastructure such as provision, housing, parking, etc.</li> <li>Competitive pay scheme and benefits including research support package. Benchmarking of pay and benefits with other organisations to ensure parity.</li> <li>Provision and maintenance of excellent science facilities and equipment and support for immigration licenses and visas and an employee assistance programme to support staff wellbeing.</li> </ul>

Within BRCL, the Directors carry out regular reviews of the risks to which the company may be exposed both at regular Board Meetings and through the company's Audit Committee. Where necessary the company can call upon the Group's internal auditors RSM to act as an independent internal audit service. The principal strategic risks considered by the BRCL board include:

- War in Ukraine, and the effects on supply chain issues and increases in energy costs
- Inflation and the global economic slowdown.
- Reduction in investment in the life-science sector

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

#### FINANCIAL REVIEW

During the year, the total group reserves increased from £152m to £156m, with details of the movement in group funds shown in the Statement of Financial Activities on page 28.

The individual results within the group are detailed below.

#### BABRAHAM INSTITUTE

Overall results for the Babraham Institute show an increase in total funds from £141m to £143m. Restricted revenue funds decreased by £533k, Restricted Capital funds increased by £4,776k and Unrestricted Revenue funds decreased by £1,891k, totalling an increase of £2,352k across all funds.

The Institute's deficit on unrestricted funds for the year of £1,891k compared to a deficit of £3,573k last year. The deficit before investment gains/losses, depreciation and transfers is £3,927k and £4,061k respectively for 2023 and 2022.

	2023 £'000	2022 £'000
Deficit before Investment gains/losses, depreciation and transfers – unrestricted funds	(3,927)	(4,061)
Depreciation	(6,255)	(4,762)
Transfers from capital and revaluation reserves	8,776	3,380
Fair Value adjustment to investment properties	(400)	(300)
Impairment on investment in subsidiary	-	468
Investment Income (dividends and interest)	255	313
Investment gains/(losses) - realised and unrealised	(340)	1,389
<b>Deficit for year – unrestricted funds</b>	<b>(1,891)</b>	<b>(3,573)</b>

Revenue income increased by around £1m during the year (grant income £441k and goods, services and rental income £650k). Similarly, increases in salary costs (£605k), travel costs (£204k) and energy costs (£278k) were incurred in the year. Actual energy costs increased by £1,055k on 2021-22 values, however this was offset by additional UKRI-BBSRC funding of £777k received in the year.

Annual revaluations within the Institute (£10.3m) to land and buildings have further increased capital reserves in the year (note 9). Capital funds within the Institute continue to be released from capital reserves against depreciation charges in the year. During the year £3,233k of capital funding was received (2022 : £4,002k).

The Institute continues to maximise its returns on funds by holding investments managed by Royal Bank of Canada. This allowed the Institute to benefit from investment income of £255k in the year (2022 : £313k).

The Institute has continued to actively monitor its cost base and strive for efficiency savings where possible to ensure the Institute continues to maximise its operations based on the funding received. Looking to the future the Institute continues to remain on a tight financial budget and a longer-term focus will need to be placed upon continuing to seek and secure fresh income streams.

#### BABRAHAM RESEARCH CAMPUS LIMITED (BRCL)

The profit for the year, after taxation, amounted to £1,958k (2022 - profit £2,590k). The main movement in profit this year is as a result of increased salaries, utilities costs and professional fees associated with the new joint venture. Rental revenues have seen a 7% increase and meeting and conferencing revenues have seen a 150% increase compared to last year, this brings the trading activities for this area of the business back to pre-COVID levels.

Gift aid of £220k (2022: £300k) was paid to The Babraham Institute relating to the year 2022-23.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### FINANCIAL REVIEW (CONTINUED)

##### BABRAHAM INSTITUTE ENTERPRISE LIMITED (BIE)

Babraham Institute Enterprise Limited made a profit before tax and gift aid of £277k (2022: profit £647k). Excluding investment impairments/impairment reversals, operating results are £322k profit for 2022-23 and £56k profit for 2021-22. Turnover including licencing income for 2022-23 of £2,320k compared to £1,664k for 2021-22, an increase of £656k. This increase in activity also led to higher costs of £390k in the year, and these movements account for the increase in operating results.

Gift aid of £333k (2022: £nil) was paid after the year end (in July 2023) to the Babraham Institute, resulting in a deferred tax charge of £86k for the year ended 2022-23.

#### RESERVES POLICY

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

- Future operational and capital expenditure requirements;
- Potential financial risks identified in the Risk Register;
- Funding required for strategic investments not included in the operating budget;
- Working capital / liquidity requirements;

The Trustees have reviewed the reserves of the Group. The review encompasses the nature of the income and expenditure streams, the need to match variable income with fixed commitments, and the nature of the reserves. The Trustees concluded that to facilitate long term planning they aim to achieve unrestricted reserves of at least £16m, covering 3 months working capital and any other financial obligations should the business cease to operate. Currently free reserves are around £21m and the Trustees are satisfied that these reserves are sufficient to finance both the general reserve and provide the necessary funds to mitigate financial risks associated with operational and capital expenditure identified in the Risk Register.

#### PRINCIPAL FUNDING SOURCES AND REVIEW OF EXPENDITURE

The Babraham Institute is one of eight Institutes receiving strategic funding from the UKRI-BBSRC. Funding is derived from our principal sponsor, the UKRI-BBSRC, together with external grants or fellowships competitively gained from other research councils, charities and industry.

Expenditure incurred as analysed in the Statement of Financial Activities relates to Charitable Activities, including support costs. Commercial trading activities are shown separately.

Staff costs form the largest single component of group expenditure £18.1m (2022: £16.9m), followed by consumables (laboratory and general) £4.7m (2022: £4.4m), repairs and maintenance costs £3.6m (2022: £3.7m) and rent, rates and insurance £2.3m (2022: £2.3m).

Total expenditure for the year of £46.4m compares to £41.8m in 2021-22 an increase of £4.5m. Increases in salary costs (£1.1m), energy costs (£1.7m) and depreciation charges (£1.5m) account for the majority of the increase in expenditure in this reporting year.

#### GOING CONCERN

The Babraham Institute is dependent on various funding sources including UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the Comprehensive Spending Review (CSR) in 2021, Research Councils (of which the UKRI-BBSRC is one) received financial allocations for revenue and capital funding. The CSR set resource and capital budgets from 2022-23 to 2024-25.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

---

#### GOING CONCERN (CONTIUNED)

The Institute's funding allocation for 2023-24 was confirmed in March 2023 along with provisional funding allocations for the 4 years to 2027-28.

Given that;

- the Institute has now received indicative funding for the next five years from UKRI-BBSRC to 2027-28
- the Institute does not envisage any issues with funding in this five-year period;
- the Institute continues to be commended on its financial management from UKRI-BBSRC assurance reviews;
- the latest Annual Financial Assurance audit (received February 2023) from UKRI-BBSRC focussing on the UKRI-BBSRC funded expenditure (to ensure the Institute aligns its funding with research outcomes) continues to be favourable.
- the annual research returns submitted by the Institute have all been favourable – this is used by UKRI-BBSRC to evidence why they provide on-going grant funding to institutes such as Babraham Institute;

the Trustees have no reason to believe that future funding from the UKRI-BBSRC will not be forthcoming at a level which, together with the sufficient reserves held by the Institute and its subsidiaries, is sufficient for the group to continue in operational existence for the foreseeable future.

As part of financial forecasting, various scenarios have been explored for 2023-24 and 2024-25 on future income streams and costs. Forecasts will include elements of estimations, however the level of uncertainty in our plans is not considered material. Accordingly, after making appropriate enquiries, the Trustees consider the Group and Parent Charity have adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements have been prepared on a going concern basis.

**The Trustees' Report incorporating the Strategic Report was approved on behalf of the Board**

*Goff Braham*

**Mr G Braham**  
**Chairman of the Audit Committee, Trustee and Member**  
Date: 17/10/2023

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE

---

#### OPINION

We have audited the financial statements of The Babraham Institute (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2023 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.

#### BASIS FOR OPINION

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the crisis in Ukraine, Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## **THE BABRAHAM INSTITUTE**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)**

---

#### **OTHER INFORMATION**

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

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

We have nothing to report in this regard.

#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Strategic Report and the Directors' report, prepared for the purposes of company law, included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Annual Report have been prepared in accordance with applicable legal requirements.

#### **MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006**

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Annual Report.

#### **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 charitable company, 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.

#### **RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)

---

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are most applicable to the Group and the parent charitable company. We identified the following laws and regulations as the most likely to have a material effect on the amounts or disclosures in the financial statements if non-compliance were to occur; Charities SORP (FRS 102), Companies Act 2006, Data Protection Act 2018, Health and Safety regulations, Tax legislation, Anti-Bribery legislation and Employment law;
- We understood how the Group and parent charitable company is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Audit Committee. We corroborated our enquiries through review of board minutes, papers provided to the Audit Committee and any correspondence received from regulatory bodies;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that increased revenue;
  - potential management bias in determining accounting estimates; especially in relation to valuation of leasehold land and buildings and investment properties; and
  - transactions with related parties.
- Our audit procedures involved:
  - evaluation of the design and implementation of controls that management has in place to prevent and detect fraud;
  - journal entry testing, incorporating data analytics, with a focus on journals meeting our defined risk criteria based on our understanding of the Group;
  - using a valuation specialist to challenge assumptions and judgements made by management in the significant accounting estimate relating to the valuation of leasehold land and buildings and investment properties;
  - testing the completeness of the Group's related party transactions through information obtained at the parent charitable company and its subsidiaries and testing that these transactions had a valid business purpose; and
  - assessing the completeness of disclosures in the Trustees' Report and compliance with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)

---

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- The engagement partner's assessment of the appropriateness of the engagement team's collective competence and capabilities to identify or recognise non-compliance with laws and regulations included consideration of the engagement teams':
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the Group and parent charitable company operates; and
  - understanding of the legal and regulatory requirements specific to the Group and parent charitable company.
- Relevant laws and regulations were communicated to all engagement team members. We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

#### USE OF OUR REPORT

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

*Grant Thornton UK LLP*

#### **James R Brown**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Cambridge

Date: 17/10/2023

## THE BABRAHAM INSTITUTE

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - INCORPORATING THE CONSOLIDATED  
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023**

	Note	Restricted revenue funds £'000	Restricted capital funds £'000	Un- restricted funds £'000	2023 Total funds £'000	2022 Total funds £'000
<b>Income from:</b>						
Charitable activities		17,807	3,234	4,893	25,934	27,018
Trading activities		-	-	14,913	14,913	13,179
Investment income		-	-	317	317	350
<b>Total income</b>	2	<b>17,807</b>	<b>3,234</b>	<b>20,123</b>	<b>41,164</b>	40,547
<b>Expenditure on:</b>						
Charitable activities		(17,807)	-	(16,998)	(34,805)	(32,245)
Raising funds		-	-	(11,084)	(11,084)	(9,277)
Taxation	7	-	-	(526)	(526)	(328)
<b>Total expenditure</b>	3	<b>(17,807)</b>	-	<b>(28,608)</b>	<b>(46,415)</b>	(41,850)
(Losses)/Profit on investments	10,11,12	-	-	(785)	(785)	1,680
<b>Net income/(expenditure)</b>		-	<b>3,234</b>	<b>(9,270)</b>	<b>(6,036)</b>	377
<b>Net income/(expenditure) for the year is attributable to:</b>						
The parent undertaking		-	3,234	(9,705)	(6,471)	946
Minority interest		-	-	435	435	(569)
		-	<b>3,234</b>	<b>(9,270)</b>	<b>(6,036)</b>	377
<b>Transfers</b>						
Release of capital funds/transfers	17	(533)	(8,776)	9,309	-	-
<b>Other recognised gains and losses</b>						
Gain on revaluations of tangible fixed assets	9	-	10,318	-	10,318	5,567
<b>Other recognised gains for the year is attributable to:</b>						
The parent undertaking		-	10,318	-	10,318	5,567
Minority interest		-	-	-	-	-
		-	<b>10,318</b>	-	<b>10,318</b>	5,567
Movement in funds attributable minority interests	11	-	-	(435)	(435)	(569)
<b>Net movement in funds</b>		<b>(533)</b>	<b>4,776</b>	<b>(396)</b>	<b>3,847</b>	5,375
Balances brought forward	17	6,292	116,767	21,274	144,333	138,958
<b>Balances carried forward at 31 March 2023</b>	17	<b>5,759</b>	<b>121,543</b>	<b>20,878</b>	<b>148,180</b>	144,333

All amounts relate to continuing activities. All recognised gains and losses are included in the consolidated statement of financial activities. The notes on pages 31 to 54 form part of these financial statements.

## THE BABRAHAM INSTITUTE

REGISTERED NUMBER: 03011737

BALANCE SHEETS AT 31 MARCH 2023

	Note	Group		Institute	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	8	254	135	-	-
Tangible assets	9	108,987	100,415	108,087	99,827
Investment properties	10	3,000	3,400	3,000	3,400
Investments	11,12	24,635	30,134	29,060	35,358
		<b>136,876</b>	134,084	<b>140,147</b>	138,585
<b>Current assets</b>					
Stocks	13	337	282	146	148
Debtors	14	9,514	8,140	4,781	5,450
Cash at bank and in hand		22,673	21,677	6,711	5,165
		<b>32,524</b>	30,099	<b>11,638</b>	10,763
<b>Creditors: amounts falling due within one year</b>	15	<b>(13,309)</b>	(12,444)	<b>(8,421)</b>	(8,336)
<b>Net current assets</b>		<b>19,215</b>	17,655	<b>3,217</b>	2,427
<b>Total assets less current liabilities</b>		<b>156,091</b>	151,739	<b>143,364</b>	141,012
<b>Debtors: amounts falling due after more than one year</b>	16	<b>183</b>	253	-	-
<b>Net assets</b>		<b>156,274</b>	151,992	<b>143,364</b>	141,012
<b>Funds</b>					
Restricted capital fund		47,600	48,959	47,554	48,913
Revaluation Reserve		73,943	67,808	73,943	67,808
	17	<b>121,543</b>	116,767	<b>121,497</b>	116,721
Unrestricted funds	17	20,878	21,274	16,108	17,999
Restricted revenue fund	17	5,759	6,292	5,759	6,292
		<b>148,180</b>	144,333	<b>143,364</b>	141,012
Minority Interests	11	8,094	7,659	-	-
		<b>156,274</b>	151,992	<b>143,364</b>	141,012

The Institute includes in its financial statements leasehold land and buildings owned by third parties, these are detailed further in notes 9 and 10.

These financial statements were approved by the Board of Trustees and authorised for issue on 17/10/2023

*Geoff Braham*

**Mr G Braham**  
Chairman of the Audit Committee, Trustee and Member

The notes on pages 31 to 54 form part of these financial statements.

## THE BABRAHAM INSTITUTE

## CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023		2022	
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net movement in funds	17	4,282		5,944	
Depreciation charge	9	6,542		5,083	
Amortisation of intangible assets	8	16		13	
Profit on disposal of fixed assets		(76)		(6)	
(Impairment)/Impairment Reversal of investments	11	45		(591)	
Revaluations and fair value adjustments	9,10	(9,918)		(5,267)	
Capital grants received	2	(3,234)		(4,002)	
Tax charge	7	(526)		(328)	
Interest received	2	(317)		(350)	
Increase in stocks	13	(55)		(49)	
Increase in debtors	14	(1,564)		(909)	
Increase/(Decrease) in creditors	15	858		(1,380)	
Tax paid		793		194	
<i>Net cash provided/(used) by operating activities</i>			(3,154)		(1,648)
<b>Cash flows from investing activities</b>					
Interest Received	2	317		350	
Payments to acquire intangible fixed assets	8	(162)		(58)	
Payments to acquire tangible fixed assets	9	(4,802)		(6,432)	
Payments to acquire investments (net of fees)	11,12	(29,436)		(7,782)	
Receipts from sale of tangible fixed assets		109		33	
Receipts from sale of investments		28,813		6,190	
Capital grants received	2	3,234		4,002	
<i>Net cash provided/(used) by investing activities</i>			(1,927)		(3,697)
<b>Cash flows from financing activities</b>					
Cash funds withdrawn from investments held	12	6,077		6,940	
<i>Net cash provided/(used) by financing activities</i>			6,077		6,940
<b>Change in cash and cash equivalents in the reporting period</b>					
			996		1,595
<b>Cash and cash equivalents at the beginning of the reporting period</b>					
			21,677		20,082
<b>Cash and cash equivalents at the end of the reporting period</b>					
			22,673		21,677

The net debt reconciliation is shown in Note 21.

The notes on pages 31 to 54 form part of these financial statements.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

---

#### 1 ACCOUNTING POLICIES

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

##### 1.1 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 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The particular accounting policies adopted in the preparation of the financial statements are set out below and have been applied consistently with the previous year.

##### 1.2 Going Concern

The Babraham Institute is dependent on various funding sources including UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the Comprehensive Spending Review (CSR) in 2021, Research Councils (of which the UKRI-BBSRC is one) received financial allocations for revenue and capital funding. The CSR set resource and capital budgets from 2022-23 to 2024-25

The Institute's funding allocation for 2023-24 was confirmed in March 2023 along with provisional funding allocations for the 4 years to 2027-28.

Given that ;

- the Institute has now received indicative funding for the next five years from UKRI-BBSRC to 2027-28
- the Institute does not envisage any issues with funding in this five-year period;
- the Institute continues to be commended on its financial management from UKRI-BBSRC assurance reviews;
- the latest Annual Financial Assurance audit (received February 2023) from UKRI-BBSRC focussing on the UKRI-BBSRC funded expenditure (to ensure the Institute aligns its funding with research outcomes) continues to be favourable.
- the annual research returns submitted by the Institute have all been favourable – this is used by UKRI-BBSRC to evidence why they provide on-going grant funding to institutes such as Babraham Institute;

the Trustees have no reason to believe that future funding from the UKRI-BBSRC will not be forthcoming at a level which, together with the sufficient reserves held by the Institute and its subsidiaries, is sufficient for the group to continue in operational existence for the foreseeable future.

As part of financial forecasting, various scenarios have been explored for 2023-24 and 2024-25 on future income streams and costs. Forecasts will include elements of estimations, however the level of uncertainty in our plans is not considered material.

Accordingly, after making appropriate enquiries, the Trustees consider the Group and Parent Charity have adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements have been prepared on a going concern basis.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of subsidiary companies - Babraham Research Campus Limited and Babraham Institute Enterprise Limited.

The results of the subsidiaries are incorporated on a line by line basis as required under the SORP.

Babraham Institute Enterprise Limited has a 40% holding in Bioscience Partnership Limited. The results of Bioscience Partnership Limited have not been included for consolidation purposes on the grounds that it is immaterial in the context of group operations.

A separate income and expenditure account dealing with the results of the charitable company has not been presented as permitted under section 408 of the Companies Act 2006. The charitable company, The Babraham Institute, is referred to as the Institute throughout the financial statements.

##### 1.4 Incoming resources

Income comprises unencumbered grants received from research councils; grant income from collaborative, commissioned and competitively awarded research projects; income from miscellaneous charitable activities; commercial and residential rents from the letting of Group controlled property; and interest earned on the investment of surplus funds.

Income is recognised when the Institute becomes legally entitled to the income and the amount can be quantified with reasonable accuracy. All core UKRI-BBSRC grants are recognised as revenue in the year they are receivable. Grant income including research grants received in advance of conditions being met is deferred until those conditions are fully satisfied.

Capital grants are recognised in the consolidated statement of financial activities when entitlement passes, and once the criteria of certainty and measurement are met.

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

Trading income, which includes rent and letting income and other income relates to non-charitable services undertaken and is recognised in accordance with the terms of the contracts entered into, reflecting the point at which the obligations have been satisfied.

##### 1.5 Fund accounting

###### *Unrestricted funds*

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

###### *Restricted funds*

Income received by way of grants, sponsorship, donation or legacy which is directed by the provider as to be applied for specific purposes is accounted for within restricted income. Awards applied within the terms dictated by the awarding authority on the acquisition or improvement of tangible fixed assets are also accounted for within restricted income funds in full. The balance of the restricted fixed asset fund is reduced by the depreciation or amortisation charges over the expected useful life of the asset. This treatment has been applied to reflect the assets being on land owned by a third party, therefore at the end of the lease they will revert to that third party (see further explanation below regarding the ownership of land and buildings).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.6 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Resources expended are classified according to the nature of the cost as follows;

Charitable activities – comprises those costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be directly allocated to such activities and those costs of an indirect nature necessary to support the charities activities.

Trading activities - represents the costs associated with trading and raising income including the Institute's rental activities and tenant services and investments. Commercial trading operations relate to income and expenditure incurred by the trading subsidiaries.

Governance costs – include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

Support costs - include all other costs that whilst not relating directly to the charity's activities are needed to support the work undertaken in the charity's pursuit of its objectives. These have been allocated to the charity's activities on a basis consistent with the use of the resource, e.g. floor area, staff numbers.

##### 1.7 Tangible fixed assets

The Institute includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The Trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institute's lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

In 2020-21 BRCL renewed its lease with its Landlord (UKRI) and rent is now payable on leasehold land and buildings owned by third parties. This lease is recognised as an operating lease and hence BRCL no longer recognises any land and buildings on its balance sheet.

Scientific buildings are those leased and used by the group for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value. Other buildings represent those buildings used for ancillary purposes. These properties are held at cost less impairment

##### 1.8 Fixed asset revaluation

Leasehold land and buildings are included at open market value where this can be established or depreciated replacement cost in the case of specialised scientific buildings. Professional valuations are reviewed periodically in the interim periods. The resulting valuations are depreciated in accordance with the depreciation policy.

##### 1.9 Depreciation

Depreciation is provided by the group to write off the cost or valuation, less estimated residual values, of all fixed assets other than assets in course of construction, evenly over their expected useful lives. It is calculated at the following rates:

- Computer equipment\* - 3 years straight line
- Non-computer equipment\*- 3-5 years straight line
- Energy Generating Plant\*- 10 years straight line
- Leasehold land and buildings- over the shorter of the period of the lease, plus any notified intended extension thereto and the estimated useful remaining life.

\*Computer equipment, Non-computer equipment and Energy Generating plant are included in Fixtures and Equipment in Note 9.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.10 Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of net realisable value and value in use.

##### 1.11 Investment property

Investment Properties represent long leasehold properties let to tenants on a commercial basis. These properties are held at open market value with any changes in value held in a revaluation reserve unless the value of the reserve is insufficient to cover a deficit when an impairment loss is put through the SOFA.

The Institute includes in its financial statements leasehold investment properties owned by third parties, that it occupies and enjoys through peppercorn leases at their full market value. The Trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Within BRCL, a single new lease was entered into in December 2020, with new terms and provisions, including the requirement to pay rent to UKRI-BBSRC. The lease is structured in a way to represent the role BRCL has in the delivery of the Campus vision on behalf of UKRI-BBSRC and to protect the significant capital investment UKRI-BBSRC has made into the Campus. The nature of the rent provisions and short surrender rights means this lease is accounted for as an operating lease. It includes assets used for leasing out to life science start up and scale up businesses, plus service and self-occupied buildings and does not recognise any valuation on the balance sheet.

##### 1.12 Intellectual property

The cost of acquired intellectual property is capitalised and written off over its useful economic life. Intellectual property assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

##### 1.13 Research and development costs

Research and development costs are written off to the consolidated statement of financial activities account as they are incurred.

##### 1.14 Grants

UKRI-BBSRC capital grants are included within restricted capital funds and released over the estimated useful economic lives of the assets funded by the grant.

##### 1.15 Stocks

Stocks are valued at the lower of cost and net realisable value.

##### 1.16 Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the statement of financial activities.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.17 Pension costs

The Institute participates in the Research Council's pension scheme for employees previously employed under UKRI-BBSRC contracts. All Institute staff are now employed under local contracts, however staff previously contributing to the Research Council's pension scheme retained the right to continue contributing to this scheme.

This is an unfunded multi-employer defined benefit scheme. Since any assets and liabilities of the scheme cannot be split between participating employers, the Institute's pension costs are accounted as for a defined contribution scheme, with costs charged to the income and expenditure account as incurred.

Contributions by all other Institute staff and those by the subsidiary undertakings (BRCL and BIE) are made to a defined contribution pension scheme and charged to the income and expenditure account as incurred.

##### 1.18 Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income and expenditure account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the income and expenditure account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the statement of financial activities on a straight-line basis over the term of the lease.

##### 1.19 Taxation

The Institute is a registered charity within the meaning of the UK Taxes Acts and is, therefore, eligible to claim exemptions to income tax and capital gains tax.

The trading subsidiary companies are liable for assessment to taxation.

##### 1.20 Fixed Assets Investments (excluding properties)

Investments in subsidiaries and associates are stated at cost. To the extent that the carrying value exceeds the recoverable amount, an impairment loss is recognised.

Other fixed asset investments are either held at fair value or cost less impairment. Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities.

##### 1.20 Fixed Assets Investments (excluding properties)

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's funds. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of the net movement in funds since the date of the combination. Losses applicable to the minority in excess of the minority's share of net movement in funds are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.21 Investments

Investments are shown at fair value with historical cost separately disclosed. Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities.

##### 1.22 Financial Instruments

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

##### 1.23 Cash and cash equivalents

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

##### 1.24 Creditors

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

##### 1.25 Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

The items in the financial statements where these estimates have been made include:

- Depreciation, which has been charged in line with the accounting policy above. The amount of depreciation charged and net book value of the assets is included in Note 9.

The items in the financial statements where these judgements have been made include:

- Land and buildings and Investment Property are held at fair value in line with the accounting policy 1.7 and 1.11 above. The carrying value, and valuation movements, are included in Notes 9 and 10.
- Fixed asset investments are held at fair value in line with the accounting policy 1.20 above. The carrying value, and valuation movements, are included in Note 11.
- Investments are held at fair value in line with the accounting policy 1.21 above. The carrying value, and valuation movements, are included in Note 12.
- The recognition of land and buildings on the balance sheet is included in line with the accounting policy 1.7 and 1.11 above. The carrying value, and valuation movements, are included in Note 9 and 10.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 2 ANALYSIS OF INCOMING RESOURCES

	Restricted revenue funds £'000	Restricted capital funds £'000	Unrestricted funds £'000	2023 Total £'000	2022 Total £'000
<b>Trading activities:</b>					
Grant Income	-	-	458	458	280
Goods and services	-	-	5,058	5,058	3,972
Rent	-	-	9,397	9,397	8,927
			<b>14,913</b>	<b>14,913</b>	13,179
<b>Investment income:</b>					
Bank interest and dividends receivable	-	-	302	302	325
Royalty/licence income	-	-	15	15	25
	-	-	<b>317</b>	<b>317</b>	350
<b>Charitable activities:</b>					
Grants and Donations UKRI-BBSRC					
- Competitive strategic grant	9,633	-	-	9,633	9,633
- Minor works	695	-	-	695	1,226
- Other grants	1,723	3,234	-	4,957	5,854
Competitive project grants	1,088	-	-	1,088	1,017
Medical Research Council	1,042	-	-	1,042	1,616
University Links	172	-	-	172	253
European Union	914	-	-	914	714
Industry, levy boards	33	-	-	33	239
Trusts, foundations, charities	2,507	-	-	2,507	1,832
Goods and services	-	-	3,062	3,062	2,956
Rent	-	-	1,831	1,831	1,678
	<b>17,807</b>	<b>3,234</b>	<b>4,893</b>	<b>25,934</b>	27,018
<b>Total income</b>	<b>17,807</b>	<b>3,234</b>	<b>20,123</b>	<b>41,164</b>	40,547
Total Income 2022	<b>18,382</b>	<b>4,002</b>	<b>18,163</b>	<b>40,547</b>	

Charitable activities relate on the whole to scientific research. Goods and services income and rental income relate to the sale of services, both scientific and non-scientific services to external companies and individuals.

Incoming resources can be geographically analysed as:

	2023 £'000	2022 £'000
UK	39,843	39,801
Europe	1,003	738
Rest of World	318	8
	<b>41,164</b>	40,547

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED

	Allocation basis	Scientific Research £'000	Governance £'000	Total 2023 £'000	Total 2022 £'000
Staff costs	Direct	6,827	135	6,962	6,578
Laboratory supplies	Direct	2,327	-	2,327	2,066
Travel and subsistence	Direct	173	10	183	83
Equipment and hire charges	Direct	100	-	100	85
Repairs and minor works	Direct	3	-	3	-
Computing costs	Direct	3	-	3	4
Library	Direct	102	-	102	77
Legal & professional charges	Direct	36	173	209	262
Recruitment	Direct	23	-	23	6
Training	Direct	-	-	-	3
Other costs	Direct	308	-	308	449
Scientific services support costs	Use of resource	24,585	-	24,585	22,632
<b>Total Charitable costs</b>		<b>34,487</b>	<b>318</b>	<b>34,805</b>	32,245
Total Charitable costs 2022		31,964	281		
Commercial trading operation costs				11,084	9,277
Taxation (note 7)				526	328
<b>Total Group costs</b>				<b>46,415</b>	41,850

Restricted expenditure included in the above is £17,807k (2022: £17,609k). All other expenditure is unrestricted.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED (CONTINUED)

##### Analysis of scientific services support costs for charitable purposes

	Administration	Estates	Technical	Total	Total
	£'000	£'000	Services	2023	2022
	£'000	£'000	£'000	£'000	£'000
Staff costs	3,077	1,178	4,082	<b>8,337</b>	8,191
Travel and subsistence	98	1	78	<b>177</b>	77
Repairs and minor works	-	565	1,105	<b>1,670</b>	1,798
Rent and rates	686	-	-	<b>686</b>	684
Fuel and water charges	59	2,180	-	<b>2,239</b>	1,184
Equipment and hire charges	40	13	243	<b>296</b>	336
Depreciation	6,255	-	-	<b>6,255</b>	4,761
Minor works	-	667	-	<b>667</b>	1,426
Waste disposal	-	7	-	<b>7</b>	13
Computing costs	-	5	474	<b>479</b>	577
Legal and professional charges	115	123	50	<b>288</b>	358
Recruitment	78	-	3	<b>81</b>	61
Training	93	1	9	<b>103</b>	112
Library	33	-	288	<b>321</b>	207
Food purchases	54	-	-	<b>54</b>	46
Bad debts	-	-	-	-	1
Loss on disposal of fixed assets	(38)	-	-	<b>(38)</b>	14
Other costs	1,043	581	1,339	<b>2,963</b>	2,786
	11,593	5,321	7,671	<b>24,585</b>	22,632
Total Support Costs 2022	10,149	4,894	7,589		22,632

Support costs are allocated to the charity's activities on a method consistent with the use of the resource.

#### Governance Expenditure

Governance costs during the year can be analysed as

	2023	2022
	£'000	£'000
Staff costs	<b>135</b>	142
Travel and subsistence	<b>10</b>	6
Legal and professional charges	<b>173</b>	133
	<b>318</b>	281

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 4 INCOMING RESOURCES AND RESOURCES EXPENDED

	Group		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Incoming resources and resources expended are stated after charging:				
Amounts payable to auditors in respect of audit services to the Institute	73	70	73	70
Amounts payable to auditors in respect of audit services to subsidiary undertakings	35	33	-	-
Amounts payable to auditors in respect of non-audit services*	14	13	4	11
Net loss/(gain) on foreign currency translations	(25)	(60)	(25)	(60)
Depreciation	6,542	5,083	6,255	4,761
Amortisation of intangible fixed assets	16	13	-	-
Loss/(Profit) on disposal - fixed assets	(76)	6	(38)	13
Operating lease payments in respect of:				
- land and buildings	1,841	1,437	641	487
- other leases	6	9	6	9

\* Non-audit services relate to the provision of corporate tax compliance services and VAT advisory services.

#### 5 EMPLOYEES

Staff costs for all employees were as follows:

	Group		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages and salaries	14,828	13,839	12,633	12,086
Social security costs	1,429	1,297	1,182	1,138
Other pension costs	1,862	1,813	1,591	1,576
	<b>18,119</b>	<b>16,949</b>	<b>15,406</b>	<b>14,800</b>

The average number of employees during the year was as follows:

	2023	2022
	No	No
Charitable activities	107	110
Support activities	207	205
Commercial operations	53	54
	<b>367</b>	<b>369</b>

Redundancy costs (included in wages and salary costs) during the year totalled £171k (2022: £74k). Redundancy costs relate to staff on external grants, where the grant finishes and staff are not transferred to other Institute employment. 2022-23 redundancy also includes costs relating to three staff posts who, after a Board led review of Institute financial sustainability were consulted and took redundancy pay. Redundancy payments are based on contractual obligations and agreed schemes.

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
(CONTINUED)****5 EMPLOYEES (CONTINUED)**

The number of staff earning greater than £60,000 was:

	Group		Institute	
	2023 No	2022 No	2023 No	2022 No
£ 60,000 - £ 69,999	<b>12</b>	16	<b>10</b>	12
£ 70,000 - £ 79,999	<b>13</b>	5	<b>12</b>	5
£ 80,000 - £ 89,999	-	1	-	-
£ 90,000 - £ 99,999	<b>1</b>	1	<b>1</b>	1
£100,000 - £109,999	-	3	-	3
£110,000 - £119,999	<b>4</b>	2	<b>3</b>	2
£120,000 - £129,999	<b>2</b>	1	<b>2</b>	1
£130,000 - £139,999	-	-	-	-
£140,000 - £149,999	-	-	-	-
£150,000 - £159,999	<b>1</b>	2	<b>1</b>	1
£160,000 - £169,999	-	-	-	-
£170,000 - £179,999	-	-	-	-
£180,000 - £189,999	-	-	-	-
£190,000 - £199,999	<b>1</b>	-	-	-
	<b>34</b>	31	<b>29</b>	25

Within the Institute, the number of staff earning over £60,000 for whom retirement benefits are accruing under defined contribution schemes amount to 18 (2022: 15) and the amounts paid in the year were £150,484 (2022: £121,558).

The number of staff earning over £60,000 for whom retirement benefits are accruing under the RCUK pension scheme amount to 11 (2022: 10) and the amounts paid in the year were £255,782 (2022: £231,895).

**6 REMUNERATION AND BENEFITS – TRUSTEES AND KEY MANAGEMENT PERSONNEL**

None of the members of the Board of Trustees received any remuneration from the Institute during the year. Aggregate expenses incurred by ten (2022: nine) Trustees in respect of travelling costs totalled £10,499 (2022: £5,679).

Key management personnel includes staff within the highest two pay bands within the Institute. This comprises the Institute Director, Chief Operating Officer, heads of each of the science programmes, plus one other senior group leader - who form part of Babraham Executive Committee (BEC).

The aggregate remuneration for key management personnel during the year was £1,129k (2022: £1,251k). There were no other transactions with key management personnel during the year (2022: none).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 7 TAXATION

	Group		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Corporation tax</b>				
Current tax on profits for the year – BRCL	387	430	-	-
Adjustment in relation to the prior year – BRCL	110	(56)	-	-
Tax Relief in respect of gift aid – BRCL	(42)	(57)	-	-
Current tax on profits for the year - BIE	-	11	-	-
<b>Total Current Tax</b>	<b>455</b>	<b>328</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>				
Origination/reversal of timing differences – BRCL	(16)	-	-	-
Origination/reversal of timing differences – BIE	87			
<b>Total taxation on profits for the year</b>	<b>526</b>	<b>328</b>	<b>-</b>	<b>-</b>

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

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK of 19% (2022: 19%). The tax differences shown below refer to the trading subsidiaries, Babraham Research Campus Limited and Babraham Institute Enterprise Limited :

	Group	
	2023 £'000	2022 £'000
Surplus on ordinary activities before tax as shown in the accounts of the trading subsidiary - BRCL	2,398	2,908
Surplus on ordinary activities before tax as shown in the accounts of the trading subsidiary - BIE	277	687
Surplus on ordinary activities multiplied by the standard rate of corporation tax at 19% (2022: 19%).	509	683
<i>Effects of:</i>		
Expenses not deductible for tax purposes	25	60
Impairment charges on investments held	-	(112)
Adjustments to tax charge in respect of prior periods	110	(56)
Deferred Tax not recognised / Remeasurement of deferred tax	25	-
Other differences leading to an increase/(decrease) in tax charge	(101)	(182)
Tax relief on gift aid payment	(42)	(65)
<b>Total taxation on profits for the year</b>	<b>526</b>	<b>328</b>

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. Deferred tax has been calculated at 19% due to the nature of the adjustments made in the tax computations.

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
(CONTINUED)**

---

**8 INTANGIBLE ASSETS**

<b>Group</b>	<b>Intellectual Property £'000</b>
<i>Cost</i>	
At 1 April 2022	<b>184</b>
Additions	162
Disposals	(27)
<b>At 31 March 2023</b>	<b>319</b>
<i>Amortisation</i>	
At 1 April 2022	49
Provided for the year	16
Disposals	-
<b>At 31 March 2023</b>	<b>65</b>
<i>Net book value</i>	
<b>31 March 2023</b>	<b>254</b>
31 March 2022	135

Intangible assets relate to intellectual property purchased by the subsidiary company Babraham Institute Enterprise Limited.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 9 TANGIBLE ASSETS

Group	Short leasehold land and buildings £'000	Fixtures and Equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2022	88,852	34,573	123,425
Additions	-	4,802	4,802
Revaluation	7,276	-	7,276
Disposals	-	(2,212)	(2,212)
<b>At 31 March 2023</b>	<b>96,128</b>	<b>37,163</b>	<b>133,291</b>
<i>Depreciation</i>			
At 1 April 2022	-	23,010	23,010
Provided for the year	3,042	3,500	6,542
Disposals	-	(2,206)	(2,206)
Revaluations	(3,042)	-	(3,042)
<b>At 31 March 2023</b>	<b>-</b>	<b>24,304</b>	<b>24,304</b>
<i>Net book value</i>			
<b>At 31 March 2023</b>	<b>96,128</b>	<b>12,859</b>	<b>108,987</b>
At 31 March 2022	88,852	11,563	100,415

The Group includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value of £96m. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Group, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The only circumstance under which the Group could be asked to vacate the site is due to a failure to deliver the required programme, which in the trustees' view is highly unlikely. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £96.1m.

Babraham Institute land and buildings were valued as at 31 March 2023 by Powis Hughes Limited, acting as external valuer on the basis of Existing Use Value on the special assumption that the lease from the UKRI-BBSRC is ignored and the Properties are assumed to be held freehold by the Institute.

The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporates the International Valuation Standards 2017) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value - using a Depreciated Replacement Cost Approach for the specialised buildings and either a Market or Income Approach for all other buildings and land. This valuation resulted in an increase in valuation of £10,318k at the year end.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 9 TANGIBLE ASSETS (CONTINUED)

Properties held for the purpose of rental income are included in Investment property (Note 10).

Institute	Short leasehold land and buildings £'000	Fixtures and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2022	88,852	30,273	119,125
Additions	-	4,197	4,197
Revaluations	7,276	-	7,276
Disposals	-	(1,986)	(1,986)
<b>At 31 March 2023</b>	<b>96,128</b>	<b>32,484</b>	<b>128,612</b>
<i>Depreciation</i>			
At 1 April 2022	-	19,298	19,298
Provided for the year	3,042	3,213	6,255
Disposals	-	(1,986)	(1,986)
Revaluations	(3,042)	-	(3,042)
<b>At 31 March 2023</b>	<b>-</b>	<b>20,525</b>	<b>20,525</b>
<i>Net book value</i>			
<b>At 31 March 2023</b>	<b>96,128</b>	<b>11,959</b>	<b>108,087</b>
At 31 March 2022	88,852	10,975	99,827

The Institute includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future.

The only circumstance under which the Institute could be asked to vacate the site is due to a failure to deliver the required programme, which in the trustees' view is highly unlikely. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Babraham Institute land and buildings were valued as at 31 March 2023 by Powis Hughes Limited, acting as external valuer on the basis of Existing Use Value on the special assumption that the lease from the UKRI-BBSRC is ignored and the Properties are assumed to be held freehold by the Institute.

The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporates the International Valuation Standards 2017) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value - using a Depreciated Replacement Cost Approach for the specialised buildings and either a Market or Income Approach for all other buildings and land. This valuation resulted in an increase in valuation of £10,318k at the year end.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 9 TANGIBLE ASSETS (CONTINUED)

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £96.1m.

Properties held for the purpose of rental income are included in Investment property (Note 10).

The historical net book value of land and buildings is as follows:

	Group		Institute	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Historical net book value at 31 March 2023	<b>21,259</b>	22,639	<b>21,259</b>	22,639

#### 10 INVESTMENT PROPERTY

Group	Long term leasehold investment properties £'000
<i>Valuation</i>	
At 1 April 2022	<b>3,400</b>
Revaluation	(400)
At 31 March 2023	<b>3,000</b>
<b>Historical net book value</b> at 31 March 2023	<b>90</b>

The valuation of investment land and buildings leased by the Babraham Institute from the UKRI-BBSRC was carried out as at 31 March 2023 by Powis Hughes Limited, chartered surveyors and is based on the special assumption that the terms of lease to the Institute have been ignored and land and buildings are considered to be held as freehold. This valuation resulted in a decrease in valuation of £400k at the year end to £3.0m.

Institute	Investment property £'000
<i>Valuation</i>	
At 1 April 2022	<b>3,400</b>
Revaluation	(400)
At 31 March 2023	<b>3,000</b>
<b>Historical net book value</b> at 31 March 2023	<b>90</b>

The Institute includes in its financial statements Investment Properties owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Group, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Investment properties were revalued at 31 March 2023 by Powis Hughes Limited, chartered surveyors.

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
(CONTINUED)****11 FIXED ASSET INVESTMENTS**

<b>Group and Institute</b>	<b>Trade Investments £'000</b>	<b>Group undertakings £'000</b>
<b><i>Market Value/Cost</i></b>		
At 31 March 2022	1,452	6,676
Additions	844	-
Disposals	-	-
Impairment	(45)	-
<b>At 31 March 2023</b>	<b>2,251</b>	<b>6,676</b>

Trade investments represent investments held by the trading subsidiary companies. Trade investments held by subsidiary companies are in both the UK and Europe.

Group undertakings represent the Institute's shareholding within Babraham Institute Enterprise Limited and Babraham Research Campus Limited.

The results and assets of its subsidiaries shown for the period ended 31 March 2023 were:

	<b>Babraham Research Campus Limited £'000</b>	<b>Babraham Institute Enterprise Limited £'000</b>	<b>Total £'000</b>
Turnover	14,241	2,320	16,561
Profit/(loss) for the period after taxation	1,958	191	2,149
Non current assets	1,977	1,423	3,400
Current Assets	20,874	1,552	22,426
Current Liabilities	(5,888)	(597)	(6,485)
Net current assets	14,986	955	15,941
Non-current assets	269	(86)	183
Net assets	17,232	2,292	19,524

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 11 FIXED ASSET INVESTMENTS (CONTINUED)

The Institute owns 75% of Babraham Research Campus Limited (Registered in England and Wales number 03241492 address Babraham Hall, Babraham, Cambridge, Cambridgeshire, CB22 3AT) and the UKRI-BBSRC owns the remaining 25%.

The Institute continues to own 100% of Babraham Institute Enterprise Limited (Registered in England and Wales number 06331858 address Babraham Hall, Babraham, Cambridge, Cambridgeshire, CB22 3AT); both companies are incorporated in England.

The Group's share of the net assets in the subsidiary undertakings shown above are consolidated in the financial statements.

Other shareholdings held by Babraham Institute Enterprise Limited are detailed below:

- 400 "C" ordinary £1 shares representing 40% of the issued share capital of Bioscience Partnership Limited. The company continues not to trade and therefore there is no movement during the year.

The results of Bioscience Partnership Limited are not consolidated on the grounds that they are immaterial in the context of group operations.

Minority interest	2023 £'000	2022 £'000
At 1 April 2022	7,659	7,090
Share of result	435	569
<b>At 31 March 2023</b>	<b>8,094</b>	7,659

#### 12 FIXED ASSET INVESTMENTS

Listed Securities – Group and Institute	Medium Term	Long Term	2023 Total	2022 Total
<i>Market Value</i>	£'000	£'000	£'000	£'000
At 1 April 2022	7,044	21,638	28,682	34,017
Additions	5,366	23,357	28,723	7,939
Disposals	(5,366)	(23,357)	(28,723)	(7,880)
Transfers/Withdrawals	(4,604)	(1,473)	(6,077)	(6,940)
Investment Income	102	148	250	314
Management Charges	(29)	(102)	(131)	(157)
Realised and unrealised gains and losses	(326)	(14)	(340)	1,389
<b>At 31 March 2023</b>	<b>2,187</b>	<b>20,197</b>	<b>22,384</b>	28,682
Historic cost of initial investment	2,108	17,675	19,783	23,973

Listed Securities represent investments held in medium term equity funds and longer-term fixed income instruments. The focus is on capital preservation and to avoid losses over the investment horizon, generating a return in excess of inflation over the long term whilst generating an income to support the ongoing activities of the Institute.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 12 FIXED ASSET INVESTMENTS (CONTINUED)

The investment portfolio includes investments which individually represent five percent or more of the total investments held. This is detailed below.

	Value £'000	Proportion of portfolio
Bluebay Investment	1,784	8.0%
Brown Advisory Funds	1,632	7.3%
Brown Advisory Funds	1,484	6.6%
Titan Saguenay Funds	1,360	6.1%
Aurelian Global Resources	1,353	6.0%
Bluebay Funds Impact	1,354	6.0%
Wellington Management Funds	1,245	5.6%
AAF Boston	1,241	5.5%
Pimco Europe Ltd	1,182	5.3%

#### 13 STOCKS

	Group		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Raw materials, consumables and other stocks	337	282	146	148

#### 14 DEBTORS

	Group		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade debtors	3,259	3,449	826	1,570
Amounts owed by group undertakings	-	-	1,143	1,033
Corporation Tax	-	190	-	-
Grants receivable	1,430	1,770	1,430	1,770
Other debtors	2,870	239	360	233
Prepayments and accrued income	1,955	2,492	1,022	844
	<b>9,514</b>	<b>8,140</b>	<b>4,781</b>	<b>5,450</b>
<i>Amounts owed by subsidiary undertakings</i>				
Trade debtors	-	-	796	656
Other debtors	-	-	347	377
	-	-	<b>1,143</b>	<b>1,033</b>

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade creditors	3,168	2,887	2,628	2,282
Amounts owed to group undertakings	-	-	382	500
Other creditors	3,343	2,939	643	609
Corporation tax	18	11	-	-
Other tax and social security	902	870	531	541
Grants in advance	3,659	2,090	2,432	2,090
EU co-ordinated programme partners	747	752	747	752
Accruals	1,472	2,895	1,058	1,562
	<b>13,309</b>	<b>12,444</b>	<b>8,421</b>	<b>8,336</b>
<i>Amounts owed to group undertakings</i>				
Babraham Research Campus Limited	-	-	348	361
Babraham Institute Enterprise Limited	-	-	34	139
	-	-	<b>382</b>	<b>500</b>

Reconciliation of movement in grants receivable and in advance:

	2023 £'000	2022 £'000
Grants receivable/in advance at 1 April 2022	(2,090)	(3,100)
Additional grants	17,807	17,609
Released during year	(19,376)	(16,599)
<b>Grants receivable/in advance at 31 March 2023</b>	<b>(3,659)</b>	<b>(2,090)</b>

#### 16 DEFERRED TAXATION / DEBTORS DUE MORE THAN ONE YEAR

	Group		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 April 2022	253	253	-	-
Credited/(charged) to the statement of financial activities	(70)	-	-	-
<b>At 31 March 2023</b>	<b>183</b>	<b>253</b>	<b>-</b>	<b>-</b>

The provision for deferred tax is made up as follows:

	Group		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Short term timing differences - BIE	(83)	-	-	-
Fixed asset timing differences – BRCL & BIE	266	253	-	-
	<b>183</b>	<b>253</b>	<b>-</b>	<b>-</b>

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 17 FUNDS

The incoming funds for the Institute include restricted funds comprising the following unexpended balances of donations and grants to be applied for specific purposes.

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve £'000	Unrestricted funds £'000	Minority Interests £'000	Total £'000
<b>Group</b>					
At 1 April 2022	6,292	116,767	21,274	7,659	151,992
Incoming resources	17,807	3,234	20,123	-	41,164
Expenditure, losses and taxation	(17,807)	-	(28,608)	-	(46,415)
Losses on investments	-	-	(785)	-	(785)
Transfers of funds	(533)	(8,776)	9,309	-	-
Gain on revaluations	-	10,318	-	-	10,318
Funds attributable to minority interests	-	-	(435)	435	-
<b>At 31 March 2023</b>	<b>5,759</b>	<b>121,543</b>	<b>20,878</b>	<b>8,094</b>	<b>156,274</b>
<b>Institute</b>					
At 1 April 2022	6,292	116,721	17,999	-	141,012
Incoming resources	18,162	3,234	8,106	-	29,502
Expenditure and losses	(18,162)	-	(18,566)	-	(36,728)
Transfers of funds	(533)	(8,776)	9,309	-	-
Revaluation Movement	-	10,318	-	-	10,318
Investment Losses	-	-	(740)	-	(740)
<b>At 31 March 2023</b>	<b>5,759</b>	<b>121,497</b>	<b>16,108</b>	<b>-</b>	<b>143,364</b>

The restricted revenue funds of £5,759k consist of:

- funds specifically held by the Institute for future minor building repairs of £118k
- UKRI-BBSRC Strategic grant funding and Knowledge Exchange funding of £406k
- UKRI-BBSRC Sustainability funds of £4,598k
- UKRI-BBSRC Institute Development Grant funds of £637k

The restricted capital funds comprise:

- the assets gifted/let to the Institute from/by the UKRI-BBSRC and the revaluation of those assets, the revaluation of the subsidiary undertaking's leasehold land and related infrastructure and capital grants receivable. The expenditure movement is the depreciation on these assets.
- rebuild maintenance grants received from UKRI-BBSRC of total value of £5,068k (2022 £5,870k) are held within restricted capital funds.

As the grant requires these assets to be used for the purpose for which the grant was provided, they remain within restricted capital funds.

Details relating to the minority interest are included in note 11.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 17 FUNDS (CONTINUED)

The transfers of capital funds relate to the release of previously received capital income (held within Capital Reserves) against depreciated charges. Rebuild grant income in capital reserves within The Babraham Institute is released to BRCL for building maintenance costs in the year on buildings transferred to BRCL as part of the campus restructuring exercise in August 2013.

#### *Analysis of net assets between funds*

Fund balances at 31 March 2023 are represented by:

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve funds £'000	Unrestricted funds £'000	2023 Total £'000	2022 Total £'000
<b>Group</b>					
Intangible fixed assets	-	-	254	<b>254</b>	135
Tangible fixed assets	-	108,087	900	<b>108,987</b>	100,415
Investment properties	-	3,000	-	<b>3,000</b>	3,400
Investments	6,464	10,456	7,715	<b>24,635</b>	30,134
Current and long-term assets	1,430	-	31,277	<b>32,707</b>	30,352
Total liabilities	(2,135)	-	(11,174)	<b>(13,309)</b>	(12,444)
Total funds	5,759	121,543	28,972	<b>156,274</b>	151,992
Minority Interests	-	-	(8,094)	<b>(8,094)</b>	(7,659)
Total net assets	<b>5,759</b>	<b>121,543</b>	<b>20,878</b>	<b>148,180</b>	144,333
<b>Institute</b>					
Tangible fixed assets	-	108,087	-	<b>108,087</b>	99,827
Investment properties	-	3,000	-	<b>3,000</b>	3,400
Investments	6,464	10,410	12,186	<b>29,060</b>	35,358
Current assets	1,430	-	10,208	<b>11,638</b>	10,763
Total liabilities	(2,135)	-	(6,286)	<b>(8,421)</b>	(8,336)
Total net assets	<b>5,759</b>	<b>121,497</b>	<b>16,108</b>	<b>143,364</b>	141,012

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 18 CAPITAL COMMITMENTS

Capital commitments at the end of the financial year for which no provision has been made:

	Group		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Contracted	<b>1,132</b>	-	<b>1,132</b>	-

The Institute and BRCL has entered into a number of operating leases for buildings, plant and machinery. The group's future minimum operating lease payments are as follows :

	BRCL		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Within one year	<b>1,200</b>	1,200	7	8
Within two to five years	<b>4,800</b>	4,800	428	426
	<b>6,000</b>	6,000	435	434

#### 19 PENSIONS

The Institute participates in the Research Council's pension scheme for employees previously employed under UKRI-BBSRC contracts. All Institute staff are now employed under local contracts, however staff previously contributing to the Research Council's pension scheme retained the right to continue contributing to this scheme. This is an unfunded multi-employer defined benefit scheme. Since any assets and liabilities of the scheme cannot be split between participating employers, the Institute's pension costs are accounted as for a defined contribution scheme, with costs charged to the income and expenditure account as incurred.

Contributions by all other Institute staff are made to a defined contribution pension scheme and charged to the income and expenditure account as incurred.

A defined contribution pension scheme is operated on behalf of the employees of the subsidiary undertakings. The assets are held separately from those of the Institute in an independently administered fund.

The pension charge represents contributions payable and amounted to:

	2023 £'000	2022 £'000
Babraham Institute	<b>1,591</b>	1,576
Babraham Institute Enterprise Limited	<b>13</b>	11
Babraham Research Campus Limited	<b>258</b>	226
	<b>1,862</b>	1,813

The amount of pension contributions included within creditors at the year end was £215,254 (2022: £200,372).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

#### 20 FINANCIAL INSTRUMENTS

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Financial assets measured at amortised cost	<b>30,757</b>	27,857
Financial liabilities measured at amortised cost	<b>(8,885)</b>	(9,602)

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, other tax and social security creditors, bank loans and accruals.

#### 21 ANALYSIS OF CHANGES IN NET DEBT

	<b>At 1 April</b>	Cash flows	<b>At 31 March</b>
	<b>2022</b>	£'000	<b>2023</b>
	<b>£'000</b>	£'000	<b>£'000</b>
Cash and cash equivalents			
Cash	<b>21,677</b>	996	<b>22,673</b>

#### 22 RELATED PARTY TRANSACTIONS

The Babraham Institute owns 75% of Babraham Research Campus Limited with UKRI-BBSRC owning the remaining 25% and owns 100% of Babraham Institute Enterprise Limited.

The value of transactions with Babraham Research Campus Limited and Babraham Institute Enterprise Limited for the reporting year and balances outstanding at the year-end are as follows:

	<b>Babraham Research Campus</b>		<b>Babraham Institute</b>	
	<b>Ltd</b>		<b>Enterprise Ltd</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Income	<b>1,344</b>	888	<b>1,749</b>	1,484
Expenditure	<b>(1,654)</b>	(1,427)	<b>(259)</b>	(101)
Debtors at 31 March 2023				
Due within one year	<b>636</b>	454	<b>507</b>	579
Creditors at 31 March 2023	<b>(348)</b>	(361)	<b>(34)</b>	(139)

There are no debts at year end which are repayable on demand or incur interest charges.

**THE BABRAHAM INSTITUTE**

England & Wales - Charity number 1053902

---

# Accounts

---

**The Babraham Institute  
(A Charitable Company Limited  
by Guarantee)**

Annual Report and Financial Statements

Year Ended

31 March 2022

**Company Number 03011737**

**Charity Number 1053902**

**THE BABRAHAM INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

---

**CONTENTS**

**PAGE: ANNUAL REPORT**

- 2 Officers and professional advisers
- 3 Report of the trustees (incorporating the Strategic Report)

**PAGE: AUDITOR'S REPORT**

- 24 Independent Auditor's Report

**PAGE: FINANCIAL STATEMENTS**

- 28 Consolidated statement of financial activities
- 29 Balance sheets
- 30 Consolidated statement of cash flows
- 31 Notes forming part of the financial statements

**THE BABRAHAM INSTITUTE****OFFICERS AND PROFESSIONAL ADVISERS**

---

<b>TRUSTEES</b>	Prof Peter Rigby FRS - Chair Mr Graham Allen Mr Geoff Braham Dr James Briscoe FRS Prof Gordon Brown FRS Dr Lynne Gailey Prof Nic Jones Prof Peter Parker FRS Ms Alexandra Pygall	
<b>MEMBERS</b>	Chairman Babraham Institute Board Chairman Babraham Institute Audit Committee UKRI-BBSRC Corporate Member	- Prof Peter Rigby FRS - Mr Geoff Braham - Prof Melanie Welham
<b>SECRETARY</b>	Mr Simon Jones	
<b>REGISTERED OFFICE</b>	Babraham Institute Babraham Hall Babraham Cambridge CB22 3AT	
<b>AUDITOR</b>	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY	
<b>BANKERS</b>	Lloyds Bank Plc 4th Floor 25 Gresham Street London EC2V 7HN	
<b>INTERNAL AUDITORS</b>	RSM Risk Assurance Services LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP	
<b>INVESTMENT BANK</b>	Royal Bank of Canada 100 Bishopgate London EC2N 4AA	

**REGISTERED COMPANY NUMBER : 03011737****CHARITY REGISTRATION NUMBER : 1053902**

## THE BABRAHAM INSTITUTE

### **REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022**

---

The Trustees are pleased to present their annual Trustees' Report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 March 2022 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY**

##### **LEGAL STATUS**

The Trustees, who are the trustees of the charity and directors of the charitable company the "Babraham Institute" (BI) (registered charity in England and Wales number 1053902; a company limited by guarantee, registered in England and Wales number 03011737), present their report together with the audited financial statements for the year ended 31 March 2022. The charity is governed by a Memorandum and Articles of Association adopted 24 June 2011, and its Institute Grant Agreement with the Biotechnology and Biological Sciences Research Council (UKRI-BBSRC) by whom it is strategically funded. UKRI-BBSRC is part of UK Research and Innovation (UKRI), a body working in partnership with universities, research organisations, businesses, charities and government.

The charity has two trading subsidiaries: Babraham Research Campus Limited (BRC). (Registered in England and Wales number 03241492) and Babraham Institute Enterprise Limited (BIE) (Registered in England and Wales number 06331858); referred to as the "Group" throughout.

##### **PRINCIPAL ACTIVITY**

The principal activity of the group and the charitable company, as set out in the Memorandum and Articles of Association, is education, through undertaking research; the dissemination of the results of such research for the public benefit and the training of research scientists. The charitable company aims to be the UK's premier research institute for work on lifelong health and healthy ageing through frontier research into molecular and cell biology and development. The chief funder of the Institute is UKRI. Operating across the whole of the UK with a combined budget of more than £9 billion, UKRI became operational on 1 April 2018 and has brought together the seven Research Councils (including UKRI-BBSRC), Innovate UK and a new organisation, Research England.

BRC operates from within the Babraham Research Campus, for which it also has management and development responsibilities to ensure the Campus provides both the buildings and communal environment to benefit all the organisations on Campus. Its principal activities focus on supporting early stage companies and growing biomedical enterprises. This is delivered through the provision of specialised office and laboratory accommodation, access to scientific expertise and equipment (including to the Institute's nine science facilities and specialist equipment which is overseen by the Institute), and to support a research-centric community helping translate early stage science into products and services.

The primary role of BIE is to support the commercialisation of the Institute's science, and the company has responsibility for managing and commercialising the Institute's Intellectual property portfolio through partnerships with industry, licencing activities, and the formation of spin-out companies. BIE also works closely with BRC to facilitate access to the Institute's cutting-edge scientific facilities for early stage companies both on and off the Babraham Research Campus, thereby supporting the local economy.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### STRUCTURE, MANAGEMENT AND GOVERNANCE

##### BOARD OF TRUSTEES

Up to and including the year ended 31 March 2022, the Board of Trustees consisted of up to twelve individuals who acted as trustees and directors and are all guarantors of the charitable company, of an amount not exceeding £1, during the period of their appointment and for a year after resignation.

The following were members of the Board of Trustees during the year:

Prof Peter Rigby FRS  
Mr Graham Allen  
Mr Geoff Braham #  
Dr James Briscoe FRS #  
Prof Gordon Brown FRS – appointed 1 July 2021  
Dr Lynne Gailey #  
Prof Nic Jones  
Prof Peter Parker FRS  
Ms Alexandra Pygall #

# Denotes members of the Audit Committee as at 31 March 2022.

Membership of the charity consists of two Trustee Members (*ex officio* the Chair of the Board of Trustees and the Chair of the Audit Committee) and one Corporate Member, the UK Research & Innovation (UKRI).

A shortlist is compiled after review of submitted applications and shortlisted candidates are interviewed by at least the Chairman and a selection of other Trustees. Following interviews, new Trustees are appointed by the interviewing Trustees with delegated authority from the Board. Trustees are appointed for a period of up to four years from the date of appointment (usually three) and are eligible for re-appointment at the end of their term. None of the Board of Trustees holds any interest in the shares of any of the subsidiary companies.

Trustees are provided with an induction pack containing key information about the Institute, and are offered training in trusteeship by one of the recognised training providers in this area. Most Trustees also take the opportunity to visit the Institute and meet with its staff, outside of a formal Board of Trustees meeting.

Separate Audit Committees operated during the year for the Institute and BRC. Additionally, a joint audit committee is convened annually to ensure proper scrutiny of Group finances and operations and as such incorporates some of the functions of a Finance and General Purposes Committee, although most of such functions are carried out by the Board itself.

The Board delegates the day to day running of the Institute to the senior management team led Dr Simon Cook being Interim Institute Director. In June 2022 Dr Cook was appointed Institute Director (3 year fixed term). As this agreement was made after the period this document covers, Dr Cook will be titled Interim Director throughout.

The Company Secretary and Chief Operating Officer (COO) is Mr Simon Jones. The CEO of BRC, one of the Institute's trading subsidiaries, Mr Derek Jones, is employed on a BRC contract. BIE is managed by Dr Keith Jones (CEO) and senior management from the Institute.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### TRUSTEES' RESPONSIBILITIES STATEMENT

The charity Trustees (who are also directors of the Babraham Institute for the purposes of company law) are responsible for preparing an annual Trustees' Report and 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), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (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 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 group will continue in business.

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

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

In so far as the Trustees are aware at the time of approving our annual Trustees' Report:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006

Institute governance dictates that key strategic decisions are made at the Babraham Executive Committee (BEC; chaired by the Interim Director), which responds to advice from the Board of Directors, Scientific Advisory Panel and other key stakeholders including the UKRI-BBSRC and other funding agencies. BEC is comprised of senior managers from across all functional areas, bringing a broad perspective of opinions to Institute business.

The Institute is committed to making a positive impact not only on the protection of the environment but to enhance it, while ensuring our research is maintained at a world-class standard. The Institute has developed a bespoke action plan for sustainability, working with UK-SOS, BRC and eight campus companies. This plan will be enacted to significantly reduce our environmental impact and achieve 'Green Impact' accreditation with the plan that the Campus is Carbon Neutral by 2040. At a local level, the Green Labs strategic initiative has been established.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

The Institute recognises that in order to maintain productive relationships with key stakeholders, the Institute must uphold high standards of business conduct. Operational teams hold and update relevant professional accreditations, and undertake continuing personal development to ensure they are working in an effective manner. In 2020-21 a Research Integrity Steering Group was established to oversee the policies, management systems and processes supporting research integrity at the Institute. This will enable others to have confidence that our research is founded on rigour and excellence, and is of the highest international quality.

The Institute has numerous mechanisms to foster relationships with key stakeholders. As the principal funder, relations with UKRI-BBSRC are maintained through many formal interactions. The Interim Director and Chair of the Board of Trustees hold regular partnership meetings with the Chief Executive of the UKRI-BBSRC. In addition, the Directors of all UKRI-BBSRC Institutes meet regularly with UKRI-BBSRC to discuss their strategic alliance. Furthermore, the Chief Operating Officer and senior members of the operations team hold frequent bilateral meetings with their counterparts at UKRI-BBSRC.

As a majority shareholder the Institute maintains close and productive relationships with BRC management and Board. One highlight area of constructive associations surrounds environmental sustainability, where representatives from complementary functional areas, including engineering and facilities management, work collectively to reduce the impact of the campus on the local and wider environment. In addition to this, the Institute and BRC partnered on a series of knowledge exchange networking events, coordinated a successful Collaborative Training Partnership (CTP) application and established a mentoring scheme. More details are given in the Knowledge Exchange and Commercialisation update.

Beyond the UKRI-BBSRC, the Institute is part of additional formal and informal networks. As part of the EU-LIFE alliance, a collection of independent European research institutes in the life sciences, the Institute plays a key role in building and promoting excellence in the life sciences. Institute scientists all belong to their collaborative research networks, bringing together ideas from across the globe. For grants running in 2021-2022, the Institute had collaborations with 94 organisations across 21 countries.

The Institute is committed to the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. Procurement for goods and services is provided by a wide range of suppliers and the contractual terms and conditions that the Institute puts in place with third parties are regularly reviewed and have been updated to include provisions designed to ensure that any risks of modern slavery in the Institute's supply chain are appropriately and effectively addressed. The Institute's modern slavery statement is published on its website.

Institute science interfaces with many key areas of policy from public health to education, and from animal welfare to big data. Our life science research has significant potential to shape and inform policy on topics such as gene editing, stem cell research and the effect of dietary restriction over the course of a person's life. We also participate in broader discussions including animal welfare and the importance of the bioeconomy. Our researchers and staff place significant value on working with policymakers and policy organisations through discussion, evidence and debate.

In 2019, the HR department commissioned a series of three employee engagement surveys (in collaboration with The Survey Initiative). The first was launched in 2020, the second in early 2022 and the final survey is scheduled for late 2023. The surveys have helped to identify key issues and priorities for improvement, as well as highlighting areas of success, good practice and progress within the Institute.

The Institute is committed to creating, maintaining and promoting equality, diversity and inclusivity (EDI) in all aspects of its policies, procedures and activities, and to the principles of the Equality Act 2010. Our 'equality4success' strategic initiative unites all EDI activities and regularly consults with individuals to monitor the implementation of this goal (<https://www.babraham.ac.uk/about-us/e4s>).

In 2019-20 the Institute signed up to the Technician Commitment to pledge action against the key challenges that affect our technical staff; visibility, recognition, career development and sustainability. During 20-21 consultations with stakeholders identified the main objectives and a self-assessment providing contextual information about the Institute, progress to date

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

and a detailed 24-month future action plan for embedding the Technician Commitment was developed for implementation from January 2021. These documents can be found online ([www.babraham.ac.uk/people/technician-commitment](http://www.babraham.ac.uk/people/technician-commitment)).

The mental health and wellbeing of our staff is paramount and the Institute has a number of ways to support staff. The Employee Assistance Programme (EAP) is a 24-hour helpline for Institute staff, including financial, legal, relationship and emotional support as well as telephone counselling. In 2020 we established the Mental Health First Aider (MHFA) scheme, recruiting volunteers from across the Institute to be trained up as Mental Health First Aiders to act as a first point of contact for staff who are experiencing a mental health issue or emotional distress and to help signpost staff to the appropriate support. Additionally (in 2020) we introduced the Access to Work Mental Health Support service delivered by Remploy which provides support to individuals who are experiencing difficulties at work due to depression, anxiety, stress and/or other mental health conditions. Since the pandemic we have significantly improved our wellbeing offering to staff and have run a number of wellbeing and mental health related webinars and provided staff with monthly wellbeing themes and related resources.

## OBJECTIVES AND ACTIVITIES

### INSTITUTE OBJECTIVES

In the furtherance of the charitable objectives listed in the Memorandum and Articles of Association, the charitable company is guided by a comprehensive portfolio of integrated policies. Further details of the charitable company's mission can be found online ([www.babraham.ac.uk/about-us](http://www.babraham.ac.uk/about-us)). Information on funding, research activities, scientific facilities and wider Institute programmes such as public engagement, commercialisation and equality and diversity can be found in the Institute's Annual Research Report covering 2019-2020 ([www.babraham.ac.uk/our-research/annual-research-report](http://www.babraham.ac.uk/our-research/annual-research-report)). An overview report covering Institute highlights during 2021 is in development.

### SCIENTIFIC AIMS

The Institute's research operates across three science programmes (Institute Strategic Programmes, ISPs) focusing on epigenetics, signalling and immunology and is supported by UKRI-BBSRC strategic funding. The programmes work towards our overarching goal of understanding the fundamental biological mechanisms and changes underlying development and healthy ageing. Key strategic objectives include:

- Understanding the interaction between the immune system and other tissues; the role of signalling pathways in the immune system as well as the effects of ageing on the immune response and vaccination.
- Investigating the role of signalling pathways and the autophagy process in ageing, health and disease.
- Using the epigenetic clock to investigate how life events influence biological ageing, and examining mechanisms of epigenetic inheritance, stem cell differentiation and the impact of subtle epigenetic differences on cell diversity.
- Studying the impacts of diet and other lifestyle and environmental factors on epigenetics, signalling, metabolism, health and ageing.
- Leveraging the capital investment in Institute infrastructure and equipment, in particular the state-of-the-art scientific facilities and biological support unit, to attract investment and interaction from both the public and private sectors.

Each ISP contains a number of research Group Leaders who adopt complementary approaches to address a common set of biological questions. In the year 2021-22, the Institute welcomed five new Group Leaders: Dr Della David and Dr Ian McGough both to the Signalling research programme, Dr Philipp Voigt to the Epigenetics research programme and Dr Sophie Trefely and Dr Teresa Rayon who as joint appointments to both the Epigenetics and Signalling research programmes. As the Institute's first dual-programme Group Leaders, Dr Trefely and Dr Rayon provide exciting bridging points to strengthen cross-ISP collaboration. An additional Group Leader, Dr Arianne Richard, joined the Immunology research programme in April 2022, thus completing the Institute's recent recruitment phase for new Group Leaders.

The Institute's three ISPs receive funding from the UKRI-BBSRC in the form of Institute Strategic Programme Grants (ISPG) awarded to each programme. Each ISPG contains a list of objectives for the term of the grant, together with time plans and

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### INSTITUTE OBJECTIVES (CONTINUED)

resource requirements; the grants are allocated for these specific, approved projects and funding may not be diverted to diverse activities. The ISPGs are summarised in the list of objectives above and a more detailed insight into the aims of each ISPG and research group can be found in the Annual Research Report ([www.babraham.ac.uk/our-research/annual-research-report](http://www.babraham.ac.uk/our-research/annual-research-report)).

Complementing ISPG funding there is a Campus Capability Grant (CCG) supporting the Institute and its core biological research facilities. The UKRI-BBSRC also provides a Knowledge Exchange and Commercialisation (KEC) grant which is used to enable the Institute to effectively disseminate knowledge and, where appropriate, facilitate partnerships or spin-out companies to maximise the impact of Institute research to translate research into action for social and economic benefit. A key part of the KEC strategy is to partner with industry, particularly biotech and pharma companies, to translate our research and support the bioeconomy. The grant also supports the Institute to employ a team of skilled KEC specialists to support and facilitate this work.

The Institute's research groups are structured so they can share resources, techniques and skills. Each Group Leader runs their own group and is expected to create, lead, maintain and develop an internationally competitive programme of innovative research. Each ISPG Lead is responsible for leading and co-ordinating a cohesive programme of research that contributes to the Institute's mission of understanding and helping to improve lifelong health. This involves coordinating and uniting the goals of several groups and ensuring appropriate annual reporting to the UKRI-BBSRC.

Each Group Leader is expected to raise additional funds for their research over and above the UKRI-BBSRC core ISPG funding, not only to support the critical mass of researchers needed, but also to form strong strategic partnerships with other funders (often from the medical charity sector or the biotech/pharma industry) that are interested in the translation of Babraham Institute science into technologies and discoveries with high impact for the benefit of lifelong health and wellbeing.

The overall science direction of the Institute is determined by the Babraham Executive Committee (BEC; the senior executive committee responsible for the running of the Institute); additionally, the Science Policy Committee (SPoC; a subcommittee of BEC with additional membership from amongst the senior science staff and Grants Office) provides scientific leadership and vision and also monitors and assesses the science across all groups.

The impact of this research, for the public benefit, is a deeper understanding of the mechanisms of health and disease throughout life. The insights gained from the Institute's fundamental research may lead to changes to public advice on healthy living, wellbeing and ageing; could influence public health policies; and may underpin translational research and the creation of new therapies and treatments.

Through understanding normal physiology in both humans and animals, the Institute's scientists are able to apply this knowledge to disease conditions, often partnering with medical research charities and organisations devoted to alleviating the effects of those particular diseases. As a fundamental research organisation, it is acknowledged that the Institute's research can be far removed from these final outcomes and there is an expectation that the translation of Institute research may take some years to come to fruition, yet over the course of its history the Institute has demonstrated its ability to deliver high-impact research advances (e.g., work on fundamental cell biology and inositol lipid signalling spanning work underpinned by discoveries made in the 1960s to current day:

<https://www.babraham.ac.uk/sites/default/files/media/files/babraham%20poster.pdf>).

Additional demonstrations include the involvement of Institute immunologists in the development of some of the world's first therapeutically useful monoclonal antibodies, leading to several monoclonal antibody drugs such as Herceptin (for metastatic breast cancer), infliximab (for Crohn's disease) and Vectibix (Panitumumab), licensed for the treatment of colorectal cancer, which was developed directly from research performed at the Institute more than a decade earlier. In 2017, the Institute published findings from a collaboration involving both GSK and AstraZeneca that could lead to new cancer screening approaches (News: [New fundamental biology may aid cancer treatments](#)). The results of a recent new collaboration supported by Innovate UK (part of UKRI) could lead to the identification of new anti-cancer drugs. And in 2020, Enhanc3D Genomics Ltd, a new spin-out from the Institute, formed from genomics research undertaken by Institute Group Leaders, won external seed funding to develop a platform enabling genome-wide profiling to identify links between gene regulatory regions and their target genes to open up new therapeutic opportunities. A suite of work published by groups within the

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### INSTITUTE OBJECTIVES (CONTINUED)

Institute's Epigenetics programme in 2021 and early 2022 on stem cells provides important research models and know-how and advances our understanding of early development with potential impact on understanding developmental disorders (<https://www.babraham.ac.uk/news/2022/02/new-way-study-awakening-human-genome>), cellular reprogramming for personalised medicine (<https://www.babraham.ac.uk/news/2022/03/stem-cell-secrets-allow-researchers-revamp-reprogramming>) and fertility treatments (<https://www.babraham.ac.uk/news/2021/09/key-staying-naive>).

#### INSTITUTE MISSION STATEMENT

- To be a world-leading life science and innovation research institution producing internationally recognised and respected science with a view to creating significant social and economic impacts through understanding and improving lifelong health.
- To maximise awareness, relevance and impact of our work through a diverse and creative programme of knowledge exchange, commercialisation, public engagement and communication. Particularly by building a reputation for collaboration, transparency and high-quality science and business acumen.
- To provide a unique and highly successful environment, establishing Babraham Research Campus as the leading campus for bioscience start-up and developing biomedical companies and for supporting the development and growth of those organisations.

#### INSTITUTE REMIT

- The Babraham Institute is an independent charitable life sciences Institute, strategically funded by the UKRI-BBSRC, carrying out world-leading innovative research and advanced training with relevance to the biological, biotechnological, biomedical, pharmaceutical and health research and user communities.
- The Institute's research focuses on determining the mechanisms whereby cell signalling and gene regulation control normal cellular processes and functions underpinning ageing, development and the maintenance of health and wellbeing.
- The advances made due to the Institute's research are publicly available and the Institute actively seeks partnership and knowledge exchange with relevant companies and with clinical and other researchers to ensure effective application of its research.
- To be an active participant of the Babraham Research Campus by supporting early-stage bioscience enterprise through collaboration and providing access to state-of-the-art equipment.

As part of the UK Science Base, the Institute contributes to the economic growth, quality of life and public engagement objectives of government. Our work supports the UKRI-BBSRC's Forward Look for UK bioscience and bioscience for an integrated understanding of health. It also closely aligns with the healthcare challenge of ageing and the ambition to understand the pathways associated with multi-system ageing in order to develop new diagnostics and therapies as outlined in the UK Government's Life Science Vision, in addition to our work being of relevance to some of the Vision's other challenge areas.

#### BABRAHAM GROUP BUSINESS OBJECTIVES

##### Delivery of World Class science, within the Institute's remit

- International leadership
- Synergistic and nationally strategic research
- Collaborative partnerships
- Graduate and postdoctoral training programme

##### Excellent fit-for-purpose infrastructure for science

- Technical
- Corporate
- Educational

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### BABRAHAM GROUP BUSINESS OBJECTIVES (CONTINUED)

##### The highest standards of Corporate Social Responsibility

- Values and impact of our research. The Institute holds and abides by the following values:
  - Benefit - *We make a difference*. As a world-leading centre of excellence in life sciences research we work to make discoveries for societal benefit that make a real difference in science, health and policy within the UK and globally;
  - Innovation - *We extend the boundaries of knowledge*. We work at the forefront of creative discovery science, nurturing our people through development and training, and provide the environment for innovation to thrive.
  - Integrity - *We are open, honest, and inclusive*. We work together to uphold the standards expected of us, operating with honesty and responsibility, creating an inclusive and motivating environment, and communicating openly and transparently.
- Maintaining the highest standards of research integrity (for details see our Research Integrity Statement)
- Community partnerships
- Minimising the environmental impact of the Campus
- Public Engagement Programme to engage and inspire
- Openness and transparency in all aspects of the Institute's work

##### An internationally recognised contribution to the UK's economic competitiveness

- Inward investment to the Babraham Research Campus
- Commercialisation and wealth creation
- Partnerships and knowledge flow

##### Robust sustainability

- Financial planning and estate strategy

##### Efficient and effective management

- Operations and People

##### A high standard of Corporate Governance

- Risk control and contingency planning
- Regulatory
- Boards and subcommittees; executive decision-making structure and authorities

##### Within BRC specifically, the key business objectives are:

- The delivery of research and innovation undertaken by the companies and academic researchers on the Campus.
- The development of people and talent both in the academic and commercial settings.
- The growth of Campus capabilities in order to support translation and company creation, and help to accelerate company growth and scale-up.
- The nurturing of the ecosystem by being a vibrant, dynamic, and well-connected research and innovation location and playing an active part in that community.
- Campus investment and ensuring sustainability
- The creation of new partnerships, and to sustain those we have created, with organisations both on and off the site and which have added value and contributed to the vibrancy of the Campus

#### EMPLOYEES

During the year the Babraham Group has continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the group's position and any significant organisational changes. Within the Institute, the global pandemic and move to a distributed workforce meant reassessing and restructuring the Institute's

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### EMPLOYEES (CONTINUED)

internal communications. In March 2020, a new intranet section was created to provide a comprehensive Covid-19 information resource for staff and this content has continued to change to reflect the different phases of the Institute's ramp up after the pandemic. During the course of the pandemic, Covid-19 work moved from under the Crisis Management Team (CMT) to the Ramping Up Group, a sub-set of the CMT. The Ramping Up Group met fortnightly throughout 2021-22 to coordinate the response to the pandemic and communications were made to staff by email and through the Institute newsletter. As the Institute's intranet has developed, it has become a key information resource for staff covering the full life of the Institute. The Hub aims to provide easy and fast access to information, and being built on SharePoint, is playing a wider positive role in facilitating collaborative working and raising awareness of individuals and teams across the Institute.

An internal Institute-wide monthly newsletter was launched in October 2020 and this is now an established part of the Institute's internal communication mechanisms. The newsletter has been successful in engaging the Institute community with recognition initiatives (such as Staff Recognition Awards and the Institute's Annual Prizes), personnel changes, and news and updates from teams across the Institute.

These scheduled communications are supplemented with tailored communications emailed directly to staff on issues of particular note, such as changes to Institute management and important health and safety notices. Although ad hoc, these emailed communications ensure that all staff receive information that is relevant to the situation, the mechanisms for communication and support are made clear and misinformation is avoided.

In 2021 the Institute held a strategic 'blues skies' retreat on 25<sup>th</sup> and 26<sup>th</sup> March 2021 which brought together all group leaders, facility heads and key operations and scientific support staff. The event's programme covered research topics, facilities updates and combined discussion of the Institute's future research strategy. In addition, the Institute reinstated the programme of regular all-Institute meetings, with these being primarily the Institute's annual 2-day symposium, LabTalks, which was held on 7<sup>th</sup> and 8<sup>th</sup> October 2021 and the end of year update and review, Infosite, which was held on 15<sup>th</sup> December 2021. Annual partnership meetings where Professor Melanie Welham (UKRI-BBSRC) presents an update to Institute staff and annual briefings for all staff led by the Director, provide a forum for upwards questioning.

The group is aware of its statutory duty to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the charity, as well as generally through training and career development. The charity is an equal opportunities employer and supports diversity in the workplace. The Institute has a "two ticks" status.

The Institute received a Silver Athena SWAN award in April 2015, at the time only the second Research Institute to achieve Silver status, and is one of 164 Member organisations that currently hold Athena SWAN awards in the UK. The Athena SWAN Charter was launched in 2005 to recognise commitment to advancing women's careers in science, technology, engineering, mathematics and medicine (STEMM) employment in higher education. The awards recognise good practice in recruiting, retaining and promoting women in STEMM. The Charter believes that an organisation must have institutional support and underpinning institutional good practice, policies and procedures in place in order to achieve and sustain an award.

The Charter's remit was significantly expanded in 2015 to include support roles, other academic fields and equality for all genders. Therefore, the receipt of a Silver award in December 2018 under this expanded Charter indicates the significant work that the Institute has carried out to support all staff - and is a recognition of the Institute's ongoing good practices. The Institute plans to build on these to further progress equal opportunities and a highlight of the impacts delivered by the Institute's equality success initiative is the successful establishment of a Roving Researcher position, which provides support to researchers on long-term leave in order to maintain the momentum of research projects. After being established in 2020, the position has supported 9 researchers. There has been a high degree of interest from other organisations in how to establish similar schemes and following the success of the initial Roving Researcher, the Institute is in the process of appointing a second Roving Researcher.

Following a recent review, Athena SWAN status must be now renewed every five years and the Institute is preparing an application for 2024.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

#### EMPLOYEES (CONTINUED)

As mentioned earlier in the Trustees Report, the Institute joined the Technician Commitment in 2019, leading to the creation of a steering group to represent the variety of technical specialist roles found across the Institute. Key areas of focus and objectives have been mapped to the Technician Commitment themes of Visibility, Recognition, Career Development and Sustainability.

Remuneration of key management personnel is set annually by the Senior Remuneration Committee which comprises the Institute Chair and Deputy Chair along with at least one other trustee. The Committee is chaired by the trustee appointed to oversee HR matters on behalf of the Board.

#### SUMMARY PUBLIC BENEFIT STATEMENT

The charitable purpose of the Institute is to advance education, specifically to increase public learning and knowledge in the field of biological and biomedical sciences and also to provide training leading to a higher degree (PhD) in research techniques and significant contribution to collective knowledge and understanding of specific areas of study and expertise. The Trustees are mindful of their collective responsibility to ensure that the charity complies with public benefit guidance issued by the Charities Commission.

#### ACHIEVEMENTS AND PERFORMANCE

Key performance indicators focussing on non-financial performance during the reporting year are detailed below. The choice of performance indicators is based on readily available information which provides a useful comparison of achievements this financial year to last year.

##### Number of publications

The Institute's research continues to have biological / biomedical relevance and impact. Potentially a very wide cross-section of the public will benefit from our understanding of the ageing process and as a result of the translation of our findings into new medicines or treatments. Given the broad scope of our work, its relevance to everyone through their lifecourse, and our commitment to maximising research impacts through knowledge sharing with politicians, industry, policy organisations, charities, health and care services, we believe the Institute is making vital contributions to the future wellbeing and economy of the UK and beyond. In 2021 (calendar year) the Institute's scientists published a total 97 (2020:126; 2019:77) full and refereed research and review articles in journals.

A full bibliographic list of all scientific publications is available on our website ([www.babraham.ac.uk/publications](http://www.babraham.ac.uk/publications)) and under each group's webpage. As with all scientific research organisations, these publications are the main immediate tangible output of the Institute's activities.

##### New Grants

The Institute, during the year, continued to seek additional external funding from various sources both within the United Kingdom, European Union and further afield. The number of new grants with a start date in 2021/22, by funding source and the total awarded, are below:

	2021/22		2020/21		2019/20		2018/19	
	Number	£'000	Number	£'000	Number	£'000	Number	£'000
UKRI-BBSRC	3	1,154	0	0	5	1,786	2	413
UKRI-MRC	3	1,263	2	973	2	916	2	2,727
Innovate UK	-	-	-	-	-	-	-	-
European Commission	2	243	5	2,743	2	361	5	612
Industry, levy boards	1	295	1	420	3	457	3	552
Trusts, foundations, charities, foreign governments	6	4,579	5	2,370	9	1,970	3	2,683

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

#### ACHIEVEMENTS AND PERFORMANCE – NEW GRANTS (CONTINUED)

As in past years, identifying, applying and securing new external funding sources remains a high priority of the Institute.

#### Public Engagement

The Institute's engagement programme was heavily impacted by the effects of the Covid-19 pandemic over the last two years. The lockdown measures and continued restrictions caused the suspension of a number of our long running programmes. However, the programmes have adapted and are again building in strength. The Institute's vision is of an open, transparent and accountable organisation that is leading in its contribution of science to culture, society, economic development and growth. Public engagement and science communication at the Institute is embedded within its research and supports interactions between researchers and a variety of public groups. The Institute has a core Public Engagement Team, supporting a varied and dynamic programme to engage students, teachers, community groups, family and adult audiences. The figures below highlight the Institute's commitment to these activities.

	2021/22	2020/21	2019/20	2018/19
Visitors to site	0	0	440	458
Outreach Events*	28	12	34	42
Total Public Audience Engaged	3,894	2,142	2,251	17,468
Website visits	127,222	154,650	116,435	130,230

\*Visits to schools, science festival exhibits, public lectures, panel sessions, public dialogue workshops, hosting community tours on campus, library talks etc, including online / digital formats.

The Institute's public engagement programme continues to engage at local, national and international level with a renewed focus on developing relationships with communities traditionally underserved by engagement programmes. Over the last year relationships with a number of key partners have been established. These include direct links with schools and community groups in areas of high deprivation - enabling these groups to engage with our research. Education sector partners such as the Youth STEMM award and T-level training providers allow for more measurable impact and peer recognition of our work, while student placement providers through the In2Science (further education student focussed) and In2Research (undergraduate student focussed) programmes enabled more equitable access to research experience at the Institute. This ongoing work has already begun yielding tangible outcomes with learnings informing on other Institute initiatives, such as the CTP PhD studentship programme. Throughout 2021-2022 there have been numerous school and community engagement events held online with elements of the Institute's recent contributions to the Cambridge Festival seeing a return to in-person activities.

The Institute's participation in the EU funded Horizon 2020 project, 'ORION' came to an end in 2021 with dissemination activities. These activities included a recent article published in EMBO reports - carried out to ensure maximum impact of the results from the project and the previously undertaken public dialogue work which focussed on genome editing in Cambridge, Germany, the Czech Republic and Sweden. Work was also undertaken to implement the findings of the project into an action plan to further imbed open science practices at an Institute level, with this work now underway. The experience gained from conducting a public dialogue is now being used in the Wellcome Funded Human Developmental Biology Index (HDBI) project. Alongside the research grant, further funding for public engagement work was successfully applied for, with the Institute leading on developing a public dialogue around society's views on associated regulations such as the 14-day limit on culturing embryos and tissue donation. This work is expected to run throughout 2022 and 2023 with the potential outputs having impact on research direction for years to come.

Over the last year we have put additional focus on developing new digital resources to enable audiences to engage with Institute science. The Epigenetics Escape Room has been a huge success since it was launched in spring 2021. It has been featured at numerous public festivals that moved online over the pandemic and has been shown to be highly engaging to all ages whilst showcasing some of the lab work of our epigenetics groups. The staff team responsible for the resource have also further developed it by adding a downloadable print version of the puzzles which has been used in hybrid school events enabling engagement with schools with limited IT access. The success of this project has been recognised with it being

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### ACHIEVEMENTS AND PERFORMANCE – PUBLIC ENGAGEMENT (CONTINUED)

shortlisted for STEM Initiative of the Year through the Cambridge Independent Science and Technology Awards. Virus Fighter (formerly VACCINE) has also continued to be developed.

This online viral outbreak simulator was co-created, working with local school students and a digital game design company, to explore the spread of infectious disease outbreaks and provide a platform to discuss the Institute's immunology research. This resource has been used by numerous school groups since launch and an updated version was showcased at the Cambridge Festival this year sparking many discussions with the community audience. This project has also been recognised for its success again being shortlisted for the STEM Initiative of the Year through the Cambridge Independent Science and Technology Awards.

Unfortunately, the Institute's annual Schools Day was unable to go ahead this year due to continued Covid-19 restrictions. Instead, an online equivalent was run in the form of 'Meet a Bioscientist'. This event saw 35 staff, (from 11 research groups and 4 facilities) engage with over 900 students from 15 different schools, many of which are not usually able to engage with the Institute Schools Day owing to geographical barriers. We received very positive feedback on this event, both from the school audiences and the staff involved, with especial mention of how it helped give young people an insight into life as a bioscientist and provided extended question and answer sessions to allow dozens of excellent questions to be answered.

Throughout the year our work has been well received by audiences, researcher contributors, funders and peers alike. Looking ahead, the Institute aims to build a hybrid model of in-person and online events within the engagement programme to allow flexibility in the continued uncertainty around Covid-19 and the longer-term impact on societal behaviours. This will enable high quality, two-way engagement between staff and members of the public whilst also continuing to position us as a leader in equitable engagement with traditionally underserved audiences.

#### Knowledge Exchange and Commercialisation (KEC)

The Institute's KEC programme aims to maximise the dissemination, impact and, where appropriate, the exploitation of knowledge generated by and held within the Institute. Implicit in this is the recognition that this knowledge is the product of public investment and that the Institute has a duty to maximise outcomes from this investment for societal and economic benefit.

Activities include the training of fellow scientists in new emerging techniques, through continued professional development (CPD), engagement with the Biotech / Pharma sector and other research organisations. In addition, the Institute aims to use its expertise to inform policy, direction and understanding of science by policy makers and industrialists at home and abroad. KEC is viewed as a two-way dialogue in which the Institute engages with industry and stakeholders to listen to their concerns and try to respond to their needs. Where appropriate the Institute seeks to maximise the impact of its research through commercialisation – this is managed by the Institute's wholly-owned trading arm BIE.

Despite the hurdles encountered over the last year, KEC at the Institute has had another busy period.

On the commercialisation front, the Institute's 2020 spin-out, Enhanc3D Genomics Ltd has had further success in securing investment and development support from Johnson & Johnson, and a further spin-out opportunity is currently being supported for highly innovative research originating from the Immunology programme, around a platform enabling a gene delivery therapeutic that may have potential in treating a range of neuroinflammation diseases and disorders.

The Institute's patent portfolio has grown to a set of nine patent families over the last year, these have strong potential clinical value in diverse clinical fields including traumatic brain injury, MS, cognitive decline, wound repair and ophthalmology, cardiovascular and chronic kidney disease. The portfolio includes filings that may support the spin-out opportunities being explored, and active negotiations for commercial licensing rights to other filings is ongoing. On the knowledge exchange front, a successful UKRI-BBSRC grant secured in 2021 has resulted in the provision of cross-organisational training and career-development opportunities for 21 researchers and technicians.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### ACHIEVEMENTS AND PERFORMANCE – KEC (CONTINUED)

Funded collaborations and placements with industrial and institutional hosts have enabled exposure of technicians and research staff to a range of new commercial and academic environments.

The team have continued over the year to develop new online and hybrid meeting formats to provide knowledge exchange and commercialisation support to staff and external audiences. In October 2021 a CSaP-organised virtual policy workshop was offered to Institute staff, supported by the team heading the Ageing Inquiry by the Nuffield Council on Bioethics, providing policy engagement training to early-stage Institute researchers. In March 2022, four hybrid networking sessions were organised, along research and development themes of interest to the Institute (Signalling, Epigenetics, Immunology and Ageing) providing a dedicated time for Institute researchers and scientists from Babraham Research Campus companies to socialise, highlight common research interests and understand campus capabilities. The four events hosted talks from 16 group leader and post-doc talks (including all recently recruited group leaders) and 17 Campus companies, with attendance by groups from all Facilities, ISPGs and 29 Campus companies. A funding call for Institute-company Campus collaborations was opened to coincide with these events, to offer further support to emerging collaboration discussions

Over the year, the Institute has contributed to policy initiatives with CaSE, to highlight the value provided to the UK by Public and Non-Profit Research Institutes, Ageing Inquiry from the Nuffield Council on Bioethics and case studies from The Physiological Society regarding in vivo educational licences and into the economic contribution of physiology education.

In 2021 the Institute and Campus successfully secured funding for fifteen PhD studentships from UKRI-BBSRC as part of a Collaborative Training Partnership (CTP). Rolling out over a period of three years, eleven different Institute research groups will host students as they undertake their PhDs in partnership with thirteen Campus companies. Each CTP student will conduct their research within one of the Institute's three research programmes and spend time working with one of the Campus-based companies. The close location of companies to the Institute will allow students to benefit from a high degree of interaction with their industrial partner throughout the period of their studentship. Through a tailored programme of skills training and scientific and industry supervision the partnership will produce a cohort of bioscience researchers equipped with excellent research skills and commercial know-how. Students will also shadow early-stage life science ventures as they participate in the Campus' five-month bioentrepreneurial programme, Accelerate@Babraham, which will provide insight to the spin out/start-up process and an awareness of key commercial knowledge areas.

Accompanying these studentships, a range of Institute initiated Campus events continued to develop in 2021 on diverse translational, professional career and academic themes, as well as creating focussed networking opportunities to co-create collaborative Campus research projects. One significant network created over the last year has been the creation of an industry mentorship scheme that enabled 1:1 connections between Campus scientific staff and early-stage Institute researchers, allowing Institute researchers to explore industry scientific career opportunities in the pharma, biotech, biomed sectors and providing training and professional development skills to the scientific mentors.

In 2021-22, Babraham Institute Enterprise Limited generated £1,664k (2021 : £1,159k) in revenues from the commercialisation of its assets and activities. Most of the revenues arise from collaborations with industry and commercialisation of the Institute's scientific facilities, which had been impacted by the Institute's lockdown.

#### SUSTAINABILITY

The Institute's Environmental Sustainability Vision is a commitment to making a positive impact on not only the protection of the environment but to enhance it while ensuring our research is maintained at a world class standard. The Institute's Chief Operating Officer has responsibility for environmental management.

The Institute continues to invest in energy saving opportunities exploiting funding opportunities from UKRI-BBSRC and UKRI to not only improve and reduce the carbon footprint of the Institute and its science but to maximise efficiency in its use of energy. Recent advances include:

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

#### SUSTAINABILITY (CONTINUED)

- The Institute continues to operate a Tri-generation CHP unit to meet the sites heat and cooling loads. This is monitored on a daily and monthly basis to determine savings and performance. The unit is also registered with the Department for Business, Energy and Industrial Strategy (BEIS) CHP Quality Assurance (CHPQA) Programme and good quality certification has been achieved.
- The controls in three heating boilers in the energy centre have been replaced with more efficient controls which will reduce the amount of gas consumed. The district heating pumps for the district network have also been replaced, swapping out the old belt drive pumps with more efficient direct drive pumps. The Institute continues its programme of replacing fluorescent lighting with LED lighting within all its buildings including upgrading to smart controls
- The implementation of smart lighting controls to over 500 light fittings across three building has reduced energy consumption due to new lights being lower in wattage and only using power when needed. Maintenance costs are also reduced as the system has the ability to identify light fittings in fault and the type of fault.

The Tri-generation CHP unit continues to operate successfully continuing to reduce the amount of imported electricity from the Grid. The unit is registered with the Department for Business, Energy and Industrial Strategy (BEIS) CHP Quality Assurance (CHPQA) Programme and continues to achieve good efficiencies.

#### Proposed Targets for 2022-23

The Babraham Institute continues with its water saving measures through improvement of below ground pipework to the installation of new steam boilers replacing three old steam generators resulting in significant energy and water savings. 2021-22 has seen a slight increase in water consumption as the campus returns to normal after the Pandemic.

We are working with Babraham Research Campus Ltd to develop a joint plan that sees the campus achieve Net Zero Carbon by 2040 in line with UKRI's and the Babraham Institutes sustainability policy. The Babraham Institute will continue to identify and implement energy saving opportunities during this time.

#### 2022/23 Streamlined Energy and Carbon Report (SERC) outcomes - Emissions Data

Greenhouse Gas Emissions		2021/2022	2020/2021	2019/2020
Scope Emissions Indicators (tCO <sub>2</sub> e)	Total Gross Emissions	6,317	6,503	6,917
	Total Net Emissions	6,317	6,503	6,917
	Gross Emissions Scope 1 (Fuel)	5,771	5,465	5,846
	Gross Emissions Scope 1 (Transport x 100)	224	117	339
	Total Scope 1 Emissions	5,996	5,582	6,185
	Gross Emissions Scope 2 (Electricity)	320	921	732
Related Energy Consumption (MWh)	Electricity: Non-Renewable	7,785,672	9,490,784	9,865,723
	Electricity: Renewable	0	0	0
	Transport	8,942	4,686	13,584
	Gas	31,509,854	29,709,938	31,781,305

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### SUSTAINABILITY (CONTINUED)

##### Methodology

- The report covers the emissions for which the Institute has financial control and this was the boundary defined by the organisation.
- Utility data was collected for the past three financial years; 2019/2020, 2020/21 and 2021/22 for the period 1st April to 31st March consistently.
- Measurement of Scope 1 and Scope 2 emissions were based on billing data via invoices provided by the utility supplier and recorded mileage for transport emissions.
- Reporting was based on the analysis of the data, to highlight any trends, progress towards reduction and recognised improvements.
- An Intensity Ratio of tCO<sub>2</sub>e/Full Time Equivalent was selected by the Institute to present the data on a clear and transparent like-for-like basis.
- The methodology used to compile the data was that used in the fulfilment of the regulatory requirements for the Energy Savings Opportunity Scheme (ESOS).
- There are no process emissions within the organisation and emissions from air conditioning, refrigeration units in offices buildings are excluded due to cost of data collection. These are estimated to account for less than 0.2% of the total Scope 1 emissions.
- Emissions factors used are those from the UK Government GHG Conversion Factors for Company Reporting Standard Set 2018.

#### GROUP ESTATE ACTIVITIES

There are over 60 organisations operating within the Babraham Research Campus. The Campus is managed by BRC and BRC develops and builds facilities to support the commercial activities on site. Tenants are located in a number of purpose-built buildings with both laboratory and office space. In total, occupied space is in excess of 9,000 square meters.

This development is part of an on-going programme of expanding the campus following the initial £44m investment by HM Government in 2011. The investment programme is designed to deliver innovation from the research base, generate economic growth, and create and support new companies based on world-leading UK bioscience.

In April 2014, an additional £17m capital development project was initiated, catalysed by a further £6m grant announced by the Chancellor of the Exchequer, again to further develop the Babraham Research Campus. Under this project an additional laboratory and office building has been constructed and a new social infrastructure building has been completed and opened to campus tenants in January 2017. This latter building named The Cambridge Building now provides a new 200 seater conference facility, catering, meeting rooms and social and networking space. This reflects the needs of a growing campus, and the key role of providing space for networking for the campus tenants.

#### IMPACT OF COVID-19 ON ACHIEVEMENTS

Throughout the pandemic the Institute remained committed to providing a safe place of work, achieved through Covid-19 Secure Risk Assessments, social distancing and good hygiene practices, in alignment with government guidance and best practice as this developed. There has inevitably been an impact on the delivery some Institute achievements and scientific outputs particularly during the earlier months of the pandemic in 2020-21, however during 2021-22 operational activities began to return to pre-pandemic levels as restrictions were lifted and the UK vaccine programme was rolled out.

Phased returns to onsite attendance (responsive to government guidance and the situation in the UK) were initiated, returning to approximately 60% occupancy of laboratory space in April 2021, with occupancy levels continuing to increase during the remainder of 2021-22.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### IMPACT OF COVID-19 ON ACHIEVEMENTS (CONTINUED)

Where staff were able to work from home, a formal hybrid working policy was introduced in December 2021 by the Institute and this policy continues to operate. With the UK Government lifting all Covid-19 restrictions in February 2022, the Institute resumed full operational activities by the financial year end.

#### INSTITUTE FUTURE DEVELOPMENTS

Throughout 2021-22 the Institute continued to implement a phased return to work in line with the Government's Spring 2021 Roadmap. A Flexible Working Policy has now been rolled out enabling hybrid-working where practicable and staff have been encouraged to attend site with numbers steadily increasing so far throughout 2022 and some meetings now running in person. The Institute continues to focus on the health, safety and wellbeing of staff, in order to understand the challenges our staff face and better support them during this time.

The Institute aims to mitigate the risk to delivery as far as possible, and will continue to work with its strategic funder UKRI-BBSRC and other funders to support delivery. This has included, for example, arranging extensions of up to six months for postdoctoral researchers who were nearing the end of their contracts and who had been unable to complete their projects as a result of the Covid-19 pandemic. The Institute has sufficient reserves to ensure operations can continue during the impact of Covid-19 - as explained within the Going Concern section in these accounts.

The Institute will continue to be principally engaged in the field of basic bioscience with a strong emphasis on research into healthy ageing. The Institute's science programmes will determine the significance of biological changes for the ageing process from conception onwards.

The priority will be to ensure that all our UKRI-BBSRC funded research is internationally competitive with the best academic groups in our area of endeavour. We continue to prioritise the need to control costs in all categories including pay costs, but note the need to invest strategically to reach new collaborators and expand the reach of the Institute wherever possible.

There will be many other challenges for the Charity. The UK's departure from the European Union, with uncertainty as to the UK's participation in Horizon Europe, will have an impact. Active grants currently running from the Commission come to approximately £7.5M in total funding over the life of the grants. The Institute is following carefully opportunities for international collaboration from UKRI and beyond.

Ensuring the Institute attracts the most gifted staff remains a strategic priority. In particular succession planning remains an important issue. This will continue to be achieved through new recruitment to priority areas as well as through advancing the careers of younger scientists and ensuring that they are fully equipped to take leading roles in the future development of the organisation

#### GROUP FUTURE DEVELOPMENTS

During this reporting period, and in support of the agreed strategy for the campus BRC have progressed the opportunity to further develop the campus. BRC announced after the end of the financial year an agreement to form a partnership with Biomed Realty Inc (BMR), an US corporation, already with a presence on the campus, to jointly construct a new c. 40,000 sq<sup>2</sup> laboratory and office building. This building is designed to accommodate companies already on the campus, wishing to grow on site. BMR was selected as a development partner following a tender process where a number of potential partners were invited to submit a proposal against an invite to tender package we had developed. Anticipated completion in Q4 2023, the building would be fully let such is the local demand.

Whilst the infrastructure development of the campus is a key component of BRC's growth, there is too the other elements of the strategic plan that involves the support of activities to encourage entrepreneurship, science translation and high quality scientific training. To that end, BRC continues to run the accelerate@babraham programme, provides easy-access laboratory and science capabilities on a short-term basis in a communal laboratory centre, supports the Babraham Institute in their PhD programmes, and works collaboratively with other entrepreneurial initiatives and centres in the region such as Start Codon, and the Cambridge Biomedical Campus.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

#### RISK MANAGEMENT

The Institute Board of Trustees is responsible for ensuring there are effective and adequate risk management and internal control systems in place to manage the major risks to which the charity is exposed. The Audit Committee agrees an annual risk-based internal audit plan which covers major risks identified by management and the Board of Trustees. It receives reports from internal auditors on the effectiveness of internal controls, progress against the internal audit plan and progress on recommendations made in reports. The Board of Trustees reviews a full risk report annually tracking major risks. The Science and Impact Advisory Committee (SIAC) also assess the science quality and vision covered in various sections of the risk register. The table below summarises how the Institute manages its key risks.

Risk Area	Description of Risk	Risk Management
<b>Future UKRI-BBSRC research funding</b>	UKRI-BBSRC current and future funding is reduced as a result of poor performance or public sector spending pressures.	Regular monitoring of scientific performance, including consideration from the Science and Impact Advisory Committee (SIAC).  Regular communication with UKRI-BBSRC to report performance and ensure strategic alignment of research programmes.  Monitoring of performance of competitive grant submissions with emphasis on widening the pool of grant funders.
<b>Loss of research funding from other sources</b>	The Institute or its Group Leaders become ineligible to receive funding from principal funding bodies as a result of lack of compliance with funders policies, i.e., regarding bullying and harassment or research misconduct.	The Research Integrity Steering Group was established to oversee all aspects of research integrity within the Institute.  The Steering Group will review current Institute policy and practice against Funder requirements to ensure compliance.  Additional training will be put in place to ensure all Individuals adhere to the highest standards of professional conduct.  The Institute will seek to secure alternative sources of funding and collaboration to mitigate against the possible loss of EU grant income.
<b>Technology investment</b>	The Institute is unable to keep pace with developments in technology underpinning its science.  Funding is inadequate to sustain and improve technology facilities necessary to support scientific objectives.	Funding opportunities identified and pursued for technology investments.
<b>Staff retention and recruitment</b>	The Institute is unable to retain or attract suitably skilled staff to enable it to sustain its scientific performance.	Career development programmes in place to support staff.  Performance Management processes in place.  Recruitment strategy and processes in place.  The Institute reviews pay and benefits annually, benchmarking against a range of comparable scientific organisations to ensure pay remains competitive. Salary scales are benchmarked triennially within the market in which the Institute operates and periodically the Board of Trustees will instigate an in-depth pay and benefits review.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

#### RISK MANAGEMENT (CONTINUED)

Risk Area	Description of Risk	Risk Management
<b>Estates</b>	Estate facilities do not adequately support the delivery of its scientific objectives.  Funding is inadequate to sustain and improve facilities necessary to support scientific objectives	A 5-year Business Plan developed for 2023-28 includes significant UKRI-BBSRC investment in BI facilities to support the Estates Strategy.  Facilities management systems are being enhanced.  Energy usage data is being developed and energy plan being implemented.
<b>Business Continuity</b>	A major incident, or business disruption such as a pandemic, interrupts scientific research programmes and/or administrative systems.	Disaster recovery and Business Continuity plans in place and tested periodically.  Review of compliance with health & safety and relevant regulations from government agencies and internal auditors.  Appropriate commercial insurance arrangements in place.
<b>COVID-19</b>	Adverse impact of the Covid-19 pandemic on Institute staff and operations, resulting in the inability to meet key Institute objectives.	A Covid-19 Secure Risk Assessment remains in place in order to deal with ongoing fluctuations of the situation, including mitigation for the following risks: <ul style="list-style-type: none"> <li>• The transmission of Covid-19 on site by person-to-person transmission.</li> <li>• The impact of the pandemic and working conditions on the mental and physical wellbeing of staff.</li> <li>• The impact of the pandemic and working conditions on equality and diversity.</li> <li>• The maintenance of buildings and facilities on site during the pandemic.</li> <li>• Information security breaches due to new working conditions and an increase in fraud / scams during the pandemic.</li> <li>• The financial impact of the pandemic.</li> </ul> The Institute is implementing a phased return to work on site and supporting staff to work from home where possible in order to continue to deliver key Institute objectives.

Within BRC, the Directors carry out regular reviews of the risks to which the company may be exposed both at regular Board Meetings and through the company's Audit Committee. Where necessary the company can call upon the Group's internal auditors RSM to act as an independent internal audit service. The principal risks considered by the BRC board include:

- War in Ukraine, and the effects on supply chain issues and increases in energy costs
- Covid-19 the ongoing impact on the local cluster and wider economic impact
- Change in Government support of UKRI-BBSRC and
- Reduction in investment in the life-science sector

#### FINANCIAL REVIEW

During the year, the total group reserves increased from £146M to £152M, with details of the movement in group funds shown in the Statement of Financial Activities on page 28.

The individual results within the group are detailed below.

**THE BABRAHAM INSTITUTE****REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022****FINANCIAL REVIEW (CONTINUED)****BABRAHAM INSTITUTE**

Overall results for the Babraham Institute shows an increase in total funds from £138m to £141m. Restricted revenue funds increased by £845k, Restricted Capital funds increased by £6,189k and Unrestricted Revenue funds decreased by £3,573k, totalling an increase of £3,461k across all funds.

The Institute's deficit on unrestricted funds for the year of £3,573k compared to a deficit of £1,540k last year. The deficit before investment gains/losses, depreciation and transfers is £4,061k and £2,601k respectively for 2022 and 2021.

	2022 £'000	2021 £'000
Deficit before investment gains/losses, depreciation and transfers – unrestricted funds	(4,061)	(2,601)
Depreciation (net of transfers) and other transfers	(1,382)	(1,920)
Fair Value adjustment to investment properties	(300)	(1,750)
Impairment on investment in subsidiary	468	(468)
Investment Income (dividends and interest)	313	357
Investment gains/(losses) - realised and unrealised	1,389	4,842
<b>Deficit for year – unrestricted funds</b>	<b>(3,573)</b>	<b>(1,540)</b>

As operating activity returns to pre-pandemic levels, this has resulted in higher travel costs (£113k), repair costs (£377k), computing costs (£323k), rental and campus costs (£117k) and general consumables (£281k). These, together with increase salary costs (£140k) account for the movement in results for the year 2021-22.

Annual revaluations within the Institute (£5.6m) to land and buildings have further increased capital reserves in the year (note 9). Capital funds within the Institute continue to be released from capital reserves against depreciation charges in the year. During the year £4,002k of capital funding was received (2021 : £2,949k).

The Institute continues to maximise its returns on funds by holding investments managed by Royal Bank of Canada. This allowed the Institute to benefit from investment income of £313k in the year (2021 : £354k).

The Institute has continued to actively monitor its cost base and strive for efficiency savings where possible to ensure the Institute continues to maximise its operations based on the funding received. Looking to the future the Institute continues to remain on a tight financial budget and a longer term focus will need to be placed upon continuing to seek and secure fresh income streams.

**BABRAHAM RESEARCH CAMPUS LIMITED (BRC)**

The profit for the year, after taxation, amounted to £2,290k (2021- loss £20,693k). The main movement in profit this year, compared to a significant loss in 2021 is in relation to the disposal of the 130 year lease investment property last year. Trading results are comparable to last year 2022 £2,157k, compared to 2021 £2,166k.

Gift aid of £300k (2021: £500k) was paid to The Babraham Institute relating to the year 2021-2022.

**BABRAHAM INSTITUTE ENTERPRISE LIMITED (BIE)**

Babraham Institute Enterprise Limited made a profit before tax and gift aid of £647k (2021: loss £147k). Excluding investment impairments/impairment reversals operating results are £56k profit for 2021-22 and £206k profit for 2020-21. Activity has now returned to pre-pandemic level, with turnover for 2021-22 of £1,664k compared to £1,159k and £1,490k for 2020-21 (Covid-19 year) and 2019-20 respectively. However, higher consumable costs in 2021-22 and impacted on the overall profit.

No gift aid (2021: £100k) was paid to the Babraham Institute relating to the year 2021-2022.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

#### FINANCIAL REVIEW (CONTINUED)

##### FINANCIAL AFFECTS OF COVID-19 WITHIN THE FINANCIAL STATEMENTS

Throughout the past two financial years, the UK Government has placed the country into numerous national lockdowns (March 2020, November 2020 and January 2021), with all Covid-19 restrictions being lifted in February/March 2022.

The Institute had already spent considerable time and effort since February 2020 preparing for such events. This included the majority of staff working remotely from mid-March 2020 and key staff attending site only to complete critical work that could not be paused or carry out crucial maintenance functions. During 2021-22 the Institute saw activity begin to return to pre-pandemic levels albeit staff continuing to remotely up to December 2021 when the Institute introduced its hybrid working policy, ensuring all staff return onsite for part of each working week.

With lockdown restrictions no longer in place, the Institute has now relaxed the majority of its own restrictions, with staff across all areas of operations returning to the Campus. Limitations on travel (both within the UK and overseas) have been lifted, with staff attending various conferences and events within the UK, Europe and further afield.

With the return to the workplace well established by March 2022, higher levels of activity have resulted in increased costs, particularly travel, repairs, service level agreement costs, room hire and hospitality, with expenditure levels of £33.5M being comparable to those of the pre-pandemic year (2019-20) of £33.2M.

#### RESERVES POLICY

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

- Future operational and capital expenditure requirements;
- Potential financial risks identified in the Risk Register;
- Funding required for strategic investments not included in the operating budget;
- Working capital / liquidity requirements;

The Trustees have reviewed the reserves of the Group. The review encompasses the nature of the income and expenditure streams, the need to match variable income with fixed commitments, and the nature of the reserves. The Trustees concluded that to facilitate long term planning they aim to achieve unrestricted reserves of at least £13m, covering 3 months working capital and any other financial obligations should the business cease to operate. Currently free reserves are around £22m and the Trustees are satisfied that these reserves are sufficient to finance both the general reserve and provide the necessary funds to mitigate financial risks associated with operational and capital expenditure identified in the Risk Register.

The recovery from the impacts of Covid-19 could potentially see the Group use reserves to cover any period of reduced income. The Group with free reserves of £21m remains well placed to continue to support activity, through use of these reserves to ensure operations and activity continues.

#### PRINCIPAL FUNDING SOURCES AND REVIEW OF EXPENDITURE

The Babraham Institute is one of eight Institutes receiving strategic funding from the UKRI-BBSRC. Funding is derived from our principal sponsor, the UKRI-BBSRC, together with external grants or fellowships competitively gained from other research councils, charities and industry.

Expenditure incurred as analysed in the Statement of Financial Activities relates to Charitable Activities, including support costs. Commercial trading activities are shown separately.

Staff costs form the largest single component of group expenditure £16.9m (2021: £16.8m), followed by consumables (laboratory and general) £4.4m (2021: £4.0m), repairs and maintenance costs £3.7m (2021: £3.2m) and rent and rates £2.3m (2021: £2.3m).

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

---

#### FINANCIAL REVIEW (CONTINUED)

#### PRINCIPAL FUNDING SOURCES AND REVIEW OF EXPENDITURE (CONTINUED)

Total expenditure for the year of £41.8m compares to £35.1m in 2020-21. The previous year saw a credit of £3.8m relating to the reversal of deferred tax provisions within BRC, excluding this would have resulted in expenditure of £38.9m for 2021-22. For comparison, expenditure in 2019-20 (pre Covid-19) was £40.4m.

Increases in repairs and maintenance (£0.4m), depreciation (£0.6m) and laboratory and general consumables (£0.4m) accounts for the majority of the increase in expenditure in this reporting year.

#### GOING CONCERN

The Babraham Institute is dependent on funding from the UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the Comprehensive Spending Review in 2016, Research Councils (of which the UKRI-BBSRC is one) received financial allocations for revenue and capital funding for the period ending in March 2022. Allocations for administration and capital were only fixed for the first three of those years (2017-18 to 2019-20) and were indicative for the years beyond to 31 March 2022. UKRI-BBSRC have 'rolled over' funding (at the same level as previous years) for a further year to March 2023 – making this funding cycle six years rather than five. In March 2022 the Institute was informed of indicative UKRI-BBSRC funding levels for the next 5 year cycle to 2023-24 to 2027-28.

Given that ;

- the Institute has now received indicative funding for the next five years from UKRI-BBSRC to 2027-28
- the Institute does not envisage any issues with funding in this five year period;
- the Institute continues to be commended on its financial management from UKRI-BBSRC assurance reviews;
- the latest Annual Financial Assurance audit (received February 2022) from UKRI-BBSRC focussing on the UKRI-BBSRC funded expenditure (to ensure the Institute aligns its funding with research outcomes) was highly favourable;
- the annual research returns submitted by the Institute have all been favourable – this is used by UKRI-BBSRC to evidence why they provide on-going grant funding to institutes such as Babraham Institute;

the Trustees have no reason to believe that future funding from the UKRI-BBSRC will not be forthcoming at a level which, together with the sufficient reserves held by the Institute and its subsidiaries, is sufficient for the group to continue in operational existence for the foreseeable future.

As the Institute continues its recovery from the impact of the pandemic, various scenarios have been explored for 2022-23 and 2023-24 on future income streams and costs. Forecasts will include elements of estimations, however the level of uncertainty in our plans is not considered material.

Accordingly, after making appropriate enquiries, the Trustees consider the Group and Parent Charity have adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements have been prepared on a going concern basis.

**The Trustees' Report incorporating the Strategic Report was approved on behalf of the Board**

*Geoff Braham*

**Mr G Braham**  
**Chairman of the Audit Committee, Trustee and Member**  
 Date: 21/11/2022

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE

---

#### OPINION

We have audited the financial statements of The Babraham Institute (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2022 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.

#### BASIS FOR OPINION

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the group's and parent charitable company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the group's and parent charitable company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

**THE BABRAHAM INSTITUTE****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)****OTHER INFORMATION**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Strategic Report and the Directors' report, prepared for the purposes of company law, included in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

**MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006**

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Trustees' Annual Report.

**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 charitable company, 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.

**RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS**

As explained more fully in the Trustees' Responsibilities Statement set out on pages 6 to 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### **EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We understood how The Babraham Institute is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the audit committee. We corroborated our enquiries through our review of board minutes, papers provided to the Audit Committee and any correspondence received from regulatory bodies.
- The company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; FRS 102, Companies Act 2006, Data Protection Act 2018, Health and Safety, tax legislation, anti-bribery legislation and employment law.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that increased revenues or that reclassified costs from the income statement to the balance sheet
  - potential management bias in determining accounting estimates, especially in relation to deferred income, and
  - transactions with related parties

Our audit procedures involved:

- evaluation of the design effectiveness and testing the operating effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a focus on material manual journals, including those with unusual account combinations and those that reclassified costs from the income statement to the balance sheet;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- testing the completeness of the company's related party transactions through information obtained and testing that these transactions had a valid business purpose; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the directors' report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

**THE BABRAHAM INSTITUTE****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)****EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD (CONTINUED)**

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the client operates
  - understanding of the legal and regulatory requirements specific to the entity/regulated entity including:
    - the provisions of the applicable legislation
    - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
    - the applicable statutory provisions
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of accrued or deferred income.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the applicable statutory provisions
  - the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

**USE OF OUR REPORT**

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

**James R Brown***Grant Thornton UK LLP*

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

**Cambridge****Date 22/11/2022**

## THE BABRAHAM INSTITUTE

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - INCORPORATING THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Restricted revenue funds £'000	Restricted capital funds £'000	Un-restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
<b>Income from:</b>						
Charitable activities		18,382	4,002	4,634	27,018	25,646
Trading activities		-	-	13,179	13,179	11,048
Investment income		-	-	350	350	419
<b>Total income</b>	2	<b>18,382</b>	<b>4,002</b>	<b>18,163</b>	<b>40,547</b>	<b>37,113</b>
<b>Expenditure on:</b>						
Charitable activities		(17,609)	-	(14,636)	(32,245)	(30,390)
Raising funds		-	-	(9,277)	(9,277)	(8,486)
Taxation	7	-	-	(328)	(328)	3,739
<b>Total expenditure</b>	3	<b>(17,609)</b>	<b>-</b>	<b>(24,241)</b>	<b>(41,850)</b>	<b>(35,137)</b>
Profit on investments	10,11,12	-	-	1,680	1,680	2,619
Exceptional Items	23	-	-	-	-	(35,148)
<b>Net income/(expenditure)</b>		<b>773</b>	<b>4,002</b>	<b>(4,398)</b>	<b>377</b>	<b>(30,553)</b>
<b>Net income/(expenditure) for the year is attributable to:</b>						
The parent undertaking		773	4,002	(3,829)	946	(35,976)
Minority interest		-	-	(569)	(569)	5,423
		<b>773</b>	<b>4,002</b>	<b>(4,398)</b>	<b>377</b>	<b>(30,553)</b>
<b>Transfers</b>						
Release of capital funds / transfers	17	72	(3,380)	3,308	-	-
<b>Other recognised gains and losses</b>						
Gain on revaluations of tangible fixed assets	9	-	5,567	-	5,567	3,513
<b>Other recognised gains for the year is attributable to:</b>						
The parent undertaking		-	5,567	-	5,567	3,513
Minority interest		-	-	-	-	-
		<b>-</b>	<b>5,567</b>	<b>-</b>	<b>5,567</b>	<b>3,513</b>
Movement in funds attributable minority Interests	11	-	(9)	(560)	(569)	5,423
<b>Net movement in funds</b>		<b>845</b>	<b>6,180</b>	<b>(1,650)</b>	<b>5,375</b>	<b>(21,617)</b>
Balances brought forward	17	5,447	110,587	22,924	138,958	160,575
<b>Balances carried forward at 31 March 2022</b>	17	<b>6,292</b>	<b>116,767</b>	<b>21,274</b>	<b>144,333</b>	<b>138,958</b>

All amounts relate to continuing activities. All recognised gains and losses are included in the consolidated statement of financial activities. The notes on pages 31 to 56 form part of these financial statements.

**THE BABRAHAM INSTITUTE****REGISTERED NUMBER: 03011737****BALANCE SHEETS AT 31 MARCH 2022**

	Note	Group		Institute	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	8	135	96	-	-
Tangible assets	9	100,415	93,533	99,827	92,945
Investment properties	10	3,400	3,700	3,400	3,700
Investments	11,12	30,134	34,878	35,358	40,225
		<b>134,084</b>	<b>132,207</b>	<b>138,585</b>	<b>136,870</b>
<b>Current assets</b>					
Stocks	13	282	233	148	132
Debtors	14	8,140	7,086	5,450	5,638
Cash at bank and in hand		21,677	20,082	5,165	4,692
		<b>30,099</b>	<b>27,401</b>	<b>10,763</b>	<b>10,462</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(12,444)</b>	<b>(13,813)</b>	<b>(8,336)</b>	<b>(9,781)</b>
<b>Net current assets</b>		<b>17,655</b>	<b>13,588</b>	<b>2,427</b>	<b>681</b>
<b>Total assets less current liabilities</b>		<b>151,739</b>	<b>145,795</b>	<b>141,012</b>	<b>137,551</b>
<b>Debtors: amounts falling due after more than one year</b>	16	<b>253</b>	<b>253</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>151,992</b>	<b>146,048</b>	<b>141,012</b>	<b>137,551</b>
<b>Funds</b>					
Restricted capital fund		48,959	48,346	48,913	48,291
Revaluation Reserve		67,808	62,241	67,808	62,241
	17	<b>116,767</b>	<b>110,587</b>	<b>116,721</b>	<b>110,532</b>
Unrestricted funds	17	21,274	22,924	17,999	21,572
Restricted revenue fund	17	6,292	5,447	6,292	5,447
		<b>144,333</b>	<b>138,958</b>	<b>141,012</b>	<b>137,551</b>
Minority Interests	11	7,659	7,090	-	-
		<b>151,992</b>	<b>146,048</b>	<b>141,012</b>	<b>137,551</b>

The Institute includes in its financial statements leasehold land and buildings owned by third parties, these are detailed further in note 9 and 10.

These financial statements were approved by the Board of Trustees and authorised for issue on 21/11/2022

*Geoff Braham*

**Mr G Braham**  
Chairman of the Audit Committee, Trustee and Member

The notes on pages 31 to 56 form part of these financial statements.

## THE BABRAHAM INSTITUTE

## CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022		2021	
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net movement in funds	17	5,944		(27,040)	
Depreciation charge	9	5,083		4,434	
Amortisation of Intangible assets	8	13		14	
(Profit)/Loss on disposal of fixed assets		(6)		(157)	
(Impairment Reversal)/Impairment of investments	11	(591)		387	
Revaluations and fair value adjustments	9,10	(5,267)		(1,763)	
Capital grants received	2	(4,002)		(2,949)	
Tax charge	7	(328)		(3,739)	
Interest received	2	(350)		(419)	
Interest paid		-		-	
Increase in stocks	13	(49)		(25)	
Increase in debtors	14	(909)		(1,065)	
(Decrease)/ Increase in creditors	15	(1,380)		3,075	
Tax (paid)/refunded		194		(509)	
Reclassification/transfer of investment properties	10	-		35,148	
<i>Net cash provided/(used) by operating activities</i>			(1,648)		5,392
<b>Cash flows from investing activities</b>					
Interest Received	2	350		419	
Payments to acquire intangible fixed assets	8	(58)		(48)	
Payments to acquire tangible fixed assets	9	(6,432)		(3,244)	
Payments to acquire investments (net of fees)	12	(7,782)		(12,882)	
Receipts from sale of tangible fixed assets		33		48	
Receipts from sale of investments		6,190		8,055	
Capital grants received	2	4,002		2,949	
<i>Net cash provided/(used) by investing activities</i>			(3,697)		(4,703)
<b>Cash flows from financing activities</b>					
Cash funds withdrawn from investments held	12	6,940		3,760	
<i>Net cash provided/(used) by financing activities</i>			6,940		3,760
<b>Change in cash and cash equivalents in the reporting period</b>					
			1,595		4,449
<b>Cash and cash equivalents at the beginning of the reporting period</b>					
			20,082		15,633
<b>Cash and cash equivalents at the end of the reporting period</b>					
			21,677		20,082

The net debt reconciliation is shown in Note 21.

The notes on pages 31 to 56 form part of these financial statements.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

---

#### 1 ACCOUNTING POLICIES

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

##### 1.1 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 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The particular accounting policies adopted in the preparation of the financial statements are set out below and have been applied consistently with the previous year.

##### 1.2 Going Concern

The Babraham Institute is dependent on funding from the UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the Comprehensive Spending Review in 2016, Research Councils (of which the UKRI-BBSRC is one) received financial allocations for revenue and capital funding for the period ending in March 2022. Allocations for administration and capital were only fixed for the first three of those years (2017-18 to 2019-20) and were indicative for the years beyond to 31 March 2022. UKRI-BBSRC have 'rolled over' funding (at the same level as previous years) for a further year to March 2023 – making this funding cycle six years rather than five. In March 2022 the Institute was informed of indicative UKRI-BBSRC funding levels for the next 5 year cycle to 2023-24 to 2027-28.

Given that ;

- the Institute has now received indicative funding for the next five years from UKRI-BBSRC to 2027-28
- the Institute does not envisage any issues with funding in this five year period;
- the Institute continues to be commended on its financial management from UKRI-BBSRC assurance reviews;
- the latest Annual Financial Assurance audit (received February 2022) from UKRI-BBSRC focussing on the UKRI-BBSRC funded expenditure (to ensure the Institute aligns its funding with research outcomes) was highly favourable;
- the annual research returns submitted by the Institute have all been favourable – this is used by UKRI-BBSRC to evidence why they provide on-going grant funding to institutes such as Babraham Institute;

the Trustees have no reason to believe that future funding from the UKRI-BBSRC will not be forthcoming at a level which, together with the sufficient reserves held by the Institute and its subsidiaries, is sufficient for the group to continue in operational existence for the foreseeable future.

As the Institute continues its recovery from the impact of the pandemic, various scenarios have been explored for 2022-23 and 2023-24 on future income streams and costs. Forecasts will include elements of estimations, however the level of uncertainty in our plans is not considered material.

Accordingly, after making appropriate enquiries, the Trustees consider the Group and Parent Charity have adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements have been prepared on a going concern basis.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of subsidiary companies - Babraham Research Campus Limited and Babraham Institute Enterprise Limited.

The results of the subsidiaries are incorporated on a line by line basis as required under the SORP.

Babraham Institute Enterprise Limited has a 40% holding in Bioscience Partnership Limited. The results of Bioscience Partnership Limited have not been included for consolidation purposes on the grounds that it is immaterial in the context of group operations.

A separate income and expenditure account dealing with the results of the charitable company has not been presented as permitted under section 408 of the Companies Act 2006. The charitable company, The Babraham Institute, is referred to as the Institute throughout the financial statements.

##### 1.4 Incoming resources

Income comprises unencumbered grants received from research councils; grant income from collaborative, commissioned and competitively awarded research projects; income from miscellaneous charitable activities; commercial and residential rents from the letting of Group controlled property; and interest earned on the investment of surplus funds.

Income is recognised when the Institute becomes legally entitled to the income and the amount can be quantified with reasonable accuracy. All core UKRI-BBSRC grants are recognised as revenue in the year they are receivable. Grant income including research grants received in advance of conditions being met is deferred until those conditions are fully satisfied.

Capital grants are recognised in the consolidated statement of financial activities when entitlement passes, and once the criteria of certainty and measurement are met.

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

Trading income, which includes rent and letting income and other income relates to non-charitable services undertaken and is recognised in accordance with the terms of the contracts entered into, reflecting the point at which the obligations have been satisfied.

##### 1.5 Fund accounting

###### *Unrestricted funds*

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

###### *Restricted funds*

Income received by way of grants, sponsorship, donation or legacy which is directed by the provider as to be applied for specific purposes is accounted for within restricted income. Awards applied within the terms dictated by the awarding authority on the acquisition or improvement of tangible fixed assets are also accounted for within restricted income funds in full. The balance of the restricted fixed asset fund is reduced by the depreciation or amortisation charges over the expected useful life of the asset. This treatment has been applied to reflect the assets being on land owned by a third party, therefore at the end of the lease they will revert to that third party (see further explanation below regarding the ownership of land and buildings).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.6 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Resources expended are classified according to the nature of the cost as follows;

Charitable activities – comprises those costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be directly allocated to such activities and those costs of an indirect nature necessary to support the charities activities.

Trading activities - represents the costs associated with trading and raising income including the Institute's rental activities and tenant services and investments. Commercial trading operations relate to income and expenditure incurred by the trading subsidiaries.

Governance costs – include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

Support costs - include all other costs that whilst not relating directly to the charity's activities are needed to support the work undertaken in the charity's pursuit of its objectives. These have been allocated to the charity's activities on a basis consistent with the use of the resource, e.g. floor area, staff numbers.

##### 1.7 Tangible fixed assets

The Institute includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The Trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institute's lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

In 2020-21 BRC renewed its lease with its Landlord (UKRI) and rent is now payable on leasehold land and buildings owned by third parties. This lease is recognised as an operating lease and hence BRC no longer recognises any land and buildings on its balance sheet.

Scientific buildings are those leased and used by the group for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value. Other buildings represent those buildings used for ancillary purposes. These properties are held at cost less impairment

##### 1.8 Fixed asset revaluation

Leasehold land and buildings are included at open market value where this can be established or depreciated replacement cost in the case of specialised scientific buildings. Professional valuations are reviewed periodically in the interim periods. The resulting valuations are depreciated in accordance with the depreciation policy.

##### 1.9 Depreciation

Depreciation is provided by the group to write off the cost or valuation, less estimated residual values, of all fixed assets other than assets in course of construction, evenly over their expected useful lives. It is calculated at the following rates:

- Computer equipment\* - 3 years straight line
- Non-computer equipment\* - 3-5 years straight line
- Energy Generating Plant\* - 10 years straight line
- Leasehold land and buildings- over the shorter of the period of the lease, plus any notified intended extension thereto and the estimated useful remaining life.

\*Computer equipment, Non-computer equipment and Energy Generating plant are included in Fixtures and Equipment in Note 9.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.10 Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of net realisable value and value in use.

##### 1.11 Investment property

Investment Properties represent long leasehold properties let to tenants on a commercial basis. These properties are held at open market value with any changes in value held in a revaluation reserve unless the value of the reserve is insufficient to cover a deficit when an impairment loss is put through the SOFA.

The Institute includes in its financial statements leasehold investment properties owned by third parties, that it occupies and enjoys through peppercorn leases at their full market value. The Trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Within BRC, a single new lease was entered into in December 2020, with new terms and provisions, including the requirement to pay rent to UKRI-BBSRC. The lease is structured in a way to represent the role BRC has in the delivery of the Campus vision on behalf of UKRI-BBSRC and to protect the significant capital investment UKRI-BBSRC has made into the Campus. The nature of the rent provisions and short surrender rights means this lease is accounted for as an operating lease. It includes assets used for leasing out to life science start up and scale up businesses, plus service and self-occupied buildings and does not recognise any valuation on the balance sheet.

##### 1.12 Intellectual property

The cost of acquired intellectual property is capitalised and written off over its useful economic life. Intellectual property assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

##### 1.13 Research and development costs

Research and development costs are written off to the consolidated statement of financial activities account as they are incurred.

##### 1.14 Grants

UKRI-BBSRC capital grants are included within restricted capital funds and released over the estimated useful economic lives of the assets funded by the grant.

##### 1.15 Stocks

Stocks are valued at the lower of cost and net realisable value.

##### 1.16 Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the statement of financial activities.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.17 Pension costs

The Institute participates in the Research Council's pension scheme for employees previously employed under UKRI-BBSRC contracts. All Institute staff are now employed under local contracts, however staff previously contributing to the Research Council's pension scheme retained the right to continue contributing to this scheme.

This is an unfunded multi-employer defined benefit scheme. Since any assets and liabilities of the scheme cannot be split between participating employers, the Institute's pension costs are accounted as for a defined contribution scheme, with costs charged to the income and expenditure account as incurred.

Contributions by all other Institute staff and those by the subsidiary undertakings (BRC and BIE) are made to a defined contribution pension scheme and charged to the income and expenditure account as incurred.

##### 1.18 Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income and expenditure account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the income and expenditure account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the statement of financial activities on a straight-line basis over the term of the lease.

##### 1.19 Taxation

The Institute is a registered charity within the meaning of the UK Taxes Acts and is, therefore, eligible to claim exemptions to income tax and capital gains tax.

The trading subsidiary companies are liable for assessment to taxation.

##### 1.20 Fixed Assets Investments (excluding properties)

Investments in subsidiaries and associates are stated at cost. To the extent that the carrying value exceeds the recoverable amount, an impairment loss is recognised.

Other fixed asset investments are either held at fair value or cost less impairment. Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities.

##### 1.20 Fixed Assets Investments (excluding properties)

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's funds. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of the net movement in funds since the date of the combination. Losses applicable to the minority in excess of the minority's share of net movement in funds are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)**

---

**1 ACCOUNTING POLICIES (CONTINUED)****1.21 Investments**

Investments are shown at fair value with historical cost separately disclosed. Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities.

**1.22 Financial Instruments**

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

**1.23 Cash and cash equivalents**

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

**1.24 Creditors**

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

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

Preparation of the financial statements requires management to make significant judgements and estimates.

The items in the financial statements where these estimates have been made include:

- Depreciation, which has been charged in line with the accounting policy above. The amount of depreciation charged and net book value of the assets is included in Note 9.

The items in the financial statements where these judgements have been made include:

- Land and buildings and Investment Property are held at fair value in line with the accounting policy 1.7 and 1.11 above. The carrying value, and valuation movements, are included in Notes 9 and 10.
- Fixed asset investments are held at fair value in line with the accounting policy 1.20 above. The carrying value, and valuation movements, are included in Note 11.
- Investments are held at fair value in line with the accounting policy 1.21 above. The carrying value, and valuation movements, are included in Note 12.
- The recognition of land and buildings on the balance sheet is included in line with the accounting policy 1.7 and 1.11 above. The carrying value, and valuation movements, are included in Note 9 and 10.

## THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)

## 2 ANALYSIS OF INCOMING RESOURCES

	Restricted revenue funds £'000	Restricted capital funds £'000	Unrestricted funds £'000	2022 Total £'000	2021 Total £'000
<b>Trading activities:</b>					
Grant Income	-	-	280	280	-
Goods and services	-	-	3,972	3,972	3,094
Rent	-	-	8,927	8,927	7,954
			<b>13,179</b>	<b>13,179</b>	<b>11,048</b>
<b>Investment income:</b>					
Bank interest and dividends receivable	-	-	325	325	377
Royalty/licence income	-	-	25	25	42
			<b>350</b>	<b>350</b>	<b>419</b>
<b>Charitable activities:</b>					
Grants and Donations UKRI-BBSRC					
- Competitive strategic grant	9,633	-	-	9,633	9,633
- Minor works	1,226	-	-	1,226	1,530
- Other grants	1,852	4,002	-	5,854	3,931
Competitive project grants	1,017	-	-	1,017	1,454
Medical Research Council	1,616	-	-	1,616	1,124
University Links	253	-	-	253	228
European Union	714	-	-	714	777
Industry, levy boards	239	-	-	239	406
Trusts, foundations, charities	1,832	-	-	1,832	2,155
Goods and services	-	-	2,956	2,956	2,768
Rent	-	-	1,678	1,678	1,640
	<b>18,382</b>	<b>4,002</b>	<b>4,634</b>	<b>27,018</b>	<b>25,646</b>
<b>Total Income</b>	<b>18,382</b>	<b>4,002</b>	<b>18,163</b>	<b>40,547</b>	<b>37,113</b>
Total Income 2021	18,289	2,949	15,875	37,113	

Charitable activities relate on the whole to scientific research. Goods and services income and rental income relate to the sale of services, both scientific and non-scientific services to external companies and individuals.

Incoming resources can be geographically analysed as:

	2022 £'000	2021 £'000
UK	39,801	35,626
Europe	738	1,486
Rest of World	8	1
	<b>40,547</b>	<b>37,113</b>

## THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)

## 3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED

	Allocation basis	Scientific Research	Governance	Total 2022	Total 2021
		£'000	£'000	£'000	£'000
Staff costs	Direct	6,436	142	6,578	6,516
Laboratory supplies	Direct	2,066	-	2,066	1,914
Travel and subsistence	Direct	77	6	83	6
Equipment and hire charges	Direct	85	-	85	69
Computing costs	Direct	4	-	4	5
Library	Direct	77	-	77	49
Legal & professional charges	Direct	129	133	262	311
Recruitment	Direct	6	-	6	3
Training	Direct	3	-	3	1
Other costs	Direct	449	-	449	340
Scientific services support costs	Use of resource	22,632	-	22,632	21,176
<b>Total Charitable costs</b>		<b>31,964</b>	<b>281</b>	<b>32,245</b>	<b>30,390</b>
Total Charitable costs 2021		30,053	337		
Commercial trading operation costs				9,277	8,486
Taxation (note 7)				328	(3,739)
<b>Total Group costs</b>				<b>41,850</b>	<b>35,137</b>

Restricted expenditure included in the above is £17,609k (2021: £18,289k). All other expenditure is unrestricted.

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)****3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED (CONTINUED)****Analysis of scientific services support costs for charitable purposes**

	Administration	Estates	Technical Services	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000
Staff costs	3,122	1,079	3,990	8,191	8,143
Travel and subsistence	25	1	51	77	44
Repairs and minor works	68	632	1,098	1,798	1,486
Rent and rates	681	-	3	684	696
Fuel and water charges	60	1,124	-	1,184	1,275
Equipment and hire charges	26	15	295	336	321
Depreciation	4,761	-	-	4,761	4,122
Minor works	3	1,394	29	1,426	1,482
Waste disposal	7	6	-	13	6
Computing costs	110	11	456	577	252
Legal and professional charges	185	121	52	358	342
Recruitment	61	-	-	61	21
Training	95	1	16	112	94
Library	12	-	195	207	329
Food purchases	46	-	-	46	31
Bad debts	1	-	-	1	12
Diff	2	-	-	2	-
Loss on disposal of fixed assets	14	-	-	14	-
Other costs	870	510	1,404	2,784	2,520
	10,149	4,894	7,589	22,632	21,176
<b>Total Support Costs 2021</b>	<b>9,179</b>	<b>5,122</b>	<b>6,875</b>		<b>21,176</b>

Support costs are allocated to the charity's activities on a method consistent with the use of the resource.

**Governance Expenditure**

Governance costs during the year can be analysed as

	2022 £'000	2021 £'000
Staff costs	142	150
Travel and subsistence	6	-
Legal and professional charges	133	187
	281	337

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)****4 INCOMING RESOURCES AND RESOURCES EXPENDED**

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Incoming resources and resources expended are stated after charging:				
Amounts payable to auditors in respect of audit services to the Institute	70	65	70	65
Amounts payable to auditors in respect of audit services to subsidiary undertakings	33	42	-	-
Amounts payable to auditors in respect of non-audit services*	13	12	11	6
Net loss/(gain) on foreign currency translations	(60)	75	(60)	75
Depreciation	5,083	4,434	4,761	4,122
Amortisation of intangible fixed assets	13	14	-	-
Loss/(Profit) on disposal - fixed assets	6	(157)	13	-
Operating lease payments in respect of:				
- land and buildings	1,437	501	487	501
- other leases	9	15	9	15

\* Non audit services relate to the provision of corporate tax compliance services and VAT advisory services.

**5 EMPLOYEES**

Staff costs for all employees were as follows:

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Wages and salaries	13,839	13,280	12,086	11,563
Social security costs	1,297	1,302	1,138	1,126
Other pension costs	1,813	2,189	1,576	1,971
	<b>16,949</b>	<b>16,771</b>	<b>14,800</b>	<b>14,660</b>

The average number of employees during the year was as follows:

	2022	2021
	No	No
Charitable activities	110	118
Support activities	205	214
Commercial operations	54	42
	<b>369</b>	<b>374</b>

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)****5 EMPLOYEES (CONTINUED)**

The number of staff earning greater than £60,000 was:

	Group		Institute	
	2022 No	2021 No	2022 No	2021 No
£ 60,000 - £ 69,999	16	10	12	8
£ 70,000 - £ 79,999	5	-	5	-
£ 80,000 - £ 89,999	1	1	-	1
£ 90,000 - £ 99,999	1	4	1	3
£100,000 - £109,999	3	2	3	2
£110,000 - £119,999	2	2	2	2
£120,000 - £129,999	1	-	1	-
£130,000 - £139,999	-	-	-	-
£140,000 - £149,999	-	1	-	1
£150,000 - £159,999	2	-	1	-
£160,000 - £169,999	-	-	-	-
£170,000 - £179,999	-	-	-	-
£180,000 - £189,999	-	1	-	-
	<b>31</b>	<b>21</b>	<b>25</b>	<b>17</b>

Within the Institute, the number of staff earning over £60,000 for whom retirement benefits are accruing under defined contribution schemes amount to 15 (2021: 6) and the amounts paid in the year were £121,558 (2021: £64,678).

The number of staff earning over £60,000 for whom retirement benefits are accruing under the RCUK pension scheme amount to 10 (2021: 11) and the amounts paid in the year were £231,895 (2021: £236,123).

**6 REMUNERATION AND BENEFITS – TRUSTEES AND KEY MANAGEMENT PERSONNEL**

None of the members of the Board of Trustees received any remuneration from the Institute during the year. Aggregate expenses incurred by nine (2021: ten) Trustees in respect of travelling costs totalled £5,679 (2021: £257).

Key management personnel includes staff within the highest two pay bands within the Institute. This comprises the Institute Director, Chief Operating Officer, heads of each of the science programmes, plus one other senior group leader - who form part of Babraham Executive Committee (BEC).

The aggregate remuneration for key management personnel during the year was £1,251k (2021: £1,009k). There were no other transactions with key management personnel during the year (2021: none).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

#### 7 TAXATION

	Group		Institute	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>Corporation tax</b>				
Current tax on profits for the year - BRC	430	531	-	-
Adjustment in relation to the prior year - BRC	(56)	398	-	-
Tax Relief in respect of gift aid - BRC	(57)	(95)	-	-
Current tax on profits for the year - BIE	11	-	-	-
Adjustment in relation to the prior year-BIE	-	(17)	-	-
<b>Total Current Tax</b>	<b>328</b>	<b>817</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>				
Origination and reversal of timing differences	-	(4,556)	-	-
<b>Total taxation on profits for the year</b>	<b>328</b>	<b>(3,739)</b>	<b>-</b>	<b>-</b>

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

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The tax differences shown below refer to the trading subsidiaries, Babraham Research Campus Limited and Babraham Institute Enterprise Limited :

	Group	
	2022	2021
	£'000	£'000
Surplus on ordinary activities before tax as shown in the accounts of the trading subsidiary - BRC	2,908	2,185
Deficit on ordinary activities before tax as shown in the accounts of the trading subsidiary - BIE	687	(147)
Surplus on ordinary activities multiplied by the standard rate of corporation tax at 19% (2021: 19%).	683	387
<i>Effects of:</i>		
Expenses not deductible for tax purposes	60	156
Impairment charges on investments held	(112)	(58)
Adjustments to tax charge in respect of prior periods	(56)	381
Differences relating to Investment Property and the associated Capital Grants	-	(4,496)
Amounts relating to other comprehensive income or otherwise transferred	-	(19)
Other differences leading to an increase/(decrease) in tax charge	(182)	5
Tax relief on gift aid payment	(65)	(95)
<b>Total taxation on profits for the year</b>	<b>328</b>	<b>(3,739)</b>

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the Balance Sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)****8 INTANGIBLE ASSETS**

<b>Group</b>	<b>Intellectual Property £'000</b>
<i>Cost</i>	
At 1 April 2021	133
Additions	58
Disposals	<u>(7)</u>
<b>At 31 March 2022</b>	<b><u>184</u></b>
<i>Amortisation</i>	
At 1 April 2021	37
Provided for the year	13
Disposals	<u>(1)</u>
<b>At 31 March 2022</b>	<b><u>49</u></b>
<i>Net book value</i>	
<b>31 March 2022</b>	<b><u>135</u></b>
31 March 2021	<u>96</u>

Intangible assets relate to intellectual property purchased by the subsidiary company Babraham Institute Enterprise Limited.

## THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)

## 9 TANGIBLE ASSETS

Group	Short leasehold land and buildings £'000	Fixtures and Equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2021	86,087	29,149	115,236
Additions	-	6,432	6,432
Revaluation	2,765	-	2,765
Disposals	-	(1,008)	(1,008)
<b>At 31 March 2022</b>	<b>88,852</b>	<b>34,573</b>	<b>123,425</b>
<i>Depreciation</i>			
At 1 April 2021	-	21,703	21,703
Provided for the year	2,802	2,281	5,083
Disposals	-	(974)	(974)
Revaluations	(2,802)	-	(2,802)
<b>At 31 March 2022</b>	<b>-</b>	<b>23,010</b>	<b>23,010</b>
<i>Net book value</i>			
<b>At 31 March 2022</b>	<b>88,852</b>	<b>11,563</b>	<b>100,415</b>
At 31 March 2021	86,087	7,446	93,533

The Group includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value of £89m. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Group, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The only circumstance under which the Group could be asked to vacate the site is due to a failure to deliver the required programme, which in the trustees' view is highly unlikely. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £88.9m.

Babraham Institute land and buildings were valued as at 31 March 2022 by Powis Hughes Limited, acting as external valuer on the basis of Existing Use Value on the special assumption that the lease from the UKRI-BBSRC is ignored and the Properties are assumed to be held freehold by the Institute.

The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporates the International Valuation Standards 2017) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value - using a Depreciated Replacement Cost Approach for the specialised buildings and either a Market or Income Approach for all other buildings and land. This valuation resulted in an increase in valuation of £5,567k at the year end.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

#### 9 TANGIBLE ASSETS (CONTINUED)

Properties held for the purpose of rental income are included in Investment property (Note 10).

Institute	Short leasehold land and buildings £'000	Fixtures and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2021	86,087	24,936	111,023
Additions	-	6,110	6,110
Revaluations	2,765	-	2,765
Disposals	-	(773)	(773)
<b>At 31 March 2022</b>	<b>88,852</b>	<b>30,273</b>	<b>119,125</b>
<i>Depreciation</i>			
At 1 April 2021	-	18,078	18,078
Provided for the year	2,802	1,959	4,761
Disposals	-	(739)	(739)
Revaluations	(2,802)	-	(2,802)
<b>At 31 March 2022</b>	<b>-</b>	<b>19,298</b>	<b>19,298</b>
<i>Net book value</i>			
<b>At 31 March 2022</b>	<b>88,852</b>	<b>10,975</b>	<b>99,827</b>
At 31 March 2021	86,087	6,858	92,945

The Institute includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future.

The only circumstance under which the Institute could be asked to vacate the site is due to a failure to deliver the required programme, which in the trustees' view is highly unlikely. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Babraham Institute land and buildings were valued as at 31 March 2022 by Powis Hughes Limited, acting as external valuer on the basis of Existing Use Value on the special assumption that the lease from the UKRI-BBSRC is ignored and the Properties are assumed to be held freehold by the Institute.

The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporates the International Valuation Standards 2017) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value - using a Depreciated Replacement Cost Approach for the specialised buildings and either a Market or Income Approach for all other buildings and land. This valuation resulted in an increase in valuation of £5,567k at the year end.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

#### 9 TANGIBLE ASSETS (CONTINUED)

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £88.9m.

Properties held for the purpose of rental income are included in Investment property (Note 10).

The historical net book value of land and buildings is as follows:

	Group		Institute	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Historical net book value at 31 March 2022	<b>22,639</b>	24,367	<b>22,639</b>	24,367

#### 10 INVESTMENT PROPERTY

Group	Long term leasehold investment properties £'000
<i>Valuation</i>	
At 1 April 2021	3,700
Revaluation	(300)
At 31 March 2022	<b>3,400</b>
<b>Historical net book value</b> at 31 March 2022	<b>206</b>

The valuation of investment land and buildings leased by the Babraham Institute from the UKRI-BBSRC was carried out as at 31 March 2022 by Powis Hughes Limited, chartered surveyors and is based on the special assumption that the terms of lease to the Institute have been ignored and land and buildings are considered to be held as freehold. This valuation resulted in a decrease in valuation of £300k at the year end to £3.4m.

Institute	Investment property £'000
<i>Valuation</i>	
At 1 April 2021	3,700
Revaluation	(300)
At 31 March 2022	<b>3,400</b>
<b>Historical net book value</b> at 31 March 2022	<b>206</b>

The Institute includes in its financial statements Investment Properties owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Group, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Investment properties were revalued at 31 March 2022 by Powis Hughes Limited, chartered surveyors.

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)****11 FIXED ASSET INVESTMENTS**

<b>Group and Institute</b>	<b>Trade Investments £'000</b>	<b>Group undertakings £'000</b>
<b><i>Market Value/Cost</i></b>		
At 31 March 2021	861	6,208
Additions	-	-
Disposals	-	-
Reversal of impairment	591	468
<b>At 31 March 2022</b>	<b>1,452</b>	<b>6,676</b>

Trade investments represent investments held by the trading subsidiary companies. Trade investments held by subsidiary companies are in both the UK and Europe.

Group undertakings represent the Institute's shareholding within Babraham Institute Enterprise Limited and Babraham Research Campus Limited.

The results and assets of its subsidiaries shown for the period ended 31 March 2022 were:

	<b>Babraham Research Campus Limited £'000</b>	<b>Babraham Institute Enterprise Limited £'000</b>	<b>Total £'000</b>
Turnover	12,894	1,664	14,558
Profit/(loss) for the period after taxation	2,290	676	2,966
Non current assets	812	1,360	2,172
Current Assets	19,479	1,348	20,827
Current Liabilities	(5,051)	(607)	(5,658)
Net current assets	14,428	741	15,169
Non-current assets	254	-	254
Net assets	15,494	2,101	17,595

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

#### 11 FIXED ASSET INVESTMENTS (CONTINUED)

The Institute owns 75% of Babraham Research Campus Limited (Registered in England and Wales number 03241492 address Babraham Hall, Babraham, Cambridge, Cambridgeshire, CB22 3AT) and the UKRI-BBSRC owns the remaining 25%.

The Institute continues to own 100% of Babraham Institute Enterprise Limited (Registered in England and Wales number 06331858 address Babraham Hall, Babraham, Cambridge, Cambridgeshire, CB22 3AT); both companies are incorporated in England.

The Group's share of the net assets in the subsidiary undertakings shown above are consolidated in the financial statements.

Other shareholdings held by Babraham Institute Enterprise Limited are detailed below:

- 400 "C" ordinary £1 shares representing 40% of the issued share capital of Bioscience Partnership Limited. The company continues not to trade and therefore there is no movement during the year.

The results of Bioscience Partnership Limited are not consolidated on the grounds that they are immaterial in the context of group operations.

Minority interest	2022 £'000	2021 £'000
At 1 April 2021	7,090	12,513
Share of result	569	(5,423)
<b>At 31 March 2022</b>	<b>7,659</b>	<b>7,090</b>

#### 12 FIXED ASSET INVESTMENTS

Listed Securities – Group and Institute	Medium Term	Long Term	2021 Total	2020 Total
<i>Market Value</i>	£'000	£'000	£'000	£'000
At 1 April 2021	7,307	26,710	34,017	32,817
Additions	1,156	6,783	7,939	13,046
Disposals	(1,158)	(6,722)	(7,880)	(13,119)
Transfers/Withdrawals	-	(6,940)	(6,940)	(3,760)
Investment Income	176	138	314	355
Management Charges	(35)	(122)	(157)	(164)
Realised and unrealised gains and losses	(402)	1,791	1,389	4,842
<b>At 31 March 2022</b>	<b>7,044</b>	<b>21,638</b>	<b>28,682</b>	<b>34,017</b>
Historic cost of initial investment	7,172	16,801	23,973	31,112

Listed Securities represent investments held in medium term equity funds and longer term fixed income instruments. The focus is on capital preservation and to avoid losses over the investment horizon, generating a return in excess of inflation over the long term whilst generating an income to support the ongoing activities of the Institute.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

#### 12 FIXED ASSET INVESTMENTS (CONTINUED)

The investment portfolio includes investments which individually represent five percent or more of the total investments held. This is detailed below.

	Value £'000	Proportion of portfolio
Bluebay Investments	1,682	5.9%
Brown Advisory funds	1,565	5.5%

#### 13 STOCKS

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Raw materials, consumables and other stocks	282	233	148	132

#### 14 DEBTORS

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	3,449	3,292	1,570	2,096
Amounts owed by group undertakings	-	-	1,033	857
Corporation Tax	190	45	-	-
Grants receivable	1,770	1,373	1,770	1,373
Other debtors	239	373	233	371
Prepayments and accrued income	2,492	2,003	844	941
	<b>8,140</b>	<b>7,086</b>	<b>5,450</b>	<b>5,638</b>
<i>Amounts owed by subsidiary undertakings</i>				
Trade debtors	-	-	656	497
Other debtors	-	-	377	360
	-	-	<b>1,033</b>	<b>857</b>

## THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)

## 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	2,887	3,062	2,282	2,515
Amounts owed to group undertakings	-	-	500	353
Other creditors	2,939	3,723	609	1,580
Corporation tax	11	-	-	-
Other tax and social security	870	1,437	541	1,361
Grants in advance	2,090	3,100	2,090	1,759
EU co-ordinated programme partners	752	1,214	752	1,214
Accruals	2,895	1,277	1,562	999
	<b>12,444</b>	<b>13,813</b>	<b>8,336</b>	<b>9,781</b>
<i>Amounts owed to group undertakings</i>				
Babraham Research Campus Limited	-	-	361	328
Babraham Institute Enterprise Limited	-	-	139	25
	-	-	500	353

Reconciliation of movement in grants receivable and in advance :

	2022 £'000	2021 £'000
Grants receivable/in advance at 1 April 2021	(3,100)	(3,245)
Additional grants	17,609	18,289
Released during year	(16,599)	(18,144)
<b>Grants receivable/in advance at 31 March 2022</b>	<b>(2,090)</b>	<b>(3,100)</b>

## 16 DEFERRED TAXATION / DEBTORS DUE MORE THAN ONE YEAR

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 April 2021	253	(3,823)	-	-
Credited/(charged) to the statement of financial activities	-	4,076	-	-
<b>At 31 March 2022</b>	<b>253</b>	<b>253</b>	<b>-</b>	<b>-</b>

The provision for deferred tax is made up as follows:

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Gains on revaluation of assets	-	-	-	-
Fixed asset timing differences	253	253	-	-
	<b>253</b>	<b>253</b>	<b>-</b>	<b>-</b>

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

#### 17 FUNDS

The incoming funds for the Institute include restricted funds comprising the following unexpended balances of donations and grants to be applied for specific purposes.

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve £'000	Unrestricted funds £'000	Minority Interests £'000	Total £'000
<b>Group</b>					
At 1 April 2021	5,447	110,587	22,924	7,090	146,048
Incoming resources	18,382	4,002	18,163	-	40,547
Expenditure, losses and taxation	(17,609)	-	(24,211)	-	(41,850)
Profit on investments	-	-	1,680	-	1,680
Transfers of funds	72	(3,380)	3,308	-	-
Gain on revaluations	-	5,567	-	-	5,567
Funds attributable to minority interests	-	(9)	(560)	569	-
<b>At 31 March 2022</b>	<b>6,292</b>	<b>116,767</b>	<b>21,274</b>	<b>7,659</b>	<b>151,992</b>
<b>Institute</b>					
At 1 April 2021	5,447	110,532	21,572	-	137,551
Incoming resources	18,382	4,002	7,552	-	29,936
Expenditure and losses	(17,609)	-	(15,990)	-	(33,599)
Transfers of funds	72	(3,380)	3,308	-	-
Revaluation Movement	-	5,567	-	-	5,567
Investment gains	-	-	1,557	-	1,557
<b>At 31 March 2022</b>	<b>6,292</b>	<b>116,721</b>	<b>17,999</b>	<b>-</b>	<b>141,012</b>

The restricted revenue funds of £6,292k consist of:

- funds specifically held by the Institute for future minor building repairs of £118k
- UKRI-BBSRC Strategic grant funding and Knowledge Exchange funding of £803k
- UKRI-BBSRC Sustainability funds of £4,598k
- UKRI-BBSRC Institute Development Grant funds of £773k

The restricted capital funds comprise:

- the assets gifted/let to the Institute from/by the UKRI-BBSRC and the revaluation of those assets, the revaluation of the subsidiary undertaking's leasehold land and related infrastructure and capital grants receivable. The expenditure movement is the depreciation on these assets.
- rebuild maintenance grants received from UKRI-BBSRC of total value of £5,870k (2021 £7,892k) are held within restricted capital funds.

As the grant requires these assets to be used for the purpose for which the grant was provided, they remain within restricted capital funds.

Details relating to the minority interest are included in note 11.

## THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)

## 17 FUNDS (CONTINUED)

The transfers of capital funds relate to the release of previously received capital income (held within Capital Reserves) against depreciated charges. Rebuild grant income in capital reserves within The Babraham Institute is released to BRC for building maintenance costs in the year on buildings transferred to BRC as part of the campus restructuring exercise in August 2013.

*Analysis of net assets between funds*

Fund balances at 31 March 2021 are represented by:

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve funds £'000	Unrestricted funds £'000	2022 Total £'000	2021 Total £'000
<b>Group</b>					
Intangible fixed assets	-	-	135	135	96
Tangible fixed assets	-	99,827	588	100,415	93,533
Investment properties	-	3,400	-	3,400	3,700
Investments	6,332	13,540	10,262	30,134	34,878
Current and long term assets	1,770	-	28,582	30,352	27,554
Total liabilities	(1,810)	-	(10,634)	(12,444)	(13,713)
Total funds	6,292	116,767	28,933	151,992	146,048
Minority Interests	-	-	(7,659)	(7,659)	(7,090)
Total net assets	6,292	116,767	21,274	144,333	138,958
<b>Institute</b>					
Tangible fixed assets	-	99,827	-	99,827	92,945
Investment properties	-	3,400	-	3,400	3,700
Investments	6,332	13,494	15,532	35,358	40,225
Current assets	1,770	-	8,993	10,763	10,462
Total liabilities	(1,810)	-	(6,526)	(8,336)	(9,781)
Total net assets	6,292	116,721	17,999	141,012	137,551

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

#### 18 CAPITAL COMMITMENTS

Capital commitments at the end of the financial year for which no provision has been made:

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Contracted	-	-	-	-

The Institute and BRC has entered into a number of operating leases for buildings, plant and machinery. The group's future minimum operating lease payments are as follows :

	BRC		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Within one year	1,200	1,200	8	509
Within two to five years	4,800	4,425	426	6
	6,000	5,625	434	515

#### 19 PENSIONS

The Institute participates in the Research Council's pension scheme for employees previously employed under UKRI-BBSRC contracts. All Institute staff are now employed under local contracts, however staff previously contributing to the Research Council's pension scheme retained the right to continue contributing to this scheme. This is an unfunded multi-employer defined benefit scheme. Since any assets and liabilities of the scheme cannot be split between participating employers, the Institute's pension costs are accounted as for a defined contribution scheme, with costs charged to the income and expenditure account as incurred.

Contributions by all other Institute staff are made to a defined contribution pension scheme and charged to the income and expenditure account as incurred.

A defined contribution pension scheme is operated on behalf of the employees of the subsidiary undertakings. The assets are held separately from those of the Institute in an independently administered fund.

The pension charge represents contributions payable and amounted to:

	2022 £'000	2021 £'000
Babraham Institute	1,576	1,971
Babraham Institute Enterprise Limited	11	8
Babraham Research Campus Limited	226	210
	1,813	2,189

The amount of pension contributions included within creditors at the year end was £200,372 (2021: £170,450).

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)****20 FINANCIAL INSTRUMENTS**

	2022 £'000	2021 £'000
Financial assets measured at amortised cost	27,857	25,750
Financial liabilities measured at amortised cost	(9,602)	(9,499)

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, other tax and social security creditors, bank loans and accruals.

**21 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 April 2021 £'000	Cash flows £'000	At 31 March 2022 £'000
Cash and cash equivalents			
Cash	20,082	1,595	21,677

**22 RELATED PARTY TRANSACTIONS**

The Babraham Institute owns 75% of Babraham Research Campus Limited with UKRI-BBSRC owning the remaining 25% and owns 100% of Babraham Institute Enterprise Limited.

The value of transactions with Babraham Research Campus Limited and Babraham Institute Enterprise Limited for the reporting year and balances outstanding at the year-end are as follows:

	Babraham Research Campus Ltd		Babraham Institute Enterprise Ltd	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Income	888	768	1,484	967
Expenditure	(1,427)	(1,479)	(101)	(35)
Debtors at 31 March 2021				
Due within one year	454	385	579	472
Creditors at 31 March 2021	(361)	(328)	(139)	(25)

There are no debts at year end which are repayable on demand or incur interest charges.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

#### 23 EXCEPTIONAL ITEMS

In the previous financial year (2020-21) BRC completed the negotiations on a new lease with BBSRC/UKRI. The previous two leases held were, one for 130 years, and one for 25 years. The 130 year lease was recognised on the balance sheet with a valuation of £35M as at March 2020. The 25 year lease included various rent review provisions and break clauses, and was treated as an operating lease, with no valuation recognition on the balance sheet. The rent clause would result in a rental charge payable to BBSRC/UKRI being greater than the rent receivable. To mitigate against the risks associated with this clause, and to provide certainty for the delivery of the Campus strategy a new lease was negotiated. To enable the lease to be financially viable and suitable for both BRC and BBSRC/UKRI the 130 year lease was included in the negotiations. A single new lease was entered into in December 2020, with new terms and provisions, including the requirement to pay rent to UKRI/BBSRC.

The new lease is structured in a way to represent the role BRC has in the delivery of the Campus vision on behalf of BBSRC/UKRI and to protect the significant capital investment BBSRC has made into the Campus. Rent provisions, and short surrender rights means this lease is accounted for as an operating lease. It includes assets used for leasing out to life science start up and scale up businesses, plus service and self-occupied buildings. Technical challenges around splitting the valuation of the buildings and the unique nature of the lease and unreliable ability to value the interest on an ongoing basis, the lease will follow the previously adopted accounting treatment for the 25 year lease, and not recognise any valuation on the balance sheet.

The new lease puts BRC on a sound financial footing, and enables the new strategic opportunities to be pursued and maximised.

Transactions associated with the surrender of the lease has resulted in a loss on disposal of £35M, plus the release of grants which were associated with these assets. This has generated a deferred grant release of £8M. Plus the reversal of deferred tax of £4.6M.

	2021 £'000
Disposal of Land and Buildings	(148)
Disposal of Investment Properties	(35,000)
	<u>(35,148)</u>

	2021 £'000
Release of capital grants relating to Land and Buildings	148
Release of capital grants relating to Investment Properties	7,920
	<u>8,068</u>

	2021 £'000
Deferred tax relating to asset disposal	<u>4,556</u>

There are no exceptional items for year ended 31 March 2022.

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
(CONTINUED)**

---

**24 POST BALANCE SHEET EVENTS**

In September 2022, post the financial year-end, BRC and the life science property company Biomed Realty, have formed a new joint venture. BRC owns 25% of the joint venture with Biomed Realty owning the remaining 75%.

The purpose of this joint venture is to construct, let and manage a new laboratory building on the Babraham Research Campus. This much needed purpose built laboratory building totalling approx. 40,000 sq ft, will be constructed, with practical completion for the building expected to be quarter 4 of 2023. This building is designed to provide flexible laboratory space, and in particular, the ability to accommodate companies in a scale-up phase, already on the campus, wishing to grow on site.

Biomed Realty already have a presence on the campus, following the previous construction of two laboratory buildings on the site. This deal enhances the already established relationship with Biomed Realty, and helps deliver a key strategic goal of further campus expansion. The new joint venture entity has entered into a new 99 year lease with UKRI. BRC have allocated a total of £3,375K cash for this investment, split between debt and equity in return for its 25% shareholding.



**THE BABRAHAM INSTITUTE**

England & Wales - Charity number 1053902

---

# Accounts

---

**The Babraham Institute  
(A Charitable Company Limited  
by Guarantee)**

Annual Report and Financial Statements

Year Ended

31 March 2021

**Company Number 03011737**

**Charity Number 1053902**

**THE BABRAHAM INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

---

**CONTENTS**

**PAGE: ANNUAL REPORT**

- 2 Officers and professional advisers
- 3 Report of the trustees (incorporating the Strategic Report)

**PAGE: AUDITOR'S REPORT**

- 25 Independent Auditor's Report

**PAGE: FINANCIAL STATEMENTS**

- 29 Consolidated statement of financial activities
- 30 Balance sheets
- 31 Consolidated statement of cash flows
- 32 Notes forming part of the financial statements

## THE BABRAHAM INSTITUTE

### OFFICERS AND PROFESSIONAL ADVISERS

---

<b>TRUSTEES</b>	Prof P Rigby FRS - Chairman Mr G Allen Mr G Braham Dr J Briscoe FRS Prof G Brown FRS Dr L Gailey Prof N Jones Prof P Parker FRS Ms A Pygall	
<b>MEMBERS</b>	Chairman Babraham Institute Board Chairman Babraham Institute Audit Committee UKRI-BBSRC Corporate Member	- Prof P Rigby FRS - Mr G Braham - Prof M Welham
<b>SECRETARY</b>	Mr S Jones	
<b>REGISTERED OFFICE</b>	Babraham Institute Babraham Hall Babraham Cambridge CB22 3AT	
<b>AUDITOR</b>	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY	
<b>BANKERS</b>	Lloyds Bank Plc 4th Floor 25 Gresham Street London EC2V 7HN	
<b>INTERNAL AUDITORS</b>	RSM Risk Assurance Services LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP	
<b>INVESTMENT BANK</b>	Royal Bank of Canada Riverbank House 2 Swan Lane London EC4R 3BF	

REGISTERED COMPANY NUMBER : 03011737

CHARITY REGISTRATION NUMBER : 1053902

## **THE BABRAHAM INSTITUTE**

### **REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021**

---

The Trustees are pleased to present their annual Trustees' Report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 March 2021 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY**

##### **LEGAL STATUS**

The Trustees, who are the trustees of the charity and directors of the charitable company the "Babraham Institute" (BI) (registered charity in England and Wales number 1053902; a company limited by guarantee, registered in England and Wales number 03011737), present their report together with the audited financial statements for the year ended 31 March 2021. The charity is governed by a Memorandum and Articles of Association adopted 24 June 2011, and its Institute Grant Agreement with the Biotechnology and Biological Sciences Research Council (UKRI-BBSRC) by whom it is strategically funded. UKRI-BBSRC is part of UK Research and Innovation (UKRI), a body working in partnership with universities, research organisations, businesses, charities and government.

The charity has two trading subsidiaries: Babraham Bioscience Technologies Limited (BBT) (Registered in England and Wales number 03241492) and Babraham Institute Enterprise Limited (BIE) (Registered in England and Wales number 06331858); referred to as the "Group" throughout. On the 16th July 2021 a resolution was passed by the Board and Shareholders to change the company name from Babraham Bioscience Technologies Limited to Babraham Research Campus Limited (BRC).

##### **PRINCIPAL ACTIVITY**

The principal activity of the group and the charitable company, as set out in the Memorandum and Articles of Association, is education, through undertaking research; the dissemination of the results of such research for the public benefit and the training of research scientists. The charitable company aims to be the UK's premier research institute for work on lifelong health and healthy ageing through frontier research into molecular and cell biology and development. The chief funder of the Institute is UKRI. Operating across the whole of the UK with a combined budget of more than £8 billion, UKRI became operational on 1 April 2018 and has brought together the seven Research Councils (including UKRI-BBSRC), Innovate UK and a new organisation, Research England.

BRC (Babraham Research Campus Limited formerly Babraham Bioscience Technologies Limited) operates from within the Babraham Research Campus, for which it also has management and development responsibilities to ensure the Campus provides both the buildings and communal environment to benefit all the organisations on Campus. Its principal activities focus on supporting early stage companies and growing biomedical enterprises. This is delivered through the provision of specialised office and laboratory accommodation, access to scientific expertise and equipment (including to the Institute's nine science facilities and specialist equipment which is overseen by the Institute), and to support a research-centric community helping translate early stage science into products and services.

The primary role of BIE is to support the commercialisation of the Institute's science, and has responsibility for managing and commercialising the Institute's intellectual property portfolio through partnerships with industry, licencing activities, and the formation of spin-out companies. BIE also works closely with BRC to facilitate access to the Institute's cutting-edge scientific facilities for early stage companies both on and off the Babraham Research Campus, thereby supporting the local economy.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

---

#### STRUCTURE, MANAGEMENT AND GOVERNANCE

##### BOARD OF TRUSTEES

Up to and including the year ended 31 March 2021, the Board of Trustees consisted of up to twelve individuals who acted as trustees and directors and are all guarantors of the charitable company, of an amount not exceeding £1, during the period of their appointment and for a year after resignation.

Three new Trustees joined the Board in 2021; Dr James Briscoe FMedSci FRS and Professor Peter Parker FMedSci FRS, both research group leaders at the Francis Crick Institute, and Ms Alexandra Pygall, a partner with law firm Stephenson Harwood. Professor Gordon Brown FRS, the Director of the MRC Centre for Medical Mycology at the University of Exeter, and Director of the AFRICA Medical Mycology Unit at the University of Cape Town, will join the Board in July 2021. Vacant Trustee positions are advertised nationally, in appropriate newspapers or technical journals.

A shortlist is compiled after review of submitted applications and shortlisted candidates are interviewed by at least the Chairman and a selection of other Trustees. Following interviews, new Trustees are appointed by the interviewing Trustees with delegated authority from the Board. Trustees are appointed for a period of up to four years from the date of appointment (usually three) and are eligible for re-appointment at the end of their term. None of the Board of Trustees holds any interest in the shares of any of the subsidiary companies.

Trustees are provided with an induction pack containing key information about the Institute, and are offered training in trusteeship by one of the recognised training providers in this area. Most Trustees also take the opportunity to visit the Institute and meet with its staff, outside of a formal Board of Trustees meeting; however, due to the global pandemic and visitor restrictions, a comprehensive virtual induction was provided to the new Trustees in advance of their first Board meeting.

The following were members of the Board of Trustees during the year:

Prof P Rigby FRS	
Mr G Allen	
Mr G Braham #	
Dr J Briscoe FRS #	– appointed 1 January 2021
Prof D Cantrell FRS	– resigned 31 December 2020
Mr A Clare	– resigned 31 December 2020
Prof A Ferguson-Smith FRS	– resigned 31 December 2020
Dr L Gailey #	
Prof N Jones	
Prof D Kipling	– resigned 11 June 2020
Prof C Page	– resigned 31 December 2020
Prof P Parker FRS	– appointed 1 January 2021
Ms A Pygall #	– appointed 1 January 2021

# Denotes members of the Audit Committee as at 31 March 2021.

Membership of the charity consists of two Trustee Members (*ex officio* the Chair of the Board of Trustees and the Chair of the Audit Committee) and one Corporate Member, the UK Research & Innovation (UKRI).

Separate Audit Committees operated during the year for the Institute and BRC. Additionally, a joint audit committee is convened annually to ensure proper scrutiny of Group finances and operations and as such incorporates some of the functions of a Finance and General Purposes Committee, although most of such functions are carried out by the Board itself.

The Board delegates the day to day running of the Institute to the senior management team led by Professor Wolf Reik as the Institute's Director (Acting Director May 2020 – March 2021, appointed Director March 2021). Professor Reik resigned as Institute Director on 2 July 2021, with Dr Simon Cook now being interim Institute Director.

## **THE BABRAHAM INSTITUTE**

### **REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021**

---

#### **BOARD OF TRUSTEES (CONTINUED)**

The Company Secretary is Mr Simon Jones. The CEO of BRC, one of the Institute's trading subsidiaries, Mr Derek Jones, is employed on a BRC contract. BIE is managed as part of the Institute by the senior management team.

#### **TRUSTEES' RESPONSIBILITIES STATEMENT**

The charity Trustees (who are also directors of The Babraham Institute for the purposes of company law) are responsible for preparing an annual Trustees' Report and financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year.

#### **TRUSTEES' RESPONSIBILITIES STATEMENT (CONTINUED)**

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), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (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 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 group will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the 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 the group and hence 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware at the time of approving our annual Trustees' Report:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

#### **COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006**

Institute governance dictates that key strategic decisions are made at the Babraham Executive Committee (BEC; chaired by the Director), which responds to advice from the Board of Directors, Scientific Advisory Panel and other key stakeholders including the UKRI-BBSRC and other funding agencies. BEC is comprised of senior managers from across all functional areas, bringing a broad perspective of opinions to Institute business.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

---

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

The Institute's Environmental Sustainability Vision, discussed elsewhere, commits the Institute to making a positive impact not only on the protection of the environment but to enhance it, while ensuring our research is maintained at a world-class standard. At a local level, the Green Labs strategic initiative has been established. This sustainability scheme is focussed on the environmental footprint of our scientific research and other activities across campus, with two main aims:

- To make vital improvements to our environmental footprint, at this time of climate and ecological emergency
- To save valuable funds through best practice (e.g. energy efficiency).

We recognise that in order to maintain productive relationships with key stakeholders, the Institute must uphold high standards of business conduct. Operational teams hold and update relevant professional accreditations, and undertake continuing personal development to ensure they are working in an effective manner. In 2020-21 a Research Integrity Steering Group was established to oversee the policies, management systems and processes supporting research integrity at the Institute. This will enable others to have confidence that our research is founded on rigour and excellence, and is of the highest international quality.

The Institute has numerous mechanisms to foster relationships with key stakeholders. As the principal funder, relations with UKRI-BBSRC are maintained through many formal interactions. The Director and Chair of the Board of Trustees hold regular partnership meetings with the Chief Executive of the UKRI-BBSRC. In addition, the Directors of all UKRI-BBSRC Institutes meet regularly with UKRI-BBSRC to discuss their strategic alliance. Furthermore, the COO and senior members of the operations team hold frequent bilateral meetings with their counterparts at UKRI-BBSRC.

As a majority shareholder in Babraham Research Campus Ltd (BRC), the Institute maintains close and productive relationships with the BRC management and board. One highlight area of constructive associations surrounds environmental sustainability, where representatives from complementary functional areas, including engineering and facilities management, work collectively to reduce the impact of the campus on the local and wider environment.

Beyond the UKRI-BBSRC, the Institute is part of additional formal and informal networks. As part of the EU-Life alliance, a collection of independent European research institutes in the life sciences, the Institute plays a key role in building and promoting excellence in the life sciences. Institute scientists all belong to their collaborative research networks, bringing together ideas from across the globe. For grants running in 2020/21, the Institute had collaborations with 96 organisations across 21 countries.

The Institute is committed to the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. Procurement for goods and services is provided by a wide range of suppliers and the contractual terms and conditions that the institute puts in place with third parties are regularly reviewed and have been updated to include provisions designed to ensure that any risks of modern slavery in the institute's supply chain are appropriately and effectively addressed. The Institute's modern slavery statement is published on its website.

Institute science interfaces with many key areas of policy from public health to education, and from animal welfare to big data. Our life science research has significant potential to shape and inform policy on topics such as gene editing, stem cell research and the effect of dietary restriction over the course of a person's life. We also participate in broader discussions including animal welfare and the importance of the bio-economy. Our researchers and staff place significant value on working with policymakers and policy organisations through discussion, evidence and debate.

In 2019, the HR department commissioned a series of three employee engagement surveys (in collaboration with The Survey Initiative). The first was launched in 2020 and the subsequent surveys will take place in early 2022 and late 2023. The surveys has helped to identify key issues and priorities for improvement, as well as highlighting areas of success, good practice and progress within the Institute.

The Institute is committed to creating, maintaining and promoting equality, diversity and inclusivity (EDI) in all aspects of its policies, procedures and activities, and to the principles of the Equality Act 2010. Our 'equality4success' strategic initiative unites all EDI activities and regularly consults with Individuals to monitor the implementation of this goal.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

---

#### COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)

In 2019-20 the Institute signed up to the Technician Commitment to pledge action against the key challenges that affect our technical staff; visibility, recognition, career development and sustainability. Consultations with stakeholders have identified the main objectives and we have undertaken a self-assessment providing contextual information about the Institute, progress to date and a detailed 24-month future action plan for embedding the Technician Commitment principles at the Institute. These documents can be found online ([www.babraham.ac.uk/people/technician-commitment](http://www.babraham.ac.uk/people/technician-commitment)).

The mental health and wellbeing of our staff is paramount and the Institute has a number of ways to support staff. The Employee Assistance Programme (EAP) is a 24-hour helpline for Institute staff, including financial, relationship and emotional support as well as telephone counselling. In 2020-21 we established the Mental Health First Aider (MHFA) scheme, recruiting volunteers from across the Institute to be a point of contact for any member of staff. Whilst MHFAs are not trained to be counsellors or therapists, they will play a pivotal role in offering initial support through non-judgmental listening and guidance.

#### OBJECTIVES AND ACTIVITIES

##### INSTITUTE OBJECTIVES

In the furtherance of the charitable objectives listed in the Memorandum and Articles of Association, the charitable company is guided by a comprehensive portfolio of integrated policies. Further details of the charitable company's mission can be found online ([www.babraham.ac.uk/about-us](http://www.babraham.ac.uk/about-us)). Information on funding, research activities, scientific services and wider Institute programmes such as public engagement, commercialisation and equality and diversity can be found in the Institute's Annual Research Report ([www.babraham.ac.uk/our-research/annual-research-report](http://www.babraham.ac.uk/our-research/annual-research-report)). A combined research report covering Institute activities during the previous reporting year 2019-2020 is in development.

The Institute's research operates across three science programmes (Institute Strategic Programmes, ISPs) focusing on epigenetics, signalling and immunology and is supported by UKRI-BBSRC strategic funding. The programmes work towards our overarching goal of understanding the fundamental biological mechanisms and changes underlying development and healthy ageing. Key strategic objectives include:

- Understanding the interaction between the immune system and other tissues; the role of signalling pathways in the immune system as well as the effects of ageing on the immune response and vaccination.
- Investigating the role of signalling pathways and the autophagy process in ageing, health and disease.
- Using the epigenetic clock to investigate how life events influence biological ageing, and examining mechanisms of epigenetic inheritance, stem cell differentiation and the impact of subtle epigenetic differences on cell diversity.
- Studying the impacts of diet and other lifestyle and environmental factors on epigenetics, signalling, metabolism, health and ageing.
- Leveraging the capital investment in Institute infrastructure and equipment, in particular the state-of-the-art scientific facilities and biological support unit; to attract investment and interaction from both the public and private sectors.

Each ISP contains a number of research Group Leaders who adopt complementary approaches to address a common set of biological questions. In the period 1 April 2019 - 31 March 2020; the Institute welcomed three new Group Leaders: Dr Hayley Sharpe and Dr Rahul Samant both to the Signalling research programme, and Dr Maria Christophorou to the Epigenetics research programme. Additional Group Leaders were recruited to the Epigenetics and Signalling research programme during 2020-2021 with five new groups being established at the Institute from Summer 2021 to early 2022.

The Institute's three ISPs receive funding from the UKRI-BBSRC in the form of Institute Strategic Programme Grants (ISPG) awarded to each programme. Each ISPG contains a list of objectives for the term of the grant, together with time plans and resource requirements; the grants are allocated for these specific, approved projects and funding may not be diverted to diverse activities. The ISPGs are summarised in the list of objectives above and a more detailed insight into the aims of each ISPG and research group can be found in the Annual Research Report ([www.babraham.ac.uk/our-research/annual-research-report](http://www.babraham.ac.uk/our-research/annual-research-report)).

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

---

#### INSTITUTE OBJECTIVES (CONTINUED)

Complementing ISPG funding there is a Campus Capability Grant (CCG) supporting the Institute and its core biological research facilities. The UKRI-BBSRC also provides a Knowledge Exchange and Commercialisation (KEC) grant which is used to enable the Institute to effectively disseminate knowledge and where appropriate do work which facilitates partnerships to ensure that findings are translated to practical benefit, for example new therapeutic agents. The grant also supports the Institute to employ a team of skilled KEC specialists to support and facilitate this work.

The Institute's research groups are structured so they can share resources, techniques and skills. Each Group Leader runs their own group and is expected to create, lead, maintain and develop an internationally competitive programme of innovative research. Each ISP Lead is responsible for leading and co-ordinating a cohesive programme of research that contributes to the Institute's mission of understanding and helping to improve lifelong health. This involves coordinating and uniting the goals of several groups and ensuring appropriate annual reporting to the UKRI-BBSRC.

Each Group Leader is expected to raise additional funds for their research over and above the UKRI core ISPG funding, not only to support the critical mass of researchers needed, but also to form strong strategic partnerships with other funders (often from the medical charity sector or the biotech/pharma industry) that are interested in the translation of Babraham Institute science into technologies and discoveries with high impact for the benefit of lifelong health and wellbeing.

The overall science direction of the Institute is determined by the Babraham Executive Committee (BEC; the senior executive committee responsible for the running of the Institute); additionally, the Science Policy Committee (SPoC; a subcommittee of BEC with additional membership from amongst the senior science staff and Grants Office) provides scientific leadership and vision and also monitors and assesses the science across all groups.

The impact of this research, for the public benefit, is a deeper understanding of the mechanisms of health and disease throughout life. The insights gained from the Institute's fundamental research may lead to changes to public advice on healthy living, wellbeing and ageing; could influence public health policies; and may underpin medical research into new therapies and treatments.

Through understanding normal physiology in both humans and animals, the Institute's scientists are able to apply that knowledge to disease conditions, often partnering with medical research charities and organisations devoted to alleviating the effects of those particular diseases. As a fundamental research organisation, it is acknowledged that the Institute's research can be far removed from these final outcomes and there is an expectation that the translation of Institute research may take some years to come to fruition, yet over the course of its history the Institute has demonstrated its ability to deliver high-impact research advances (e.g., work on fundamental cell biology and inositol lipid signalling spanning work underpinned by discoveries made in the 1960s to current day:

<https://www.babraham.ac.uk/sites/default/files/media/files/babraham%20poster.pdf>).

Additional demonstrations include the involvement of Institute immunologists in the development of some of the world's first therapeutically useful monoclonal antibodies, leading to several monoclonal antibody drugs such as Herceptin (for metastatic breast cancer), infliximab (for Crohn's disease) and Vectibix (Panitumumab), licensed for the treatment of colorectal cancer, which was developed directly from research performed at the Institute more than a decade earlier. In 2017, the Institute published findings from a collaboration involving both GSK and AstraZeneca that could lead to new cancer screening approaches (News: [New fundamental biology may aid cancer treatments](#)). The results of a recent new collaboration supported by Innovate UK (part of UKRI) could lead to the identification of new anti-cancer drugs. And in 2020, Enhanc3d Genomics, a new spin-out from the Institute, formed from genomics research undertaken by Institute Group Leaders, won external seed funding.

## **THE BABRAHAM INSTITUTE**

### **REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021**

---

#### **INSTITUTE MISSION STATEMENT**

- To be a world-leading life science and innovation research institution producing internationally recognised and respected science with a view to creating significant social and economic impacts through understanding and improving lifelong health.
- To maximise awareness, relevance and impact of our work through a diverse and creative programme of knowledge exchange, commercialisation, public engagement and communication. Particularly by building a reputation for collaboration, transparency and high-quality science and business acumen.
- To provide a unique and highly successful environment, establishing Babraham Research Campus as the leading campus for bioscience start-up and developing biomedical companies and for supporting the development and growth of those organisations.

#### **INSTITUTE REMIT**

- The Babraham Institute is an independent charitable life sciences Institute, strategically funded by the UKRI-BBSRC, carrying out world-leading innovative research and advanced training with relevance to the biological, biotechnological, biomedical, pharmaceutical and health research and user communities.
  - The Institute's research focuses on determining the mechanisms whereby cell signalling and gene regulation control normal cellular processes and functions' underpinning ageing, development and the maintenance of health and wellbeing.
  - The advances made due to the Institute's research are publicly available and the Institute actively seeks partnership and knowledge exchange with relevant companies and with clinical and other researchers to ensure effective application of its research.
  - To be an active participant of the Babraham Research Campus by supporting early-stage bioscience enterprise through collaboration and providing access to state-of-the-art equipment.
- As part of the UK Science Base, the Institute contributes to the economic growth, quality of life and public engagement objectives of Government. Our work supports the UKRI-BBSRC's Forward Look for UK bioscience and bioscience for an integrated understanding of health. It also closely aligns with the healthcare challenge of ageing and the ambition to understand the pathways associated with multi-system ageing in order to develop new diagnostics and therapies as outlined in the UK Government's Life Science Vision, in addition to our work being of relevance to some of the Vision's other challenge areas.

#### **BABRAHAM GROUP BUSINESS OBJECTIVES**

##### **Delivery of World Class science, within the Institute's remit**

- International leadership
- Synergistic and nationally strategic research
- Collaborative partnerships
- Graduate and postdoctoral training programme

##### **Excellent fit-for-purpose infrastructure for science**

- Technical
- Corporate
- Educational

##### **The highest standards of Corporate Social Responsibility**

- Values and impact of our research
- Community partnerships
- Environmental impact of the Campus
- Public Engagement Programme
- Openness and transparency

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

---

#### BABRAHAM GROUP BUSINESS OBJECTIVES (CONTINUED)

##### **An internationally recognised contribution to the UK's economic competitiveness**

- Inward investment to the Babraham Research Campus
- Commercialisation and wealth creation
- Partnerships and knowledge flow

##### **Robust sustainability**

- Financial planning and estate strategy

##### **Efficient and effective management**

- Operations and People

##### **A high standard of Corporate Governance**

- Risk control and contingency planning
- Regulatory
- Boards and subcommittees; executive decision-making structure and authorities

##### **Within BRC specifically, the key business objectives are:**

- The Delivery of Research and Innovation undertaken by the companies and academic researchers on the campus.
- The Development of People and Talent both in the academic and commercial settings.
- The Growth of Campus Capabilities in order to support translation and company creation, and help to accelerate company growth and scale-up.
- The nurturing of the Ecosystem by being a vibrant, dynamic, and well-connected research and innovation location and playing an active part in that community.
- Campus Investment and Ensure Sustainability
- Create new Partnerships and to sustain those we have created with organisations both on and off the site and which have added value and contributed to the vibrancy of the Campus

#### EMPLOYEES

During the year the Babraham Group has continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the group's position and any significant organisational changes. Within the Institute, the global pandemic and move to a distributed workforce meant reassessing and restructuring the Institute's internal communications. In March 2020, a new intranet section was created to provide a comprehensive Covid-19 information resource for staff. This brought together information issued by the Institute and BRC, health guidance and all related policies and procedures.

While the Institute's Crisis Management Team was active in 2020/21, a weekly email update (later moving to fortnightly) was sent by a senior member of the Institute, usually the Director or Chief Operating Officer, summarising the main points of note in addition to emphasising safe ways of working and the importance of protecting wellbeing in the face of a diverse range of challenges.

In October 2020, this staff update communication was replaced by a monthly internal newsletter, published and shared electronically. The newsletter has been successful in engaging the Institute community with recognition initiatives (such as Staff Recognition Awards and the Institute's Annual Prizes), personnel changes, including the Institute's new Trustees, and news and updates from across the Institute.

These scheduled communications have been supplemented with tailored communications emailed directly to staff on issues of particular note, such as changes to Institute management and important health and safety notices. Although ad hoc, these emailed communications ensure that all staff receive information that is relevant to the situation, the mechanisms for communication and support are made clear and misinformation is avoided.

## **THE BABRAHAM INSTITUTE**

### **REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021**

---

#### **EMPLOYEES (CONTINUED)**

The Institute's intranet was redeveloped and relaunched in 2020, going live in December 2020. Named The Hub, the preparation of the new structure and underlying content allowed the creation of an up-to-date, responsive, intuitive and navigatable resource. The Hub aims to provide easy and fast access to information on all areas of the Institute, and being built on SharePoint, is playing a wider positive role in facilitating collaborative working and raising awareness of individuals and teams across the Institute.

To supplement the Institute's usual face-to-face Director-led updates, the Institute held Director webinars in 2020 and a virtual end of year update. Annual partnership meetings where Professor Melanie Welham (UKRI-BBSRC) presents an update to Institute staff and annual briefings for all staff led by the Director, provide a forum for upwards questioning. This event took place virtually on 6<sup>th</sup> November 2020. The charity has committed to a programme of employee engagement surveys and action plans (2020 – 2023), with the first staff survey taking place in January 2020.

The group is aware of its statutory duty to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the charity, as well as generally through training and career development. The charity is an equal opportunities employer and supports diversity in the workplace. The Institute has a "two ticks" status.

The Institute received a silver Athena SWAN award in April 2015, at the time only the second Research Institute to achieve Silver status, and is one of 164 Member organisations that currently hold Athena SWAN awards in the UK. The Athena SWAN Charter was launched in 2005 to recognise commitment to advancing women's careers in science, technology, engineering, mathematics and medicine (STEMM) employment in higher education. The awards recognise good practice in recruiting, retaining and promoting women in STEMM. The Charter believes that an organisation must have institutional support and underpinning institutional good practice, policies and procedures in place in order to achieve and sustain an award.

The Charter's remit was significantly expanded in 2015 to include support roles, other academic fields and equality for all genders. Therefore, the receipt of a Silver award in December 2018 under this expanded Charter indicates the significant work that the Institute has carried out to support all staff - and is a recognition of the Institute's ongoing good practices. The Institute plans to build on these to further progress equal opportunities. Following a recent review, Athena SWAN status must be now renewed every five years.

As mentioned earlier in the document, the Institute joined the Technician Commitment in 2019, leading to the creation of a steering group to represent the variety of technical specialist roles found across the Institute. Key areas of focus and objectives have been mapped to the Technician Commitment themes of Visibility, Recognition, Career Development and Sustainability.

Remuneration of key management personnel is set annually by the Senior Remuneration Committee which comprises the Institute Chair and Deputy Chair along with at least one other trustee. The committee is chaired by the trustee appointed to oversee HR matters on behalf of the Board.

#### **SUMMARY PUBLIC BENEFIT STATEMENT**

The charitable purpose of the Institute is to advance education, specifically to increase public learning and knowledge in the field of biological and biomedical sciences and also to provide training leading to a higher degree (PhD) in research techniques and significant contribution to collective knowledge and understanding of specific areas of study and expertise. The Trustees are mindful of their collective responsibility to ensure that the charity complies with public benefit guidance issued by the Charities Commission.

#### **ACHIEVEMENTS AND PERFORMANCE**

Key performance indicators focussing on non-financial performance during the reporting year are detailed below. The choice of performance indicators is based on readily available information which provides a useful comparison of achievements this financial year to last year.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

#### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

##### Number of publications

The Institute's research continues to have biological / biomedical relevance and impact. Potentially a very wide cross-section of the public will benefit from our understanding of the ageing process and as a result of the translation of our findings into new medicines or treatments. Given the broad scope of our work, its relevance to everyone through their lifecourse, and our commitment to maximising research impacts through knowledge sharing with politicians, health and care services, we believe the Institute is making vital contributions to the future wellbeing and economy of the UK and beyond. In 2020 (calendar year) the Institute's scientists published a total 126 (2019: 77; 2018: 108) full and refereed research and review articles in journals.

A full bibliographic list of all scientific publications is available on our website ([www.babraham.ac.uk/publications](http://www.babraham.ac.uk/publications)) and under each group's webpage. As with all scientific research organisations, these publications are the main immediate tangible output of the Institute's activities.

##### New Grants

The Institute, during the year, continued to seek additional external funding from various sources both within the United Kingdom, European Union and further afield. The number of new grants with a start date in 2020/21, by funding source and the total awarded, are below:

	2020/21		2019/20		2018/19		2017/18	
	Number	£'000	Number	£'000	Number	£'000	Number	£'000
UKRI-BBSRC	0	0	5	1,786	2	413	4	1,602
UKRI-MRC	2	973	2	916	2	2,727	2	893
Innovate UK	-	-	-	-	-	-	1	183
European Commission	5	2,743	2	361	5	612	2	593
Industry, levy boards	1	420	3	457	3	552	1	642
Trusts, foundations, charities, foreign governments	5	2,370	9	1,970	3	2,683	9	2,263

As in past years, identifying, applying and securing new external funding sources remains a high priority of the Institute.

##### Public Engagement

The Institute's engagement programme was heavily impacted by the effects of the Covid-19 pandemic over the last year. The lockdown measures implemented caused the suspension of a number of our long running programmes. However, the programmes have adapted and are again building in strength. The Institute's vision is of an open, transparent and accountable organisation that is leading in its contribution of science to culture, society, economic development and growth. Public engagement and science communication at the Institute is embedded within its research and supports interactions between researchers and a variety of public groups. The Institute has a core Public Engagement Team, supporting a varied and dynamic programme to engage students, teachers, community groups, family and adult audiences. The figures below highlight the Institute's commitment to these activities.

	2020/21	2019/20	2018/19	2017/18
Visitors to site	0	440	458	437
Outreach Events*	12	34	42	39
Total Public Audience Engaged	2,142	2,251	17,468	6,175
Website visits	154,650	116,435	130,230	131,167

\*Visits to schools, science festival exhibits, public lectures, panel sessions, public dialogue workshops, hosting community tours on campus, library talks etc.

## **THE BABRAHAM INSTITUTE**

### **REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021**

---

#### **ACHIEVEMENTS AND PERFORMANCE (CONTINUED)**

##### **Public Engagement (CONTINUED)**

The Institute's public engagement programme continues to engage at local, national and international level with a renewed focus on developing relationships with communities traditionally underserved by engagement programmes. There has been successful recruitment into the team allowing increased capacity to work with both school and community audiences. Highlights from 2020-2021 have included a follow up piece around the Race Against the Ageing Clock project which featured as part of the online Royal Society Summer Science Exhibition 2020, as well as, in the launch of the Institute's Science Spotlight online public talk series. The Institute's contribution to the Cambridge Festival - a bringing together of the Cambridge Science Festival and Festival of Ideas, which ran online this year - was also very well received.

The Institute's participation in the EU funded Horizon 2020 project, 'ORION', has continued into its final year, with the release of results from the previously undertaken public dialogue work, focused on genome editing in Cambridge, Germany, the Czech Republic and Sweden. These results are now available publicly and are being disseminated through online events, publications and articles to ensure maximum impact. As the project begins to come to an end, the Institute's focus will be to develop implementation plans ensuring the learning from the project is embedded into our practices and continues into the future.

The development of the VACCINE project, funded through ORION, began this year after alterations to the delivery plan, due to the Covid-19 pandemic. This project aims to bring together researchers, digital game designers, secondary school students, and public engagement professionals to co-develop an interactive game exploring the spread of infectious disease outbreaks. Development is going well and on track for the game to be launched in Autumn 2021. Once launched it will strengthen the Institute's digital resources joining the suite of online activities and the newly launched epigenetics escape room experience website. This escape room site launched in late March 2021 as part of the Cambridge Festival and offers an immersive experience developed by research staff from across the Epigenetics ISP. The festival programme also featured the latest Science Spotlight event and readings of science themed children's stories, including one written by Institute staff. All of these events were a great success reaching a wide audience. The Institute's seed fund has also enabled staff-led development of further online accessible, activities and resources. The three projects funded in 2020 are underway and are expected to reach the delivery phase over the next year.

Unfortunately, the Institute's annual Schools Day was unable to go ahead this year due to the Covid-19 pandemic. This and the postponement of other events, due to the restrictions, led to the overall number of events and members of the public engaged being lower than previous years. However, there has been a noticeable increase in website traffic and the online events that have been able to run have attracted higher numbers of attendees than the in-person versions may have. This is a promising sign for the Institute's planned 2021-2022 online programme.

Looking ahead, the Institute aims to build a hybrid model of in-person and online events within the engagement programme to allow flexibility in the continued uncertainty around Covid-19 and the longer-term impact on societal behaviours. This will enable high quality, two-way engagement between staff and members of the public whilst also building on the success of the online programme in reaching audiences traditionally underserved by science engagement programmes.

##### **Knowledge Exchange and Commercialisation (KEC)**

The Institute's KEC programme aims to maximise the dissemination, impact and, where appropriate, the exploitation of knowledge generated by and held within the Institute. Implicit in this is the recognition that this knowledge is the product of public investment and that the Institute has a duty to maximise outcomes from this investment for societal and economic benefit.

Activities include the training of fellow scientists in new emerging techniques, through continued professional development (CPD), engagement with the Biotech / Pharma sector and other research organisations. In addition, the Institute aims to use its expertise to inform policy, direction and understanding of science by policy makers and industrialists at home and abroad. KEC is viewed as a two-way dialogue in which the Institute engages with industry and stakeholders to listen to their concerns and try to respond to their needs. Where appropriate the Institute seeks to maximise the impact of its research through commercialisation – this is managed by the Institute's wholly-owned trading arm BIE.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

---

#### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

##### Knowledge Exchange and Commercialisation (KEC) (CONTINUED)

Despite the hurdles encountered over the last year, KEC at the Institute has had another busy period. Dr Danuta Mossakowska, Institute's Royal Society in Residence joined in February 2020, significantly enhancing the team's industrial expertise. As Professor and Director of the Malopolska Centre for Biotechnology, Jagiellonian University Kraków, Dr Mosskaowska has provided staff with significant expertise coming from her the pharma industry, where she previously held senior posts at GSK focused on early-stage drug discovery and Academic Discovery Partnerships.

In June 2020, Enhanc3d Genomics, a recent spin-out company from the Institute, won a place in the first cohort of companies to join Start Codon's programme to support the commercial development of innovative life science research, and has embarked on a successful follow-on round of pre-seed funding.

While a number of events had to be cancelled due to the Covid-19 pandemic and the Institute lock-down, the team have worked hard to develop new online formats to provide knowledge exchange and commercialisation support to staff and external audiences. One highlight has been a virtual four-day science meeting in December to promote interactions between the Institute and campus companies, where 23 talks were broadcast from Institute group leaders, Facility staff, and Campus companies. A record number of campus companies participated in this event, which was well attended with a total of 386 unique visits to the event platform. The annual Bioinformatics Hackathon also reached an international group of participants this year as it moved to a virtual format, with a record 250 registrations from 18 countries. Furthermore, as a result of the lock-down, UKRI-BBSRC research Institutes agreed to collaboratively develop a series of translational seminars, led and coordinate by the Babraham Institute, four seminars have now been broadcast across Institutes, covering a range of commercialisation topics.

On a non-commercial side, the Institute contributed as a member of The Physiological Society's Knowledge Exchange Advisory Group, the resulting report entitled "Translating Knowledge and Research into Impact: Physiology and knowledge exchange" was published in December.

Funds won from the UKRI-BBSRC's National Productivity Innovation Fund, have supported a 2020 Babraham Institute Innovation Training Fund call, to improve awareness of entrepreneurship for post-docs through tailored innovation training, and developing an understanding of the translational potential of a specific research project. Three post-docs from each of the Institute's research programmes won £8,000 each to further their skills.

While the lockdown has caused issues with the progression to Institute research, the team financially supported the extension of post-doc and research assistant contracts to ensure the research for translational projects was able to continue as needed. Over the last year, eight patent applications have been filed.

In 2020-21, Babraham Institute Enterprise Limited generated £1,159k (2020 : £1,490k) in revenues from the commercialisation of its assets and activities. Most of the revenues arise from collaborations with industry and commercialisation of the Institute's scientific facilities, which had been impacted by the Institute's lockdown.

#### SUSTAINABILITY

The Institute's Environmental Sustainability Vision is a commitment to making a positive impact on not only the protection of the environment but to enhance it while ensuring our research is maintained at a world class standard. The Institute's Chief Operating Officer has responsibility for environmental management.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

---

#### SUSTAINABILITY (CONTINUED)

The Institute continues to invest in energy saving opportunities exploiting funding opportunities from UKRI-BBSRC and UKRI to not only improve and reduce the carbon footprint of the Institute and its science but to maximise efficiency in its use of energy. Recent advances include:

- The Institute continues to operate a Tri-generation CHP unit to meet the sites heat and cooling loads. This is monitored on a daily and monthly basis to determine savings and performance. The unit is also registered with the Department for Business, Energy and Industrial Strategy (BEIS) CHP Quality Assurance (CHPQA) Programme and good quality certification has been achieved.
- works upgrading laboratory Air Handling units from single motor belt driven fans to multiple fan wall technology with change in air management strategy. This resulted in a 28% reduction in electrical consumption, a saving of 1,113 kWh per day.
- The Institute continues its programme of replacing fluorescent lighting with LED lighting within all its buildings including upgrading to smart controls.

Our Tri-generation CHP unit continues to operate successfully, and we see that our import of electricity is reduced. The Institute continues with its programme of installing energy saving LED lighting and controls, and the completion of the installation of two new steam boilers to replace three steam generators, has reduced both gas and water consumption in the Biological Support Unit (BSU).

#### Proposed Targets for 2021-22

Our emissions reduction target was to reduce our gross tonnes of CO<sub>2</sub>e per full time equivalent by 10% from 2014-2015 to 2020-2021. We have achieved our emissions target, from a baseline figure of 25.10 tCO<sub>2</sub>e/FTE to 21.90 tCO<sub>2</sub>e/FTE, an overall reduction of 13%.

The Babraham Institute had a target of a 5% reduction in abstracted water for 2020-2021 and to reduce Business travel by at least 10% in 2020-2021; both these targets have been achieved.

Although the 2020-21 targets have been achieved we need to understand the impact of Covid-19 on the data as well as an understanding on what the 'new normal' will be for the day to day running of the Institute post Covid-19. Therefore the Institute will delay setting targets for 2021-22 until the impact of Covid-19 are better understood.

**THE BABRAHAM INSTITUTE**

**REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021**

**ACHIEVEMENTS AND PERFORMANCE (CONTINUED)**

**SUSTAINABILITY (CONTINUED)**

**2020/21 Streamlined Energy and Carbon Report (SERC) outcomes**

Emissions data

<b>Greenhouse Gas Emissions</b>		<b>2020/2021</b>	<b>2019/2020</b>	<b>2018/2019</b>	<b>2017/2018</b>
<b>Scope Emissions Indicators (tCO2e)</b>	Total Gross Emissions	6,503	6,917	6,853	8,357
	Total Net Emissions	6,503	6,917	6,853	8,357
	Gross Emissions Scope 1 (Fuel)	5,465	5,846	4,911	4,506
	Gross Emissions Scope 1 (Transport x 100)	117	339	377	853
	Total Scope 1 Emissions	5,582	6,185	5,288	5,359
	Gross Emissions Scope 2 (Electricity)	921	732	1,564	2,998
<b>Related Energy Consumption (MWh)</b>	Electricity: Non-Renewable	9,490,784	9,865,723	10,135,750	10,426,210
	Electricity: Renewable	0	0	0	0
	Transport	4,686	13,584	15,082	34,640
	Gas	29,709,938	31,781,305	26,750,000	24,517,642

Methodology

- The report covers the emissions for which the Institute has financial control and this was the boundary defined by the organisation.
- Utility data was collected for the past three financial years; 2018/2019, 2019/2020, 2020/21 for the period 1st April to 31st March consistently.
- Measurement of Scope 1 and Scope 2 emissions were based on billing data via invoices provided by the utility supplier and recorded mileage for transport emissions.
- Reporting was based on the analysis of the data, to highlight any trends, progress towards reduction and recognised improvements.
- An Intensity Ratio of tCO2e/Full Time Equivalent was selected by the Institute to present the data on a clear and transparent like-for-like basis.
- The methodology used to compile the data was that used in the fulfilment of the regulatory requirements for the Energy Savings Opportunity Scheme (ESOS).
- There are no process emissions within the organisation and emissions from air conditioning, refrigeration units in offices buildings are excluded due to cost of data collection. These are estimated to account for less than 0.2% of the total Scope 1 emissions.
- Emissions factors used are those from the UK Government GHG Conversion Factors for Company Reporting Standard Set 2018.

## **THE BABRAHAM INSTITUTE**

### **REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021**

---

#### **ACHIEVEMENTS AND PERFORMANCE (CONTINUED)**

##### **GROUP ESTATE ACTIVITIES**

There are over 60 organisations operating within the Babraham Research Campus. The Campus is managed by BRC and BRC develops and builds facilities to support the commercial activities on site. Tenants are located in a number of purpose-built buildings with both laboratory and office space. In total, occupied space is in excess of 9,000 square meters.

This development is part of an on-going programme of expanding the campus following the initial £44m investment by HM Government in 2011. The investment programme is designed to deliver innovation from the research base, generate economic growth, and create and support new companies based on world-leading UK bioscience.

In April 2014, an additional £17m capital development project was initiated, catalysed by a further £6m grant announced by the Chancellor of the Exchequer, again to further develop the Babraham Research Campus. Under this project an additional laboratory and office building has been constructed and a new social infrastructure building has been completed and opened to campus tenants in January 2017. This latter building named The Cambridge Building now provides a new 200 seater conference facility, catering, meeting rooms and social and networking space. This reflects the needs of a growing campus, and the key role of providing space for networking for the campus tenants.

##### **IMPACT OF COVID-19 ON ACHIEVEMENTS**

From February 2020, the Institute spent considerable time and effort preparing for a UK-wide lockdown in response to the Covid-19 pandemic. The majority of staff began working remotely from mid-March 2020 and, when the UK Government placed the country into lockdown on 23 March 2020, only a small number of key staff continued to attend site for critical research that could not be paused (including studies on Covid-19 vaccines) and crucial functions (e.g., Engineering, BSU and the Babraham Institute Nursery). Throughout the pandemic, the Institute has remained committed to providing a safe place of work, achieved through Covid-19 Secure Risk Assessments, social distancing and good hygiene practices, in alignment with government guidance and best practice as this has developed. In June 2020, a phased return was initiated for researchers who could not work from home. This enabled approximately 40%-60% occupancy of lab space during the summer/autumn of 2020 and continuation of our research programmes. Science Facilities that could not operate from home also increased their capacity at this time. The phased plan has been responsive to government guidance and the situation in the UK, rolling back lab space occupancy to approximately 40% in January 2021 at the height of the winter 2020-21 peak in cases and returning to approximately 60% in March 2021. Staff that could work from home have continued to do so as much as possible throughout 2020-21. There has inevitably been an impact on the delivery some Institute achievements and scientific outputs as staff balance work on site and at home, caring and other responsibilities, and their health and mental wellbeing. Scientific publications have increased this year as home working has enabled some researchers to concentrate on writing up rather than conducting experiments. The full impact of the pandemic remains to be seen as lockdown restrictions ease in 2021-22 and the phased return continues.

##### **INSTITUTE FUTURE DEVELOPMENTS**

The Institute will continue to implement a phased return to work in line with the Government's Spring 2021 Roadmap. The Institute will focus on the health, safety and wellbeing of staff, in order to understand the challenges our staff face and better support them during this time.

The Institute aims to mitigate the risk to delivery as far as possible, and will continue to work with its strategic funder UKRI-BBSRC and other funders to support delivery. This has included, for example, arranging extensions of up to six months for postdoctoral researchers who were nearing the end of their contracts and who had been unable to complete their projects as a result of the Covid-19 pandemic. The Institute has sufficient reserves to ensure operations can continue during the impact of Covid-19 - as explained within the Going Concern section in these accounts.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

---

#### INSTITUTE FUTURE DEVELOPMENTS (CONTINUED)

The Institute will continue to be principally engaged in the field of basic bioscience with a strong emphasis on research into healthy ageing. The Institute's science programmes will determine the significance of biological changes for the ageing process from conception onwards.

The priority will be to ensure that all our UKRI-BBSRC funded research is internationally competitive with the best academic groups in our area of endeavour. We continue to prioritise the need to control costs in all categories including pay costs, but note the need to invest strategically to reach new collaborators and expand the reach of the Institute wherever possible.

There will be many other challenges for the Charity. The UK's departure from the European Union, with uncertainty as to the UK's participation in Horizon Europe, will have an impact. Active grants currently running from the Commission come to £7.3M in total funding over the life of the grants. The Institute is following carefully opportunities for international collaboration from UKRI and beyond.

Ensuring the Institute attracts the most gifted staff remains a strategic priority. In particular succession planning remains an important issue. This will continue to be achieved through new recruitment to priority areas as well as through advancing the careers of younger scientists and ensuring that they are fully equipped to take leading roles in the future development of the organisation

#### GROUP FUTURE DEVELOPMENTS

BRC with support from its shareholders has ambitious plans to grow and develop the campus. In particular due to the high demand for quality life science laboratory and office accommodation, to submit the site to the local authorities 2022 Local Plan whilst in parallel identifying near-term opportunities for development on the site whilst considering a longer term planning development framework with the Local Authority.

Whilst the infrastructure development of the campus is a key component of our growth, there is too the other elements of the strategic plan that involves the support of activities to encourage entrepreneurship, science translation and high quality scientific training. To that end, BRC continues to run an annual Accelerate@Babraham start-up competition, provides easy-access to laboratory and science capabilities on a short-term basis in a communal laboratory centre, supports the Babraham Institute in their PhD programmes and works collaboratively with other entrepreneurial initiatives and centres in the region such as Start Codon, and the Cambridge Biomedical Campus.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

#### RISK MANAGEMENT

The Institute Board of Trustees is responsible for ensuring there are effective and adequate risk management and internal control systems in place to manage the major risks to which the charity is exposed. The Audit Committee agrees an annual risk-based internal audit plan which covers major risks identified by management and the Board of Trustees. It receives reports from internal auditors on the effectiveness of internal controls, progress against the internal audit plan and progress on recommendations made in reports. The Board of Trustees reviews a full risk report annually tracking major risks. The Science and Impact Advisory Committee (SIAC) also assess the science quality and vision covered in various sections of the risk register. The table below summarises how the Institute manages its key risks.

Risk Area	Description of Risk	Risk Management
<b>Future UKRI-BBSRC research funding</b>	UKRI-BBSRC current and future funding is reduced as a result of poor performance or public sector spending pressures.	<p>Regular monitoring of scientific performance, including consideration from the Science and Impact Advisory Committee (SIAC).</p> <p>Regular communication with UKRI-BBSRC to report performance and ensure strategic alignment of research programmes.</p> <p>Monitoring of performance of competitive grant submissions with emphasis on widening the pool of grant funders.</p>
<b>Loss of research funding from other sources</b>	The Institute or its Group Leaders become ineligible to receive funding from principal funding bodies as a result of lack of compliance with funders policies, i.e., regarding bullying and harassment or research misconduct.	<p>The Research Integrity Steering Group was established to oversee all aspects of research integrity within the Institute.</p> <p>The Steering Group will review current Institute policy and practice against Funder requirements to ensure compliance.</p> <p>Additional training will be put in place to ensure all Individuals adhere to the highest standards of professional conduct.</p> <p>The Institute will seek to secure alternative sources of funding and collaboration to mitigate against the possible loss of EU grant income.</p>
<b>Technology investment</b>	<p>The Institute is unable to keep pace with developments in technology underpinning its science.</p> <p>Funding is inadequate to sustain and improve technology facilities necessary to support scientific objectives.</p>	<p>Funding opportunities identified and pursued for technology investments.</p> <p>Regular communication with UKRI-BBSRC to ensure alignment of technological capacity with research programmes.</p>
<b>Staff retention and recruitment</b>	The Institute is unable to retain or attract suitably skilled staff to enable it to sustain its scientific performance.	<p>Career development programmes in place to support staff.</p> <p>Performance Management processes in place.</p> <p>Recruitment strategy and processes in place.</p> <p>The Board of Trustees instigated a review of staff pay and rewards to ensure pay remains competitive, benchmarking against a range of comparable scientific organisations.</p>

**THE BABRAHAM INSTITUTE**

**REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021**

**RISK MANAGEMENT (CONTINUED)**

<b>Risk Area</b>	<b>Description of Risk</b>	<b>Risk Management</b>
<b>Estates</b>	Estate facilities do not adequately support the delivery of its scientific objectives.	A 5-year Business Plan developed for 2017-22 includes significant UKRI-BBSRC investment in BI facilities to support the Estates Strategy.
	<b>Funding is inadequate to sustain and improve facilities necessary to support scientific objectives</b>	Facilities management systems are being enhanced. Energy usage data is being developed and energy plan being implemented.
<b>Business Continuity</b>	A major incident, or business disruption such as a pandemic, interrupts scientific research programmes and/or administrative systems.	Disaster recovery and Business Continuity plans in place and tested periodically.
		Review of compliance with health & safety and relevant regulations from government agencies and internal auditors.
		Appropriate commercial insurance arrangements in place.
<b>COVID-19</b>	Adverse impact of the Covid-19 pandemic on Institute staff and operations, resulting in the inability to meet key Institute objectives.	A Covid-19 Secure Risk Assessment is in place, including mitigation for the following risks: <ul style="list-style-type: none"> <li>• The transmission of Covid-19 on site by person-to-person transmission.</li> <li>• The impact of the pandemic and working conditions on the mental and physical wellbeing of staff.</li> <li>• The impact of the pandemic and working conditions on equality and diversity.</li> <li>• The maintenance of buildings and facilities on site during the pandemic.</li> <li>• Information security breaches due to new working conditions and an increase in fraud / scams during the pandemic.</li> <li>• The financial impact of the pandemic.</li> </ul> <p>The Institute is implementing a phased return to work on site and supporting staff to work from home where possible in order to continue to deliver key Institute objectives.</p>

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

#### RISK MANAGEMENT (CONTINUED)

Within BRC, the Directors carry out regular reviews of the risks to which the company may be exposed both at regular Board Meetings and through the company's Audit Committee. Where necessary the company can call upon the Group's internal auditors RSM to act as an independent internal audit service. The principal risks considered by the BRC Board include:

- Covid-19 the impact on the local cluster and wider economic impact.
- Significant drop in demand for the facilities on site;
- Change in Government support of UKRI-BBSRC; and / or
- Reduction in investment in the life-science sector.

#### FINANCIAL REVIEW

During the year, the total group reserves have decreased from £173m at 31 March 2020 to £146m at 31 March 2021 a fall of £27m. As the Consolidated Statement of Financial Activities (page 29) shows this decrease relates to the significant exceptional items within BRC (see note 23) regarding the surrender of their property lease with UKRI-BBSRC. The group loss of £22m and movement in minority interests of £5m accounts for the total movement in net assets.

The individual results within the group shown below.

#### BABRAHAM INSTITUTE

Overall results for The Babraham Institute shows an increase in total funds from £135m to £137m. Restricted revenue funds increased by £672k, Restricted Capital funds, increased by £3,584k and Unrestricted Revenue funds decreased by £1,540k, totalling an increase of £2,716k across all funds.

The Institute's deficit on unrestricted funds for the year of £1,540k compared to a deficit of £2,333k last year. The deficit before investment gains/losses, depreciation and transfers is £2,601k and £2,870k respectively for 2021 and 2020.

	2021 £'000	2020 £'000
Deficit before Investment gains/losses, depreciation and transfers – unrestricted funds	(2,601)	(2,870)
Depreciation (net of transfers) and other transfers	(1,920)	(523)
Fair Value adjustment to investment properties	(1,750)	1,250
Impairment on investment in subsidiary	(468)	-
Investment Income (dividends and interest)	357	532
Investment gains/(losses) - realised and unrealised	4,842	(722)
<b>Surplus/(Deficit) for year – unrestricted funds</b>	<b>(1,540)</b>	<b>(2,333)</b>

Revenue income (excluding investment income and gains) for 2020-21 of £25.0m compares to £25.9m in the previous year. Whilst funding from UKRI-BBSRC increased by £0.9m, there were decreases in grant income of £1.3m and goods and services income of £0.5m, due to the impact on activity due to Covid-19 and periods of lockdown.

Annual revaluations within the Institute (£3.5m) to land and buildings have further increased capital reserves in the year (note 9). Capital funds within the Institute continue to be released from capital reserves against depreciation charges in the year. During the year £2,949k of capital funding was received (2020 : £1,765k).

The Institute continues to maximise its returns on funds by holding investments managed by Royal Bank of Canada. This allowed the Institute to benefit from investment income of £354k in the year (2020 : £532k) returns being lower, again due to the impact of Covid-19 with companies paying lower or no dividends to shareholders in 2020-21.

The Institute has continued to actively monitor its cost base and strive for efficiency savings where possible to ensure the Institute continues to maximise its operations based on the funding received. Looking to the future the Institute continues to remain on a tight financial budget and a longer term focus will need to be placed upon continuing to seek and secure fresh income streams.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

---

#### FINANCIAL REVIEW (CONTINUED)

##### BABRAHAM RESEARCH CAMPUS LIMITED (BRC)

The loss for the year, after taxation, amounted to £20,693k (2020 – profit £4,243k). The movement in profit from 2020 to 2021 is in relation to the disposal of the 130 year lease investment property. Trading results are comparable to last year with the addition of a rental charge payable to BBSRC/UKRI on the new lease for the Campus (£940k), a one-off SDLT charge on the new lease (£309k), and Covid-19 impacted revenues for the conferencing and event activities and reduced service charge incomes (£319k).

Operating profits were £2,166k compared to £3,541k last year. The loss for the year of £20,693k is as a result of the disposal of the 130 year lease Investment Property (£35,000k), disposal of Land and building assets (£148k) release of capital grants in line with the disposal of the leases £8,068k and the reversal of deferred taxation of £4,556k. Tax and interest are the further items that reconcile between the trading profit and actual loss for the year. The Directors have not recommended the payment of a dividend (2020: £nil).

Gift aid of £500k (2020: £500k) was paid to The Babraham Institute relating to the year 2020-2021.

##### BABRAHAM INSTITUTE ENTERPRISE LIMITED (BIE)

Babraham Institute Enterprise Limited made a loss before tax and gift aid of £147k (2020: profit £366k). Excluding investment impairments/impairment reversals operating results are £334k profit for 2020-21 and £6k loss for 2019-20. In 2020-21 bad debt reversals of £129k and profits on sale on investments of £153k contributed to an operating profit of £334k. Whilst activity and hence income was lower in 2020-21 due to the impacts of Covid-19, costs of sales similarly reduced due to lower activity.

Gift aid of £100k (2020: £116k) was paid to The Babraham Institute relating to the year 2020-2021.

#### FINANCIAL AFFECTS OF COVID-19 WITHIN THE FINANCIAL STATEMENTS

With the UK Government placing the country into lockdown on 23 March 2020 the entire financial year 2020-21 has fallen under the restrictions of Covid-19, including a second national lockdown in November 2020 and a third lockdown in January 2021. The Institute had already spent considerable time and effort since February 2020 preparing for such events. This included the majority of staff working remotely from mid-March 2020 and key staff attending site only to complete critical work that could not be paused or carry out crucial maintenance functions.

With restrictions affecting on-site activity through 2020-21, particularly the early months in the year, the pandemic has affected operations within the Institute. Staff who were able to work from home continued to do so during the year and limited staff numbers on-site allowed activity to continue albeit at lower levels. Ramp up plans throughout the year optimised staff returning to the campus and increased activity, keeping staff numbers at a suitable level to minimise any risks.

During 2020-21 the main financial impacts of the pandemic fell within three distinct areas of income. Investment (dividend) income received was lower due to UK companies paying lower or no dividends to shareholders, reduced income from science facilities (net of any cost savings) due to restrictions on activity and lower Nursery Income, again due to lockdown in the first four months of 2020-21. Whilst costs were reduced due to lower levels of operations, this offset some of the reduction in income. The estimated impact of Covid-19 was around £0.9m for 2020-21 and was in line with our forecasts.

The Group and Parent faced a material valuation uncertainty regarding the valuation of their land and buildings and investment properties in year end 31 March 2020. The outbreak of the Novel coronavirus (Covid -19), declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, impacted global financial markets. Nevertheless, as at the valuation date of 31 March 2021, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the property valuations at this year end, 31 March 2021 are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

---

#### FINANCIAL REVIEW (CONTINUED)

##### RESERVES POLICY

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

- Future operational and capital expenditure requirements;
- Potential financial risks identified in the Risk Register;
- Funding required for strategic investments not included in the operating budget;
- Working capital / liquidity requirements;

The Trustees have reviewed the reserves of the Group. The review encompasses the nature of the income and expenditure streams, the need to match variable income with fixed commitments, and the nature of the reserves. The Trustees concluded that to facilitate long term planning they aim to achieve unrestricted reserves of at least £12m, covering 3 months working capital and any other financial obligations should the business cease to operate. Currently free reserves are around £22m and the Trustees are satisfied that these reserves are sufficient to finance both the general reserve and provide the necessary funds to mitigate financial risks associated with operational and capital expenditure identified in the Risk Register.

The future impacts of Covid-19 could potentially see the Group use reserves to cover any period of reduced income. The group with free reserves of £22m remains well placed to continue to support activity, through use of these reserves to ensure operations and activity continues whilst the effects of Covid-19 continue to exist.

##### PRINCIPAL FUNDING SOURCES AND REVIEW OF EXPENDITURE

The Babraham Institute is one of eight Institutes receiving strategic funding from the UKRI-BBSRC. Funding is derived from our principal sponsor, the UKRI-BBSRC, together with external grants or fellowships competitively gained from other research councils, charities and industry.

Expenditure incurred as analysed in the Statement of Financial Activities relates to Charitable Activities, including support costs. Commercial trading activities are shown separately.

Staff costs form the largest single component of group expenditure £16.8m (2020: £16.5m), followed by consumables (laboratory and general) £4.0m (2020: £4.6m), repairs and maintenance costs £3.2m (2020: £3.4m) and rent and rates £2.3m (2020: £1.3m).

Total expenditure for the year of £35.1m compares to £40.4m for the previous year, a decrease of £5.3m. Whilst there were increases in rent and rates (£1.0m) and fuel and water charges (£0.5m), most other areas of expenditure were collectively lower by £2.5m – mainly due to the impact on activity due to Covid-19. Reversal of deferred tax provisions in BRC of £4.6m accounts for the remainder of the fall in expenditure in 2020-21.

##### GOING CONCERN

The Babraham Institute is dependent on funding from the UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the Comprehensive Spending Review in 2016, Research Councils (of which the UKRI-BBSRC is one) received financial allocations for revenue and capital funding for the period ending in March 2022. Allocations for administration and capital were only fixed for the first three of those years (2017-18 to 2019-20) and were indicative for the years beyond to 31 March 2022. Subject to the next government spending review, UKRI-BBSRC have indicated an intention to 'roll over' funding (at the same level as previous years) for a further year to March 2023 – making this funding cycle six years rather than five.

## THE BABRAHAM INSTITUTE

### REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

---

#### FINANCIAL REVIEW (CONTINUED)

#### GOING CONCERN (CONTINUED)

Given that ;

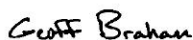
- the Institute receives a six year funding letter from UKRI-BBSRC with the first three years funding confirmed and the last three funding indicative;
- the Institute does not envisage any issues with funding in this 6 year period;
- the Institute in 2018-19, 2019-20 and 2020-21 was commended on its financial management following the annual Financial Assurance audit from UKRI-BBSRC;
- The recent 2020-21 Annual Financial Assurance audit from UKRI-BBSRC focussing on the UKRI-BBSRC funded expenditure – to ensure the Institute aligns its funding with research outcomes, was highly favourable;
- the annual research returns submitted by the Institute have all been favourable – this is used by UKRI-BBSRC to evidence why they provide on-going grant funding to institutes such as Babraham Institute;

the Trustees have no reason to believe that future funding from the UKRI-BBSRC will not be forthcoming at a level which, together with the sufficient reserves held by the Institute and its subsidiaries, is sufficient for the group to continue in operational existence for the foreseeable future.

The impact of Covid-19 on The Babraham Institute during the remaining two financial years of the current six year funding cycle (years 2021-22 and 2022-23) may affect operational activities. To this extent various scenarios have been explored with differing impact of Covid—19 during 2021-22 and 2022-23. Forecasts will include elements of estimations and uncertainty as the impact of the Covid-19 situation cannot be accurately predicted and it is not possible to assess all future implications, however the level of uncertainty in our plans is not considered material.

Accordingly, after making appropriate enquiries, the Trustees consider the Group and Parent Charity have adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements have been prepared on a going concern basis.

**The Trustees' Report incorporating the Strategic Report was approved on behalf of the Board**



**Mr G Braham**  
**Chairman of the Audit Committee, Trustee and Member**  
Date: 10/11/2021

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE

---

#### OPINION

We have audited the financial statements of The Babraham Institute (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2021 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.

#### BASIS FOR OPINION

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the group's and parent charitable company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the group's and parent charitable company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

## THE BABRAHAM INSTITUTE

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)**

#### **OTHER INFORMATION**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report<sup>1</sup>, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Strategic Report and the Directors' report, prepared for the purposes of company law, included in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

#### **MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006**

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Trustees' Annual Report.

#### **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 charitable company, 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.

#### **RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS**

As explained more fully in the Trustees' Responsibilities Statement set out on pages 3 to 24, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### **EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We understood how The Babraham Institute is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the audit committee. We corroborated our enquiries through our review of board minutes, papers provided to the Audit Committee and any correspondence received from regulatory bodies.
- The company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; FRS 102, Companies Act 2006, Data Protection Act 2018, Health and Safety, tax legislation, anti-bribery legislation and employment law.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that increased revenues or that reclassified costs from the income statement to the balance sheet
  - potential management bias in determining accounting estimates, especially in relation to deferred income, and
  - transactions with related parties

Our audit procedures involved:

- evaluation of the design effectiveness and testing the operating effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a focus on material manual journals, including those with unusual account combinations and those that reclassified costs from the income statement to the balance sheet;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- testing the completeness of the company's related party transactions through information obtained and testing that these transactions had a valid business purpose; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

## THE BABRAHAM INSTITUTE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)

#### EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD (CONTINUED)

- In addition, we completed audit procedures to conclude on the compliance of disclosures in the directors' report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the client operates
  - understanding of the legal and regulatory requirements specific to the entity/regulated entity including:
    - the provisions of the applicable legislation
    - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
    - the applicable statutory provisions
- Team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of accrued or deferred income.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the applicable statutory provisions
  - the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

#### USE OF OUR REPORT

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

**James R Brown**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Cambridge

Date 17/11/2021

*Grant Thornton UK LLP*

## THE BABRAHAM INSTITUTE

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - INCORPORATING THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021**

	Note	Restricted revenue funds £'000	Restricted capital funds £'000	Un-restricted funds £'000	2021 Total funds £'000	2020 Total Funds £'000
<b>Income from:</b>						
Charitable activities		18,289	2,949	4,408	25,646	24,975
Trading activities		-	-	11,048	11,048	11,681
Investment income		-	-	419	419	600
<b>Total income</b>	2	<b>18,289</b>	<b>2,949</b>	<b>15,875</b>	<b>37,113</b>	<b>37,256</b>
<b>Expenditure on:</b>						
Charitable activities		(18,289)	-	(12,101)	(30,390)	(31,613)
Raising funds		-	(227)	(8,259)	(8,486)	(7,854)
Taxation	7	-	-	3,739	3,739	(933)
<b>Total expenditure</b>	3	<b>(18,289)</b>	<b>(227)</b>	<b>(16,621)</b>	<b>(35,137)</b>	<b>(40,400)</b>
Profit on investments	10,11,12	-	-	2,619	2,619	3,056
Exceptional Items	23	-	-	(35,148)	(35,148)	-
<b>Net income/(expenditure)</b>		<b>-</b>	<b>2,722</b>	<b>(33,275)</b>	<b>(30,553)</b>	<b>(88)</b>
<b>Net income/(expenditure) for the year is attributable to:</b>						
The parent undertaking		-	6,910	(42,886)	(35,976)	1,010
Minority interest		-	(4,188)	9,611	5,423	(1,098)
		-	2,722	(33,275)	(30,553)	(88)
<b>Transfers</b>						
Release of capital funds / transfers	17	672	(2,581)	1,909	-	-
Exceptional Release of capital funds	23	-	(8,068)	8,068	-	-
<b>Other recognised gains and losses</b>						
Gain on revaluations of tangible fixed assets	9	-	3,513	-	3,513	3,150
<b>Other recognised gains for the year is attributable to:</b>						
The parent undertaking		-	3,513	-	3,513	3,150
Minority interest		-	-	-	-	-
		-	3,513	-	3,513	3,150
Movement in funds attributable minority interests	11	-	(4,188)	9,611	5,423	(1,098)
<b>Net movement in funds</b>		<b>672</b>	<b>(8,602)</b>	<b>(13,687)</b>	<b>(21,617)</b>	<b>1,964</b>
Balances brought forward	17	4,775	119,189	36,611	160,575	158,611
<b>Balances carried forward at 31 March 2021</b>	17	<b>5,447</b>	<b>110,587</b>	<b>22,924</b>	<b>138,958</b>	<b>160,575</b>

All amounts relate to continuing activities. All recognised gains and losses are included in the consolidated statement of financial activities. The notes on pages 32 to 57 form part of these financial statements.

## THE BABRAHAM INSTITUTE

REGISTERED NUMBER: 03011737

BALANCE SHEETS AT 31 MARCH 2021

	Note	Group		Institute	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Fixed assets</b>					
Intangible assets	8	96	85	-	-
Tangible assets	9	93,533	91,359	92,945	90,613
Investment properties	10	3,700	40,450	3,700	5,450
Investments	11,12	34,878	34,065	40,225	39,493
		<b>132,207</b>	<b>165,959</b>	<b>136,870</b>	<b>135,556</b>
<b>Current assets</b>					
Stocks	13	233	208	132	147
Debtors	14	7,086	5,976	5,638	4,175
Cash at bank and in hand		20,082	15,633	4,692	2,297
		<b>27,401</b>	<b>21,817</b>	<b>10,462</b>	<b>6,619</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(13,813)</b>	<b>(10,865)</b>	<b>(9,781)</b>	<b>(7,340)</b>
<b>Net current assets/(liabilities)</b>		<b>13,588</b>	<b>10,952</b>	<b>681</b>	<b>(721)</b>
<b>Total assets less current liabilities</b>		<b>145,795</b>	<b>176,911</b>	<b>137,551</b>	<b>134,835</b>
<b>Debtors: amounts falling due after more than one year</b>	16	<b>253</b>	-	-	-
<b>Provisions for liabilities: Deferred tax</b>	16	-	(3,823)	-	-
<b>Net assets</b>		<b>146,048</b>	<b>173,088</b>	<b>137,551</b>	<b>134,835</b>
<b>Funds</b>					
Restricted capital fund		48,346	56,425	48,291	48,220
Revaluation Reserve		62,241	62,764	62,241	58,728
	17	<b>110,587</b>	<b>119,189</b>	<b>110,532</b>	<b>106,948</b>
Unrestricted funds	17	22,924	36,611	21,572	23,112
Restricted revenue fund	17	5,447	4,775	5,447	4,775
		<b>138,958</b>	<b>160,575</b>	<b>137,551</b>	<b>134,835</b>
Minority Interests	11	7,090	12,513	-	-
		<b>146,048</b>	<b>173,088</b>	<b>137,551</b>	<b>134,835</b>

The Institute includes in its financial statements leasehold land and buildings owned by third parties, these are detailed further in note 9 and 10.

These financial statements were approved by the Board of Trustees and authorised for issue on 10/11/2021

Mr G Braham *Geoff Braham*  
Chairman of the Audit Committee, Trustee and Member

The notes on pages 32 to 57 form part of these financial statements.

## THE BABRAHAM INSTITUTE

## CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021		2020	
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net movement in funds	17	(27,040)		3,062	
Depreciation charge	9	4,434		4,332	
Amortisation of intangible assets	8	14		21	
(Profit)/Loss on disposal of fixed assets		(157)		62	
(Impairment Reversal)/Impairment of investments	11	387		(461)	
Revaluations and fair value adjustments	9,10	(1,763)		(6,467)	
Capital grants received	2	(2,949)		(1,765)	
Tax charge	7	(3,739)		933	
Interest received	2	(419)		(600)	
Interest paid		-		2	
Decrease/(Increase) in stocks	13	(25)		97	
(Increase)/Decrease in debtors	14	(1,065)		(654)	
Increase/(Decrease) in creditors	15	3,075		1,570	
Tax (paid)/refunded		(509)		(672)	
Reclassification/transfer of investment properties	10	35,148		-	
<i>Net cash provided/(used) by operating activities</i>			5,392		(540)
<b>Cash flows from investing activities</b>					
Interest Received	2	419		600	
Payments to acquire intangible fixed assets	8	(48)		(28)	
Payments to acquire tangible fixed assets	9	(3,244)		(2,178)	
Payments to acquire investment properties	10	-		(33)	
Payments to acquire investments (net of fees)	12	(12,882)		(9,071)	
Receipts from sale of tangible fixed assets		48		-	
Receipts from sale of investments		8,055		9,184	
Capital grants received	2	2,949		1,765	
<i>Net cash provided/(used) by investing activities</i>			(4,703)		239
<b>Cash flows from financing activities</b>					
Loan interest		-		(2)	
Cash funds withdrawn from investments held	12	3,760		3,000	
<i>Net cash provided/(used) by financing activities</i>			3,760		2,998
<b>Change in cash and cash equivalents in the reporting period</b>					
			4,449		2,697
<b>Cash and cash equivalents at the beginning of the reporting period</b>					
			15,633		12,936
<b>Cash and cash equivalents at the end of the reporting period</b>					
			20,082		15,633

The net debt reconciliation is shown in Note 21.

The notes on pages 32 to 57 form part of these financial statements.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

---

#### 1 ACCOUNTING POLICIES

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

##### 1.1 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 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The particular accounting policies adopted in the preparation of the financial statements are set out below and have been applied consistently with the previous year.

##### 1.2 Going Concern

The Babraham Institute is dependent on funding from the UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the Comprehensive Spending Review in 2016, Research Councils (of which the UKRI-BBSRC is one) received financial allocations for revenue and capital funding for the period ending in March 2022. Allocations for administration and capital were only fixed for the first three of those years (2017-18 to 2019-20) and were indicative for the years beyond to 31 March 2022. Subject to the next government spending review, UKRI-BBSRC have indicated an intention to 'roll over' funding (at the same level as previous years) for a further year to March 2023 – making this funding cycle six years rather than five.

Given that ;

- the Institute receives a six year funding letter from UKRI-BBSRC with the first three years funding confirmed and the last three funding indicative;
- the Institute does not envisage any issues with funding in this 6 year period;
- the Institute in 2018-19, 2019-20 and 2020-21 was commended on its financial management following the annual Financial Assurance audit from UKRI-BBSRC;
- The recent 2020-21 Annual Financial Assurance audit from UKRI-BBSRC focussing on the UKRI-BBSRC funded expenditure – to ensure the Institute aligns its funding with research outcomes, was highly favourable;
- the annual research returns submitted by the Institute have all been favourable – this is used by UKRI-BBSRC to evidence why they provide on-going grant funding to institutes such as Babraham Institute;

the Trustees have no reason to believe that future funding from the UKRI-BBSRC will not be forthcoming at a level which, together with the sufficient reserves held by the Institute and its subsidiaries, is sufficient for the group to continue in operational existence for the foreseeable future.

The impact of Covid-19 on The Babraham Institute during the remaining two financial years of the current six year funding cycle (years 2021-22 and 2022-23) may affect operational activities. To this extent various scenarios have been explored with differing impact of Covid-19 during 2021-22 and 2022-23. Forecasts will include elements of estimations and uncertainty as the impact of the Covid-19 situation cannot be accurately predicted and it is not possible to assess all future implications, however the level of uncertainty in our plans is not considered material.

Accordingly, after making appropriate enquiries, the Trustees consider the Group and Parent Charity have adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements have been prepared on a going concern basis.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of subsidiary companies - Babraham Research Campus Limited (formerly Babraham Bioscience Technologies Limited) and Babraham Institute Enterprise Limited. Aitua Limited was liquidated in September 2020 and is only included in the comparative values.

The results of the subsidiaries are incorporated on a line by line basis as required under the SORP.

Babraham Institute Enterprise Limited has a 40% holding in Bioscience Partnership Limited. The results of Bioscience Partnership Limited have not been included for consolidation purposes on the grounds that it is immaterial in the context of group operations.

A separate income and expenditure account dealing with the results of the charitable company has not been presented as permitted under section 408 of the Companies Act 2006. The charitable company, The Babraham Institute, is referred to as the Institute throughout the financial statements.

##### 1.4 Incoming resources

Income comprises unencumbered grants received from research councils; grant income from collaborative, commissioned and competitively awarded research projects; income from miscellaneous charitable activities; commercial and residential rents from the letting of Group controlled property; and interest earned on the investment of surplus funds.

Income is recognised when the Institute becomes legally entitled to the income and the amount can be quantified with reasonable accuracy. All core UKRI-BBSRC grants are recognised as revenue in the year they are receivable. Grant income including research grants received in advance of conditions being met is deferred until those conditions are fully satisfied.

Capital grants are recognised in the consolidated statement of financial activities when entitlement passes, and once the criteria of certainty and measurement are met.

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

Trading income, which includes rent and letting income and other income relates to non-charitable services undertaken and is recognised in accordance with the terms of the contracts entered into, reflecting the point at which the obligations have been satisfied.

##### 1.5 Fund accounting

###### *Unrestricted funds*

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

###### *Restricted funds*

Income received by way of grants, sponsorship, donation or legacy which is directed by the provider as to be applied for specific purposes is accounted for within restricted income. Awards applied within the terms dictated by the awarding authority on the acquisition or improvement of tangible fixed assets are also accounted for within restricted income funds in full. The balance of the restricted fixed asset fund is reduced by the depreciation or amortisation charges over the expected useful life of the asset. This treatment has been applied to reflect the assets being on land owned by a third party, therefore at the end of the lease they will revert to that third party (see further explanation below regarding the ownership of land and buildings).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.6 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Resources expended are classified according to the nature of the cost as follows;

*Charitable activities* – comprises those costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be directly allocated to such activities and those costs of an indirect nature necessary to support the charities activities.

*Trading activities* - represents the costs associated with trading and raising income including the Institute's rental activities and tenant services and investments. Commercial trading operations relate to income and expenditure incurred by the trading subsidiaries.

*Governance costs* – include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

*Support costs* - include all other costs that whilst not relating directly to the charity's activities are needed to support the work undertaken in the charity's pursuit of its objectives. These have been allocated to the charity's activities on a basis consistent with the use of the resource, e.g. floor area, staff numbers.

##### 1.7 Tangible fixed assets

The Institute includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The Trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institute's lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

In 2020-21 BRC renewed its lease with its Landlord (UKRI) and rent is now payable on leasehold land and buildings owned by third parties. This new lease is recognised as an operating lease and hence BRC no longer recognises any land and buildings on its balance sheet.

*Scientific buildings* are those leased and used by the group for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value. Other buildings represent those buildings used for ancillary purposes. These properties are held at cost less impairment

##### 1.8 Fixed asset revaluation

Leasehold land and buildings are included at open market value where this can be established or depreciated replacement cost in the case of specialised scientific buildings. Professional valuations are reviewed periodically in the interim periods. The resulting valuations are depreciated in accordance with the depreciation policy.

##### 1.9 Depreciation

Depreciation is provided by the group to write off the cost or valuation, less estimated residual values, of all fixed assets other than assets in course of construction, evenly over their expected useful lives. It is calculated at the following rates:

- Computer equipment\* - 3 years straight line
- Non-computer equipment\* - 3-5 years straight line
- Energy Generating Plant\* - 10 years straight line
- Leasehold land and buildings - over the shorter of the period of the lease, plus any notified intended extension thereto and the estimated useful remaining life.

\*Computer equipment, Non-computer equipment and Energy Generating plant are included in Fixtures and Equipment in Note 9.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.10 Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of net realisable value and value in use.

##### 1.11 Investment property

Investment Properties represent long leasehold properties let to tenants on a commercial basis. These properties are held at open market value with any changes in value held in a revaluation reserve unless the value of the reserve is insufficient to cover a deficit when an impairment loss is put through the SOFA.

The Institute includes in its financial statements leasehold investment properties owned by third parties, that it occupies and enjoys through peppercorn leases at their full market value. The Trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

In December 2020 BRC completed the negotiations on a new lease with BBSRC/UKRI. The previous two leases held were, one for 130 years, and the other for 25 years. The 25 year lease included various rent review provisions and break clauses. The rent clause if triggered would result in a rental charge payable to BBSRC/UKRI being greater than the rent receivable. To mitigate against the risks associated with this clause, and to provide certainty for the delivery of the Campus strategy a new lease was negotiated. To enable the lease to be financially viable and suitable for both BRC and BBSRC/UKRI the 130 year lease was included in the negotiations. A single new lease was entered into in December 2020, with new terms and provisions, including the requirement to pay rent to UKRI/BBSRC.

The new lease is structured in a way to represent the role BRC (Babraham Research Campus Limited formerly Babraham Bioscience Technologies Limited) has in the delivery of the Campus vision on behalf of BBSRC/UKRI and to protect the significant capital investment BBSRC has made into the Campus. The nature of the rent provisions, and short surrender rights means this lease is accounted for as an operating lease. It includes assets used for leasing out to life science start up and scale up businesses, plus service and self-occupied buildings. Due to the technical challenges around splitting the valuation of the buildings and the unique nature of the lease and unreliable ability to value the interest on an ongoing basis, the lease is to follow the previously adopted accounting treatment for the 25 year lease, and not recognise any valuation on the balance sheet.

The new lease puts BRC on a sound financial footing, and enables the new strategic opportunities to be pursued and maximised.

##### 1.12 Intellectual property

The cost of acquired intellectual property is capitalised and written off over its useful economic life. Intellectual property assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

##### 1.13 Research and development costs

Research and development costs are written off to the consolidated statement of financial activities account as they are incurred.

##### 1.14 Grants

UKRI-BBSRC capital grants are included within restricted capital funds and released over the estimated useful economic lives of the assets funded by the grant.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

---

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.15 Stocks

Stocks are valued at the lower of cost and net realisable value.

##### 1.16 Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the statement of financial activities.

##### 1.17 Pension costs

The Institute participates in the Research Council's pension scheme for employees previously employed under UKRI-BBSRC contracts. All Institute staff are now employed under local contracts, however staff previously contributing to the Research Council's pension scheme retained the right to continue contributing to this scheme.

This is an unfunded multi-employer defined benefit scheme. Since any assets and liabilities of the scheme cannot be split between participating employers, the Institute's pension costs are accounted as for a defined contribution scheme, with costs charged to the income and expenditure account as incurred.

Contributions by all other Institute staff and those by the subsidiary undertakings (BRC and BIE) are made to a defined contribution pension scheme and charged to the income and expenditure account as incurred.

##### 1.18 Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income and expenditure account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the income and expenditure account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the statement of financial activities on a straight-line basis over the term of the lease.

##### 1.19 Taxation

The Institute is a registered charity within the meaning of the UK Taxes Acts and is, therefore, eligible to claim exemptions to income tax and capital gains tax.

The trading subsidiary companies are liable for assessment to taxation.

##### 1.20 Fixed Assets Investments (excluding properties)

Investments in subsidiaries and associates are stated at cost. To the extent that the carrying value exceeds the recoverable amount, an impairment loss is recognised.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

---

Other fixed asset investments are either held at fair value or cost less impairment. Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities.

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.20 Fixed Assets Investments (excluding properties)

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's funds. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of the net movement in funds since the date of the combination. Losses applicable to the minority in excess of the minority's share of net movement in funds are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

##### 1.21 Investments

Investments are shown at fair value with historical cost separately disclosed. Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities.

##### 1.22 Financial Instruments

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

##### 1.23 Cash and cash equivalents

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

##### 1.24 Creditors

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

##### 1.25 Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

The items in the financial statements where these estimates have been made include:

- Depreciation, which has been charged in line with the accounting policy above. The amount of depreciation charged and net book value of the assets is included in Note 9.

The items in the financial statements where these judgements have been made include:

- Land and buildings and Investment Property are held at fair value in line with the accounting policy 1.7 and 1.11 above. The carrying value, and valuation movements, are included in Notes 9 and 10.
- Fixed asset investments are held at fair value in line with the accounting policy 1.20 above. The carrying value, and valuation movements, are included in Note 11.
- Investments are held at fair value in line with the accounting policy 1.21 above. The carrying value, and valuation movements, are included in Note 12.
- The recognition of land and buildings on the balance sheet is included in line with the accounting policy 1.7 and 1.11 above. The carrying value, and valuation movements, are included in Note 9 and 10.

## THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021  
(CONTINUED)

## 2 ANALYSIS OF INCOMING RESOURCES

	Restricted revenue funds £'000	Restricted capital funds £'000	Unrestricted funds £'000	2021 Total £'000	2020 Total £'000
<b>Trading activities:</b>					
Grant Income	-	-	-	-	1,024
Goods and services	-	-	3,094	3,094	3,062
Rent	-	-	7,954	7,954	7,595
	-	-	<b>11,048</b>	<b>11,048</b>	<b>11,681</b>
<b>Investment income:</b>					
Bank interest and dividends receivable	-	-	377	377	586
Royalty/licence income	-	-	42	42	14
	-	-	<b>419</b>	<b>419</b>	<b>600</b>
<b>Charitable activities:</b>					
Grants and Donations UKRI-BBSRC					
- Competitive strategic grant	9,633	-	-	9,633	9,650
- Minor works	1,530	-	-	1,530	1,510
- Other grants	982	2,949	-	3,931	1,912
Competitive project grants	1,454	-	-	1,454	1,046
Medical Research Council	1,124	-	-	1,124	1,471
University Links	228	-	-	228	231
European Union	777	-	-	777	1,454
Industry, levy boards	406	-	-	406	483
Trusts, foundations, charities	2,155	-	-	2,155	1,520
Goods and services	-	-	2,768	2,768	3,967
Rent	-	-	1,640	1,640	1,731
	<b>18,289</b>	<b>2,949</b>	<b>4,408</b>	<b>25,646</b>	<b>24,975</b>
<b>Total income</b>	<b>18,289</b>	<b>2,949</b>	<b>15,875</b>	<b>37,113</b>	<b>37,256</b>
Total Income 2020	17,512	1,765	17,979	37,256	

Charitable activities relate on the whole to scientific research. Goods and services income and rental income relate to the sale of services, both scientific and non-scientific services to external companies and individuals.

Incoming resources can be geographically analysed as:

	2021 £'000	2020 £'000
UK	35,626	35,727
Europe	1,486	1,493
Rest of World	1	36
	<b>37,113</b>	<b>37,256</b>

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED

	Allocation basis	Scientific Research	Governance	Total 2021	Total 2020
		£'000	£'000	£'000	£'000
Staff costs	Direct	6,366	150	6,516	6,659
Laboratory supplies	Direct	1,914	-	1,914	2,202
Travel and subsistence	Direct	6	-	6	150
Equipment and hire charges	Direct	69	-	69	105
Computing costs	Direct	5	-	5	10
Library	Direct	49	-	49	109
Legal & professional charges	Direct	124	187	311	263
Recruitment	Direct	3	-	3	6
Training	Direct	1	-	1	4
Other costs	Direct	340	-	340	361
Scientific services support costs	Use of resource	21,176	-	21,176	21,744
<b>Total Charitable costs</b>		<b>30,053</b>	<b>337</b>	<b>30,390</b>	31,613
Total Charitable costs 2020		31,261	352		
Commercial trading operation costs				8,486	7,854
Taxation (note 7)				(3,739)	933
<b>Total Group costs</b>				<b>35,137</b>	40,400

Restricted expenditure included in the above is £18,289k (2020: 17,512k). All other expenditure is unrestricted.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED (CONTINUED)

##### Analysis of scientific services support costs for charitable purposes

	Administration £'000	Estates £'000	Technical Services £'000	Total 2021 £'000	Total 2020 £'000
Staff costs	3,101	1,048	3,994	8,143	7,814
Travel and subsistence	31	1	12	44	189
Repairs and maintenance	-	697	789	1,486	1,966
Rent and rates	672	21	3	696	637
Fuel and water charges	48	1,227	-	1,275	967
Equipment and hire charges	10	9	302	321	332
Depreciation	4,122	-	-	4,122	3,994
Minor works	1	1,480	1	1,482	1,570
Waste disposal	1	5	-	6	3
Computing costs	-	50	202	252	492
Legal and professional charges	183	141	18	342	295
Recruitment	21	-	-	21	53
Training	57	-	37	94	125
Library	22	-	307	329	292
Food purchases	31	-	-	31	50
Bad debts	12	-	-	12	4
Loss on disposal of fixed assets	-	-	-	-	-
Other costs	867	443	1,210	2,520	2,961
	<b>9,179</b>	<b>5,122</b>	<b>6,875</b>	<b>21,176</b>	<b>21,744</b>
Total Support Costs 2020	<b>9,227</b>	<b>5,031</b>	<b>7,486</b>		<b>21,744</b>

Support costs are allocated to the charity's activities on a method consistent with the use of the resource.

#### Governance Expenditure

Governance costs during the year can be analysed as

	2021 £'000	2020 £'000
Staff costs	150	188
Travel and subsistence	-	9
Legal and professional charges	187	155
	<b>337</b>	<b>352</b>

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 4 INCOMING RESOURCES AND RESOURCES EXPENDED

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Incoming resources and resources expended are stated after charging:				
Amounts payable to auditors in respect of audit services to the Institute	65	74	65	74
Amounts payable to auditors in respect of audit services to subsidiary undertakings	42	27	-	-
Amounts payable to auditors in respect of non-audit services*	12	25	6	15
Net loss/(gain) on foreign currency translations	(75)	(18)	(75)	(19)
Depreciation	4,434	4,332	4,122	3,994
Amortisation of intangible fixed assets	14	21	-	-
Loss/(Profit) on disposal - fixed assets	(157)	132	-	-
Operating lease payments in respect of:				
- land and buildings	501	479	501	479
- other leases	15	55	15	55

\* Non audit services relate to the provision of corporate tax compliance services and VAT advisory services.

#### 5 EMPLOYEES

Staff costs for all employees were as follows:

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Wages and salaries	13,280	13,151	11,563	11,522
Social security costs	1,302	1,253	1,126	1,081
Other pension costs	2,189	2,152	1,971	1,928
	<b>16,771</b>	<b>16,556</b>	<b>14,660</b>	<b>14,531</b>

The average number of employees during the year was as follows:

	2021 No	2020 No
Charitable activities	118	117
Support activities	214	207
Commercial operations	42	42
	<b>374</b>	<b>366</b>

**THE BABRAHAM INSTITUTE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021  
(CONTINUED)****5 EMPLOYEES (CONTINUED)**

The number of staff with emoluments greater than £60,000 was:

	Group		Institute	
	2021 No	2020 No	2021 No	2020 No
£ 60,000 - £ 69,999	10	8	8	6
£ 70,000 - £ 79,999	-	2	-	2
£ 80,000 - £ 89,999	1	3	1	3
£ 90,000 - £ 99,999	4	1	3	-
£100,000 - £109,999	2	3	2	3
£110,000 - £119,999	2	1	2	1
£120,000 - £129,999	-	1	-	1
£130,000 - £139,999	-	-	-	-
£140,000 - £149,999	1	-	1	-
£150,000 - £159,999	-	2	-	1
£160,000 - £169,999	-	-	-	-
£170,000 - £179,999	-	-	-	-
£180,000 - £189,999	1	-	-	-
	<b>21</b>	<b>21</b>	<b>17</b>	<b>17</b>

The number of staff earning over £60,000 for whom retirement benefits are accruing under defined contribution schemes amount to 6 (2020: 10) and the amounts paid in the year were £64,678 (2020: £86,083).

The number of staff earning over £60,000 for whom retirement benefits are accruing under the RCUK pension scheme amount to 11 (2020: 7) and the amounts paid in the year were £236,123 (2020: £216,204).

**6 REMUNERATION AND BENEFITS – TRUSTEES AND KEY MANAGEMENT PERSONNEL**

None of the members of the Board of Trustees received any remuneration from the Institute during the year. Aggregate expenses incurred by ten (2020: ten) Trustees in respect of travelling costs totalled £257 (2020: £9,336).

Key management personnel includes staff within the highest two pay bands within the Institute. This comprises the Institute Director, Chief Operating Officer, heads of each of the science programmes, plus one other senior group leader - who form part of Babraham Executive Committee (BEC).

The aggregate remuneration for key management personnel during the year was £1,009k (2020: £1,012k). There were no other transactions with key management personnel during the year (2020: none).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 7 TAXATION

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Corporation tax</b>				
Current tax on profits for the year - BRC	531	577	-	-
Adjustment in relation to the prior year - BRC	398	-	-	-
Tax Relief in respect of gift aid - BRC	(95)	-	-	-
Current tax on profits for the year - BIE	-	-	-	-
Adjustment in relation to the prior year-BIE	(17)	-	-	-
<b>Total Current Tax</b>	<b>817</b>	<b>577</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>				
Origination and reversal of timing differences	(4,556)	356	-	-
<b>Total taxation on profits for the year</b>	<b>(3,739)</b>	<b>933</b>	<b>-</b>	<b>-</b>

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

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The tax differences shown below refer to the trading subsidiaries, Babraham Research Campus Limited and Babraham Institute Enterprise Limited:

	Group	
	2021 £'000	2020 £'000
Surplus on ordinary activities before tax as shown in the accounts of the trading subsidiary - BRC	2,185	5,656
Deficit on ordinary activities before tax as shown in the accounts of the trading subsidiary - BIE	(147)	-
Surplus on ordinary activities multiplied by the standard rate of corporation tax at 19% (2020: 19%).	387	1,075
<i>Effects of:</i>		
Expenses not deductible for tax purposes	156	24
Impairment charges on investments held	(58)	-
Adjustments to tax charge in respect of prior periods	381	-
Differences relating to Investment Property and the associated Capital Grants	(4,496)	(14)
Amounts relating to other comprehensive income or otherwise transferred	(19)	-
Other differences leading to an increase/(decrease) in tax charge	5	(57)
Tax relief on gift aid payment	(95)	(95)
<b>Total taxation on profits for the year</b>	<b>(3,739)</b>	<b>933</b>

Legislation to reduce the main rate of corporation tax from 20% to 17% by 1 April 2020 was included in the Finance Act 2016. This has since been amended as part of the Finance Act 2020 to remain at 19% for period from 1 April 2020. Deferred tax has been provided at 19% in these financial statements.

**THE BABRAHAM INSTITUTE**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021  
(CONTINUED)**

---

**8 INTANGIBLE ASSETS**

<b>Group</b>	<b>Intellectual Property £'000</b>
<i>Cost</i>	
At 1 April 2020	140
Additions	48
Disposals	<u>(55)</u>
<b>At 31 March 2021</b>	<b><u>133</u></b>
<i>Amortisation</i>	
At 1 April 2020	55
Provided for the year	14
Disposals	<u>(32)</u>
<b>At 31 March 2021</b>	<b><u>37</u></b>
<i>Net book value</i>	
<b>31 March 2021</b>	<b><u>96</u></b>
31 March 2020	<u>85</u>

Intangible assets relate to intellectual property purchased by the subsidiary company Babraham Institute Enterprise Limited.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 9 TANGIBLE ASSETS

Group	Short leasehold land and buildings £'000	Fixtures and Equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2020	85,600	27,635	113,235
Additions	-	3,244	3,244
Revaluation	838	-	838
Disposals	(351)	(1,730)	(2,081)
<b>At 31 March 2021</b>	<b>86,087</b>	<b>29,149</b>	<b>115,236</b>
<i>Depreciation</i>			
At 1 April 2020	186	21,690	21,876
Provided for the year	2,691	1,743	4,434
Disposals	(202)	(1,730)	(1,932)
Revaluations	(2,675)	-	(2,675)
<b>At 31 March 2021</b>	<b>-</b>	<b>21,703</b>	<b>21,703</b>
<i>Net book value</i>			
<b>At 31 March 2021</b>	<b>86,087</b>	<b>7,446</b>	<b>93,533</b>
At 31 March 2020	85,414	5,945	91,359

The Group and Parent faced a material valuation uncertainty regarding the valuation of their land and buildings and investment properties in year end 31 March 2020. The outbreak of the Novel coronavirus (Covid -19), declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, impacted global financial markets. Nevertheless, as at the valuation date of 31 March 2021, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the property valuations at this year end, 31 March 2021 are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

The Group includes in its financial statements, leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value of £86m. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Group, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The only circumstance under which the Group could be asked to vacate the site is due to a failure to deliver the required programme, which in the trustees' view is highly unlikely. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £86.1m.

Babraham Institute land and buildings were valued as at 31 March 2021 by Powis Hughes Limited, acting as external valuer on the basis of Existing Use Value on the special assumption that the lease from the UKRI-BBSRC is ignored and the Properties are assumed to be held freehold by the Institute.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 9 TANGIBLE ASSETS (CONTINUED)

The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporates the International Valuation Standards 2017) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value - using a Depreciated Replacement Cost Approach for the specialised buildings and either a Market or Income Approach for all other buildings and land. This valuation resulted in an increase in valuation of £3,513k at the year end.

Properties held for the purpose of rental income are included in Investment property (Note 10).

Institute	Short leasehold land and buildings £'000	Fixtures and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2020	85,249	23,349	108,598
Additions	-	2,941	2,941
Revaluations	838	-	838
Disposals	-	(1,354)	(1,354)
<b>At 31 March 2021</b>	<b>86,087</b>	<b>24,936</b>	<b>111,023</b>
<i>Depreciation</i>			
At 1 April 2020	-	17,985	17,985
Provided for the year	2,675	1,447	4,122
Disposals	-	(1,354)	(1,354)
Revaluations	(2,675)	-	(2,675)
<b>At 31 March 2021</b>	<b>-</b>	<b>18,078</b>	<b>18,078</b>
<i>Net book value</i>			
<b>At 31 March 2021</b>	<b>86,087</b>	<b>6,858</b>	<b>92,945</b>
At 31 March 2020	85,249	5,364	90,613

The Institute faced a material valuation uncertainty regarding the valuation of their land and buildings in year end 31 March 2020. The outbreak of the Novel coronavirus (Covid -19), declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, impacted global financial markets. Nevertheless, as at the valuation date of 31 March 2021, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the property valuations at this year end, 31 March 2021 are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 9 TANGIBLE ASSETS (CONTINUED)

The Institute includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Institute, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future.

The only circumstance under which the Institute could be asked to vacate the site is due to a failure to deliver the required programme, which in the trustees' view is highly unlikely. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Babraham Institute land and buildings were valued as at 31 March 2021 by Powis Hughes Limited, acting as external valuer on the basis of Existing Use Value on the special assumption that the lease from the UKRI-BBSRC is ignored and the Properties are assumed to be held freehold by the Institute.

The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporates the International Valuation Standards 2017) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value - using a Depreciated Replacement Cost Approach for the specialised buildings and either a Market or Income Approach for all other buildings and land. This valuation resulted in an increase in valuation of £3,513k at the year end.

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £86.1m.

Properties held for the purpose of rental income are included in Investment property (Note 10).

The historical net book value of land and buildings is as follows:

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Historical net book value at 31 March 2021	<b>24,367</b>	26,259	<b>24,367</b>	26,095

#### 10 INVESTMENT PROPERTY

Group	Long term leasehold investment properties £'000
<i>Valuation</i>	
At 1 April 2020	40,450
Disposals	(35,000)
Revaluation	(1,750)
At 31 March 2021	<b>3,700</b>
<b>Historical net book value</b> at 31 March 2021	<b>328</b>

The Group and Parent faced a material valuation uncertainty regarding the valuation of their and investment properties in year end 31 March 2020. The outbreak of the Novel coronavirus (Covid -19), declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, impacted global financial markets. Nevertheless, as at the valuation date of 31 March 2021, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the property valuations at this year end, 31 March 2021 are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 10 INVESTMENT PROPERTY (CONTINUED)

The valuation of investment land and buildings leased by the Babraham Institute from the UKRI-BBSRC was carried out as at 31 March 2021 by Powis Hughes Limited, chartered surveyors and is based on the special assumption that the terms of lease to the Institute have been ignored and land and buildings are considered to be held as freehold. This valuation resulted in a decrease in valuation of £1,750k at the year end to £3.7m.

In December 2020 BRC completed the negotiations on a new lease with BBSRC/UKRI. The previous two leases held were, one for 130 years, and the other for 25 years. The 25 year lease included various rent review provisions and break clauses. The rent clause if triggered would result in a rental charge payable to BBSRC/UKRI being greater than the rent receivable. To mitigate against the risks associated with this clause, and to provide certainty for the delivery of the Campus strategy a new lease was negotiated. To enable the lease to be financially viable and suitable for both BRC and BBSRC/UKRI the 130 year lease was included in the negotiations. A single new lease was entered into in December 2020, with new terms and provisions, including the requirement to pay rent to UKRI/BBSRC.

The new lease is structured in a way to represent the role BRC has in the delivery of the Campus vision on behalf of BBSRC/UKRI and to protect the significant capital investment BBSRC has made into the Campus. The nature of the rent provisions, and short surrender rights means this lease is accounted for as an operating lease. It includes assets used for leasing out to life science start up and scale up businesses, plus service and self-occupied buildings. Due to the technical challenges around splitting the valuation of the buildings and the unique nature of the lease and unreliable ability to value the interest on an ongoing basis, the lease is to follow the previously adopted accounting treatment for the 25 year lease, and not recognise any valuation on the balance sheet.

The new lease puts BRC on a sound financial footing, and enables the new strategic opportunities to be pursued and maximised.

Institute	Investment property £'000
<i>Valuation</i>	
At 1 April 2020	5,450
Revaluation	(1,750)
At 31 March 2021	<b>3,700</b>
<b>Historical net book value</b>	
at 31 March 2021	<b>328</b>

The Institute includes in its financial statements Investment Properties owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Group, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Investment properties were revalued at 31 March 2021 by Powis Hughes Limited, chartered surveyors.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 11 FIXED ASSET INVESTMENTS

Group and Institute	Trade Investments £'000	Group undertakings £'000
<b>Market Value/Cost</b>		
At 31 March 2020	1,248	6,676
Additions	-	-
Disposals	-	-
Impairment	(387)	(468)
<b>At 31 March 2021</b>	<b>861</b>	<b>6,208</b>

Trade investments represent investments held by the trading subsidiary companies. All trade investments held by subsidiary companies are in the UK.

Group undertakings represent the Institute's shareholding within Babraham Institute Enterprise Limited and Babraham Research Campus Limited.

The results and assets of its subsidiaries shown for the period ended 31 March 2021 were:

	Babraham Research Campus Limited £'000	Babraham Institute Enterprise Limited £'000	Total £'000
Turnover	11,395	1,160	12,555
Profit/(loss) for the period after taxation	(20,693)	(230)	(20,923)
Non current assets	802	741	1,543
Current Assets	17,227	1,173	18,400
Current Liabilities	(4,764)	(489)	(5,253)
Net current assets	12,463	684	13,147
Non-current liabilities	(61)	-	(61)
Net assets	13,204	1,425	14,629

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 11 FIXED ASSET INVESTMENTS (CONTINUED)

The Institute owns 75% of Babraham Research Campus Limited (formerly Babraham Bioscience Technologies Limited) (Registered in England and Wales number 03241492 address Babraham Hall, Babraham, Cambridge, Cambridgeshire, CB22 3AT) and the UKRI-BBSRC owns the remaining 25%.

The Institute continues to own 100% of Babraham Institute Enterprise Limited (Registered in England and Wales number 06331858 address Babraham Hall, Babraham, Cambridge, Cambridgeshire, CB22 3AT); both companies are incorporated in England.

The Group's share of the net assets in the subsidiary undertakings shown above are consolidated in the financial statements.

Other shareholdings held by Babraham Institute Enterprise Limited are detailed below:

- 400 "C" ordinary £1 shares representing 40% of the issued share capital of Bioscience Partnership Limited. This is now dormant therefore there is no movement during the year.

The results of Bioscience Partnership Limited are not consolidated on the grounds that they are immaterial in the context of group operations.

Minority interest	2021 £'000	2020 £'000
At 1 April 2020	12,513	11,415
Share of result	(5,423)	1,098
<b>At 31 March 2021</b>	<b>7,090</b>	<b>12,513</b>

#### 12 FIXED ASSET INVESTMENTS

Listed Securities ~ Group and Institute	Medium Term	Long Term	2021 Total	2020 Total
	£'000	£'000	£'000	£'000
<b>Market Value</b>				
At 1 April 2020	8,772	24,045	32,817	36,164
Additions	2,847	10,199	13,046	8,984
Disposals	(2,876)	(10,243)	(13,119)	(8,968)
Transfers/Withdrawals	(1,880)	(1,880)	(3,760)	(3,000)
Investment Income	200	155	355	522
Management Charges	(39)	(125)	(164)	(163)
Realised and unrealised gains and losses	283	4,559	4,842	(722)
	<b>7,307</b>	<b>26,710</b>	<b>34,017</b>	<b>32,817</b>
<b>At 31 March 2021</b>				
Historic cost of initial investment	7,189	20,878	28,067	31,112

Listed Securities represent investments held in medium term equity funds and longer term fixed income instruments. The focus is on capital preservation and to avoid losses over the investment horizon, generating a return in excess of inflation over the long term whilst generating an income to support the ongoing activities of the Institute.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 12 FIXED ASSET INVESTMENTS (CONTINUED)

The investment portfolio includes investments which individually represent five percent or more of the total investments held. This is detailed below.

	Value £'000	Proportion of portfolio
Vanguard Funds Plc	3,198	9.4%
Bluebay Investments	2,218	6.5%
Brown Advisory funds	2,044	6.0%

#### 13 STOCKS

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Raw materials, consumables and other stocks	233	208	132	147

#### 14 DEBTORS

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	3,292	3,152	2,096	1,331
Amounts owed by group undertakings	-	-	857	717
Corporation Tax	45	-	-	-
Grants receivable	1,373	1,530	1,373	1,505
Other debtors	373	52	371	51
Prepayments and accrued income	2,003	1,242	941	571
	<b>7,086</b>	<b>5,976</b>	<b>5,638</b>	<b>4,175</b>
<i>Amounts owed by subsidiary undertakings</i>				
Trade debtors	-	-	497	390
Other debtors	-	-	360	327
	-	-	<b>857</b>	<b>717</b>

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors	3,062	1,372	2,515	990
Amounts owed to group undertakings	-	-	353	359
Other creditors	3,723	3,493	1,580	1,515
Corporation tax	-	127	-	-
Other tax and social security	1,437	1,394	1,361	1,301
Grants in advance	3,100	3,245	1,759	2,154
EU co-ordinated programme partners	1,214	86	1,214	83
Accruals	1,277	1,148	999	938
	<b>13,813</b>	<b>10,865</b>	<b>9,781</b>	<b>7,340</b>
<i>Amounts owed to group undertakings</i>				
Babraham Research Campus Limited	-	-	328	271
Babraham Institute Enterprise Limited	-	-	25	88
	-	-	<b>353</b>	<b>359</b>

#### Reconciliation of movement in grants receivable and in advance :

	2021 £'000	2020 £'000
Grants receivable/in advance at 1 April 2020	(3,245)	(2,885)
Additional grants	18,289	17,152
Released during year	(18,144)	(17,512)
<b>Grants receivable/in advance at 31 March 2021</b>	<b>(3,100)</b>	<b>(3,245)</b>

#### 16 DEFERRED TAXATION / DEBTORS DUE MORE THAN ONE YEAR

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At 1 April 2020	(3,823)	(3,467)	-	-
Credited/(charged) to the statement of financial activities	4,076	(356)	-	-
<b>At 31 March 2021</b>	<b>253</b>	<b>(3,823)</b>	<b>-</b>	<b>-</b>

The provision for deferred tax is made up as follows:

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Gains on revaluation of assets	-	(4,076)	-	-
Fixed asset timing differences	253	253	-	-
	<b>253</b>	<b>(3,823)</b>	<b>-</b>	<b>-</b>

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 17 FUNDS

The incoming funds for the Institute include restricted funds comprising the following unexpended balances of donations and grants to be applied for specific purposes.

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve £'000	Unrestricted funds £'000	Minority Interests £'000	Total £'000
<b>Group</b>					
At 1 April 2020	4,775	119,189	36,611	12,513	173,088
Incoming resources	18,289	2,949	15,875	-	37,113
Expenditure, losses and taxation	(18,289)	(227)	(16,621)	-	(35,137)
Profit on investments	-	-	2,619	-	2,619
Transfers of funds	672	(2,581)	1,909	-	-
Exceptional Items	-	-	(35,148)	-	(35,148)
Transfers of funds on exceptional item	-	(8,068)	8,068	-	-
Gain on revaluations	-	3,513	-	-	3,513
Funds attributable to minority interests	-	(4,188)	9,611	(5,423)	-
<b>At 31 March 2021</b>	<b>5,447</b>	<b>110,587</b>	<b>22,924</b>	<b>7,090</b>	<b>146,048</b>
<b>Institute</b>					
At 1 April 2020	4,775	106,948	23,112	-	134,835
Incoming resources	18,347	2,949	7,045	-	28,341
Expenditure and losses	(18,347)	(298)	(13,117)	-	(31,762)
Transfers of funds	672	(2,580)	1,908	-	-
Revaluation Movement	-	3,513	-	-	3,513
Investment gains	-	-	2,624	-	2,624
<b>At 31 March 2021</b>	<b>5,447</b>	<b>110,532</b>	<b>21,572</b>	<b>-</b>	<b>137,551</b>

The restricted revenue funds of £5,447k consist of:

- funds specifically held by the Institute for future minor building repairs of £118k
- UKRI-BBSRC Strategic grant funding and Knowledge Exchange funding of £731k
- UKRI-BBSRC Sustainability funds of £4,598k

The restricted capital funds comprise:

- the assets gifted/let to the Institute from/by the UKRI-BBSRC and the revaluation of those assets, the revaluation of the subsidiary undertaking's leasehold land and related infrastructure and capital grants receivable. The expenditure movement is the depreciation on these assets.
- rebuild maintenance grants received from UKRI-BBSRC of total value of £7,892k (2020 £8,191k) are held within restricted capital funds.

As the grant requires these assets to be used for the purpose for which the grant was provided, they remain within restricted capital funds.

Details relating to the minority interest are included in note 11.

## THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021  
(CONTINUED)

## 17 FUNDS (CONTINUED)

The transfers of capital funds relate to the release of previously received capital income (held within Capital Reserves) against depreciated charges. Rebuild grant income in capital reserves within The Babraham Institute is released to BRC for building maintenance costs in the year on buildings transferred to BRC as part of the campus restructuring exercise in August 2013.

*Analysis of net assets between funds*

Fund balances at 31 March 2021 are represented by:

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve funds £'000	Unrestricted funds £'000	2021 Total £'000	2020 Total £'000
<b>Group</b>					
Intangible fixed assets	-	-	96	96	85
Tangible fixed assets	-	92,946	587	93,533	91,359
Investment properties	-	3,700	-	3,700	40,450
Investments	5,566	13,959	15,353	34,878	34,065
Current assets	1,373	-	26,181	27,554	21,817
Total liabilities	(1,492)	-	(12,221)	(13,713)	(14,688)
<b>Total funds</b>	<b>5,447</b>	<b>110,605</b>	<b>29,996</b>	<b>146,048</b>	<b>173,088</b>
Minority Interests	-	(18)	(7,072)	(7,090)	(12,513)
<b>Total net assets</b>	<b>5,447</b>	<b>110,587</b>	<b>22,924</b>	<b>138,958</b>	<b>160,575</b>
<b>Institute</b>					
Tangible fixed assets	-	92,945	-	92,945	90,613
Investment properties	-	3,700	-	3,700	5,450
Investments	5,566	13,887	20,772	40,225	39,493
Current assets	1,373	-	9,089	10,462	6,619
Total liabilities	(1,492)	-	(8,289)	(9,781)	(7,340)
<b>Total net assets</b>	<b>5,447</b>	<b>110,532</b>	<b>21,572</b>	<b>137,551</b>	<b>134,835</b>

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 18 CAPITAL COMMITMENTS

Capital commitments at the end of the financial year for which no provision has been made:

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Contracted	-	-	-	-

The Institute and BRC has entered into a number of operating leases for buildings, plant and machinery. The group's future minimum operating lease payments are as follows :

	BRC		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Within one year	1,200	-	509	516
Within two to five years	4,425	-	6	15
	<b>5,625</b>	<b>-</b>	<b>515</b>	<b>531</b>

#### 19 PENSIONS

The Institute participates in the Research Council's pension scheme for employees previously employed under UKRI-BBSRC contracts. All Institute staff are now employed under local contracts, however staff previously contributing to the Research Council's pension scheme retained the right to continue contributing to this scheme. This is an unfunded multi-employer defined benefit scheme. Since any assets and liabilities of the scheme cannot be split between participating employers, the Institute's pension costs are accounted as for a defined contribution scheme, with costs charged to the income and expenditure account as incurred.

Contributions by all other Institute staff are made to a defined contribution pension scheme and charged to the income and expenditure account as incurred.

A defined contribution pension scheme is operated on behalf of the employees of the subsidiary undertakings. The assets are held separately from those of the Institute in an independently administered fund.

The pension charge represents contributions payable and amounted to:

	2021 £'000	2020 £'000
Babraham Institute	1,971	1,928
Babraham Institute Enterprise Limited	8	15
Babraham Research Campus Limited	210	209
	<b>2,189</b>	<b>2,152</b>

The amount of pension contributions included within creditors at the year end was £170,450 (2020: £183,892).

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 20 FINANCIAL INSTRUMENTS

	2021 £'000	2020 £'000
Financial assets measured at amortised cost	25,750	20,079
Financial liabilities measured at amortised cost	(9,499)	(7,407)

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, other tax and social security creditors, bank loans and accruals.

#### 21 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2020 £'000	Cash flows £'000	At 31 March 2021 £'000
Cash and cash equivalents			
Cash	15,633	4,449	20,082

#### 22 RELATED PARTY TRANSACTIONS

The Babraham Institute owns 75% of Babraham Research Campus Limited with UKRI-BBSRC owning the remaining 25% and owns 100% of Babraham Institute Enterprise Limited.

The value of transactions with Babraham Research Campus Limited and Babraham Institute Enterprise Limited for the reporting year and balances outstanding at the year-end are as follows:

	Babraham Research Campus Ltd		Babraham Institute Enterprise Ltd	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Income	768	865	967	1,271
Expenditure	(1,479)	(1,369)	(35)	(127)
Debtors at 31 March 2021				
Due within one year	385	390	472	338
Creditors at 31 March 2021	(328)	(277)	(25)	(88)

There are no debts at year end which are repayable on demand or incur interest charges.

## THE BABRAHAM INSTITUTE

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 23 EXCEPTIONAL ITEMS

In December 2020 BRC completed the negotiations on a new lease with BBSRC/UKRI. The previous two leases held were, one for 130 years, and one for 25 years. The 130 year lease was recognised on the balance sheet with a valuation of £35M as at March 2020. The 25 year lease included various rent review provisions and break clauses, and was treated as an operating lease, with no valuation recognition on the balance sheet. The rent clause would result in a rental charge payable to BBSRC/UKRI being greater than the rent receivable. To mitigate against the risks associated with this clause, and to provide certainty for the delivery of the Campus strategy a new lease was negotiated. To enable the lease to be financially viable and suitable for both BRC and BBSRC/UKRI the 130 year lease was included in the negotiations. A single new lease was entered into in December 2020, with new terms and provisions, including the requirement to pay rent to UKRI/BBSRC.

The new lease is structured in a way to represent the role BRC has in the delivery of the Campus vision on behalf of BBSRC/UKRI and to protect the significant capital investment BBSRC has made into the Campus. Rent provisions, and short surrender rights means this lease is accounted for as an operating lease. It includes assets used for leasing out to life science start up and scale up businesses, plus service and self-occupied buildings. Technical challenges around splitting the valuation of the buildings and the unique nature of the lease and unreliable ability to value the interest on an ongoing basis, the lease will follow the previously adopted accounting treatment for the 25 year lease, and not recognise any valuation on the balance sheet.

The new lease puts BRC on a sound financial footing, and enables the new strategic opportunities to be pursued and maximised.

Transactions associated with the surrender of the lease has resulted in a loss on disposal of £35M, plus the release of grants which were associated with these assets. This has generated a deferred grant release of £8M. Plus the reversal of deferred tax of £4.6M.

	2021 £'000
Disposal of Land and Buildings	(148)
Disposal of Investment Properties	(35,000)
	<u>(35,148)</u>

	2021 £'000
Release of capital grants relating to Land and Buildings	148
Release of capital grants relating to Investment Properties	7,920
	<u>8,068</u>

	2021 £'000
Deferred tax relating to asset disposal	<u>4,556</u>