

**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

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THE BABRAHAM INSTITUTE

OFFICERS AND PROFESSIONAL ADVISERS

TRUSTEES	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	
MEMBERS	Chairman Babraham Institute Board Chairman Babraham Institute Audit Committee UKRI-BBSRC Corporate Member	- Prof P Rigby FRS - Mr G Braham - Prof M Welham
SECRETARY	Mr S Jones	
REGISTERED OFFICE	Babraham Institute Babraham Hall Babraham Cambridge CB22 3AT	
AUDITOR	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY	
BANKERS	Lloyds Bank Plc 4th Floor 25 Gresham Street London EC2V 7HN	
INTERNAL AUDITORS	RSM Risk Assurance Services LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP	
INVESTMENT BANK	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.

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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.

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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.

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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).

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). 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). 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).

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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.

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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.

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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 6th 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) 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 Mossakowska 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 co-ordinate 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 CO₂e 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 tCO₂e/FTE to 21.90 tCO₂e/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.

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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

Greenhouse Gas Emissions		2020/2021	2019/2020	2018/2019	2017/2018
Scope Emissions Indicators (tCO ₂ e)	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
Related Energy Consumption (MWh)	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.

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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
Future UKRI-BBSRC research funding	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.
Loss of research funding from other sources	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.
Technology investment	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. Regular communication with UKRI-BBSRC to ensure alignment of technological capacity with research programmes.
Staff retention and recruitment	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 Board of Trustees instigated a review of staff pay and rewards to ensure pay remains competitive, benchmarking against a range of comparable scientific organisations.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

RISK MANAGEMENT (CONTINUED)

Risk Area	Description of Risk	Risk Management
Estates	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.
	Funding is inadequate to sustain and improve facilities necessary to support scientific objectives	Facilities management systems are being enhanced. Energy usage data is being developed and energy plan being implemented.
Business Continuity	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.
COVID-19	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"> • The transmission of Covid-19 on site by person-to-person transmission. • The impact of the pandemic and working conditions on the mental and physical wellbeing of staff. • The impact of the pandemic and working conditions on equality and diversity. • The maintenance of buildings and facilities on site during the pandemic. • Information security breaches due to new working conditions and an increase in fraud / scams during the pandemic. • The financial impact of the pandemic. 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.

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)
Surplus/(Deficit) for year – unrestricted funds	(1,540)	(2,333)

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.

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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 ;

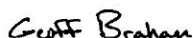
- the Institute receives a six year funding letter from UKRI-BBSRC with the first three years funding confirmed and the last three funding indicative;
- the Institute does not envisage any issues with funding in this 6 year period;
- the Institute in 2018-19, 2019-20 and 2020-21 was commended on its 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 Report¹, 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. 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/regulator 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

Grant Thornton UK LLP

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Cambridge

Date 17/11/2021

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
Income from:						
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
Total income	2	18,289	2,949	15,875	37,113	37,256
Expenditure on:						
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)
Total expenditure	3	(18,289)	(227)	(16,621)	(35,137)	(40,400)
Profit on investments	10,11,12	-	-	2,619	2,619	3,056
Exceptional Items	23	-	-	(35,148)	(35,148)	-
Net income/(expenditure)		-	2,722	(33,275)	(30,553)	(88)
Net income/(expenditure) for the year is attributable to:						
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)
Transfers						
Release of capital funds / transfers	17	672	(2,581)	1,909	-	-
Exceptional Release of capital funds	23	-	(8,068)	8,068	-	-
Other recognised gains and losses						
Gain on revaluations of tangible fixed assets	9	-	3,513	-	3,513	3,150
Other recognised gains for the year is attributable to:						
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)
Net movement in funds		672	(8,602)	(13,687)	(21,617)	1,964
Balances brought forward	17	4,775	119,189	36,611	160,575	158,611
Balances carried forward at 31 March 2021	17	5,447	110,587	22,924	138,958	160,575

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	2020	2021	2020
		£'000	£'000	£'000	£'000
Fixed assets					
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
		132,207	165,959	136,870	135,556
Current assets					
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
		27,401	21,817	10,462	6,619
Creditors: amounts falling due within one year	15	(13,813)	(10,865)	(9,781)	(7,340)
Net current assets/(liabilities)		13,588	10,952	681	(721)
Total assets less current liabilities		145,795	176,911	137,551	134,835
Debtors: amounts falling due after more than one year	16	253	-	-	-
Provisions for liabilities: Deferred tax	16	-	(3,823)	-	-
Net assets		146,048	173,088	137,551	134,835
Funds					
Restricted capital fund		48,346	56,425	48,291	48,220
Revaluation Reserve		62,241	62,764	62,241	58,728
	17	110,587	119,189	110,532	106,948
Unrestricted funds	17	22,924	36,611	21,572	23,112
Restricted revenue fund	17	5,447	4,775	5,447	4,775
		138,958	160,575	137,551	134,835
Minority Interests	11	7,090	12,513	-	-
		146,048	173,088	137,551	134,835

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

Geff 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

		2021		2020	
	Note	£'000	£'000	£'000	£'000
Cash flows from operating activities					
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)
Cash flows from investing activities					
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
Cash flows from financing activities					
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
Change in cash and cash equivalents in the reporting period			4,449		2,697
Cash and cash equivalents at the beginning of the reporting period			15,633		12,936
Cash and cash equivalents at the end of the reporting period			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
Trading activities:					
Grant Income	-	-	-	-	1,024
Goods and services	-	-	3,094	3,094	3,062
Rent	-	-	7,954	7,954	7,595
	-	-	11,048	11,048	11,681
Investment income:					
Bank interest and dividends receivable	-	-	377	377	586
Royalty/licence income	-	-	42	42	14
	-	-	419	419	600
Charitable activities:					
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
	18,289	2,949	4,408	25,646	24,975
Total income	18,289	2,949	15,875	37,113	37,256
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
	37,113	37,256

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
Total Charitable costs		30,053	337	30,390	31,613
Total Charitable costs 2020		31,261	352		
Commercial trading operation costs				8,486	7,854
Taxation (note 7)				(3,739)	933
Total Group costs				35,137	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
	9,179	5,122	6,875	21,176	21,744
Total Support Costs 2020	9,227	5,031	7,486		21,744

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
	337	352

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	2020	2021	2020
	£'000	£'000	£'000	£'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	2020	2021	2020
	£'000	£'000	£'000	£'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
	16,771	16,556	14,660	14,531

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

	2021	2020
	No	No
Charitable activities	118	117
Support activities	214	207
Commercial operations	42	42
	374	366

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	-	-	-
	21	21	17	17

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	2020	2021	2020
	£'000	£'000	£'000	£'000
Corporation tax				
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)	-	-	-
Total Current Tax	817	577	-	-
Deferred tax				
Origination and reversal of timing differences	(4,556)	356	-	-
Total taxation on profits for the year	(3,739)	933	-	-

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	2020
	£'000	£'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)
Total taxation on profits for the year	(3,739)	933

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

Group	Intellectual Property £'000
<i>Cost</i>	
At 1 April 2020	140
Additions	48
Disposals	(55)
At 31 March 2021	133
<i>Amortisation</i>	
At 1 April 2020	55
Provided for the year	14
Disposals	(32)
At 31 March 2021	37
<i>Net book value</i>	
31 March 2021	96
31 March 2020	85

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)
At 31 March 2021	86,087	29,149	115,236
<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)
At 31 March 2021	-	21,703	21,703
<i>Net book value</i>			
At 31 March 2021	86,087	7,446	93,533
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)
At 31 March 2021	86,087	24,936	111,023
<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)
At 31 March 2021	-	18,078	18,078
<i>Net book value</i>			
At 31 March 2021	86,087	6,858	92,945
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	2020	2021	2020
	£'000	£'000	£'000	£'000
Historical net book value at 31 March 2021	24,367	26,259	24,367	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	3,700
Historical net book value	
at 31 March 2021	328

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	3,700
Historical net book value	
at 31 March 2021	328

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
<i>Market Value/Cost</i>		
At 31 March 2020	1,248	6,676
Additions	-	-
Disposals	-	-
Impairment	(387)	(468)
At 31 March 2021	861	6,208

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
At 31 March 2021	7,090	12,513

12 FIXED ASSET INVESTMENTS

Listed Securities ~ Group and Institute	Medium Term	Long Term	2021 Total	2020 Total
Market Value	£'000	£'000	£'000	£'000
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)
	7,307	26,710	34,017	32,817
At 31 March 2021				
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
	7,086	5,976	5,638	4,175
<i>Amounts owed by subsidiary undertakings</i>				
Trade debtors	-	-	497	390
Other debtors	-	-	360	327
	-	-	857	717

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	2020	2021	2020
	£'000	£'000	£'000	£'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
	13,813	10,865	9,781	7,340
<i>Amounts owed to group undertakings</i>				
Babraham Research Campus Limited	-	-	328	271
Babraham Institute Enterprise Limited	-	-	25	88
	-	-	353	359

Reconciliation of movement in grants receivable and in advance :

	2021	2020
	£'000	£'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)
Grants receivable/in advance at 31 March 2021	(3,100)	(3,245)

16 DEFERRED TAXATION / DEBTORS DUE MORE THAN ONE YEAR

	Group		Institute	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 1 April 2020	(3,823)	(3,467)	-	-
Credited/(charged) to the statement of financial activities	4,076	(356)	-	-
At 31 March 2021	253	(3,823)	-	-

The provision for deferred tax is made up as follows:

	Group		Institute	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Gains on revaluation of assets	-	(4,076)	-	-
Fixed asset timing differences	253	253	-	-
	253	(3,823)	-	-

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
Group					
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)	-
At 31 March 2021	5,447	110,587	22,924	7,090	146,048
Institute					
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
At 31 March 2021	5,447	110,532	21,572	-	137,551

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
Group					
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)
Total funds	5,447	110,605	29,996	146,048	173,088
Minority Interests	-	(18)	(7,072)	(7,090)	(12,513)
Total net assets	5,447	110,587	22,924	138,958	160,575
Institute					
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)
Total net assets	5,447	110,532	21,572	137,551	134,835

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	2020	2021	2020
	£'000	£'000	£'000	£'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	2020	2021	2020
	£'000	£'000	£'000	£'000
Within one year	1,200	-	509	516
Within two to five years	4,425	-	6	15
	5,625	-	515	531

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	2020
	£'000	£'000
Babraham Institute	1,971	1,928
Babraham Institute Enterprise Limited	8	15
Babraham Research Campus Limited	210	209
	2,189	2,152

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>