

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

Annual Report and Financial Statements

Year Ended

31 March 2022

Company Number 03011737

Charity Number 1053902

THE BABRAHAM INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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THE BABRAHAM INSTITUTE**OFFICERS AND PROFESSIONAL ADVISERS**

TRUSTEES	Prof Peter Rigby FRS - Chair Mr Graham Allen Mr Geoff Braham Dr James Briscoe FRS Prof Gordon Brown FRS Dr Lynne Gailey Prof Nic Jones Prof Peter Parker FRS Ms Alexandra Pygall	
MEMBERS	Chairman Babraham Institute Board Chairman Babraham Institute Audit Committee UKRI-BBSRC Corporate Member	- Prof Peter Rigby FRS - Mr Geoff Braham - Prof Melanie Welham
SECRETARY	Mr Simon 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 100 Bishopgate London EC2N 4AA	

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

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

The Trustees are pleased to present their annual Trustees' Report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 March 2022 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

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

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY

LEGAL STATUS

The Trustees, who are the trustees of the charity and directors of the charitable company the "Babraham Institute" (BI) (registered charity in England and Wales number 1053902; a company limited by guarantee, registered in England and Wales number 03011737), present their report together with the audited financial statements for the year ended 31 March 2022. The charity is governed by a Memorandum and Articles of Association adopted 24 June 2011, and its Institute Grant Agreement with the Biotechnology and Biological Sciences Research Council (UKRI-BBSRC) by whom it is strategically funded. UKRI-BBSRC is part of UK Research and Innovation (UKRI), a body working in partnership with universities, research organisations, businesses, charities and government.

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

PRINCIPAL ACTIVITY

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

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

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

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

STRUCTURE, MANAGEMENT AND GOVERNANCE

BOARD OF TRUSTEES

Up to and including the year ended 31 March 2022, the Board of Trustees consisted of up to twelve individuals who acted as trustees and directors and are all guarantors of the charitable company, of an amount not exceeding £1, during the period of their appointment and for a year after resignation.

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

Prof Peter Rigby FRS
Mr Graham Allen
Mr Geoff Braham #
Dr James Briscoe FRS #
Prof Gordon Brown FRS – appointed 1 July 2021
Dr Lynne Gailey #
Prof Nic Jones
Prof Peter Parker FRS
Ms Alexandra Pygall #

Denotes members of the Audit Committee as at 31 March 2022.

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

A shortlist is compiled after review of submitted applications and shortlisted candidates are interviewed by at least the Chairman and a selection of other Trustees. Following interviews, new Trustees are appointed by the interviewing Trustees with delegated authority from the Board. Trustees are appointed for a period of up to four years from the date of appointment (usually three) and are eligible for re-appointment at the end of their term. None of the Board of Trustees holds any interest in the shares of any of the subsidiary companies.

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

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

The Board delegates the day to day running of the Institute to the senior management team led Dr Simon Cook being Interim Institute Director. In June 2022 Dr Cook was appointed Institute Director (3 year fixed term). As this agreement was made after the period this document covers, Dr Cook will be titled Interim Director throughout.

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

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

TRUSTEES' RESPONSIBILITIES STATEMENT

The charity Trustees (who are also directors of the Babraham Institute for the purposes of company law) are responsible for preparing an annual Trustees' Report and financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year.

Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

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

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

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

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

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

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

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

The Institute is committed to making a positive impact not only on the protection of the environment but to enhance it, while ensuring our research is maintained at a world-class standard. The Institute has developed a bespoke action plan for sustainability, working with UK-SOS, BRC and eight campus companies. This plan will be enacted to significantly reduce our environmental impact and achieve 'Green Impact' accreditation with the plan that the Campus is Carbon Neutral by 2040. At a local level, the Green Labs strategic initiative has been established.

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

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

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

As a majority shareholder the Institute maintains close and productive relationships with BRC management and Board. One highlight area of constructive associations surrounds environmental sustainability, where representatives from complementary functional areas, including engineering and facilities management, work collectively to reduce the impact of the campus on the local and wider environment. In addition to this, the Institute and BRC partnered on a series of knowledge exchange networking events, coordinated a successful Collaborative Training Partnership (CTP) application and established a mentoring scheme. More details are given in the Knowledge Exchange and Commercialisation update.

Beyond the UKRI-BBSRC, the Institute is part of additional formal and informal networks. As part of the EU-LIFE alliance, a collection of independent European research institutes in the life sciences, the Institute plays a key role in building and promoting excellence in the life sciences. Institute scientists all belong to their collaborative research networks, bringing together ideas from across the globe. For grants running in 2021-2022, the Institute had collaborations with 94 organisations across 21 countries.

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

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

In 2019, the HR department commissioned a series of three employee engagement surveys (in collaboration with The Survey Initiative). The first was launched in 2020, the second in early 2022 and the final survey is scheduled for late 2023. The surveys have helped to identify key issues and priorities for improvement, as well as highlighting areas of success, good practice and progress within the Institute.

The Institute is committed to creating, maintaining and promoting equality, diversity and inclusivity (EDI) in all aspects of its policies, procedures and activities, and to the principles of the Equality Act 2010. Our 'equality4success' strategic initiative unites all EDI activities and regularly consults with individuals to monitor the implementation of this goal (<https://www.babraham.ac.uk/about-us/e4s>).

In 2019-20 the Institute signed up to the Technician Commitment to pledge action against the key challenges that affect our technical staff; visibility, recognition, career development and sustainability. During 20-21 consultations with stakeholders identified the main objectives and a self-assessment providing contextual information about the Institute, progress to date

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

and a detailed 24-month future action plan for embedding the Technician Commitment was developed for implementation from January 2021. These documents can be found online (www.babraham.ac.uk/people/technician-commitment).

The mental health and wellbeing of our staff is paramount and the Institute has a number of ways to support staff. The Employee Assistance Programme (EAP) is a 24-hour helpline for Institute staff, including financial, legal, relationship and emotional support as well as telephone counselling. In 2020 we established the Mental Health First Aider (MHFA) scheme, recruiting volunteers from across the Institute to be trained up as Mental Health First Aiders to act as a first point of contact for staff who are experiencing a mental health issue or emotional distress and to help signpost staff to the appropriate support. Additionally (in 2020) we introduced the Access to Work Mental Health Support service delivered by Remploy which provides support to individuals who are experiencing difficulties at work due to depression, anxiety, stress and/or other mental health conditions. Since the pandemic we have significantly improved our wellbeing offering to staff and have run a number of wellbeing and mental health related webinars and provided staff with monthly wellbeing themes and related resources.

OBJECTIVES AND ACTIVITIES

INSTITUTE OBJECTIVES

In the furtherance of the charitable objectives listed in the Memorandum and Articles of Association, the charitable company is guided by a comprehensive portfolio of integrated policies. Further details of the charitable company's mission can be found online (www.babraham.ac.uk/about-us). Information on funding, research activities, scientific facilities and wider Institute programmes such as public engagement, commercialisation and equality and diversity can be found in the Institute's Annual Research Report covering 2019-2020 (www.babraham.ac.uk/our-research/annual-research-report). An overview report covering Institute highlights during 2021 is in development.

SCIENTIFIC AIMS

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

- Understanding the interaction between the immune system and other tissues; the role of signalling pathways in the immune system as well as the effects of ageing on the immune response and vaccination.
- Investigating the role of signalling pathways and the autophagy process in ageing, health and disease.
- Using the epigenetic clock to investigate how life events influence biological ageing, and examining mechanisms of epigenetic inheritance, stem cell differentiation and the impact of subtle epigenetic differences on cell diversity.
- Studying the impacts of diet and other lifestyle and environmental factors on epigenetics, signalling, metabolism, health and ageing.
- Leveraging the capital investment in Institute infrastructure and equipment, in particular the state-of-the-art scientific facilities and biological support unit, to attract investment and interaction from both the public and private sectors.

Each ISP contains a number of research Group Leaders who adopt complementary approaches to address a common set of biological questions. In the year 2021-22, the Institute welcomed five new Group Leaders: Dr Della David and Dr Ian McGough both to the Signalling research programme, Dr Philipp Voigt to the Epigenetics research programme and Dr Sophie Trefely and Dr Teresa Rayon who as joint appointments to both the Epigenetics and Signalling research programmes. As the Institute's first dual-programme Group Leaders, Dr Trefely and Dr Rayon provide exciting bridging points to strengthen cross-ISP collaboration. An additional Group Leader, Dr Arianne Richard, joined the Immunology research programme in April 2022, thus completing the Institute's recent recruitment phase for new Group Leaders.

The Institute's three ISPs receive funding from the UKRI-BBSRC in the form of Institute Strategic Programme Grants (ISPG) awarded to each programme. Each ISPG contains a list of objectives for the term of the grant, together with time plans and

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INSTITUTE OBJECTIVES (CONTINUED)

resource requirements; the grants are allocated for these specific, approved projects and funding may not be diverted to diverse activities. The ISPGs are summarised in the list of objectives above and a more detailed insight into the aims of each ISPG and research group can be found in the Annual Research Report (www.babraham.ac.uk/our-research/annual-research-report).

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

The Institute's research groups are structured so they can share resources, techniques and skills. Each Group Leader runs their own group and is expected to create, lead, maintain and develop an internationally competitive programme of innovative research. Each ISPG Lead is responsible for leading and co-ordinating a cohesive programme of research that contributes to the Institute's mission of understanding and helping to improve lifelong health. This involves coordinating and uniting the goals of several groups and ensuring appropriate annual reporting to the UKRI-BBSRC.

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

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

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

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

<https://www.babraham.ac.uk/sites/default/files/media/files/babraham%20poster.pdf>).

Additional demonstrations include the involvement of Institute immunologists in the development of some of the world's first therapeutically useful monoclonal antibodies, leading to several monoclonal antibody drugs such as Herceptin (for metastatic breast cancer), infliximab (for Crohn's disease) and Vectibix (Panitumumab), licensed for the treatment of colorectal cancer, which was developed directly from research performed at the Institute more than a decade earlier. In 2017, the Institute published findings from a collaboration involving both GSK and AstraZeneca that could lead to new cancer screening approaches (News: [New fundamental biology may aid cancer treatments](#)). The results of a recent new collaboration supported by Innovate UK (part of UKRI) could lead to the identification of new anti-cancer drugs. And in 2020, Enhanc3D Genomics Ltd, a new spin-out from the Institute, formed from genomics research undertaken by Institute Group Leaders, won external seed funding to develop a platform enabling genome-wide profiling to identify links between gene regulatory regions and their target genes to open up new therapeutic opportunities. A suite of work published by groups within the

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INSTITUTE OBJECTIVES (CONTINUED)

Institute's Epigenetics programme in 2021 and early 2022 on stem cells provides important research models and know-how and advances our understanding of early development with potential impact on understanding developmental disorders (<https://www.babraham.ac.uk/news/2022/02/new-way-study-awakening-human-genome>), cellular reprogramming for personalised medicine (<https://www.babraham.ac.uk/news/2022/03/stem-cell-secrets-allow-researchers-revamp-reprogramming>) and fertility treatments (<https://www.babraham.ac.uk/news/2021/09/key-staying-naive>).

INSTITUTE MISSION STATEMENT

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

INSTITUTE REMIT

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

As part of the UK Science Base, the Institute contributes to the economic growth, quality of life and public engagement objectives of government. Our work supports the UKRI-BBSRC's Forward Look for UK bioscience and bioscience for an integrated understanding of health. It also closely aligns with the healthcare challenge of ageing and the ambition to understand the pathways associated with multi-system ageing in order to develop new diagnostics and therapies as outlined in the UK Government's Life Science Vision, in addition to our work being of relevance to some of the Vision's other challenge areas.

BABRAHAM GROUP BUSINESS OBJECTIVES

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

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

Excellent fit-for-purpose infrastructure for science

- Technical
- Corporate
- Educational

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BABRAHAM GROUP BUSINESS OBJECTIVES (CONTINUED)

The highest standards of Corporate Social Responsibility

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

An internationally recognised contribution to the UK's economic competitiveness

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

Robust sustainability

- Financial planning and estate strategy

Efficient and effective management

- Operations and People

A high standard of Corporate Governance

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

Within BRC specifically, the key business objectives are:

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

EMPLOYEES

During the year the Babraham Group has continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the group's position and any significant organisational changes. Within the Institute, the global pandemic and move to a distributed workforce meant reassessing and restructuring the Institute's

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EMPLOYEES (CONTINUED)

internal communications. In March 2020, a new intranet section was created to provide a comprehensive Covid-19 information resource for staff and this content has continued to change to reflect the different phases of the Institute's ramp up after the pandemic. During the course of the pandemic, Covid-19 work moved from under the Crisis Management Team (CMT) to the Ramping Up Group, a sub-set of the CMT. The Ramping Up Group met fortnightly throughout 2021-22 to coordinate the response to the pandemic and communications were made to staff by email and through the Institute newsletter. As the Institute's intranet has developed, it has become a key information resource for staff covering the full life of the Institute. The Hub aims to provide easy and fast access to information, and being built on SharePoint, is playing a wider positive role in facilitating collaborative working and raising awareness of individuals and teams across the Institute.

An internal Institute-wide monthly newsletter was launched in October 2020 and this is now an established part of the Institute's internal communication mechanisms. The newsletter has been successful in engaging the Institute community with recognition initiatives (such as Staff Recognition Awards and the Institute's Annual Prizes), personnel changes, and news and updates from teams across the Institute.

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

In 2021 the Institute held a strategic 'blues skies' retreat on 25th and 26th March 2021 which brought together all group leaders, facility heads and key operations and scientific support staff. The event's programme covered research topics, facilities updates and combined discussion of the Institute's future research strategy. In addition, the Institute reinstated the programme of regular all-Institute meetings, with these being primarily the Institute's annual 2-day symposium, LabTalks, which was held on 7th and 8th October 2021 and the end of year update and review, Infosite, which was held on 15th December 2021. Annual partnership meetings where Professor Melanie Welham (UKRI-BBSRC) presents an update to Institute staff and annual briefings for all staff led by the Director, provide a forum for upwards questioning.

The group is aware of its statutory duty to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the charity, as well as generally through training and career development. The charity is an equal opportunities employer and supports diversity in the workplace. The Institute has a "two ticks" status.

The Institute received a Silver Athena SWAN award in April 2015, at the time only the second Research Institute to achieve Silver status, and is one of 164 Member organisations that currently hold Athena SWAN awards in the UK. The Athena SWAN Charter was launched in 2005 to recognise commitment to advancing women's careers in science, technology, engineering, mathematics and medicine (STEMM) employment in higher education. The awards recognise good practice in recruiting, retaining and promoting women in STEMM. The Charter believes that an organisation must have institutional support and underpinning institutional good practice, policies and procedures in place in order to achieve and sustain an award.

The Charter's remit was significantly expanded in 2015 to include support roles, other academic fields and equality for all genders. Therefore, the receipt of a Silver award in December 2018 under this expanded Charter indicates the significant work that the Institute has carried out to support all staff - and is a recognition of the Institute's ongoing good practices. The Institute plans to build on these to further progress equal opportunities and a highlight of the impacts delivered by the Institute's equality4success initiative is the successful establishment of a Roving Researcher position, which provides support to researchers on long-term leave in order to maintain the momentum of research projects. After being established in 2020, the position has supported 9 researchers. There has been a high degree of interest from other organisations in how to establish similar schemes and following the success of the initial Roving Researcher, the Institute is in the process of appointing a second Roving Researcher.

Following a recent review, Athena SWAN status must be now renewed every five years and the Institute is preparing an application for 2024.

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EMPLOYEES (CONTINUED)

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

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

SUMMARY PUBLIC BENEFIT STATEMENT

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

ACHIEVEMENTS AND PERFORMANCE

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

Number of publications

The Institute's research continues to have biological / biomedical relevance and impact. Potentially a very wide cross-section of the public will benefit from our understanding of the ageing process and as a result of the translation of our findings into new medicines or treatments. Given the broad scope of our work, its relevance to everyone through their lifecourse, and our commitment to maximising research impacts through knowledge sharing with politicians, industry, policy organisations, charities, health and care services, we believe the Institute is making vital contributions to the future wellbeing and economy of the UK and beyond. In 2021 (calendar year) the Institute's scientists published a total 97 (2020:126; 2019:77) full and refereed research and review articles in journals.

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

New Grants

The Institute, during the year, continued to seek additional external funding from various sources both within the United Kingdom, European Union and further afield. The number of new grants with a start date in 2021/22, by funding source and the total awarded, are below:

	2021/22		2020/21		2019/20		2018/19	
	Number	£'000	Number	£'000	Number	£'000	Number	£'000
UKRI-BBSRC	3	1,154	0	0	5	1,786	2	413
UKRI-MRC	3	1,263	2	973	2	916	2	2,727
Innovate UK	-	-	-	-	-	-	-	-
European Commission	2	243	5	2,743	2	361	5	612
Industry, levy boards	1	295	1	420	3	457	3	552
Trusts, foundations, charities, foreign governments	6	4,579	5	2,370	9	1,970	3	2,683

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

ACHIEVEMENTS AND PERFORMANCE – NEW GRANTS (CONTINUED)

As in past years, identifying, applying and securing new external funding sources remains a high priority of the Institute.

Public Engagement

The Institute's engagement programme was heavily impacted by the effects of the Covid-19 pandemic over the last two years. The lockdown measures and continued restrictions caused the suspension of a number of our long running programmes. However, the programmes have adapted and are again building in strength. The Institute's vision is of an open, transparent and accountable organisation that is leading in its contribution of science to culture, society, economic development and growth. Public engagement and science communication at the Institute is embedded within its research and supports interactions between researchers and a variety of public groups. The Institute has a core Public Engagement Team, supporting a varied and dynamic programme to engage students, teachers, community groups, family and adult audiences. The figures below highlight the Institute's commitment to these activities.

	2021/22	2020/21	2019/20	2018/19
Visitors to site	0	0	440	458
Outreach Events*	28	12	34	42
Total Public Audience Engaged	3,894	2,142	2,251	17,468
Website visits	127,222	154,650	116,435	130,230

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

The Institute's public engagement programme continues to engage at local, national and international level with a renewed focus on developing relationships with communities traditionally underserved by engagement programmes. Over the last year relationships with a number of key partners have been established. These include direct links with schools and community groups in areas of high deprivation - enabling these groups to engage with our research. Education sector partners such as the Youth STEMM award and T-level training providers allow for more measurable impact and peer recognition of our work, while student placement providers through the In2Science (further education student focussed) and In2Research (undergraduate student focussed) programmes enabled more equitable access to research experience at the Institute. This ongoing work has already begun yielding tangible outcomes with learnings informing on other Institute initiatives, such as the CTP PhD studentship programme. Throughout 2021-2022 there have been numerous school and community engagement events held online with elements of the Institute's recent contributions to the Cambridge Festival seeing a return to in-person activities.

The Institute's participation in the EU funded Horizon 2020 project, 'ORION' came to an end in 2021 with dissemination activities. These activities included a recent article published in EMBO reports - carried out to ensure maximum impact of the results from the project and the previously undertaken public dialogue work which focussed on genome editing in Cambridge, Germany, the Czech Republic and Sweden. Work was also undertaken to implement the findings of the project into an action plan to further imbed open science practices at an Institute level, with this work now underway. The experience gained from conducting a public dialogue is now being used in the Wellcome Funded Human Developmental Biology Index (HDBI) project. Alongside the research grant, further funding for public engagement work was successfully applied for, with the Institute leading on developing a public dialogue around society's views on associated regulations such as the 14-day limit on culturing embryos and tissue donation. This work is expected to run throughout 2022 and 2023 with the potential outputs having impact on research direction for years to come.

Over the last year we have put additional focus on developing new digital resources to enable audiences to engage with Institute science. The Epigenetics Escape Room has been a huge success since it was launched in spring 2021. It has been featured at numerous public festivals that moved online over the pandemic and has been shown to be highly engaging to all ages whilst showcasing some of the lab work of our epigenetics groups. The staff team responsible for the resource have also further developed it by adding a downloadable print version of the puzzles which has been used in hybrid school events enabling engagement with schools with limited IT access. The success of this project has been recognised with it being

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ACHIEVEMENTS AND PERFORMANCE – PUBLIC ENGAGEMENT (CONTINUED)

shortlisted for STEM Initiative of the Year through the Cambridge Independent Science and Technology Awards. Virus Fighter (formerly VACCINE) has also continued to be developed.

This online viral outbreak simulator was co-created, working with local school students and a digital game design company, to explore the spread of infectious disease outbreaks and provide a platform to discuss the Institute's immunology research. This resource has been used by numerous school groups since launch and an updated version was showcased at the Cambridge Festival this year sparking many discussions with the community audience. This project has also been recognised for its success again being shortlisted for the STEM Initiative of the Year through the Cambridge Independent Science and Technology Awards.

Unfortunately, the Institute's annual Schools Day was unable to go ahead this year due to continued Covid-19 restrictions. Instead, an online equivalent was run in the form of 'Meet a Bioscientist'. This event saw 35 staff, (from 11 research groups and 4 facilities) engage with over 900 students from 15 different schools, many of which are not usually able to engage with the Institute Schools Day owing to geographical barriers. We received very positive feedback on this event, both from the school audiences and the staff involved, with especial mention of how it helped give young people an insight into life as a bioscientist and provided extended question and answer sessions to allow dozens of excellent questions to be answered.

Throughout the year our work has been well received by audiences, researcher contributors, funders and peers alike. Looking ahead, the Institute aims to build a hybrid model of in-person and online events within the engagement programme to allow flexibility in the continued uncertainty around Covid-19 and the longer-term impact on societal behaviours. This will enable high quality, two-way engagement between staff and members of the public whilst also continuing to position us as a leader in equitable engagement with traditionally underserved audiences.

Knowledge Exchange and Commercialisation (KEC)

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

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

Despite the hurdles encountered over the last year, KEC at the Institute has had another busy period.

On the commercialisation front, the Institute's 2020 spin-out, Enhanc3D Genomics Ltd has had further success in securing investment and development support from Johnson & Johnson, and a further spin-out opportunity is currently being supported for highly innovative research originating from the Immunology programme, around a platform enabling a gene delivery therapeutic that may have potential in treating a range of neuroinflammation diseases and disorders.

The Institute's patent portfolio has grown to a set of nine patent families over the last year, these have strong potential clinical value in diverse clinical fields including traumatic brain injury, MS, cognitive decline, wound repair and ophthalmology, cardiovascular and chronic kidney disease. The portfolio includes filings that may support the spin-out opportunities being explored, and active negotiations for commercial licensing rights to other filings is ongoing. On the knowledge exchange front, a successful UKRI-BBSRC grant secured in 2021 has resulted in the provision of cross-organisational training and career-development opportunities for 21 researchers and technicians.

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

ACHIEVEMENTS AND PERFORMANCE – KEC (CONTINUED)

Funded collaborations and placements with industrial and institutional hosts have enabled exposure of technicians and research staff to a range of new commercial and academic environments.

The team have continued over the year to develop new online and hybrid meeting formats to provide knowledge exchange and commercialisation support to staff and external audiences. In October 2021 a CSaP-organised virtual policy workshop was offered to Institute staff, supported by the team heading the Ageing Inquiry by the Nuffield Council on Bioethics, providing policy engagement training to early-stage Institute researchers. In March 2022, four hybrid networking sessions were organised, along research and development themes of interest to the Institute (Signalling, Epigenetics, Immunology and Ageing) providing a dedicated time for Institute researchers and scientists from Babraham Research Campus companies to socialise, highlight common research interests and understand campus capabilities. The four events hosted talks from 16 group leader and post-doc talks (including all recently recruited group leaders) and 17 Campus companies, with attendance by groups from all Facilities, ISPGs and 29 Campus companies. A funding call for Institute-company Campus collaborations was opened to coincide with these events, to offer further support to emerging collaboration discussions.

Over the year, the Institute has contributed to policy initiatives with CaSE, to highlight the value provided to the UK by Public and Non-Profit Research Institutes, Ageing Inquiry from the Nuffield Council on Bioethics and case studies from The Physiological Society regarding in vivo educational licences and into the economic contribution of physiology education.

In 2021 the Institute and Campus successfully secured funding for fifteen PhD studentships from UKRI-BBSRC as part of a Collaborative Training Partnership (CTP). Rolling out over a period of three years, eleven different Institute research groups will host students as they undertake their PhDs in partnership with thirteen Campus companies. Each CTP student will conduct their research within one of the Institute's three research programmes and spend time working with one of the Campus-based companies. The close location of companies to the Institute will allow students to benefit from a high degree of interaction with their industrial partner throughout the period of their studentship. Through a tailored programme of skills training and scientific and industry supervision the partnership will produce a cohort of bioscience researchers equipped with excellent research skills and commercial know-how. Students will also shadow early-stage life science ventures as they participate in the Campus' five-month bioentrepreneurial programme, Accelerate@Babraham, which will provide insight to the spin out/start-up process and an awareness of key commercial knowledge areas.

Accompanying these studentships, a range of Institute initiated Campus events continued to develop in 2021 on diverse translational, professional career and academic themes, as well as creating focussed networking opportunities to co-create collaborative Campus research projects. One significant network created over the last year has been the creation of an industry mentorship scheme that enabled 1:1 connections between Campus scientific staff and early-stage Institute researchers, allowing Institute researchers to explore industry scientific career opportunities in the pharma, biotech, biomed sectors and providing training and professional development skills to the scientific mentors.

In 2021-22, Babraham Institute Enterprise Limited generated £1,664k (2021 : £1,159k) in revenues from the commercialisation of its assets and activities. Most of the revenues arise from collaborations with industry and commercialisation of the Institute's scientific facilities, which had been impacted by the Institute's lockdown.

SUSTAINABILITY

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

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

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

SUSTAINABILITY (CONTINUED)

- The Institute continues to operate a Tri-generation CHP unit to meet the sites heat and cooling loads. This is monitored on a daily and monthly basis to determine savings and performance. The unit is also registered with the Department for Business, Energy and Industrial Strategy (BEIS) CHP Quality Assurance (CHPQA) Programme and good quality certification has been achieved.
- The controls in three heating boilers in the energy centre have been replaced with more efficient controls which will reduce the amount of gas consumed. The district heating pumps for the district network have also been replaced, swapping out the old belt drive pumps with more efficient direct drive pumps. The Institute continues its programme of replacing fluorescent lighting with LED lighting within all its buildings including upgrading to smart controls
- The implementation of smart lighting controls to over 500 light fittings across three building has reduced energy consumption due to new lights being lower in wattage and only using power when needed. Maintenance costs are also reduced as the system has the ability to identify light fittings in fault and the type of fault.

The Tri-generation CHP unit continues to operate successfully continuing to reduce the amount of imported electricity from the Grid. The unit is registered with the Department for Business, Energy and Industrial Strategy (BEIS) CHP Quality Assurance (CHPQA) Programme and continues to achieve good efficiencies.

Proposed Targets for 2022-23

The Babraham Institute continues with its water saving measures through improvement of below ground pipework to the installation of new steam boilers replacing three old steam generators resulting in significant energy and water savings. 2021-22 has seen a slight increase in water consumption as the campus returns to normal after the Pandemic.

We are working with Babraham Research Campus Ltd to develop a joint plan that sees the campus achieve Net Zero Carbon by 2040 in line with UKRI's and the Babraham Institutes sustainability policy. The Babraham Institute will continue to identify and implement energy saving opportunities during this time.

2022/23 Streamlined Energy and Carbon Report (SERC) outcomes - Emissions Data

Greenhouse Gas Emissions		2021/2022	2020/2021	2019/2020
Scope Emissions Indicators (tCO ₂ e)	Total Gross Emissions	6,317	6,503	6,917
	Total Net Emissions	6,317	6,503	6,917
	Gross Emissions Scope 1 (Fuel)	5,771	5,465	5,846
	Gross Emissions Scope 1 (Transport x 100)	224	117	339
	Total Scope 1 Emissions	5,996	5,582	6,185
	Gross Emissions Scope 2 (Electricity)	320	921	732
Related Energy Consumption (MWh)	Electricity: Non-Renewable	7,785,672	9,490,784	9,865,723
	Electricity: Renewable	0	0	0
	Transport	8,942	4,686	13,584
	Gas	31,509,854	29,709,938	31,781,305

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

SUSTAINABILITY (CONTINUED)

Methodology

- The report covers the emissions for which the Institute has financial control and this was the boundary defined by the organisation.
- Utility data was collected for the past three financial years; 2019/2020, 2020/21 and 2021/22 for the period 1st April to 31st March consistently.
- Measurement of Scope 1 and Scope 2 emissions were based on billing data via invoices provided by the utility supplier and recorded mileage for transport emissions.
- Reporting was based on the analysis of the data, to highlight any trends, progress towards reduction and recognised improvements.
- An Intensity Ratio of 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.

GROUP ESTATE ACTIVITIES

There are over 60 organisations operating within the Babraham Research Campus. The Campus is managed by BRC and BRC develops and builds facilities to support the commercial activities on site. Tenants are located in a number of purpose-built buildings with both laboratory and office space. In total, occupied space is in excess of 9,000 square meters.

This development is part of an on-going programme of expanding the campus following the initial £44m investment by HM Government in 2011. The investment programme is designed to deliver innovation from the research base, generate economic growth, and create and support new companies based on world-leading UK bioscience.

In April 2014, an additional £17m capital development project was initiated, catalysed by a further £6m grant announced by the Chancellor of the Exchequer, again to further develop the Babraham Research Campus. Under this project an additional laboratory and office building has been constructed and a new social infrastructure building has been completed and opened to campus tenants in January 2017. This latter building named The Cambridge Building now provides a new 200 seater conference facility, catering, meeting rooms and social and networking space. This reflects the needs of a growing campus, and the key role of providing space for networking for the campus tenants.

IMPACT OF COVID-19 ON ACHIEVEMENTS

Throughout the pandemic the Institute remained committed to providing a safe place of work, achieved through Covid-19 Secure Risk Assessments, social distancing and good hygiene practices, in alignment with government guidance and best practice as this developed. There has inevitably been an impact on the delivery some Institute achievements and scientific outputs particularly during the earlier months of the pandemic in 2020-21, however during 2021-22 operational activities began to return to pre-pandemic levels as restrictions were lifted and the UK vaccine programme was rolled out.

Phased returns to onsite attendance (responsive to government guidance and the situation in the UK) were initiated, returning to approximately 60% occupancy of laboratory space in April 2021, with occupancy levels continuing to increase during the remainder of 2021-22.

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

IMPACT OF COVID-19 ON ACHIEVEMENTS (CONTINUED)

Where staff were able to work from home, a formal hybrid working policy was introduced in December 2021 by the Institute and this policy continues to operate. With the UK Government lifting all Covid-19 restrictions in February 2022, the Institute resumed full operational activities by the financial year end.

INSTITUTE FUTURE DEVELOPMENTS

Throughout 2021-22 the Institute continued to implement a phased return to work in line with the Government's Spring 2021 Roadmap. A Flexible Working Policy has now been rolled out enabling hybrid-working where practicable and staff have been encouraged to attend site with numbers steadily increasing so far throughout 2022 and some meetings now running in person. The Institute continues to focus on the health, safety and wellbeing of staff, in order to understand the challenges our staff face and better support them during this time.

The Institute aims to mitigate the risk to delivery as far as possible, and will continue to work with its strategic funder UKRI-BBSRC and other funders to support delivery. This has included, for example, arranging extensions of up to six months for postdoctoral researchers who were nearing the end of their contracts and who had been unable to complete their projects as a result of the Covid-19 pandemic. The Institute has sufficient reserves to ensure operations can continue during the impact of Covid-19 - as explained within the Going Concern section in these accounts.

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

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

There will be many other challenges for the Charity. The UK's departure from the European Union, with uncertainty as to the UK's participation in Horizon Europe, will have an impact. Active grants currently running from the Commission come to approximately £7.5M in total funding over the life of the grants. The Institute is following carefully opportunities for international collaboration from UKRI and beyond.

Ensuring the Institute attracts the most gifted staff remains a strategic priority. In particular succession planning remains an important issue. This will continue to be achieved through new recruitment to priority areas as well as through advancing the careers of younger scientists and ensuring that they are fully equipped to take leading roles in the future development of the organisation.

GROUP FUTURE DEVELOPMENTS

During this reporting period, and in support of the agreed strategy for the campus BRC have progressed the opportunity to further develop the campus. BRC announced after the end of the financial year an agreement to form a partnership with Biomed Realty Inc (BMR), an US corporation, already with a presence on the campus, to jointly construct a new c. 40,000 sq² laboratory and office building. This building is designed to accommodate companies already on the campus, wishing to grow on site. BMR was selected as a development partner following a tender process where a number of potential partners were invited to submit a proposal against an invite to tender package we had developed. Anticipated completion in Q4 2023, the building would be fully let such is the local demand.

Whilst the infrastructure development of the campus is a key component of BRC's growth, there is too the other elements of the strategic plan that involves the support of activities to encourage entrepreneurship, science translation and high quality scientific training. To that end, BRC continues to run the accelerate@babraham programme, provides easy-access laboratory and science capabilities on a short-term basis in a communal laboratory centre, supports the Babraham Institute in their PhD programmes, and works collaboratively with other entrepreneurial initiatives and centres in the region such as Start Codon, and the Cambridge Biomedical Campus.

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

RISK MANAGEMENT

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

Risk Area	Description of Risk	Risk Management
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.
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 Institute reviews pay and benefits annually, benchmarking against a range of comparable scientific organisations to ensure pay remains competitive. Salary scales are benchmarked triennially within the market in which the Institute operates and periodically the Board of Trustees will instigate an in-depth pay and benefits review.

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

RISK MANAGEMENT (CONTINUED)

Risk Area	Description of Risk	Risk Management
Estates	Estate facilities do not adequately support the delivery of its scientific objectives. Funding is inadequate to sustain and improve facilities necessary to support scientific objectives	A 5-year Business Plan developed for 2023-28 includes significant UKRI-BBSRC investment in BI facilities to support the Estates Strategy. Facilities management systems are being enhanced. Energy usage data is being developed and energy plan being implemented.
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 remains in place in order to deal with ongoing fluctuations of the situation, including mitigation for the following risks: <ul style="list-style-type: none"> • 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.

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

- War in Ukraine, and the effects on supply chain issues and increases in energy costs
- Covid-19 the ongoing impact on the local cluster and wider economic impact
- Change in Government support of UKRI-BBSRC and
- Reduction in investment in the life-science sector

FINANCIAL REVIEW

During the year, the total group reserves increased from £146M to £152M, with details of the movement in group funds shown in the Statement of Financial Activities on page 28.

The individual results within the group are detailed below.

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL REVIEW (CONTINUED)

BABRAHAM INSTITUTE

Overall results for the Babraham Institute shows an increase in total funds from £138m to £141m. Restricted revenue funds increased by £845k, Restricted Capital funds increased by £6,189k and Unrestricted Revenue funds decreased by £3,573k, totalling an increase of £3,461k across all funds.

The Institute's deficit on unrestricted funds for the year of £3,573k compared to a deficit of £1,540k last year. The deficit before investment gains/losses, depreciation and transfers is £4,061k and £2,601k respectively for 2022 and 2021.

	2022 £'000	2021 £'000
Deficit before investment gains/losses, depreciation and transfers – unrestricted funds	(4,061)	(2,601)
Depreciation (net of transfers) and other transfers	(1,382)	(1,920)
Fair Value adjustment to investment properties	(300)	(1,750)
Impairment on investment in subsidiary	468	(468)
Investment Income (dividends and interest)	313	357
Investment gains/(losses) - realised and unrealised	1,389	4,842
Deficit for year – unrestricted funds	(3,573)	(1,540)

As operating activity returns to pre-pandemic levels, this has resulted in higher travel costs (£113k), repair costs (£377k), computing costs (£323k), rental and campus costs (£117k) and general consumables (£281k). These, together with increase salary costs (£140k) account for the movement in results for the year 2021-22.

Annual revaluations within the Institute (£5.6m) to land and buildings have further increased capital reserves in the year (note 9). Capital funds within the Institute continue to be released from capital reserves against depreciation charges in the year. During the year £4,002k of capital funding was received (2021 : £2,949k).

The Institute continues to maximise its returns on funds by holding investments managed by Royal Bank of Canada. This allowed the Institute to benefit from investment income of £313k in the year (2021 : £354k).

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

BABRAHAM RESEARCH CAMPUS LIMITED (BRC)

The profit for the year, after taxation, amounted to £2,290k (2021- loss £20,693k). The main movement in profit this year, compared to a significant loss in 2021 is in relation to the disposal of the 130 year lease investment property last year. Trading results are comparable to last year 2022 £2,157k, compared to 2021 £2,166k.

Gift aid of £300k (2021: £500k) was paid to The Babraham Institute relating to the year 2021-2022.

BABRAHAM INSTITUTE ENTERPRISE LIMITED (BIE)

Babraham Institute Enterprise Limited made a profit before tax and gift aid of £647k (2021: loss £147k). Excluding investment impairments/impairment reversals operating results are £56k profit for 2021-22 and £206k profit for 2020-21. Activity has now returned to pre-pandemic level, with turnover for 2021-22 of £1,664k compared to £1,159k and £1,490k for 2020-21 (Covid-19 year) and 2019-20 respectively. However, higher consumable costs in 2021-22 and impacted on the overall profit.

No gift aid (2021: £100k) was paid to the Babraham Institute relating to the year 2021-2022.

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FINANCIAL REVIEW (CONTINUED)

FINANCIAL AFFECTS OF COVID-19 WITHIN THE FINANCIAL STATEMENTS

Throughout the past two financial years, the UK Government has placed the country into numerous national lockdowns (March 2020, November 2020 and January 2021), with all Covid-19 restrictions being lifted in February/March 2022.

The Institute had already spent considerable time and effort since February 2020 preparing for such events. This included the majority of staff working remotely from mid-March 2020 and key staff attending site only to complete critical work that could not be paused or carry out crucial maintenance functions. During 2021-22 the Institute saw activity begin to return to pre-pandemic levels albeit staff continuing to remotely up to December 2021 when the Institute introduced its hybrid working policy, ensuring all staff return onsite for part of each working week.

With lockdown restrictions no longer in place, the Institute has now relaxed the majority of its own restrictions, with staff across all areas of operations returning to the Campus. Limitations on travel (both within the UK and overseas) have been lifted, with staff attending various conferences and events within the UK, Europe and further afield.

With the return to the workplace well established by March 2022, higher levels of activity have resulted in increased costs, particularly travel, repairs, service level agreement costs, room hire and hospitality, with expenditure levels of £33.5M being comparable to those of the pre-pandemic year (2019-20) of £33.2M.

RESERVES POLICY

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

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

The Trustees have reviewed the reserves of the Group. The review encompasses the nature of the income and expenditure streams, the need to match variable income with fixed commitments, and the nature of the reserves. The Trustees concluded that to facilitate long term planning they aim to achieve unrestricted reserves of at least £13m, covering 3 months working capital and any other financial obligations should the business cease to operate. Currently free reserves are around £22m and the Trustees are satisfied that these reserves are sufficient to finance both the general reserve and provide the necessary funds to mitigate financial risks associated with operational and capital expenditure identified in the Risk Register.

The recovery from the impacts of Covid-19 could potentially see the Group use reserves to cover any period of reduced income. The Group with free reserves of £21m remains well placed to continue to support activity, through use of these reserves to ensure operations and activity continues.

PRINCIPAL FUNDING SOURCES AND REVIEW OF EXPENDITURE

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

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

Staff costs form the largest single component of group expenditure £16.9m (2021: £16.8m), followed by consumables (laboratory and general) £4.4m (2021: £4.0m), repairs and maintenance costs £3.7m (2021: £3.2m) and rent and rates £2.3m (2021: £2.3m).

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL REVIEW (CONTINUED)

PRINCIPAL FUNDING SOURCES AND REVIEW OF EXPENDITURE (CONTINUED)

Total expenditure for the year of £41.8m compares to £35.1m in 2020-21. The previous year saw a credit of £3.8m relating to the reversal of deferred tax provisions within BRC, excluding this would have resulted in expenditure of £38.9m for 2021-22. For comparison, expenditure in 2019-20 (pre Covid-19) was £40.4m.

Increases in repairs and maintenance (£0.4m), depreciation (£0.6m) and laboratory and general consumables (£0.4m) accounts for the majority of the increase in expenditure in this reporting year.

GOING CONCERN

The Babraham Institute is dependent on funding from the UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the Comprehensive Spending Review in 2016, Research Councils (of which the UKRI-BBSRC is one) received financial allocations for revenue and capital funding for the period ending in March 2022. Allocations for administration and capital were only fixed for the first three of those years (2017-18 to 2019-20) and were indicative for the years beyond to 31 March 2022. UKRI-BBSRC have 'rolled over' funding (at the same level as previous years) for a further year to March 2023 – making this funding cycle six years rather than five. In March 2022 the Institute was informed of indicative UKRI-BBSRC funding levels for the next 5 year cycle to 2023-24 to 2027-28.

Given that ;

- the Institute has now received indicative funding for the next five years from UKRI-BBSRC to 2027-28
- the Institute does not envisage any issues with funding in this five year period;
- the Institute continues to be commended on its financial management from UKRI-BBSRC assurance reviews;
- the latest Annual Financial Assurance audit (received February 2022) from UKRI-BBSRC focussing on the UKRI-BBSRC funded expenditure (to ensure the Institute aligns its funding with research outcomes) was highly favourable;
- the annual research returns submitted by the Institute have all been favourable – this is used by UKRI-BBSRC to evidence why they provide on-going grant funding to institutes such as Babraham Institute;

the Trustees have no reason to believe that future funding from the UKRI-BBSRC will not be forthcoming at a level which, together with the sufficient reserves held by the Institute and its subsidiaries, is sufficient for the group to continue in operational existence for the foreseeable future.

As the Institute continues its recovery from the impact of the pandemic, various scenarios have been explored for 2022-23 and 2023-24 on future income streams and costs. Forecasts will include elements of estimations, however the level of uncertainty in our plans is not considered material.

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

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

Geoff Braham

Mr G Braham
Chairman of the Audit Committee, Trustee and Member
 Date: 21/11/2022

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

OPINION

We have audited the financial statements of The Babraham Institute (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources including, the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

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

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

THE BABRAHAM INSTITUTE**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)****OTHER INFORMATION**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the Trustees' Responsibilities Statement set out on pages 6 to 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

THE BABRAHAM INSTITUTE

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We understood how The Babraham Institute is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the audit committee. We corroborated our enquiries through our review of board minutes, papers provided to the Audit Committee and any correspondence received from regulatory bodies.
- The company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; FRS 102, Companies Act 2006, Data Protection Act 2018, Health and Safety, tax legislation, anti-bribery legislation and employment law.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - journal entries that increased revenues or that reclassified costs from the income statement to the balance sheet
 - potential management bias in determining accounting estimates, especially in relation to deferred income, and
 - transactions with related parties

Our audit procedures involved:

- evaluation of the design effectiveness and testing the operating effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a focus on material manual journals, including those with unusual account combinations and those that reclassified costs from the income statement to the balance sheet;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- testing the completeness of the company's related party transactions through information obtained and testing that these transactions had a valid business purpose; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the directors' report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

THE BABRAHAM INSTITUTE**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BABRAHAM INSTITUTE (CONTINUED)****EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD (CONTINUED)**

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the industry in which the client operates
 - understanding of the legal and regulatory requirements specific to the entity/regulated entity including:
 - the provisions of the applicable legislation
 - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
 - the applicable statutory provisions
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of accrued or deferred income.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the applicable statutory provisions
 - the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

USE OF OUR REPORT

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

James R Brown*Grant Thornton UK LLP*

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Cambridge**Date** 22/11/2022

THE BABRAHAM INSTITUTE

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - INCORPORATING THE CONSOLIDATED
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Restricted revenue funds £'000	Restricted capital funds £'000	Un- restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
Income from:						
Charitable activities		18,382	4,002	4,634	27,018	25,646
Trading activities		-	-	13,179	13,179	11,048
Investment income		-	-	350	350	419
Total income	2	18,382	4,002	18,163	40,547	37,113
Expenditure on:						
Charitable activities		(17,609)	-	(14,636)	(32,245)	(30,390)
Raising funds		-	-	(9,277)	(9,277)	(8,486)
Taxation	7	-	-	(328)	(328)	3,739
Total expenditure	3	(17,609)	-	(24,241)	(41,850)	(35,137)
Profit on investments	10,11,12	-	-	1,680	1,680	2,619
Exceptional Items	23	-	-	-	-	(35,148)
Net income/(expenditure)		773	4,002	(4,398)	377	(30,553)
Net income/(expenditure) for the year is attributable to:						
The parent undertaking		773	4,002	(3,829)	946	(35,976)
Minority interest		-	-	(569)	(569)	5,423
		773	4,002	(4,398)	377	(30,553)
Transfers						
Release of capital funds / transfers	17	72	(3,380)	3,308	-	-
Other recognised gains and losses						
Gain on revaluations of tangible fixed assets	9	-	5,567	-	5,567	3,513
Other recognised gains for the year is attributable to:						
The parent undertaking		-	5,567	-	5,567	3,513
Minority interest		-	-	-	-	-
		-	5,567	-	5,567	3,513
Movement in funds attributable minority Interests	11	-	(9)	(560)	(569)	5,423
Net movement in funds		845	6,180	(1,650)	5,375	(21,617)
Balances brought forward	17	5,447	110,587	22,924	138,958	160,575
Balances carried forward at 31 March 2022	17	6,292	116,767	21,274	144,333	138,958

All amounts relate to continuing activities. All recognised gains and losses are included in the consolidated statement of financial activities. The notes on pages 31 to 56 form part of these financial statements.

THE BABRAHAM INSTITUTE**REGISTERED NUMBER: 03011737****BALANCE SHEETS AT 31 MARCH 2022**

	Note	Group 2022 £'000	2021 £'000	Institute 2022 £'000	2021 £'000
Fixed assets					
Intangible assets	8	135	96	-	-
Tangible assets	9	100,415	93,533	99,827	92,945
Investment properties	10	3,400	3,700	3,400	3,700
Investments	11,12	30,134	34,878	35,358	40,225
		134,084	132,207	138,585	136,870
Current assets					
Stocks	13	282	233	148	132
Debtors	14	8,140	7,086	5,450	5,638
Cash at bank and in hand		21,677	20,082	5,165	4,692
		30,099	27,401	10,763	10,462
Creditors: amounts falling due within one year	15	(12,444)	(13,813)	(8,336)	(9,781)
Net current assets		17,655	13,588	2,427	681
Total assets less current liabilities		151,739	145,795	141,012	137,551
Debtors: amounts falling due after more than one year	16	253	253	-	-
Net assets		151,992	146,048	141,012	137,551
Funds					
Restricted capital fund		48,959	48,346	48,913	48,291
Revaluation Reserve		67,808	62,241	67,808	62,241
	17	116,767	110,587	116,721	110,532
Unrestricted funds	17	21,274	22,924	17,999	21,572
Restricted revenue fund	17	6,292	5,447	6,292	5,447
		144,333	138,958	141,012	137,551
Minority Interests	11	7,659	7,090	-	-
		151,992	146,048	141,012	137,551

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

These financial statements were approved by the Board of Trustees and authorised for issue on 21/11/2022

Geoff Braham

Mr G Braham
Chairman of the Audit Committee, Trustee and Member

The notes on pages 31 to 56 form part of these financial statements.

THE BABRAHAM INSTITUTE**CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2022**

		2022		2021	
	Note	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net movement in funds	17	5,944		(27,040)	
Depreciation charge	9	5,083		4,434	
Amortisation of Intangible assets	8	13		14	
(Profit)/Loss on disposal of fixed assets		(6)		(157)	
(Impairment Reversal)/Impairment of investments	11	(591)		387	
Revaluations and fair value adjustments	9,10	(5,267)		(1,763)	
Capital grants received	2	(4,002)		(2,949)	
Tax charge	7	(328)		(3,739)	
Interest received	2	(350)		(419)	
Interest paid		-		-	
Increase in stocks	13	(49)		(25)	
Increase in debtors	14	(909)		(1,065)	
(Decrease)/ Increase in creditors	15	(1,380)		3,075	
Tax (paid)/refunded		194		(509)	
Reclassification/transfer of investment properties	10	-		35,148	
<i>Net cash provided/(used) by operating activities</i>			(1,648)		5,392
Cash flows from investing activities					
Interest Received	2	350		419	
Payments to acquire intangible fixed assets	8	(58)		(48)	
Payments to acquire tangible fixed assets	9	(6,432)		(3,244)	
Payments to acquire investments (net of fees)	12	(7,782)		(12,882)	
Receipts from sale of tangible fixed assets		33		48	
Receipts from sale of investments		6,190		8,055	
Capital grants received	2	4,002		2,949	
<i>Net cash provided/(used) by investing activities</i>			(3,697)		(4,703)
Cash flows from financing activities					
Cash funds withdrawn from investments held	12	6,940		3,760	
<i>Net cash provided/(used) by financing activities</i>			6,940		3,760
Change in cash and cash equivalents in the reporting period			1,595		4,449
Cash and cash equivalents at the beginning of the reporting period			20,082		15,633
Cash and cash equivalents at the end of the reporting period			21,677		20,082

The net debt reconciliation is shown in Note 21.

The notes on pages 31 to 56 form part of these financial statements.

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 ACCOUNTING POLICIES

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

1.1 Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The particular accounting policies adopted in the preparation of the financial statements are set out below and have been applied consistently with the previous year.

1.2 Going Concern

The Babraham Institute is dependent on funding from the UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the Comprehensive Spending Review in 2016, Research Councils (of which the UKRI-BBSRC is one) received financial allocations for revenue and capital funding for the period ending in March 2022. Allocations for administration and capital were only fixed for the first three of those years (2017-18 to 2019-20) and were indicative for the years beyond to 31 March 2022. UKRI-BBSRC have 'rolled over' funding (at the same level as previous years) for a further year to March 2023 – making this funding cycle six years rather than five. In March 2022 the Institute was informed of indicative UKRI-BBSRC funding levels for the next 5 year cycle to 2023-24 to 2027-28.

Given that ;

- the Institute has now received indicative funding for the next five years from UKRI-BBSRC to 2027-28
- the Institute does not envisage any issues with funding in this five year period;
- the Institute continues to be commended on its financial management from UKRI-BBSRC assurance reviews;
- the latest Annual Financial Assurance audit (received February 2022) from UKRI-BBSRC focussing on the UKRI-BBSRC funded expenditure (to ensure the Institute aligns its funding with research outcomes) was highly favourable;
- the annual research returns submitted by the Institute have all been favourable – this is used by UKRI-BBSRC to evidence why they provide on-going grant funding to institutes such as Babraham Institute;

the Trustees have no reason to believe that future funding from the UKRI-BBSRC will not be forthcoming at a level which, together with the sufficient reserves held by the Institute and its subsidiaries, is sufficient for the group to continue in operational existence for the foreseeable future.

As the Institute continues its recovery from the impact of the pandemic, various scenarios have been explored for 2022-23 and 2023-24 on future income streams and costs. Forecasts will include elements of estimations, however the level of uncertainty in our plans is not considered material.

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

1.3 Basis of consolidation

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

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

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

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

1.4 Incoming resources

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

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

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

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

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

1.5 Fund accounting

Unrestricted funds

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

Restricted funds

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

1.6 Resources expended

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

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

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

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

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

1.7 Tangible fixed assets

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

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

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

1.8 Fixed asset revaluation

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

1.9 Depreciation

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

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

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

1.10 Impairment of fixed assets

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

1.11 Investment property

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

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

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

1.12 Intellectual property

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

1.13 Research and development costs

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

1.14 Grants

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

1.15 Stocks

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

1.16 Foreign currencies

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

1.17 Pension costs

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

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

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

1.18 Leased assets

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

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

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

1.19 Taxation

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

The trading subsidiary companies are liable for assessment to taxation.

1.20 Fixed Assets Investments (excluding properties)

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

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

1.20 Fixed Assets Investments (excluding properties)

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

1.21 Investments

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

1.22 Financial Instruments

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

1.23 Cash and cash equivalents

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

1.24 Creditors

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

1.25 Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

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

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

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

- Land and buildings and Investment Property are held at fair value in line with the accounting policy 1.7 and 1.11 above. The carrying value, and valuation movements, are included in Notes 9 and 10.
- Fixed asset investments are held at fair value in line with the accounting policy 1.20 above. The carrying value, and valuation movements, are included in Note 11.
- Investments are held at fair value in line with the accounting policy 1.21 above. The carrying value, and valuation movements, are included in Note 12.
- The recognition of land and buildings on the balance sheet is included in line with the accounting policy 1.7 and 1.11 above. The carrying value, and valuation movements, are included in Note 9 and 10.

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)

2 ANALYSIS OF INCOMING RESOURCES

	Restricted revenue funds £'000	Restricted capital funds £'000	Unrestricted funds £'000	2022 Total £'000	2021 Total £'000
Trading activities:					
Grant Income	-	-	280	280	-
Goods and services	-	-	3,972	3,972	3,094
Rent	-	-	8,927	8,927	7,954
	-	-	13,179	13,179	11,048
Investment income:					
Bank interest and dividends receivable	-	-	325	325	377
Royalty/licence income	-	-	25	25	42
	-	-	350	350	419
Charitable activities:					
Grants and Donations UKRI-BBSRC					
- Competitive strategic grant	9,633	-	-	9,633	9,633
- Minor works	1,226	-	-	1,226	1,530
- Other grants	1,852	4,002	-	5,854	3,931
Competitive project grants	1,017	-	-	1,017	1,454
Medical Research Council	1,616	-	-	1,616	1,124
University Links	253	-	-	253	228
European Union	714	-	-	714	777
Industry, levy boards	239	-	-	239	406
Trusts, foundations, charities	1,832	-	-	1,832	2,155
Goods and services	-	-	2,956	2,956	2,768
Rent	-	-	1,678	1,678	1,640
	18,382	4,002	4,634	27,018	25,646
Total Income	18,382	4,002	18,163	40,547	37,113
Total Income 2021	18,289	2,949	15,875	37,113	

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

Incoming resources can be geographically analysed as:

	2022 £'000	2021 £'000
UK	39,801	35,626
Europe	738	1,486
Rest of World	8	1
	40,547	37,113

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)

3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED

	Allocation basis	Scientific Research	Governance	Total 2022	Total 2021
		£'000	£'000	£'000	£'000
Staff costs	Direct	6,436	142	6,578	6,516
Laboratory supplies	Direct	2,066	-	2,066	1,914
Travel and subsistence	Direct	77	6	83	6
Equipment and hire charges	Direct	85	-	85	69
Computing costs	Direct	4	-	4	5
Library	Direct	77	-	77	49
Legal & professional charges	Direct	129	133	262	311
Recruitment	Direct	6	-	6	3
Training	Direct	3	-	3	1
Other costs	Direct	449	-	449	340
Scientific services support costs	Use of resource	22,632	-	22,632	21,176
Total Charitable costs		31,964	281	32,245	30,390
Total Charitable costs 2021		30,053	337		
Commercial trading operation costs				9,277	8,486
Taxation (note 7)				328	(3,739)
Total Group costs				41,850	35,137

Restricted expenditure included in the above is £17,609k (2021: £18,289k). All other expenditure is unrestricted.

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)****3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED (CONTINUED)****Analysis of scientific services support costs for charitable purposes**

	Administration	Estates	Technical Services	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000
Staff costs	3,122	1,079	3,990	8,191	8,143
Travel and subsistence	25	1	51	77	44
Repairs and minor works	68	632	1,098	1,798	1,486
Rent and rates	681	-	3	684	696
Fuel and water charges	60	1,124	-	1,184	1,275
Equipment and hire charges	26	15	295	336	321
Depreciation	4,761	-	-	4,761	4,122
Minor works	3	1,394	29	1,426	1,482
Waste disposal	7	6	-	13	6
Computing costs	110	11	456	577	252
Legal and professional charges	185	121	52	358	342
Recruitment	61	-	-	61	21
Training	95	1	16	112	94
Library	12	-	195	207	329
Food purchases	46	-	-	46	31
Bad debts	1	-	-	1	12
Diff	2	-	-	2	-
Loss on disposal of fixed assets	14	-	-	14	-
Other costs	870	510	1,404	2,784	2,520
	10,149	4,894	7,589	22,632	21,176
Total Support Costs 2021	9,179	5,122	6,875		21,176

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

Governance Expenditure

Governance costs during the year can be analysed as

	2022 £'000	2021 £'000
Staff costs	142	150
Travel and subsistence	6	-
Legal and professional charges	133	187
	281	337

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)****4 INCOMING RESOURCES AND RESOURCES EXPENDED**

	Group		Institute	
	2022	2021	2022	2021
	£'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	70	65	70	65
Amounts payable to auditors in respect of audit services to subsidiary undertakings	33	42	-	-
Amounts payable to auditors in respect of non-audit services*	13	12	11	6
Net loss/(gain) on foreign currency translations	(60)	75	(60)	75
Depreciation	5,083	4,434	4,761	4,122
Amortisation of intangible fixed assets	13	14	-	-
Loss/(Profit) on disposal - fixed assets	6	(157)	13	-
Operating lease payments in respect of:				
- land and buildings	1,437	501	487	501
- other leases	9	15	9	15

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

5 EMPLOYEES

Staff costs for all employees were as follows:

	Group		Institute	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Wages and salaries	13,839	13,280	12,086	11,563
Social security costs	1,297	1,302	1,138	1,126
Other pension costs	1,813	2,189	1,576	1,971
	16,949	16,771	14,800	14,660

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

	2022	2021
	No	No
Charitable activities	110	118
Support activities	205	214
Commercial operations	54	42
	369	374

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)****5 EMPLOYEES (CONTINUED)**

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

	Group		Institute	
	2022	2021	2022	2021
	No	No	No	No
£ 60,000 - £ 69,999	16	10	12	8
£ 70,000 - £ 79,999	5	-	5	-
£ 80,000 - £ 89,999	1	1	-	1
£ 90,000 - £ 99,999	1	4	1	3
£100,000 - £109,999	3	2	3	2
£110,000 - £119,999	2	2	2	2
£120,000 - £129,999	1	-	1	-
£130,000 - £139,999	-	-	-	-
£140,000 - £149,999	-	1	-	1
£150,000 - £159,999	2	-	1	-
£160,000 - £169,999	-	-	-	-
£170,000 - £179,999	-	-	-	-
£180,000 - £189,999	-	1	-	-
	31	21	25	17

Within the Institute, the number of staff earning over £60,000 for whom retirement benefits are accruing under defined contribution schemes amount to 15 (2021: 6) and the amounts paid in the year were £121,558 (2021: £64,678).

The number of staff earning over £60,000 for whom retirement benefits are accruing under the RCUK pension scheme amount to 10 (2021: 11) and the amounts paid in the year were £231,895 (2021: £236,123).

6 REMUNERATION AND BENEFITS – TRUSTEES AND KEY MANAGEMENT PERSONNEL

None of the members of the Board of Trustees received any remuneration from the Institute during the year. Aggregate expenses incurred by nine (2021: ten) Trustees in respect of travelling costs totalled £5,679 (2021: £257).

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

The aggregate remuneration for key management personnel during the year was £1,251k (2021: £1,009k). There were no other transactions with key management personnel during the year (2021: none).

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)****7 TAXATION**

	Group		Institute	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Corporation tax				
Current tax on profits for the year - BRC	430	531	-	-
Adjustment in relation to the prior year - BRC	(56)	398	-	-
Tax Relief in respect of gift aid - BRC	(57)	(95)	-	-
Current tax on profits for the year - BIE	11	-	-	-
Adjustment in relation to the prior year-BIE	-	(17)	-	-
Total Current Tax	328	817	-	-
Deferred tax				
Origination and reversal of timing differences	-	(4,556)	-	-
Total taxation on profits for the year	328	(3,739)	-	-

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

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The tax differences shown below refer to the trading subsidiaries, Babraham Research Campus Limited and Babraham Institute Enterprise Limited :

	Group	
	2022	2021
	£'000	£'000
Surplus on ordinary activities before tax as shown in the accounts of the trading subsidiary - BRC	2,908	2,185
Deficit on ordinary activities before tax as shown in the accounts of the trading subsidiary - BIE	687	(147)
Surplus on ordinary activities multiplied by the standard rate of corporation tax at 19% (2021: 19%).	683	387
<i>Effects of:</i>		
Expenses not deductible for tax purposes	60	156
Impairment charges on investments held	(112)	(58)
Adjustments to tax charge in respect of prior periods	(56)	381
Differences relating to Investment Property and the associated Capital Grants	-	(4,496)
Amounts relating to other comprehensive income or otherwise transferred	-	(19)
Other differences leading to an increase/(decrease) in tax charge	(182)	5
Tax relief on gift aid payment	(65)	(95)
Total taxation on profits for the year	328	(3,739)

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the Balance Sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)****8 INTANGIBLE ASSETS**

Group	Intellectual Property £'000
<i>Cost</i>	
At 1 April 2021	133
Additions	58
Disposals	(7)
At 31 March 2022	184
<i>Amortisation</i>	
At 1 April 2021	37
Provided for the year	13
Disposals	(1)
At 31 March 2022	49
<i>Net book value</i>	
31 March 2022	135
31 March 2021	96

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)

9 TANGIBLE ASSETS

Group	Short leasehold land and buildings £'000	Fixtures and Equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2021	86,087	29,149	115,236
Additions	-	6,432	6,432
Revaluation	2,765	-	2,765
Disposals	-	(1,008)	(1,008)
At 31 March 2022	88,852	34,573	123,425
<i>Depreciation</i>			
At 1 April 2021	-	21,703	21,703
Provided for the year	2,802	2,281	5,083
Disposals	-	(974)	(974)
Revaluations	(2,802)	-	(2,802)
At 31 March 2022	-	23,010	23,010
<i>Net book value</i>			
At 31 March 2022	88,852	11,563	100,415
At 31 March 2021	86,087	7,446	93,533

The Group includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value of £89m. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Group, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The only circumstance under which the Group could be asked to vacate the site is due to a failure to deliver the required programme, which in the trustees' view is highly unlikely. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £88.9m.

Babraham Institute land and buildings were valued as at 31 March 2022 by Powis Hughes Limited, acting as external valuer on the basis of Existing Use Value on the special assumption that the lease from the UKRI-BBSRC is ignored and the Properties are assumed to be held freehold by the Institute.

The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporates the International Valuation Standards 2017) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value - using a Depreciated Replacement Cost Approach for the specialised buildings and either a Market or Income Approach for all other buildings and land. This valuation resulted in an increase in valuation of £5,567k at the year end.

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

9 TANGIBLE ASSETS (CONTINUED)

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

Institute	Short leasehold land and buildings £'000	Fixtures and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2021	86,087	24,936	111,023
Additions	-	6,110	6,110
Revaluations	2,765	-	2,765
Disposals	-	(773)	(773)
At 31 March 2022	88,852	30,273	119,125
<i>Depreciation</i>			
At 1 April 2021	-	18,078	18,078
Provided for the year	2,802	1,959	4,761
Disposals	-	(739)	(739)
Revaluations	(2,802)	-	(2,802)
At 31 March 2022	-	19,298	19,298
<i>Net book value</i>			
At 31 March 2022	88,852	10,975	99,827
At 31 March 2021	86,087	6,858	92,945

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

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

Babraham Institute land and buildings were valued as at 31 March 2022 by Powis Hughes Limited, acting as external valuer on the basis of Existing Use Value on the special assumption that the lease from the UKRI-BBSRC is ignored and the Properties are assumed to be held freehold by the Institute.

The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporates the International Valuation Standards 2017) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value - using a Depreciated Replacement Cost Approach for the specialised buildings and either a Market or Income Approach for all other buildings and land. This valuation resulted in an increase in valuation of £5,567k at the year end.

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)****9 TANGIBLE ASSETS (CONTINUED)**

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £88.9m.

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

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

	Group		Institute	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Historical net book value at 31 March 2022	22,639	24,367	22,639	24,367

10 INVESTMENT PROPERTY

Group	Long term leasehold investment properties £'000
<i>Valuation</i>	
At 1 April 2021	3,700
Revaluation	(300)
At 31 March 2022	3,400
Historical net book value at 31 March 2022	206

The valuation of investment land and buildings leased by the Babraham Institute from the UKRI-BBSRC was carried out as at 31 March 2022 by Powis Hughes Limited, chartered surveyors and is based on the special assumption that the terms of lease to the Institute have been ignored and land and buildings are considered to be held as freehold. This valuation resulted in a decrease in valuation of £300k at the year end to £3.4m.

Institute	Investment property £'000
<i>Valuation</i>	
At 1 April 2021	3,700
Revaluation	(300)
At 31 March 2022	3,400
Historical net book value at 31 March 2022	206

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

Investment properties were revalued at 31 March 2022 by Powis Hughes Limited, chartered surveyors.

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)****11 FIXED ASSET INVESTMENTS**

Group and Institute	Trade Investments £'000	Group undertakings £'000
<i>Market Value/Cost</i>		
At 31 March 2021	861	6,208
Additions	-	-
Disposals	-	-
Reversal of impairment	591	468
At 31 March 2022	1,452	6,676

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

Group undertakings represent the Institute's shareholding within Babraham Institute Enterprise Limited and Babraham Research Campus Limited.

The results and assets of its subsidiaries shown for the period ended 31 March 2022 were:

	Babraham Research Campus Limited £'000	Babraham Institute Enterprise Limited £'000	Total £'000
Turnover	12,894	1,664	14,558
Profit/(loss) for the period after taxation	2,290	676	2,966
Non current assets	812	1,360	2,172
Current Assets	19,479	1,348	20,827
Current Liabilities	(5,051)	(607)	(5,658)
Net current assets	14,428	741	15,169
Non-current assets	254	-	254
Net assets	15,494	2,101	17,595

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

11 FIXED ASSET INVESTMENTS (CONTINUED)

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

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

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

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

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

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

Minority interest	2022 £'000	2021 £'000
At 1 April 2021	7,090	12,513
Share of result	569	(5,423)
At 31 March 2022	7,659	7,090

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 2021	7,307	26,710	34,017	32,817
Additions	1,156	6,783	7,939	13,046
Disposals	(1,158)	(6,722)	(7,880)	(13,119)
Transfers/Withdrawals	-	(6,940)	(6,940)	(3,760)
Investment Income	176	138	314	355
Management Charges	(35)	(122)	(157)	(164)
Realised and unrealised gains and losses	(402)	1,791	1,389	4,842
	7,044	21,638	28,682	34,017
At 31 March 2022				
Historic cost of initial investment	7,172	16,801	23,973	31,112

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)

12 FIXED ASSET INVESTMENTS (CONTINUED)

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

	Value £'000	Proportion of portfolio
Bluebay Investments	1,682	5.9%
Brown Advisory funds	1,565	5.5%

13 STOCKS

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Raw materials, consumables and other stocks	282	233	148	132

14 DEBTORS

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	3,449	3,292	1,570	2,096
Amounts owed by group undertakings	-	-	1,033	857
Corporation Tax	190	45	-	-
Grants receivable	1,770	1,373	1,770	1,373
Other debtors	239	373	233	371
Prepayments and accrued income	2,492	2,003	844	941
	8,140	7,086	5,450	5,638
<i>Amounts owed by subsidiary undertakings</i>				
Trade debtors	-	-	656	497
Other debtors	-	-	377	360
	-	-	1,033	857

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Institute	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	2,887	3,062	2,282	2,515
Amounts owed to group undertakings	-	-	500	353
Other creditors	2,939	3,723	609	1,580
Corporation tax	11	-	-	-
Other tax and social security	870	1,437	541	1,361
Grants in advance	2,090	3,100	2,090	1,759
EU co-ordinated programme partners	752	1,214	752	1,214
Accruals	2,895	1,277	1,562	999
	12,444	13,813	8,336	9,781
<i>Amounts owed to group undertakings</i>				
Babraham Research Campus Limited	-	-	361	328
Babraham Institute Enterprise Limited	-	-	139	25
	-	-	500	353

Reconciliation of movement in grants receivable and in advance :

	2022	2021
	£'000	£'000
Grants receivable/in advance at 1 April 2021	(3,100)	(3,245)
Additional grants	17,609	18,289
Released during year	(16,599)	(18,144)
Grants receivable/in advance at 31 March 2022	(2,090)	(3,100)

16 DEFERRED TAXATION / DEBTORS DUE MORE THAN ONE YEAR

	Group		Institute	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At 1 April 2021	253	(3,823)	-	-
Credited/(charged) to the statement of financial activities	-	4,076	-	-
At 31 March 2022	253	253	-	-

The provision for deferred tax is made up as follows:

	Group		Institute	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Gains on revaluation of assets	-	-	-	-
Fixed asset timing differences	253	253	-	-
	253	253	-	-

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)

17 FUNDS

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

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve £'000	Unrestricted funds £'000	Minority Interests £'000	Total £'000
Group					
At 1 April 2021	5,447	110,587	22,924	7,090	146,048
Incoming resources	18,382	4,002	18,163	-	40,547
Expenditure, losses and taxation	(17,609)	-	(24,211)	-	(41,850)
Profit on investments	-	-	1,680	-	1,680
Transfers of funds	72	(3,380)	3,308	-	-
Gain on revaluations	-	5,567	-	-	5,567
Funds attributable to minority interests	-	(9)	(560)	569	-
At 31 March 2022	6,292	116,767	21,274	7,659	151,992
Institute					
At 1 April 2021	5,447	110,532	21,572	-	137,551
Incoming resources	18,382	4,002	7,552	-	29,936
Expenditure and losses	(17,609)	-	(15,990)	-	(33,599)
Transfers of funds	72	(3,380)	3,308	-	-
Revaluation Movement	-	5,567	-	-	5,567
Investment gains	-	-	1,557	-	1,557
At 31 March 2022	6,292	116,721	17,999	-	141,012

The restricted revenue funds of £6,292k consist of:

- funds specifically held by the Institute for future minor building repairs of £118k
- UKRI-BBSRC Strategic grant funding and Knowledge Exchange funding of £803k
- UKRI-BBSRC Sustainability funds of £4,598k
- UKRI-BBSRC Institute Development Grant funds of £773k

The restricted capital funds comprise:

- the assets gifted/let to the Institute from/by the UKRI-BBSRC and the revaluation of those assets, the revaluation of the subsidiary undertaking's leasehold land and related infrastructure and capital grants receivable. The expenditure movement is the depreciation on these assets.
- rebuild maintenance grants received from UKRI-BBSRC of total value of £5,870k (2021 £7,892k) are held within restricted capital funds.

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

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)

17 FUNDS (CONTINUED)

The transfers of capital funds relate to the release of previously received capital income (held within Capital Reserves) against depreciated charges. Rebuild grant income in capital reserves within The Babraham Institute is released to BRC for building maintenance costs in the year on buildings transferred to BRC as part of the campus restructuring exercise in August 2013.

Analysis of net assets between funds

Fund balances at 31 March 2021 are represented by:

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve funds £'000	Unrestricted funds £'000	2022 Total £'000	2021 Total £'000
Group					
Intangible fixed assets	-	-	135	135	96
Tangible fixed assets	-	99,827	588	100,415	93,533
Investment properties	-	3,400	-	3,400	3,700
Investments	6,332	13,540	10,262	30,134	34,878
Current and long term assets	1,770	-	28,582	30,352	27,554
Total liabilities	(1,810)	-	(10,634)	(12,444)	(13,713)
Total funds	6,292	116,767	28,933	151,992	146,048
Minority Interests	-	-	(7,659)	(7,659)	(7,090)
Total net assets	6,292	116,767	21,274	144,333	138,958
Institute					
Tangible fixed assets	-	99,827	-	99,827	92,945
Investment properties	-	3,400	-	3,400	3,700
Investments	6,332	13,494	15,532	35,358	40,225
Current assets	1,770	-	8,993	10,763	10,462
Total liabilities	(1,810)	-	(6,526)	(8,336)	(9,781)
Total net assets	6,292	116,721	17,999	141,012	137,551

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)****18 CAPITAL COMMITMENTS**

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

	Group		Institute	
	2022	2021	2022	2021
	£'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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Within one year	1,200	1,200	8	509
Within two to five years	4,800	4,425	426	6
	6,000	5,625	434	515

19 PENSIONS

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

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

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

The pension charge represents contributions payable and amounted to:

	2022	2021
	£'000	£'000
Babraham Institute	1,576	1,971
Babraham Institute Enterprise Limited	11	8
Babraham Research Campus Limited	226	210
	1,813	2,189

The amount of pension contributions included within creditors at the year end was £200,372 (2021: £170,450).

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)****20 FINANCIAL INSTRUMENTS**

	2022	2021
	£'000	£'000
Financial assets measured at amortised cost	27,857	25,750
Financial liabilities measured at amortised cost	(9,602)	(9,499)

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

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

21 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April	Cash flows	At 31 March
	2021		2022
	£'000	£'000	£'000
Cash and cash equivalents			
Cash	20,082	1,595	21,677

22 RELATED PARTY TRANSACTIONS

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

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

	Babraham Research Campus Ltd		Babraham Institute Enterprise Ltd	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Income	888	768	1,484	967
Expenditure	(1,427)	(1,479)	(101)	(35)
Debtors at 31 March 2021				
Due within one year	454	385	579	472
Creditors at 31 March 2021	(361)	(328)	(139)	(25)

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

23 EXCEPTIONAL ITEMS

In the previous financial year (2020-21) BRC completed the negotiations on a new lease with BBSRC/UKRI. The previous two leases held were, one for 130 years, and one for 25 years. The 130 year lease was recognised on the balance sheet with a valuation of £35M as at March 2020. The 25 year lease included various rent review provisions and break clauses, and was treated as an operating lease, with no valuation recognition on the balance sheet. The rent clause would result in a rental charge payable to BBSRC/UKRI being greater than the rent receivable. To mitigate against the risks associated with this clause, and to provide certainty for the delivery of the Campus strategy a new lease was negotiated. To enable the lease to be financially viable and suitable for both BRC and BBSRC/UKRI the 130 year lease was included in the negotiations. A single new lease was entered into in December 2020, with new terms and provisions, including the requirement to pay rent to UKRI/BBSRC.

The new lease is structured in a way to represent the role BRC has in the delivery of the Campus vision on behalf of BBSRC/UKRI and to protect the significant capital investment BBSRC has made into the Campus. Rent provisions, and short surrender rights means this lease is accounted for as an operating lease. It includes assets used for leasing out to life science start up and scale up businesses, plus service and self-occupied buildings. Technical challenges around splitting the valuation of the buildings and the unique nature of the lease and unreliable ability to value the interest on an ongoing basis, the lease will follow the previously adopted accounting treatment for the 25 year lease, and not recognise any valuation on the balance sheet.

The new lease puts BRC on a sound financial footing, and enables the new strategic opportunities to be pursued and maximised.

Transactions associated with the surrender of the lease has resulted in a loss on disposal of £35M, plus the release of grants which were associated with these assets. This has generated a deferred grant release of £8M. Plus the reversal of deferred tax of £4.6M.

	2021 £'000
Disposal of Land and Buildings	(148)
Disposal of Investment Properties	(35,000)
	<u>(35,148)</u>

	2021 £'000
Release of capital grants relating to Land and Buildings	148
Release of capital grants relating to Investment Properties	7,920
	<u>8,068</u>

	2021 £'000
Deferred tax relating to asset disposal	<u>4,556</u>

There are no exceptional items for year ended 31 March 2022.

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
(CONTINUED)**

24 POST BALANCE SHEET EVENTS

In September 2022, post the financial year-end, BRC and the life science property company Biomed Realty, have formed a new joint venture. BRC owns 25% of the joint venture with Biomed Realty owning the remaining 75%.

The purpose of this joint venture is to construct, let and manage a new laboratory building on the Babraham Research Campus. This much needed purpose built laboratory building totalling approx. 40,000 sq ft, will be constructed, with practical completion for the building expected to be quarter 4 of 2023. This building is designed to provide flexible laboratory space, and in particular, the ability to accommodate companies in a scale-up phase, already on the campus, wishing to grow on site.

Biomed Realty already have a presence on the campus, following the previous construction of two laboratory buildings on the site. This deal enhances the already established relationship with Biomed Realty, and helps deliver a key strategic goal of further campus expansion. The new joint venture entity has entered into a new 99 year lease with UKRI. BRC have allocated a total of £3,375K cash for this investment, split between debt and equity in return for its 25% shareholding.

