

Rothamsted Research Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2021

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Rothamsted Research Limited

LEGAL & ADMINISTRATIVE INFORMATION

DIRECTORS

Professor Sir John Beddington FRS (Chair)	
Professor Andrew Balmford FRS	Appointed 8 September 2021
Professor Sir David Baulcombe ⁺ FRS	
Dr Oliver Doubleday (Deputy Chair)	
Professor Bridget Emmett	Appointed 8 September 2021
Mr John Haywood	
Mr Jan Holthuis ^{*^}	Appointed 11 May 2021
Dr Stuart Jarvis [*]	
Professor Louise Manning	
Professor Michael Winter ⁺	

* - Member of Finance and Audit Committee

⁺ - Member of the Science Advisory Group of the Board

[^] - Member of the Intellectual Property and Exploitation Panel

CHARITY NUMBER: 802038

COMPANY NUMBER: 2393175, a company registered in England and Wales

REGISTERED OFFICE

Rothamsted Research Limited
Harpenden
Hertfordshire AL5 2JQ

AUDITOR

RSM UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes MK9 1BP

PRINCIPAL BANKERS

Barclays Bank
22-24 Upper Marlborough Road
St Albans
Hertfordshire AL1 3AL

PRINCIPAL SOLICITORS

Mills and Reeve LLP
Botanic House
100 Hills Road
Cambridge
CB2 1PH

Rothamsted Research Limited

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

The Directors submit their Annual Report together with the audited Financial Statements for the year ended 31 March 2021. This contains a Directors' report as required by company law. Further information can be found at <http://www.rothamsted.ac.uk/>

STRUCTURE, GOVERNANCE AND MANAGEMENT

Directors and Officer

The Directors, who are also the Trustees, the Institute Director and Officer of the Company, who served throughout the year, were as follows:

Directors

Professor Sir John Beddington FRS (Chairman)	
Professor Sir David Baulcombe	
Professor Andrew Balmford FRS	Appointed 8 September 2021
Professor Bridget Emmett	Appointed 8 September 2021
Dr Oliver Doubleday	
Professor Sir Charles Godfray	Resigned 31 August 2021
Mr John Haywood	
Mr Jan Holthuis	Appointed 11 May 2021
Dr Stuart Jarvis	
Professor Louise Manning	
Ms Sally Smith	Resigned 10 February 2021
Professor Michael Winter	

Institute Director

Professor Angela Karp

Officer

Company Secretary: Louise Warren

Constitution

Rothamsted Research Limited (the Institute or the Company, Rothamsted Research or RRes) is a charitable company which is limited by the guarantees of its members to a maximum of £1 each and which is regulated by the terms of its Articles of Association. The company Registration Number is 2393175. The Company is also a registered charity, number 802038 and, as such, is not usually liable to taxation on income arising from and expended on its charitable activities.

Appointment of Trustees

An executive search agency is used for the identification of potential Trustee-Directors. These are then considered by an appointments panel nominated by the Board and composed of two or three Trustees considering overall balance of skills and experience, vacancies and future needs or pressures on the Board. Potential appointees are invited to visit Rothamsted campus to meet the Institute Director and others as appropriate.

Trustee Induction and Training

New Trustee-Directors are offered training opportunities with good quality national providers identified by mutual agreement. This ensures that the Board are all fully aware of the latest position on relevant Company and Charity law, regulations and good practice especially in the context of Rothamsted Research Limited and the current decisions that it faces. Induction and training for new Trustee-Directors will be carefully tailored to the needs of the individuals concerned with special consideration of the issues that the group faces in the coming months.

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Third Party Claims

The group holds Directors and Officers insurance which will indemnify the Directors against claims from third parties.

Organisation

The Board of Directors is responsible for the overall governance and strategic direction of the Company in accordance with the Company's Articles of Association. Day-to-day management is delegated to the Chief Executive Officer and Institute Director, who the Board is expected to support in the development of strategic direction and policies, objectives and goals. There may be between 9 and 15 Trustee-Directors sitting on the Board of Directors, with Lawes Agricultural Trust ("LAT") and Biotechnology and Biological Sciences Research Council ("BBSRC"), part of UK Research & Innovation, each providing an Observer at Board meetings and each nominating one Director. The Chair of the Board is jointly nominated by LAT and the BBSRC. All directors are appointed to serve on an *ad hominem* and non-executive basis and, except for the Chair, do not receive any remuneration; consistent with this position the Board of Directors advises on the development of strategy and policy. The Institute Director reports to the Chair and Trustee-Directors of Rothamsted Research Limited. There is an appointments panel that is set up as required. The Board considers and is guided by the guidance issued from time to time by the Charity Commission.

The relationship of the Company with its major funding body, the UKRI Biotechnology and Biological Sciences Research Council, is defined by the terms and conditions of an Institute Grant Agreement. The Members of the Company are LAT and UKRI-BBSRC plus the Chair of RRes being a single natural Member and they have signed a Members' Agreement. The role of these members is defined through a Members' Agreement that describes how this tripartite arrangement recognises the contribution in land (LAT) and funding (UKRI-BBSRC) respectively to the well-being of Rothamsted Research Limited; this is achieved through an arm's length stance that does not seek to unduly influence the strategic direction of the Institute. To date, the Board has established three sub-committees for specific purposes, namely the Finance and Audit Committee, the Science Advisory Group of the Board, and the Remuneration Committee; the latter setting remuneration for key senior staff based on performance.

Until 2017 there was an agreement in place by which UKRI-BBSRC employees (who were public sector employees and subject to those controls) were deployed to work at Rothamsted Research with the latter bearing all relevant costs. With effect from 1 April 2017 all UKRI-BBSRC employees were transferred to Rothamsted Research Limited employment under TUPE regulations. Pension arrangements protected by TUPE remain the same and are administered by the Research Councils' Pension Scheme. All new members of staff appointed are employees of the Company under terms and conditions defined by the Company. They pay into a defined contribution Pension Scheme (started on 1 April 2012) provided and administered by Aviva PLC.

Employee Consultation

The Company recognises all appropriate Trade Unions representing staff employed. The Institute Negotiating Consultative Committee meets at least twice a year. It provides an avenue for provision of information, consultation and discussion of a wide range of matters affecting staff. At a national level, there is a Joint Negotiating Consultative Committee representing all staff within the institutions supported by the UKRI-BBSRC. Information is also provided at a national and local level through the Annual Report, the Strategic Plan and other publications. The Employee Forum gives an employee voice within Rothamsted and represents all staff across the whole of the organisation. It provides the opportunity for representatives and senior management to share key information, have discussions about the issues, interests and ideas that are important to all, and provides a platform to ensure participation in constructive discussions on how best to grow and develop the Institute. The Forum complements and is additional to existing methods of internal communication. It proactively seeks views and feedback and acts as a communication and consultative body in areas such as: Institute strategy & performance, the political environment and its impact on RRes, organisational development and changes, employment terms and arrangements, employee engagement,

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

health, safety and well-being, training & people development as well as work life balance and equality and diversity. The Institute Director attends the Institute Negotiating Consultative Committee and receives regular reports from the Employee Forum, which is attended by a member of HR, reporting back to the Board.

Disabled Persons

The Company complies with all relevant legislation relating to disabled persons and continually strives to follow best practice in these matters for an employee with a disability to remain in employment or to successfully employ a disabled preferred candidate within a safe working environment.

Our staff code requires that we will not reject a disabled job applicant for a reason which relates to his/her disability; person specifications will always be used and selection criteria monitored to ensure that discrimination does not unwittingly occur; recruitment and selection procedures will be adapted where possible to ensure that they do not disadvantage disabled job applicants.

We will take steps to try to enable an employee who becomes disabled to remain in employment. In consultation with the employee, adjustments to facilitate their retention will be considered. Employees with disabilities will be provided with opportunities to develop full and rewarding careers on an equivalent basis to other employees with similar skills and abilities and, as described above, we will support any such applicants for vacancies across the Institute.

Athena SWAN Charter

The Athena SWAN Charter recognises advancement of gender equality: representation, progression and success for all, and Rothamsted Research Limited is committed to achieving this. Rothamsted Research Limited gained the Athena SWAN Bronze award in 2014, and this was renewed in 2018 – originally established to encourage and recognise commitment to advancing the careers of women in science, technology, engineering, maths and medicine (STEMM). The charter now recognises work undertaken to address gender equality more broadly, and not just barriers to progression that affect women.

Connected Charity and Companies

The freehold interest in the land and buildings at the Company's main operating site, (Rothamsted, Harpenden, Hertfordshire) is held by Lawes Agricultural Trust (LAT), a charity with similar objects to Rothamsted Research. There is no written agreement for the occupation of this site and no rent is charged to the Company by LAT. Land and buildings at North Wyke, Devon are owned by the UKRI-Biotechnology and Biological Sciences Research Council ("BBSRC") and occupied by the Company under a formal lease and a peppercorn rent.

Rothamsted Manor Limited (RML) is a wholly owned subsidiary of the Company having been transferred with all accumulated losses at 1 April 2010 from LAT. RML formerly provided property and events management services for LAT owned properties occupied by Rothamsted students and staff but the company became dormant from September 2020. Rothamsted Enterprises Limited (REL) is a joint venture of Rothamsted Research, LAT and UKRI-BBSRC. REL operates and provides catering, conferencing and some management agent services for the Conference Centre, Lawes Open Innovation Hub and, on behalf of LAT, The Daniel Hall Building and Russell Building. REL is a unique hub focused on promoting collaboration and innovation by partnering with commercial agricultural technology businesses and opening the research process. With access to Rothamsted's world class facilities and researchers, REL offers flexible laboratory space, offices and informal meeting hubs, as well as an extended Conference Centre. No other material subsidiary undertakings conducted any trading activities during the year.

The Charity has a 15.87% shareholding in VSN International Limited, the principal activity of which is research into, and development and distribution of, data analysis software, mainly targeted at the

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international life science sector. The company continues to consolidate through steady growth. The 2020/21 operating profit of £412k (19/20:£287k) was achieved across all territories of the globe.

Fund Raising

The Company does not actively fund raise, and no professional fund-raisers are engaged. Therefore no complaints were received in connection with fundraising.

STRATEGIC REPORT OBJECTIVES AND ACTIVITIES

The objects of RRes are:

- For the benefit of the public to advance the science of agriculture by the initiation, protection, development and continuance of investigations and experiments;
- To ensure that research undertaken is complementary to related studies elsewhere whilst providing for regional diversity in the environment and in agricultural practice, and to collaborate in joint programmes where appropriate;
- To promote the dissemination and extension of research findings alone or in association with other charitable organisations having objects similar to the objects of the Company and to actively facilitate the uptake of research results by industry;
- To extend these activities through external funding to provide support to developing countries.

RRes remains dedicated to providing scientific research that contributes to the sustainability of agricultural land management systems both in the UK and throughout the world. This includes improving yield and quality of crops produced for a variety of purposes and enhancing the sustainability of agricultural systems worldwide. RRes is also using its scientific expertise to understand climate change and taking this further by demonstrating how plants and appropriately managed agriculture can help to mitigate anthropogenic effects on climate change.

Agriculture provides one of the most spectacular illustrations of how the benefits from good science can provide improved well-being for mankind; from the precarious food security that was found throughout the globe only a few generations ago to a sufficient, predictable supply of good quality food that much of the world enjoys today. However, that situation is not true for a large number of people, nor is it assured without constant scientific development and global food security is a significant political issue for all countries. This situation is not likely to change in the medium term and the unique combination of skills and experience across RRes is increasingly relevant for that and the growing bioeconomy.

The mission of RRes is to perform world-class research to deliver knowledge, innovation and new practices to increase crop and animal productivity and to develop environmentally sustainable solutions for food and energy production. RRes's purpose is to bring together global science, fresh thinking and innovation for lasting benefits worldwide. The unique value proposition for which RRes is held in high regard globally, is the novelty and integrity of its knowledge on agricultural systems. RRes' research underpins key sectors of UK biosciences such as sustainable food production, bioenergy and biotechnology.

The launch of RRes' 2017-2022 research and innovation strategy coincided with the commencement of the new Institute Strategic Programmes (ISPs). The strategy was formed after extensive stakeholder discussions, in which period the present ISPs were also shaped. The RRes strategy identified three overarching Themes ("Science Portfolios") that address major challenges for future agriculture: **Superior Crops:** Increasing sustainable yield and quality of food crops and designing crops with novel nutritional or industrial value; **Securing Productivity:** Increasing resilience of crop productivity by reducing losses caused by biotic and abiotic stresses; **Future Agri-Food Systems:** High-performing crop and livestock production systems with lower environmental impact.

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Five **Institute Strategic Programmes (ISPs)**, and three **National Capabilities (NCs)** act as central pillars of these Science Portfolios:

Portfolio	ISP	NC
Superior Crops	<ul style="list-style-type: none">• Designing Future Wheat (DFW)• Tailoring Plant Metabolism (TPM)	
Securing Productivity	<ul style="list-style-type: none">• Smart Crop Protection (SCP)	<ul style="list-style-type: none">• Rothamsted Insect Survey (RIS)
Future Agri-Food Systems	<ul style="list-style-type: none">• Soil to Nutrition (S2N)• Achieving Sustainable Agricultural Systems (ASSIST)	<ul style="list-style-type: none">• North Wyke Farm Platform (NWFP)• Long-Term Experiments (LTE)

Briefly, the five inter-connected ISPs and numerous other grants linked to them have the following major aims:

- **ISP 1: Designing Future Wheat** a UK wheat research programme to improve resource, resilience and value of wheat through genetic improvement
- **ISP 2: Tailoring Plant Metabolism** a programme aimed at delivering novel traits in bespoke crops for the bioeconomy, including oilseed crops and willows
- **ISP3: Smart Crop Protection** a programme on novel, systems-based solutions for managing insect pests, crop disease and weeds in crop production
- **ISP4: Soil to Nutrition** a programme that applies a mechanistic approach to optimising nutrient use efficiency across crop and livestock food production systems
- **ISP 5: Achieving Sustainable Agricultural Systems** a programme to evaluate and understand the performance of sustainable intensification options at farming scale

The three National Capabilities, the Long-Term Experiments, the Rothamsted Insect Survey and the North Wyke Farm Platform continue to serve as a key resource for our strategic research as well as research conducted by national and international partners. They are supported by BBSRC and open to scientists everywhere.

The Company's main objectives for the year were to:

- Attract new talent at Professorial and Project Leadership level to expand our capabilities and grant winning capacity;
- Develop a revised HR strategy to improve culture and career development, including a revised performance and rewards review process that helps drive culture change;
- Strengthen our science by focussing efforts onto fewer areas and achieving excellence in these through mentorship and training;
- Implementing a strategy for capability gap filling by recruitment, upskilling of existing staff or partnerships;
- Implementing the digital roadmap that has been developed through the digital consultancy with Wilson Fletcher;
- Shaping our new draft programmes in readiness for future submission to BBSRC; and
- Improving financial sustainability through operational efficiencies and clear and transparent accounts.

The Institute assembled a Covid-19 core response team in March 2020. The Institute worked closely with the Lawes Agricultural Trust and Rothamsted Enterprises Ltd in all decision-making and planning. During lockdown, small, dedicated teams working in rotas (complying with all Covid-19 safety guidelines), ensured that the high standards of animal welfare have been fully maintained, through a very busy lambing and calving period, and that all critical experiments were cared for, on the farm, in the glasshouses and in controlled environment rooms on all sites. Home working was made possible by careful planning of IT who

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have continued to service all needs. The Institute worked hard to prepare the working environment to be as safe as possible and implemented a phased return to work, whilst always encouraging home-working whenever possible. Through these means the Institute maintained business continuity and a high level of health and safety throughout this whole period of the pandemic.

As part of the Transformation Programme being undertaken by the Institute 7 Senior level Science Leaders have been recruited, highly recognised in their fields with excellent track records, to inspire and provide new leadership under science portfolios. Following an extensive capability mapping exercise the new, flatter, organisational structure is complete. The new structure aligns well with the BBSRC Institute Strategy recommendations for Culture and a new HR strategy is under development to support it.

The Knowledge Exchange and Commercialisation (KEC), has been reconfigured with the KE team incorporated within the Research and Innovation Grants Office (RIGO) and the C part of a separate Innovation and Commercialisation Office (ICO). The ICO has a new Director and an Intellectual Property and Exploitation Panel, including Board membership, has been established.

In consultation with Wilson Fletcher a digital transformation plan roadmap has been developed, and new pilot initiatives started. New digital science initiatives are being embedded within future programmes.

The Institute Research Grants Office has worked hard with Departmental Heads to identify and support grants submissions. In 2020/21, the overall success rate for grant submission was 34% (2020: 29%) which was higher than the UK average. Notable successful wins in 2021 included the following grants of over £500k:

- BBSRC Responsive Mode award to Johnathan Napier
- NERC Responsive Mode award to James Bell
- NERC Responsive Mode award to Adrian Collins

Along with grants of over £300k:

- BBSRC Responsive Mode award to Mike Birkett
- Norwegian Seafood Research fund award to Mike Birkett

In addition, the Institute has achieved great success with Equipment and Capital bids, totalling more than £4.8m.

The SHAKE Climate Change Entrepreneur support programme has successfully completed a third run. Three new ventures were successful in their applications, each receiving a convertible loan of £140K which are shown on the balance sheet as social investments. Two Rothamsted spinout companies, Pherosyn and SugarOx were among the successful ventures in cohort one and continue to develop. Following the launch of Pherosyn, this team successfully bid for a £308K BBSRC grant (Industrial Biotechnology for Improving production of Higher Value Chemicals) and a £270K Innovate UK grant under the SMART initiative for scale up. SugarOx have secured £180k of non-diluted funding from the Defra Farming Innovation Programme for a collaborative R&D project with Rothamsted, and are closing a £150k Seed Enterprise Investment Scheme having reached full subscription.

Financial modelling exercises have been undertaken to ensure the Institute remains ahead of any issues over financial sustainability. The impact of Covid-19 resulted in a request for additional funding support from BBSRC, which was provided through UKRI. This additional support has helped the Institute, but the years ahead remain challenging.

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To help achieve financial sustainability the Company has a highly skilled workforce of scientists of international quality who have access to state-of-the-art facilities alongside unrivalled time-series of data and sample archives, including those derived from the world-renowned and unique “classical” field experiments started over 175 years ago. The major areas of activity are scientific research, postgraduate education and public engagement. Rothamsted is committed to ensuring that all its research is published in widely available media of various types appropriate for the target audience.

Science: All RRes strategic programmes achieved substantive progress throughout the year, although the effective and safe management of Covid 19 risks necessitated revised working practices. In particular, our research was affected by reduced throughput of sample collection, preparation and analysis (DFW;TPM;S2N) and restricted travel for planned field work off-site (S2N; DFW; TPM). Mitigation measures included introducing intermediary approaches such as reducing sample taken for analysis (S2N; TPM) and/or restricting the range of measurements taken (S2N). In rare cases, experiments were delayed by a full growing season (TPM). In addition, in-person engagement and visits were not possible and hands-on training placed on hold, limiting outreach. Despite these limitations, notable achievements in the reporting year were reported by all ISPGs: TPM research in lipid and phenolic glycoside pathways have extended from discovery science to delivery of products in crops, plus field trials, functional testing, protection of IP and significant progress in the path to commercialisation. S2N has advanced the concept of soil health, not by concentrating on single factors such as SOC or single nutrients, but by developing understanding of soil-crop systems and their interactions with the environment across multiple scales. This has allowed us to develop fit-for-purpose metrics, based on a mechanistic understanding of complex and interacting processes. DFW had delivered a major step-change in gene functional characterisation resources in wheat including contribution to the international sequencing and assembly of 15 genomes of hexaploid wheat, as well as low coverage sequencing of 242 Ae. tauschii accessions (D-genome progenitor).

Innovation: The new ICO has made a strong start with a new IP Policy fully approved and adopted. Since its formation the IPEP, which consists of five member of the executive and non-executive team, has met 11 times and made 19 decisions to approve significant commercialisation events recommended by ICO including the progression of Rothamsted spin-outs, joint ventures, licences, patent prosecution, renewal and abandonment decisions, as well as the approval of certain strategic institute initiatives.

Partnerships: AgRIA (Agri-Tech Research Innovation Accelerator) was a 3-year circa £1.7M funding for collaborative innovation projects in Hertfordshire region between leading academics and small and medium-sized enterprises (SMEs) to boost economic growth. AgRIA received funding from the European Regional Development Fund (ERDF) and was led by Rothamsted Research (RRes) in partnership with the University of Hertfordshire (UH), University College London (UCL), and Cranfield University. All AgRIA projects were short and intensive proof-of-concept projects (6-9 months in duration). In total, AgRIA has supported 20 projects between businesses and academics.

The SHAKE Climate Change seed investment and accelerator programme, for agricultural start-ups with a positive impact on climate change, successfully moved through its second year of operation in the period. The call for application for Cohort 2 opened early in the year and some 55 applications were received and screened. From these applications, 17 ventures were invited to attend a week long specialist workshop in May 2020. After an initial pitch, 10 ventures were selected for detailed business mentoring and specialist science meetings over a three month period. Following a final pitch in September, 3 ventures selected for investment successfully completed due diligence, being: (i) SugaROx, the licensee of a novel bio-stimulant technology for crop production; (ii) Entio, a converter of organic waste into insect proteins for fish food; and (iii) Climate Edge, an IT enabled distributor of agricultural services to small holder farmers. By the end of the financial year the SHAKE portfolio consisted of 7 ventures, including Economad, Glaia, HE Feed and PheroSyn from Cohort 1. The call for application for Cohort 3 was issued early in 2021 and the programme is currently ongoing, with 3 ventures in due diligence. Discussions are currently taking place to deliver the SHAKE Programme for a fourth consecutive cohort over 2022.

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Farmer & industry engagement: We strengthened links with UK farmers and farmer networks through direct research involvement in programmes such as ASSIST, BGRI, ERDF Agri-tech projects and the Soil to Nutrition ISP. Our Science & Innovation Advisory Board (SIAB) and Institute Strategic programme (ISP) Advisory Groups provide healthy early sounding beds for ideas, whilst our partnerships with key bodies such as AHDB, AgriTech East and the National Farmers Union enable us to connect to regional and national farmer networks. Our Harpenden site has now joined our North Wyke campus as a LEAF Innovation Centre, linking us to other leading farmer-facing research organisations and LEAF's national network of LEAF Marque and Demonstration Farms. Scientists also engaged with the agricultural industry at external events; Cereals 2020, , Groundswell, NFU meetings, and the Oxford Real Farming Conferences. Most KE activities have had to be moved online due to the COVID pandemic with a key highlight including the delivery of a six week online Farming Forum involving members from the North Devon Beef sector looking at how they can transition to net zero emissions by 2050, drawing on expertise from Rothamsted scientists and invited speakers from aligned research, farming and environmental organisations. We continue to look for opportunities to support farmer-led innovation and a number of Rothamsted researchers have contributed to FarmInn and Innovative Farmer Field Lab trials in the 2020/21. In winter 20/21, our North Wyke site joined a network of 7 other farms in mid and north Devon all implementing silvopasture systems on their farms. Working with the farmers and partners at the Woodland Trust, Soil Association, FWAG SW and the Organic Research Centre, Rothamsted will investigate the impact of different silvopasture planting designs on a range of factors of interest to the farmers such as soil carbon, biodiversity and animal health. This network provides a valuable resource for farmer engagement and has received considerable attention in the media.

Government and Policy: Despite the constraints of the pandemic, RRes has continued to play an influencing role, providing thought leadership and evidence for policy development via formal and informal responses to inquiries/consultations across government and the policy sector. An internal Policy Matters Group was created to share opportunities for contributing to relevant policy development and update staff. We contributed to the DEFRA consultation on gene-editing and interacted with our local MP regarding the Agriculture Bill which received Royal Assent in November 2020. The Dasgupta Review on the Economics of Biodiversity was published, including evidence from our ASSIST team. A summary of the responses to the public consultation on the new Environmental Land Management farm payment system, to which we submitted evidence, was published in February 2021. Rothamsted is also represented on the team that compiles and reports the UK inventory of greenhouse gases to the UNFCCC and began dialogue with UKRI regarding a presence for UK environmental science at COP 26 in Glasgow.

Public Engagement and Science Communication: A successful programme of communication was implemented, including press releases; media engagement, TV and radio. During 2020/2021, 41 press releases were issued with widespread pick up across mainstream and specialist media. Our new media monitoring service recorded that RRes was mentioned in over 1,400 articles globally (print, broadcast and online). Whilst direct public engagement was suspended during the pandemic, RRes still took part in several virtual events including *New Scientist Live: Future of Food and Agriculture*, part of the UK's most popular public science event, attracting over 4,000 people online.

RISK MANAGEMENT

The Company has a formal risk management strategy which has been in place throughout the period covered by this report and is reviewed by the Board and the Finance and Audit Committee. The Board has overall responsibility for establishing key procedures designed to achieve systems of internal control and for reviewing and evaluating their effectiveness.

The risk management strategy comprises:

- An annual review of the key risks the Company may face;

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- The establishment of systems and procedures to mitigate those risks identified within the risk register;
- The implementation of procedures designed to minimise any potential impact on the Company should those risks materialise;
- Financial processes are carefully controlled and monitored through active and regular review of policies and procedures to ensure segregation of duty, appropriate signing authority is monitored.

A risk register is maintained which sets out the key organisational risks. Risks are considered by reference to the probability of occurrence and impact on the Company.

The principal risks identified, related goals, and management strategies to improve mitigation, are as follows:

Risk Identified	Institute Goal at Risk	Principal Mitigations taken
Covid-19 Pandemic	Excellent, outcome-driven, and well-resourced science; highly motivated, skilled and well-performing workforce. Impact on financial sustainability.	Core Covid Response and Work Smart, Stay Apart taskforce meetings and frequent guidance updates; Financial modelling and increased engagement with core funders; Refocused activities and re-aligned budgets.
Loss of major income stream	Long-term sustainability & reputation	Strategic reviews as part of the Transformation programme delivered through four working groups; Improved understanding, systems and oversight of competitive grants; Strengthened commercialisation capability and IP policy.
Non-compliance with laws and standards	A robust system of controls exists to protect the Institute's people, assets, and reputation	Health & Safety Strategy Group established and governance structures strengthened; Greater Finance and Audit Committee oversight; Management Committee review of all policies and procedures.

The Institute has a dedicated Audit, Risk and Compliance officer and day to day responsibility for the implementation of risk management procedures and ongoing monitoring of risk and the effectiveness of controls rests with the Director's Advisory Team (DAT). The DAT examines existing and emerging corporate risks, reviews the Institute risk register and explores corporate risks in detail based upon an agreed timetable. It is also overseen by the Finance and Audit Committee, to which significant risks may be escalated for action or monitoring, as well as high level oversight by the Board.

The Finance and Audit Committee is empowered by the Board of Trustee-Directors and has responsibility for advising on the effectiveness of the systems of internal control, including risk management. To fulfil this requirement, the risk profile is reviewed by the Finance and Audit Committee.

In terms of financial risks, the Group has no borrowings and limited exposure to financial instruments, such as trade debtors and trade creditors. Cash is held in deposit accounts and treasury deposits with major UK clearing banks. The Group's exposure to trade debtors and the associated risk of default is limited to only

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£1.2m at 31 March 2021, 2020 £1.7m. Future strategic funding from April 2023 is subject to the current comprehensive spending review and has yet to be filtered down to the strategic institutes but there is nothing to suggest that RRes does not remain a key strategic institute of UKRI-BBSRC as evidenced by recent financial investment in the capital requirements and transformation of the institute.

PUBLIC BENEFIT

Rothamsted Research Limited traces its primary Object back to that of the LAT – still extant and owner of the land and building assets at Rothamsted and Brooms Barn from which it was created in 1986; this Object can be summarised as the advancement of the science of agriculture. By virtue of the means and routes by which this is carried out, it is clearly aimed at public benefit and so falls within the charitable purpose of “the advancement of the arts, culture, heritage or science”. There are inevitable ancillary benefits from the primary activities as a result of meeting the primary object that would fall into the categories of advancement of education, the advancement of environmental protection or improvement and, perhaps to a more limited extent, the advancement of health. The Charity Commission guidance lists “scientific research” as one of the approved categories and specifically mentions scientific research projects under the heading of the advancement of science. The Trustee-Directors have complied with section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

In the preceding sections of this report we detail how the objectives and achievements of Rothamsted Research have been successfully pursued. We aim to reach the highest level in the quality of our scientific research; we ensure that this is fully and widely distributed to a global audience and so achieve international recognition. This will continue to be via the referred scientific literature, through contributions to research conferences as speakers and poster providers and via popular press articles for farmers and those engaged in land management. For the wider public we both initiate debates on important scientific issues relating to food production and security and proactively engage in discussions and consultations involving these topics.

We are convinced of the necessity to help ensure that our scientific advances can enhance the countryside and environment at both a national and a global level taking as many steps as we can to ensure this is achieved.

The benefits of our work reach and influence, directly or indirectly, all sectors of society: the broad aim of optimising the use of resources, maintaining crop production, while minimising potentially damaging environmental impacts is of benefit to all of humanity. There are some sectors of society who hold views that would limit the introduction of some of the technologies that arise from, or are an inherent part of, our scientific investigations; genetic modification of crop plants might fall into this category. Equally, much of our work is of direct benefit to the practices that are supported by the very same groups; improvement of biological control strategies may be highlighted in this context. Thus, we cover a wide number of sectors and interests and philosophical positions without favouring any one.

The scientific strategy is highly outcome-focussed. Rothamsted Research Limited is continuing to monitor and understand the benefits that the research work has brought to a broad cross section of the community and more details can be seen on our web site at <http://www.rothamsted.ac.uk/our-science>. This covers a range of scientific disciplines but examples include improvement of fertiliser recommendations to reduce waste and pollution, improved monitoring of aphids, tracking and controlling potato diseases, enhancing disease resistance in oilseeds used in the Indian sub-continent and controlling insect vectors of human/animal disease for use in both the developed and developing world. Also, Rothamsted data has informed regulations for heavy metal levels in grains, glucosinolate levels in rape seed oil and opportunities for monitoring and improving soil health.

Indirect benefit may arise from a commercial company identifying new opportunities within our research findings or during a collaboration; this is incidental to our work so in our dealings with commercial

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companies we do not accept any blanket inhibition on freedom to publish. We do accept that, in some examples, the best way that scientific discoveries may be introduced and achieve the most widespread use is through protection of our intellectual property and therefore fully accept that such an approach can be a legitimate form of comprehensive dissemination and actively pursue this where appropriate. Any financial benefit captured by RRes in this or any other way will be used to further pursue its Objects.

FINANCIAL REVIEW

Income

Total group income was £35.5m (2020: £32.4m). This included capital grants of £4.8m (2020: £2.6m). When comparing income year on year, if capital funding is removed it has increased by 3%. Rothamsted's principal funder is the UK Biotechnology and Biological Sciences Research Council (UKRI) which contributed 73% of total income (2020: 69%). This increase is as a result of the increased capital funding above and support provided to mitigate the financial impact of the Covid-19 pandemic.

Expenditure

Total group expenditure for the year amounted to £31.2m (2020 £33.1m). Recurrent expenditure (excluding depreciation and redundancy costs) reduced from £29.3m to £26.9m. This reduction in recurrent expenditure was £2.4m, of which direct costs accounted for £1.9m. Depreciation and amortisation charges have increased by £0.1m in the year with the additional capital funding received.

Net movement in reserves and reserves position

The net movement in reserves for the year was an increase of £4.5m. Unrestricted reserves increased by £1.0m to £18.7m, and restricted reserves increased by £3.5m to £50.1m.

The Institute is very carefully monitoring its cost base and is striving for efficiency savings where possible in order to prevent future deterioration of its unrestricted reserves. The Institute is operating on a tight financial budget for the remainder of the current Institute Strategic Programme funding cycle (to March 2023) and is putting in place the tools to improve the quality and success rates of grant applications and secure additional income streams.

Subsidiaries and joint ventures

One joint venture (Rothamsted Enterprise Limited) made a profit of £43k of which Rothamsted's 40% share, as included in the consolidated accounts, was £17k.

One subsidiary company, Rothamsted Manor Limited, has been made dormant from the 31st of August 2020 following the surrender of the lease on the manor on the 3rd of July 2020 to Lawes Agricultural Trust (LAT).

During 2014/15, Rothamsted Enterprises Ltd completed the construction of the Lawes Open Innovation Hub and the Rothamsted Conference Centre extension on land at West Common, Harpenden, and its principal activities are conferencing, business incubation and shared laboratory facilities to promote collaborative working. REL manages both the Daniel Hall and Russell Buildings for LAT and is has relaunched the Manor now appropriate licenses are in place.

Capital expenditure

Capital expenditure for the year was £4.4m. It also includes capital spend which was supported by capital grants from BBSRC.

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Cash

Cash at 31 March 2021 was £16.6m (2020: £12.4m). Rothamsted deposits its cash with major UK clearing banks. Income from cash deposits in the year was £40k (2020: £107k).

Investment policy

The Group's investments are held to:

- Provide operational liquidity
- Plan for scientific research and
- Support intellectual property

Investments are held as fixed term deposits with major UK clearing banks. Cash is drawn down in line with a planned expenditure schedule within the budget and in conjunction with the reserves policy and forecasting. Maturities of the deposits match these timelines.

In addition there are a small number of investments held to achieve a longer term return on intellectual property to provide funding for future research programmes and a model for commercialisation of research and innovation in to the market place.

Social investments

As noted on page 8 the Charity has made a number of mixed motive investments under the SHAKE Climate Change Entrepreneur support programme. These are included in the financial statements as concessionary loans within social investments. The charity awards these for entrepreneurs and start-ups who are combatting climate change with science or tech-based ideas in the areas of agriculture or food production. Successful applicants who receive a loan are mentored and supported by leading science science tech and business experts with regular meetings to monitor performance.

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 for the ISP funding cycle
- Potential financial risks identified in the risk register
- Potential funding required for strategic investments not included in the operating budget
- Working capital/liquidity requirements

Unrestricted reserves that have been designated for specific purposes are shown in a separate designated reserve. £0.75m is designated towards the Transformation of Rothamsted project which is expected to be spent in 2022/23. £1.6m is designated towards managing financial sustainability and is expected to be spent in 2021/22.

The Institute has set itself a target level of reserves of £4.6m and defines its current free reserves as £5.9m.

Key performance indicators

During the year a number of key performance indicators (KPI's) have been implemented in order for the executive team and trustee board to monitor financial performance and sustainability of the Institute. Each KPI is **S**pecific, **M**easurable, **A**chievable, **R**ealistic and **T**ime-bound (SMART) and is reported on at least once a quarter.

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For external reporting the following four KPIs have been chosen.

KPI 1 is concerned with the submitting and winning of new grants in order to generate additional income. A grant will typically span several years.

KPI 2 measures the cost of unfunded science posts and how much it contributes to the overhead cost of the Institute.

KPI 3 measures the financial performance of our unrestricted reserves in the year

KPI 4 measures the overall value of unrestricted reserves and is used in conjunction with the reserves policy.

Targets were set for the financial year based on performance in the previous year and the overall performance is highlighted in the table below.

	2019/20	2020/21	Target for 2021/22
KPI 1: Grants awarded (£'000)	11,161	9,488	10,000
KPI 2: Unfunded Science Cost	322	588	725
KPI 3: Unrestricted net surplus/(deficit)	(3,988)	1,037	(2,740)
KPI 4: Unrestricted reserves	17,636	18,784	15,752

The total value of grants awarded has decreased on the previous year (KPI 1), however it is in line with the target previously set. The target has been increased for 2021/22 as the transformation programme takes effect. Unfunded science cost has increased with the closure of the Smart Crop Protection programme and this is a measure that we continue to closely monitor. The movement in unrestricted reserves was favourable in the year (KPI 3) with support provided by BBSRC which in turn has led to the overall value of unrestricted reserves being above target (KPI 4). The targets set for 2021/22 are in line with the agreed budget for the coming year and reflect the impact of C-19 and ODA budget cuts.

FUTURE DEVELOPMENTS

Within the overall UK research landscape, Rothamsted's key strength lies in conducting strategic, problem-oriented, integrated agricultural science with wide impact. Embedding a systems approach and working in an excellence- and outcome-driven manner, we develop novel solutions for the sustainable intensification, smart protection and diversification of arable and grassland-livestock systems in the UK and globally. This approach is firmly embedded in the new Science Strategy for 2017-2022, which we have been implementing since April 2017. As a result of the coronavirus pandemic the ISPs have been extended by one year to 2023. This extension period will be used not only to complete the current work under the ISP but to develop and prepare for the next round of ISP submissions.

Our priorities for 2021/22 are to (i) fully on-board and integrate new professorial-level science Leaders, and project-leader level recruitments; (ii) develop and implement the plans needed to realise the outputs and outcomes of our current strategic programmes (following limitations and delays incurred due to Covid-19); (iii), restructure the institute, including new research groups and teams and a new Executive, building on the capability analysis conducted in 2020/21 and incorporating the new joiners (iv) modify and complete the new HR strategy to align with the three principles of the BBSRC Institute Strategy (published July 2021) and with the new structure (v) complete initial digitalisation projects and build capability through new recruitments and digital activities; (vi) finalise and submit applications for new strategic programmes (start date April 2023).

To enable the ISPs to deliver fully against intended milestones in our current strategic programmes, workplans for the year 2021-22 have been readjusted to accommodate sample processing and analysis backlogs (due to Covid-19), and to publish and disseminate results. Our National capabilities will enhance impact through continuing improvements in data access and a programme of training and engagement using

Rothamsted Research Limited

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

a mix of virtual and for live activities. To ensure outreach from all strategic programmes feeds into key debates and policies in food and farming, and to ensure translation of outputs to outcomes, via knowledge exchange, licensing or spinouts, a targeted campaign of public, industrial and policy engagements will be pursued through the year. Our vision and purpose will remain aligned to high level targets of climate change, biodiversity and nutrition in delivering research on the most pressing UK and global challenges facing food and agriculture. Under five new themes, our new strategic programmes will fill knowledge gaps and deliver outcomes, exploiting integrated 'Data-driven Biosciences' to help achieve 'Zero Loss', 'Resilient Agri-landscapes', 'Nutritious Food' and 'Healthy Plants and Soils', whilst also driving production, and resource efficiencies, and enhancing environmental benefits, including biodiversity.

Compliance with section 172

The Board of Trustees welcomes the opportunity to demonstrate how they have developed the Institutes business relationships with stakeholders. The Trustees believe that they have acted in a way they consider would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the act) in the decisions taken during the year ended 31 March 2021 and in the approval of the Transformation Programme.

As Trustees, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within high standards of business conduct and good governance. The Trustees intention is to behave responsibly towards our stakeholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan. When making strategic decisions the Trustees have taken into account the likely consequences of these decisions in the long term.

The Trustees continue to work closely with UKRI-BBSRC, as evidenced through the conception and progress of the Transformation Programme described on Page 8. Employees from across the Institute have been closely involved in the development and direction of the Transformation Programme, with working groups given the opportunity to attend Board meetings and provide feedback. As reflected in the Strategic Report (Pages 6-10), the Institute has continued to strengthen links with farmers, Government and public engagement. The Institute engages with staff through the employee consultation channels described on Page 4 of the Trustees' Report, and is pleased to confirm continuation of its Athena SWAN Charter.

The Trustees are responsible for the overall governance and strategic direction of Rothamsted Research and have a duty to ensure it provides a service that is a public benefit and meets the needs of its beneficiaries. Their role includes the provision of leadership with a framework of prudent and effective controls, including through the Finance and Audit Committee and Scientific Advisory Group of the Board.

The Trustees have maintained a close relationship with the Institute leadership team and have been reassured by the measures put in place in response to the Covid-19 pandemic. The Institute formed two groups, the Core Covid Response Team (CCRT) and Work Smart, Stay Apart (WSSA) team in response to the global pandemic. The CCRT reports to the Board through the Institute Director operating on a strategic level, with the WSSA providing day-to-day support and guidance for the implementation of best practices and safe working. Staff are surveyed and consulted on a weekly basis to ensure their needs are being appropriately addressed.

GOING CONCERN

One of the Group's main objectives for the year was to improve the financial sustainability of the Institute and financial modelling exercises have been undertaken throughout the last 12 months to ensure the Institute remains ahead of any issues over financial sustainability. The impact of Covid-19 resulted in a request for additional funding support from BBSRC, which was provided through UKRI in summer 2020. This additional support has helped the Institute, but the years ahead remain challenging. The BBSRC continues to invest in the Institute despite these challenges with further capital awards of £4.8m made in the 2020/21 financial year and with the Transformation Programme award (total £6.5m) designed to accelerate the scientific and organisational transformation of the Institute. It is expected that the transformation will shortly

Rothamsted Research Limited

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

begin having a positive impact on grant success rates with a new tranche of senior scientists appointed and with greater resource to open up new opportunities (innovation managers), free up Principal Investigator (PI) time to write grant proposals (technicians) and a science catalyst fund to allow PI's to advance research into a more fundable state. The Institute has confirmed strategic funding in place from the BBSRC until March 2022 and a rollover process for one additional year (2022/23) is in progress with the final award confirmation due in early January 2022. All indications are that the funding will be awarded at the current level with no allowance for inflation. Following the Comprehensive Spending Review in November 2021 further information will be disseminated to all UKRI strategic Institutes on funding arrangements post 2022/23 after UKRI's allocation is confirmed but there is nothing to suggest that RRes does not remain a key strategic Institute of the BBSRC and UKRI as evidenced by the financial investment detailed.

In addition the Institute has been taking steps to generate more trading income from commercialisation of its expertise and consultancy services both to the campus and beyond. A more efficient method for costing and charging the use of scientific and operational facilities has been developed and has been applied across the Institute. In addition there are several mitigating actions being developed to reduce cost should this become required.

The board has reviewed and approved management's financial forecasts, supporting cash flows and sensitivity analysis to March 2023 based on the financial sustainability modelling which show sufficient funds to cover liabilities as they fall due. These forecasts are considered by the Directors to assume:

- Achievable levels of new competitive funding awards through recruitment of senior scientists
- Achievable levels of trading income
- Reasonable and prudent assumptions for cost levels and the continuing financial impact of COVID-19

As a result the board concludes that the Institute can continue to operate within its currently available cash and working capital facilities and is therefore considered a going concern. In arriving at this conclusion the board has had regard to relevant factors including the COVID-19 pandemic.

The Strategic Report, which concludes above, includes information in respect of financial instruments, future development and research and development activities in accordance with the section 414C(11) of the Companies Act 2006.

Energy and Carbon Reporting

As part of the obligations set out under the Energy and Carbon Report Regulations 2018, the charity is required to disclose the energy and carbon created as an organisation over the last reporting year starting on or after April 2019. To fulfil this we have measured our UK energy and greenhouse gas emissions as classified within scope 1 and 2 (Streamlined Energy and Carbon Reporting (SECR)).

Energy Consumption and Greenhouse Gases

The methodology used for determining energy and carbon emissions within this section of the report come from a number of sources of our greenhouse emissions:

- Natural gas used for heating the buildings we occupy and for hot water.
- Electricity used for lighting, cooling and air conditioning.
- Fuel consumption in vehicles that are used for business including staff vehicles and hire cars.
- Gas and electricity consumption have been taken from invoices and sub-meter readings as appropriate.
- Fuel consumption is measured from mileage incurred by employees travelling to and from locations.

The charity's consumption and associated greenhouse gas emissions for the financial year April 2020 to March 2021 are shown in the table below.

Energy Efficiency Actions

The charity has installed LED lighting in its controlled environment rooms and installed new chillers for our insectary chilled water supply. In addition we have refurbished the third floor Lab in Bawden Building with LED lighting, air conditioning R32 and energy efficient fume cupboards. Several air

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

conditioning units have been replaced and inverter driven pumps installed for the Centenary Building for mains water and hot water.

Information Required	Current Reporting Year UK and offshore	Previous Reporting Year
Energy consumption used to calculate emissions: /kWh	Gas – 14,234,460kWh Electricity – 6,031,102 kWh Transport – 107,911 kWh Total – 20,373,473 kWh	Gas – 18,328,001kWh Electricity - 5,821,998 kWh Transport – 215,833 kWh Total – 24,365,832 kWh
Emissions from combustion of gas tCO ₂ e (Scope 1)	2,617.3 tonnes	3,370 tonnes
Emissions from business travel in company owned vehicles (Scope 1)	27.5 tonnes	55 tonnes
Emissions from purchased electricity (Scope 2, location-based)	1,406.1 tonnes	1,357.3 tonnes

Information Required	Current Reporting Year UK and offshore	Previous Reporting Year
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	0	0
Total gross CO ₂ e based on above	4,050.9 tonnes	4,782.3 tonnes
Intensity ratio: CO ₂ e gross figure based on mandatory fields above/ e.g. £100,000 revenue (taken from 5 Results)	Metres squared of occupied property. This is because this figure is already used for their BBSRC KPI calculation. The total figure for Rothamsted Research Limited is 59,868.5 m ² . Total emissions were 0.07 tonnes CO ₂ e per meter squared of occupied property.	Metres squared of occupied property. This is because this figure is already used for their BBSRC KPI calculation. The total figure for Rothamsted Research Limited is 59,868.5 m ² . Total emissions were 0.08 tonnes CO ₂ e per meter squared of occupied property.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

AUDIT OR

RSM UK Audit LLP has indicated its willingness to continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who were in office at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. The Directors have confirmed that they have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Report prepared under the Charities Act 2011, which also contains all information required in a Directors' Report by the Companies Act 2006, and the incorporated strategic report prepared under the Companies Act 2006, were approved by the Board and signed

**On Behalf of the
Board**



Professor Sir John Beddington
Trustee
Rothamsted Research Limited
Harpenden
Hertfordshire
AL5 2JQ
Date: 8 December 2021

Rothamsted Research Limited

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Rothamsted Research Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which 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;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

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.

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INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Rothamsted Research Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the Consolidated and Charity Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent charitable company's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

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

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

Other information

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

Rothamsted Research Limited

INDEPENDENT AUDITOR'S REPORT

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, 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's and 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.

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

Rothamsted Research Limited

INDEPENDENT AUDITOR'S REPORT

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Health and Safety. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and reviewed any correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating

Rothamsted Research Limited

INDEPENDENT AUDITOR'S REPORT

the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Use of our report

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

RSM UK Audit LLP

SARAH MASON (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

MK9 1BP

17 December 2021

Rothamsted Research Limited
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2021

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
INCOME					
Income from:					
- trading	1	172	-	172	398
- investments	2	40	-	40	107
Net interest in results of joint venture	12	128	-	128	290
Income from charitable activities:					
- scientific research	3	15,645	14,058	29,703	28,485
- capital grants	3	-	4,818	4,818	2,645
- postgraduate education and training	3	607	-	607	520
		16,252	18,876	35,128	31,650
TOTAL INCOME		16,592	18,876	35,468	32,445
EXPENDITURE ON:					
Raising funds	5	116	-	116	58
Charitable activities	6a	16,027	14,998	31,025	33,043
		16,143	14,998	31,141	33,101
TOTAL EXPENDITURE		16,143	14,998	31,141	33,101
Net gains on investments		202	-	202	-
NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE TRANSFERS		651	3,878	4,529	(656)
Transfers between funds	16	379	(379)	-	-
NET MOVEMENT IN FUNDS IN YEAR		1,030	3,499	4,529	(656)
RECONCILIATION OF FUNDS					
Fund balances at 1 April 2020		17,636	46,601	64,237	64,893
Fund balances at 31 March 2021		18,666	50,100	68,766	64,237

All income and expenditure derives from continuing activities

Rothamsted Research Limited
CHARITY STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2021

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
INCOME					
Income from:					
- trading	1	172	-	172	351
- investments	2	40	-	40	107
Income from charitable activities:					
- scientific research	3	15,645	14,058	29,703	28,485
- capital grants	3	-	4,818	4,818	2,645
- postgraduate education and training	3	607	-	607	520
		16,252	18,876	35,128	31,650
TOTAL INCOME		16,464	18,876	35,340	32,108
EXPENDITURE ON:					
Raising funds	5	15	-	15	13
Charitable activities	6a	16,128	14,998	31,126	33,041
TOTAL EXPENDITURE		16,143	14,998	31,141	33,054
Net gains on investments		202	-	202	-
NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE TRANSFERS		523	3,878	4,401	(946)
Transfer between funds	16	379	(379)	-	-
NET MOVEMENT IN FUNDS IN YEAR		902	3,499	4,401	(946)
RECONCILIATION OF FUNDS					
Fund balances at 1 April 2020		17,747	46,601	64,348	65,294
Fund balances at 31 March 2021		18,649	50,100	68,749	64,348

Rothamsted Research Limited

BALANCE SHEETS

31 March 2021

Company Registration Number 2393175

	Notes	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
FIXED ASSETS					
Tangible assets	10	50,873	50,873	49,624	49,624
Intangible assets	11	956	956	1,217	1,217
Investments	12	356	356	154	154
Social Investments	12	840	840	-	-
Joint venture	12	20	-	(108)	-
		53,045	53,025	50,887	50,995
CURRENT ASSETS					
Stock		748	748	752	752
Debtors	13	6,062	6,062	4,902	4,873
Cash at bank and in hand		16,616	16,616	12,405	12,345
		23,426	23,426	18,059	17,970
CREDITORS: Amounts falling due within one year	14	(7,705)	(7,702)	(4,709)	(4,617)
NET CURRENT ASSETS		15,721	15,724	13,350	13,353
TOTAL ASSETS LESS CURRENT LIABILITIES		68,766	68,749	64,237	64,348
NET ASSETS		68,766	68,749	64,237	64,348
FUNDS					
Restricted funds	16	50,100	50,100	46,601	46,601
Unrestricted funds:					
General funds		16,326	16,309	16,886	16,997
Designated funds		2,340	2,340	750	750
	16	18,666	18,649	17,636	17,747
TOTAL FUNDS		68,766	68,749	64,237	64,348

The financial statements set out on pages 23 to 54 were approved by the Board and authorised for issue on 8 December 2021 and signed on its behalf by:

Stuart Jarvis

Stuart Jarvis
Director

Rothamsted Research Limited

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2021

	<i>Notes</i>	2021 £'000	2020 £'000
Cash generated from / (used in) operations	17	4,814	(2,470)
 Cash flows from Investing activities			
Dividends, interest and rent from investments		40	107
Purchase of property, plant and equipment		(4,419)	(3,891)
Capital grants received		4,818	2,645
Concessionary loans granted		(840)	-
(Increase)/Decrease in money market deposits greater than 90 days		(7,504)	3,000
Net gain on Investments		(202)	-
		<hr/>	<hr/>
Net cash (used in) / generated from investing activities		(8,107)	1,861
		<hr/>	<hr/>
Change in cash and cash equivalents in reporting period		(3,293)	(609)
Cash and cash equivalents at beginning of reporting period		12,405	13,014
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period	17	<u>9,112</u>	<u>12,405</u>

Rothamsted Research Limited

CHARITY CASH FLOW STATEMENT

for the year ended 31 March 2021

	<i>Notes</i>	2021 £'000	2020 £'000
Cash generated from / (used in) operations	18	4,874	(2,374)
 Cash flows from Investing activities			
Dividends, interest and rent from investments		40	107
Purchase of property, plant and equipment		(4,419)	(3,891)
Capital grants received		4,818	2,645
Concessionary loans granted		(840)	-
(Increase)/decrease in money market deposits greater than 90 days		(7,504)	3,000
Net gain on investments		<u>(202)</u>	<u>-</u>
 Net cash (used in) / generated from investing activities		<u>(8,107)</u>	<u>1,861</u>
 Change in cash and cash equivalents in reporting period		(3,233)	(513)
Cash and cash equivalents at beginning of reporting period		12,345	12,858
 Cash and cash equivalents at the end of the reporting period	18	<u><u>9,112</u></u>	<u><u>12,345</u></u>

Rothamsted Research Limited

ACCOUNTING POLICIES

These financial statements have been prepared in accordance with FRS102 (The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102)). The financial statements have been prepared under the historical cost convention as modified by carrying investments at fair value. The financial statements meet the requirements of the Companies Act 2006, the Statement of Recommended Practice - Accounting and Reporting by Charities (Charities SORP (FRS102)) and applicable accounting standards so far as these requirements are appropriate. Rothamsted Research Limited is a private company limited by guarantee and a registered charity. It is registered, domiciled and incorporated in England. The registered company and charity numbers are on page 2. The charity is a public benefit entity as defined by FRS102 and part of a public benefit group. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated. Sterling is the Group's functional and presentational currency.

In accordance with FRS 102, the charity has taken advantage of the exemption from the following disclosure requirement in its individual financial statements: Section 33 'Related Party Disclosures' – Compensation for key management personnel.

GOING CONCERN

One of the Group's main objectives for the year was to improve the financial sustainability of the Institute and financial modelling exercises have been undertaken throughout the last 12 months to ensure the Institute remains ahead of any issues over financial sustainability. The impact of Covid-19 resulted in a request for additional funding support from BBSRC, which was provided through UKRI in summer 2020. This additional support has helped the Institute, but the years ahead remain challenging. The BBSRC continues to invest in the Institute despite these challenges with further capital awards of £4.8m made in the 2020/21 financial year and with the Transformation Programme award (total £6.5m) designed to accelerate the scientific and organisational transformation of the Institute. It is expected that the transformation will shortly begin having a positive impact on grant success rates with a new tranche of senior scientists appointed and with greater resource to open up new opportunities (innovation managers), free up Principal Investigator (PI) time to write grant proposals (technicians) and a science catalyst fund to allow PI's to advance research into a more fundable state. The Institute has confirmed strategic funding in place from the BBSRC until March 2022 and a rollover process for one additional year (2022/23) is in progress with the final award confirmation due in early January 2022. All indications are that the funding will be awarded at the current level with no allowance for inflation. Following the Comprehensive Spending Review in November 2021 further information will be disseminated to all UKRI strategic Institutes on funding arrangements post 2022/23 after UKRI's allocation is confirmed but there is nothing to suggest that RRes does not remain a key strategic Institute of the BBSRC and UKRI as evidenced by the financial investment detailed.

In addition the Institute has been taking steps to generate more trading income from commercialisation of its expertise and consultancy services both to the campus and beyond. A more efficient method for costing and charging the use of scientific and operational facilities has been developed and has been applied across the Institute. In addition there are several mitigating actions being developed to reduce cost should this become required.

The board has reviewed and approved management's financial forecasts, supporting cash flows and sensitivity analysis to March 2023 based on the financial sustainability modelling which show sufficient funds to cover liabilities as they fall due. These forecasts are considered by the Directors to assume:

- Achievable levels of new competitive funding awards through recruitment of senior scientists
- Achievable levels of trading income
- Reasonable and prudent assumptions for cost levels and the continuing financial impact of COVID-19

As a result the board concludes that the Institute can continue to operate within its currently available cash and working capital facilities and is therefore considered a going concern. In arriving at this conclusion the board has had regard to relevant factors including the COVID-19 pandemic.

BASIS OF CONSOLIDATION

The results of Rothamsted Manor Limited have been included in the consolidated financial statements on a line by line basis, using the acquisition method of accounting until the 31st of August 2020 at which point it was made

Rothamsted Research Limited

ACCOUNTING POLICIES

dormant. Rothamsted Manor Limited is the only UK subsidiary undertaking that has traded during the year (see Note 12). Other subsidiaries have not been consolidated on grounds of immateriality.

JOINT VENTURES

Undertakings in which the group has a long-term interest and which are under joint control are defined as joint ventures. Joint ventures are accounted for using the equity method.

TANGIBLE ASSETS

Tangible assets are depreciated to their estimated residual values over their expected useful lives on a straight-line basis. Items over £3,000 are capitalised.

Buildings	25 - 50 years
Plant & Machinery	5 - 10 years
Fixtures, Fittings and Vehicles	3 - 10 years

Assets in the course of construction are included at cost, and will be depreciated to their estimated residual values over their expected useful lives on a straight-line basis once the asset is available for use. Freehold land is included at cost and not depreciated. An assessment is made at each reporting date of whether there are any indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount of the asset is estimated. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments in the Statement of Financial Activities.

INTANGIBLE ASSETS

Intangible assets are amortised to their estimated residual values over their expected useful lives on a straight-line basis. Items over £3,000 are capitalised.

Computer Software	3 - 5 years
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Assets in the course of construction are included at cost, and will be amortised to their estimated residual values over their expected useful lives on a straight-line basis once the asset is available for use. An assessment is made at each reporting date of whether there are any indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount of the asset is estimated. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments in the Statement of Financial Activities.

STOCKS

Inventory takes the form of both materials to be consumed in the rendering of services and assets held for sale in the ordinary course of business (farm livestock). Inventory is measured at the lower of cost and estimated selling price less costs to complete and sell.

INVESTMENTS

Unlisted investments are carried at directors' estimate of fair value as at the Balance Sheet date, and any gains or losses taken to the Statement of Financial Activities. The estimate of fair value is based on the latest available financial information.

SOCIAL INVESTMENTS

Mixed motive social investments in the form of concessionary loans are measured at the amount paid, including interest accrued and after impairment, where applicable.

INVESTMENTS IN GROUP UNDERTAKINGS

Investments in group undertakings are stated at cost less impairment, where relevant, as these represent shareholdings in unlisted companies.

Rothamsted Research Limited

ACCOUNTING POLICIES

FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustee-Directors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustee-Directors for particular purposes. The aim and use of each designated fund are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The aim and use of the restricted funds are set out in the notes to the financial statements.

INCOME

All income except grants is included in the Statement of Financial Activities when the Group or Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income from grants, including capital grants, is included within income when these are receivable, except as follows:

- When donors specify that grants given to the Charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions, which must be fulfilled before the Charity becomes entitled to use such income, and those conditions are outside the control of the Charity, the income is deferred and not included in income until pre-conditions for use have been met.

When donors specify that grants, including capital grants, are for restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in restricted funds when receivable.

Rothamsted Manor Limited (RML) generated income from property and events management. The income and expenditure associated with this activity are included within income from trading and expenditure on raising funds for the five months until dormancy.

EXPENDITURE

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Group or Charity to the expenditure. All expenditure is included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered, and have been classified under headings that aggregate all costs related to the category.

- Costs of raising funds are those costs incurred in trading activities which raise funds.
- Charitable activities include expenditure associated with scientific research and postgraduate education and training and include both the direct costs and support costs relating to these activities.
- Governance costs include those incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

OPERATING LEASES

Rentals under operating leases are written off on a straight-line basis over the term of the lease.

GRANTS

Expenditure by the Charity, which is financed by grants from third parties and applied to buildings not owned by the Group, is capitalised and included within Restricted Funds. The rent-free provision to the Charity of the buildings, on which such expenditure has been applied, is not treated as a donation as it is not possible to place an appropriate value on such arrangements.

Rothamsted Research Limited

ACCOUNTING POLICIES

Grants received as Unrestricted Funds, whether designated or general, are deferred to the extent that they relate to expenditure where the donor has stipulated that they be incurred in future periods, or are subject to pre-conditions that have not been met at the balance sheet date.

PENSION COSTS

Employees who remain on BBSRC contracts are members of the Research Councils' Pension Schemes. These are defined benefit schemes, the finances of which are administered by the BBSRC, and for which separate accounts are published (see Note 9). The pension schemes are administered by the Research Councils' Joint Superannuation Services and the schemes' finances are administered by the BBSRC. Under the definitions set out in FRS 102, the scheme is a multi-employer pension scheme. The Charity is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs represent contributions payable by the Group to the schemes.

Employees with Rothamsted contracts are members of a defined contribution scheme. The amount charged as expenditure represents the contributions payable by the Group in the year and is split between restricted and unrestricted funds based on how the individual is funded.

REDUNDANCY COSTS

A liability is recognised for redundancy where the charity is demonstrably committed to terminating the employment of an employee or to provide termination benefits. A redundancy payment is charged to the Statement of Financial Activities immediately on recognition at the best estimate of the cost at the reporting date. Where the responsibility for funding the redundancy payment lies with a third party in full or in part the associated income is immediately recognised in the Statement of Financial Activities.

Redundancy payments for employees who remain on BBSRC contracts are linked to severance arrangements under the exit terms outlined in the Civil Service Compensation Scheme Terms (CSCS). These terms cover all agreed exits under Voluntary Redundancy, Compulsory Redundancy and Voluntary Exit. Payments are made following a process approved by Joint Superannuation Services (JSS) who administer the CSCS on the charity's behalf. Severance estimates are provided as part of the agreed redundancy process with funding being agreed at 100% with BBSRC until 31 March 2020, tapering off to 50% from 1st April 2020, 25% from 1st April 2021 and 0% from 1st April 2022.

Redundancy payments for staff employed by the charity under Rothamsted contracts are not funded and are calculated in accordance with statutory provisions.

RELATED PARTY TRANSACTIONS

BBSRC and LAT are related parties of the Institute.

RESEARCH AND DEVELOPMENT

All research and development costs are written off as incurred.

CHARITABLE STATUS

Rothamsted Research Limited is a registered charity, registration number 802038, and in consequence is exempt from taxation on income arising from and expended on its charitable activities.

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of that transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and unrealised and realised gains and losses on translation are included in the Statement of Financial Activities.

Rothamsted Research Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

The Group applies the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Such debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected per the original terms of the contract. Impairment losses are recognised as expenditure in the Statement of Financial Activities for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Financial Activities.

Concessionary loans are measured at the amount paid, including interest accrued and after impairment, where applicable.

Financial Liabilities

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key sources of estimation uncertainty include:

Grants received for capital expenditure are included in the Statement of Financial Activities when the Group is entitled to receipt, whereas the depreciation on those grant-funded capital assets is reflected in the Statement of Financial Activities over the useful economic lives of those assets as stated on page 31. The depreciation cost (included in note 10) is significant to the result as shown in the financial statements and, accordingly, the expected useful lives are an important estimate in the context of these financial statements

Under the terms of the bare licence, the Charity has unencumbered usage of the buildings reported as fixed assets in note 10 in these financial statements. The trustee-directors are confident that the Institute will retain a legal right to occupy the land and buildings for the foreseeable future. The land is owned by The Lawes Agricultural Trust.

Rothamsted Research Limited

ACCOUNTING POLICIES

Unlisted investments are carried at directors' estimate of fair value as at the Balance Sheet date, and any gains or losses taken to the Statement of Financial Activities. The estimate of fair value is based on the holding as a proportion of the net asset value as per the most recently available information .

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

1	TRADING INCOME GROUP	Unrestricted 2021 £'000	Unrestricted 2020 £'000	Restricted 2021 £'000	Restricted 2020 £'000	Total 2021 £'000	Total 2020 £'000
	Consultancy	-	27	-	-	-	27
	Other	172	324	-	-	172	324
	Sale of goods trading	-	47	-	-	-	47
		172	398	-	-	172	398
	CHARITY	Unrestricted 2021 £'000	Unrestricted 2020 £'000	Restricted 2021 £'000	Restricted 2020 £'000	Total 2021 £'000	Total 2020 £'000
	Consultancy	-	27	-	-	-	27
	Other	172	324	-	-	172	324
		172	351	-	-	172	351
2	INVESTMENT INCOME	Unrestricted 2021 £'000	Unrestricted 2020 £'000	Restricted 2021 £'000	Restricted 2020 £'000	Total 2021 £'000	Total 2020 £'000
	GROUP AND CHARITY						
	Dividend income	25	25	-	-	25	25
	Interest receivable	15	82	-	-	15	82
		40	107	-	-	40	107

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

3 CHARITABLE ACTIVITIES

Total income from charitable activities is analysed as follows:

GROUP AND CHARITY	Unrestricted 2021 £'000	Unrestricted 2020 £'000	Restricted 2021 £'000	Restricted 2020 £'000	Total 2021 £'000	Total 2020 £'000
Strategic Funding	-	-	10,087	10,814	10,087	10,814
Competitive Project Grant	2,991	3,125	-	-	2,991	3,125
Open Access Funding	-	-	85	85	85	85
Smart Crop Protection	-	-	-	1,891	-	1,891
Strategic Hires	-	-	200	200	200	200
Capital Equipment	-	-	3,583	2,157	3,583	2,157
Building Project Funding	-	-	-	-	-	-
Capital maintenance	-	-	1,235	489	1,235	489
Redundancy Funding	-	-	845	378	845	378
Resource Grant Funding	5,190	-	1,600	3,145	6,790	3,145
TOTAL BBSRC	8,181	3,125	17,635	19,159	25,816	22,284
DEFRA	327	409	-	-	327	409
Other Government Departments /						
Public Sector (see below)	2,080	1,603	-	-	2,080	1,603
European Union	797	298	-	-	797	298
Industry	1,514	1,069	-	-	1,514	1,069
Trusts, Foundations, Charities	738	1,893	-	-	873	1,893
SHAKE Climate	-	-	1,181	1,121	1,046	1,121
Income from Farm Operations	681	566	-	-	681	566
ERDF	590	555	-	-	590	555
Postgraduate Education and Training Union	607	520	-	-	607	520
Open Access Funding (RCUK)	-	-	60	77	60	77
Miscellaneous income	737	1,255	-	-	737	1,255
TOTAL INCOME	16,252	11,293	18,876	20,357	35,128	31,650
Other Government Departments / Public Sector:						
Other Research Councils	1,947	1,255	-	-	1,947	1,255
Other	133	348	-	-	133	348
	2,080	1,603	-	-	2,080	1,603

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

4 INCOME

GROUP Analysis of income by geographical region:	Unrestricted 2021 £'000	Unrestricted 2020 £'000	Restricted 2021 £'000	Restricted 2020 £'000	Total 2021 £'000	Total 2020 £'000
Domestic Customers (UK)	15,647	10,536	18,876	20,357	34,523	30,893
EU Customers	931	573	-	-	931	573
Non - EU Customers	14	979	-	-	14	979
	-	-	-	-	-	-
	16,592	12,088	18,876	20,357	35,468	32,445

CHARITY Analysis of income by geographical region:	Unrestricted 2021 £'000	Unrestricted 2020 £'000	Restricted 2021 £'000	Restricted 2020 £'000	Total 2021 £'000	Total 2020 £'000
Domestic Customers (UK)	15,519	10,199	18,876	20,357	34,395	30,556
EU Customers	931	573	-	-	931	573
Non – EU Customers	14	979	-	-	14	979
	-	-	-	-	-	-
	16,464	11,751	18,876	20,357	35,340	32,108

5 COST OF RAISING FUNDS	Unrestricted 2021 £'000	Unrestricted 2020 £'000	Restricted 2021 £'000	Restricted 2020 £'000	Total 2021 £'000	Total 2020 £'000
GROUP						
Consultancy	15	13	-	-	15	13
Cost of goods sold	101	45	-	-	101	45
	116	58	-	-	116	58
CHARITY						
Consultancy	15	13	-	-	15	13

Rothamsted Research Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

6a) CHARITABLE ACTIVITIES	Direct costs	Other costs	Support costs	Total 2021	Total 2020
GROUP	£'000	£'000	£'000	£'000	£'000
Scientific research	19,437	4,675	5,954	30,066	32,080
Postgraduate education and training	744	-	215	959	963
	<u>20,181</u>	<u>4,675</u>	<u>6,169</u>	<u>31,025</u>	<u>33,043</u>
Unrestricted	5,183	4,675	6,169	16,027	16,264
Restricted	14,998	-	-	14,998	16,779
	<u>20,181</u>	<u>4,675</u>	<u>6,169</u>	<u>31,025</u>	<u>33,043</u>
CHARITY	Direct costs	Other costs	Support costs	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000
Scientific research	19,538	4,675	5,954	30,167	32,078
Postgraduate education and training	744	-	215	959	963
	<u>20,282</u>	<u>4,675</u>	<u>6,169</u>	<u>31,126</u>	<u>33,041</u>
Unrestricted	5,284	4,675	6,169	16,128	16,262
Restricted	14,998	-	-	14,998	16,779
	<u>20,282</u>	<u>4,675</u>	<u>6,169</u>	<u>31,126</u>	<u>33,041</u>

Direct costs £20,181k (2020: £22,939k) for the Group and £20,282k (2020: £22,937k) for the Charity are those associated with providing the activity, such as laboratory supplies. Other costs of £4,675k (2020: £4,390k) include indirect costs relating to premises and equipment. Support costs are detailed in Note 6b.

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

6b) SUPPORT COSTS

The Group and Charity allocate support costs as shown in the table below. Support costs are allocated on a basis consistent with the use of expenditure.

GROUP AND CHARITY

	Scientific research £'000	Postgraduate education and training £'000	Total 2021 £'000	Total 2020 £'000
Commercial and Finance	848	31	879	872
Human Resources	296	11	307	277
Computing Service	554	20	574	524
Institute Management	1,654	60	1,714	1,787
Other administration	2,516	92	2,608	2,174
Governance	86	1	87	80
	<u>5,954</u>	<u>215</u>	<u>6,169</u>	<u>5,714</u>

An analysis of the comparative 2019/20 support costs are as follows:

GROUP AND CHARITY

	Scientific research £'000	Postgraduate education and training £'000	Total 2020 £'000	Total 2019 £'000
Commercial and Finance	846	26	872	775
Human Resources	265	12	277	356
Computing Service	498	26	524	783
Institute Management	1,733	54	1,787	1,596
Other administration	2,091	83	2,174	2,465
Governance	79	1	80	96
	<u>5,512</u>	<u>202</u>	<u>5,714</u>	<u>6,071</u>

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

7 GOVERNANCE COSTS	Unrestricted 2021 £'000	Unrestricted 2020 £'000	Restricted 2021 £'000	Restricted 2020 £'000	Total 2021 £'000	Total 2020 £'000
GROUP AND CHARITY						
Audit fee	38	38	-	-	38	38
Trustees' expenses	-	1	-	-	-	1
Technical support	49	41	-	-	49	41
Professional advice to Trustees	-	-	-	-	-	-
	87	80	-	-	87	80

6 Directors (2020:6) claimed £nil (2020: £927) reimbursement of travel expenses. Due to Covid-19 restrictions and board meetings were held virtually.

Under the amended Articles of Association approved by Special Resolution on 10 December 2013, the Charity is authorised to remunerate its Chairman, and in the year ended 31 March 2021 paid an honorarium of £10,932 (2020: £10,932). Other trustees received £Nil (2020: £Nil).

8 NET INCOME/(EXPENDITURE) IS STATED AFTER CHARGING/(CREDITING) THE FOLLOWING:	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
Interest receivable	(15)	(15)	(82)	(82)
Auditor's remuneration – audit services – parent	38	38	40	38
Auditor's remuneration – audit services – subsidiary	-	-	5	-
Auditor's remuneration – taxation advisory	12	12	12	12
Auditor's remuneration – taxation compliance	2	2	4	2
Depreciation	3,170	3,170	3,223	3,223
Amortisation	261	261	87	87

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

9 STAFF COSTS AND NUMBERS	Unrestricted 2021 £'000	Unrestricted 2020 £'000	Restricted 2021 £'000	Restricted 2020 £'000	Total 2021 £'000	Total 2020 £'000
GROUP						
Salaries and wages	8,574	8,204	4,613	5,185	13,187	13,389
Social security costs	775	821	477	541	1,252	1,362
Other pension costs	1,423	1,509	910	1,041	2,333	2,551
Redundancy costs	17	82	845	378	862	460
	10,789	10,616	6,845	7,145	17,634	17,761

CHARITY	Unrestricted 2021 £'000	Unrestricted 2020 £'000	Restricted 2021 £'000	Restricted 2020 £'000	Total 2021 £'000	Total 2020 £'000
Salaries and wages	8,574	8,191	4,613	5,185	13,187	13,376
Social security costs	775	821	477	541	1,252	1,362
Other pension costs	1,423	1,509	910	1,041	2,333	2,550
Redundancy costs	17	82	845	378	862	460
	10,789	10,603	6,845	7,145	17,634	17,748

The average number of persons employed by category was:

	Group Total 2021 No.	Charity Total 2021 No.	Group Total 2020 No.	Charity Total 2020 No.
Science staff	269	269	262	262
Technical and administrative staff	105	105	102	102
	374	374	364	364

The average number of persons (full time equivalent) employed by category was:

	239	239	235	235
Science staff	239	239	235	235
Technical and administrative staff	101	101	98	98
	340	340	333	333

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

9 STAFF COSTS AND NUMBERS (continued)

The number of staff with emoluments greater than £60,000, all of whom were accruing pension benefits, was:

	Group Total 2021	Charity Total 2021	Group Total 2020	Charity Total 2020
£60,000 - £69,999	9	9	17	17
£70,000 - £79,999	9	9	4	4
£80,000 - £89,999	2	2	1	1
£90,000 - £99,999	1	1	2	2
£110,000 - £119,999	0	0	0	0
£120,000 - £129,999	0	0	0	0
£130,000 - £139,999	0	0	0	0
£150,000 - £159,999	1	1	1	1
	<u>22</u>	<u>22</u>	<u>25</u>	<u>25</u>

Remuneration for 14 key Management Committee employees, was £1,059k, including employer's national insurance (2020: £970k, 10 employees).

Charity staff employed prior to the change in governance are BBSRC employees who are subject to BBSRC terms and conditions of service and are appointed by the Charity under delegated powers. Although the legal liability for employment rested with the BBSRC through to 31 March 2021, the Charity is expected to meet all staff costs arising from normal activities.

Ex BBSRC staff employed by Rothamsted Research Ltd are members of the Research Councils' Pension Schemes (RCPS), which are funded on a pay-as-you-go basis principally through employer and employee contributions and annual Grant-in-Aid. The pension schemes are by analogy to the Principal Civil Service Pension Scheme (PCSPS), except that the schemes, which are defined benefit schemes and provide retirement and related benefits on final emoluments, redundancy and injury benefits are administered and funded by the Research Councils. The pension schemes are administered by the Research Councils' Joint Superannuation Services and the schemes' finances are administered by the BBSRC. Under the definitions set out in Financial Reporting Standard 102 the schemes are a multi-employer pension scheme. The Charity is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Charity has taken advantage of the exemption of FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. For 2020/21, the Group paid £1,031k (2020: £1,237k) in employer's contributions into the scheme. A separate Research Councils' Pensions Schemes Account was published for the year ended 31 March 2021 and contains the further disclosure of information under the relevant accounting standard. The total net liability as at 31 March 2021 was £6.658m (2020: £6,124m). The Group expects to pay £1,171k in respect of RCPS and £1,265k in respect of the defined contribution scheme in employer's contributions in 2021/22.

Staff employed since 1 April 2012 are members of a defined contribution scheme, as noted on page 4. Group contributions made in 2020/21 amounted to £1,171k (2020: £1,293k), and there were £Nil accrued or prepaid contributions at 31 March 2021 (2020: £Nil). In the year, the Charity paid £7k in premiums for Professional Indemnity Insurance (2020: £6.6k).

Rothamsted Research Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

10	TANGIBLE FIXED ASSETS	Land & Buildings £'000	Plant and machinery £'000	Fixtures, fittings and vehicles £'000	Total £'000
	GROUP				
	Cost:				
	As at 1 April 2020	69,673	28,623	6,336	104,632
	Additions	1,132	2,997	290	4,419
	As at 31 March 2021	70,805	31,620	6,626	109,051
	Accumulated depreciation:				
	As at 1 April 2020	29,445	22,073	3,490	55,008
	Charge for the year	1,486	923	761	3,170
	As at 31 March 2021	30,931	22,996	4,251	58,178
	Net book value:				
	As at 31 March 2021	39,874	8,624	2,375	50,873
	As at 31 March 2020	40,228	6,550	2,846	49,624
	CHARITY	Land & Buildings £'000	Plant and machinery £'000	Fixtures, fittings and vehicles £'000	Total £'000
	Cost:				
	As at 1 April 2020	69,673	28,623	6,210	104,506
	Additions	1,132	2,997	290	4,419
	As at 31 March 2021	70,805	31,620	6,500	108,925
	Accumulated depreciation:				
	As at 1 April 2020	29,445	22,052	3,385	54,882
	Charge for the year	1,486	923	761	3,170
	As at 31 March 2021	30,931	22,975	4,146	58,052
	Net book value:				
	As at 31 March 2021	39,874	8,645	2,354	50,873
	As at 31 March 2020	40,228	6,571	2,825	49,624

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

10 TANGIBLE FIXED ASSETS (Continued)

Under the terms of the bare licence, the Charity has unencumbered usage of the buildings reported as fixed assets above. The trustee-directors are confident that the Institute will retain a legal right to occupy the land and buildings for the foreseeable future. The land is owned by The Lawes Agricultural Trust, a related party as disclosed in note 19.

11 INTANGIBLE FIXED ASSETS

GROUP AND CHARITY	Software £'000	Total £'000
Cost:		
As at 1 April 2020 and 31 March 2021	1,304	1,304
Accumulated amortisation:		
As at 1 April 2020	87	87
Charge for the year	261	261
As at 31 March 2021	348	348
Net book value:		
As at 31 March 2021	956	956
As at 31 March 2020	1,217	1,217

12 INVESTMENTS

GROUP	Unlisted investments 2021 £'000	Unlisted investments 2020 £'000
Valuation:		
As at 1 April and 31 March	356	154

The unlisted investments relate to the following holdings:

The Company owns 2,833 £0.01 ordinary shares in VSN International Limited, a 15.87% shareholding.

The Company also owns 103,675 £0.001 ordinary shares, a 0.9% shareholding in Insense Limited.

Investments are held at the Directors' estimate of fair value. The valuation was undertaken by management based on publicly available financial information.

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

CHARITY	Unlisted investments £'000	Shares in group undertakings £'000	Total £'000
Cost / valuation:			
As at 1 April 2020	154	-	154
Unrealised gain	202	-	202
As at 31 March 2021	<u>356</u>	<u>-</u>	<u>356</u>
Impairment as at 1 April 2020 and 31 March 2021	-	-	-
Net Book Value:			
As at 31 March 2021	<u>356</u>	<u>-</u>	<u>356</u>
As at 31 March 2020	<u>154</u>	<u>-</u>	<u>154</u>

Shares in subsidiary undertakings

The Charity held the following shares in subsidiary undertakings at 31 March 2021:

	Shares held Class	%	Capital and Reserves £	Country of Incorporation
Rothamsted Research Holdings Limited (dormant)	Ordinary	100	-	England & Wales
Rothamsted International Consulting Limited (dormant)	Ordinary	100	2	England & Wales
Genetic Technologies Limited (dormant)*	Ordinary	100	2	England & Wales
Rothamsted Manor Limited (dormant)	Ordinary	100	(716,673)	England & Wales
Rothamsted Experimental Station Limited (dormant)*	Ordinary	100	1	England & Wales
AfSIS Ltd (dormant)	Ordinary	100	8,000	Tanzania

* held indirectly via Rothamsted Research Holdings Limited.

The registered office of these undertakings is Rothamsted Research Limited, Harpenden, Hertfordshire AL5 2JQ except AfSIS Limited. The registered office of this entity is P.O. Box 2704, Dodoma Road, Arusha, Tanzania.

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

The results of Rothamsted Manor Limited (company no 03706064), for the year ended 31 August 2020, which are included in the consolidated financial statements, are set out below:

	2021 £'000	2020 £'000
Turnover	-	47
Expenditure	(101)	(45)
Retained profit/(loss) for the year	(101)	2
Net liabilities at 1 April	(717)	(618)
Net liabilities at 31 March	(717)	(616)
Being:		
Tangible fixed assets	-	-
Current assets	-	89
Current liabilities	(717)	(705)
Net liabilities at 31 March	(717)	(616)

Rothamsted Manor Limited ceased trading during 2020/21.

Rothamsted Enterprises Limited as shown below, is a joint venture between Rothamsted Research Limited (40%), the Lawes Agricultural Trust (40%), and the Biotechnology and Biological Sciences Research Council (20%). The Charity owns 40% of the 5 ordinary shares issued. Accordingly, given joint control, 40% of the results and the assets of the joint venture have been included in the consolidated financial statements of Rothamsted Research Limited, on the basis of statutory accounts this year as follows

	2021 £'000	2020 £'000
Turnover	654	784
Administrative expenses	(637)	(760)
Retained profit/(loss) for the year	17	24
Recognition of additional prior year profit	111	266
Net (liabilities) at 1 April	(108)	(398)
Net assets / (liabilities) at 31 March	20	(108)
Being:		
Fixed assets	4,039	4,255
Net current assets	272	146
	4,311	4,401
Liabilities greater than one year	(4,291)	(4,509)
Net assets / (liabilities) at 31 March	20	(108)

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

SOCIAL INVESTMENTS

	2021	2020
GROUP AND CHARITY	£'000	£'000
Cost:		
Concessionary Loans	<u>840</u>	<u>840</u>

Concessionary loans have been granted for an initial term of 12 months with interest of 5% per annum. Each loan automatically converts into shares in the event of default or if the purpose of the loan can no longer be effectively furthered. Otherwise the loans are convertible at the Charity's option any time after the initial 12 month term.

13	DEBTORS	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
	Due within one year				
	Trade debtors	1,210	1,210	1,727	1,727
	Other debtors	1,306	1,306	164	164
	Prepayments and accrued income	3,000	3,000	2,327	2,325
	Other tax and social security	80	80	31	4
	Due from joint venture – due in one year	-	-	453	453
		<u>5,596</u>	<u>5,596</u>	<u>4,702</u>	<u>4,673</u>
	Other debtors due after one year				
	Due from joint venture	466	466	200	200
		<u>6,062</u>	<u>6,062</u>	<u>4,902</u>	<u>4,873</u>

14	CREDITORS: Amounts falling due within one year	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
	Trade creditors	3,231	3,231	1,759	1,759
	Other creditors	6	3	87	-
	Accruals	2,168	2,168	941	936
	Deferred income (see note 15)	2,300	2,300	1,922	1,922
		<u>7,705</u>	<u>7,702</u>	<u>4,709</u>	<u>4,617</u>

Rothamsted Research Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

15	DEFERRED INCOME represents grant income received in advance of expenditure. The movement can be analysed as follows:	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
	Opening balance	1,922	1,922	4,168	4,168
	Amounts deferred during the year	2,300	2,300	1,922	1,922
	Release of amounts previously deferred	(1,922)	(1,922)	(4,168)	(4,168)
		<u>2,300</u>	<u>2,300</u>	<u>1,922</u>	<u>1,922</u>

16 FUNDS

	Unrestricted 2021 £'000	Unrestricted 2020 £'000	Restricted 2021 £'000	Restricted 2020 £'000	Total 2021 £'000	Total 2020 £'000
GROUP						
Funds as at 31 March	18,666	17,636	50,100	46,601	68,766	64,237
Funds balances are represented by:						
Fixed assets	10,685	11,557	42,360	39,330	53,045	50,887
Current assets	15,686	10,788	7,740	7,271	23,426	18,059
Current liabilities	(7,705)	(4,709)	-	-	(7,705)	(4,709)
	<u>18,666</u>	<u>17,636</u>	<u>50,100</u>	<u>46,601</u>	<u>68,766</u>	<u>64,237</u>
CHARITY						
Funds as at 31 March	18,649	17,747	50,100	46,601	68,749	64,348
Funds balances are represented by:						
Fixed assets	10,665	11,665	42,360	39,330	53,025	50,995
Current assets	15,686	10,699	7,740	7,271	23,426	17,970
Current liabilities	(7,702)	(4,617)	-	-	(7,702)	(4,617)
	<u>18,649</u>	<u>17,747</u>	<u>50,100</u>	<u>46,601</u>	<u>68,749</u>	<u>64,348</u>

GROUP – GENERAL FUNDS

	2021 £'000	2020 £'000
Balance brought forward	16,886	20,124
Net income / (expenditure)	651	(3,484)
Designated in year	(3,600)	-
Released from designated funds	2,010	-
Transfer from restricted funds	379	246
Balance carried forward	<u>16,326</u>	<u>16,886</u>

Rothamsted Research Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

16 FUNDS (continued)

CHARITY – GENERAL FUNDS	2021 £'000	2020 £'000
Balance brought forward	16,997	20,525
Net (expenditure)/income	523	(3,774)
Designated in year	(3,600)	-
Released from designated funds	2,010	-
Transfer from restricted funds	379	246
	<u>16,309</u>	<u>16,997</u>
Balance carried forward		
	<u>16,309</u>	<u>16,997</u>
	2021 £'000	2020 £'000
DESIGNATED ESTATE REBUILD FUND		
GROUP AND CHARITY		
Balance brought forward	750	1,500
Designated in the year	3,600	750
Released in the year	(2,010)	(1,500)
	<u>2,340</u>	<u>750</u>
Balance carried forward		
	<u>2,340</u>	<u>750</u>

£750k of the designated fund relates to funds set aside by the trustee-directors for the transformation of Rothamsted. £1,590k relates to managing financial sustainability at the institute.

GROUP AND CHARITY RESTRICTED	1 April 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2021 £'000
Capital fund	39,330	4,818	(2,628)	-	41,520
Estate Rebuild fund	2,379	-	-	(379)	2,000
Open Access fund(RCUK)	-	60	(55)	-	5
Shake Climate Change Gates Foundation(ISDA)	727	1,181	(623)	-	1,285
BBSRC Resource Grant	873	10,372	(10,574)	-	671
RI fellows	147	-	(11)	-	136
Redundancy (2019-20)	-	845	(845)	-	-
Transformation award	3,145	1,600	(262)	-	4,483
	<u>46,601</u>	<u>18,876</u>	<u>(14,998)</u>	<u>(379)</u>	<u>50,100</u>

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

16 FUNDS (continued)

The Capital fund principally represents funding received, largely from the BBSRC, for the acquisition of tangible fixed assets. These assets are built on land that is not owned by the Institute. It represents the net book value of such fixed assets. The Estate Rebuild fund represents funding received from the BBSRC in respect of ensuring the long-term sustainability of the Institute's estate facilities. The Open Access fund represents funding received from the UKRI, in respect of the RCUK requirement for publications to be openly available on a publisher's site. SHAKE climate change is a programme which helps entrepreneurs and start ups who are combating climate change. Of the fund closing balance of £1,285k; £840k has been provided as social investment loans and is accounted for within the balance sheet. In accordance with the Institute Standard Conditions of Grant it has become required to place all grant award payments from the BBSRC in relation to ISP's in a restricted reserve called BBSRC resource grant, or BBSRC capital grant for capital spend on ISP's, against which actual costs incurred will be charged. RI fellows funds are used to make awards to scientists from developing and emerging countries worldwide to conduct research into agriculture in developing countries. The transformation award is monies received towards the overall Transformation Project.

There were transfers from the restricted Estate Rebuild Fund of £379k (2020:£246k) to unrestricted funds during the year as a contribution to the cost of the ERP implementation project with the permission of the donor.

An analysis of the comparative 2019/20 restricted fund movements follows:

GROUP AND CHARITY RESTRICTED	1 April 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2020 £'000
Capital fund	39,207	2,645	(2,522)	-	39,330
Estate Rebuild fund	2,875	-	(250)	(246)	2,379
Open Access fund(RCUK)	-	77	(77)	-	-
SHAKE Climate Change	-	1,121	(394)	-	727
Gates Foundation (ISDA)	270	-	(270)	-	-
BBSRC Resource Grant	770	12,991	(12,888)	-	873
BBSRC Capital Grant	-	-	-	-	-
Transformation Funding	-	3,145	-	-	3,145
Redundancy funding	-	378	(378)	-	-
RI Fellows	147	-	-	-	147
	<u>43,268</u>	<u>20,357</u>	<u>(16,799)</u>	<u>(246)</u>	<u>46,601</u>

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

17	RECONCILIATION OF GROUP NET		
	INCOME/(EXPENDITURE) FOR THE YEAR TO NET	2021	2020
	CASH GENERATED FROM/ (USED IN) OPERATIONS	£'000	£'000
	Net income/ (expenditure) for the year	4,529	(656)
	Adjustments for:		
	Depreciation of tangible fixed assets	3,170	3,223
	Amortisation of intangible fixed assets	261	87
	Dividends, interest and rents from investments	(40)	(107)
	Share of joint venture loss / (gain)	(128)	(290)
	Capital Grants	(4,818)	(2,645)
	Operating cash flows before movements in working capital	<u>2,974</u>	<u>(388)</u>
	Decrease in stocks	4	57
	Decrease/(increase) in debtors	(1,160)	567
	Increase/(decrease) in creditors	2,996	(2,706)
		<u>1,840</u>	<u>(2,082)</u>
	Cash generated from / (used in) operations	<u><u>4,814</u></u>	<u><u>(2,470)</u></u>
	ANALYSIS OF CASH AT BANK AND IN HAND		
	Cash and cash equivalents represent:	2021	2020
	Bank balances	£'000	£'000
	Short term deposits 90 days or less	8,112	4,905
		1,000	7,500
	Cash and cash equivalents	<u>9,112</u>	<u>12,405</u>
	Short term deposits more than 90 days	7,504	0
	Cash at bank and in hand as per balance sheet	<u><u>16,616</u></u>	<u><u>12,405</u></u>

Rothamsted Research Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

18 RECONCILIATION OF CHARITY NET INCOME/ (EXPENDITURE) FOR THE YEAR TO NET CASH GENERATED FROM / (USED IN) BY OPERATIONS	2021 £'000	2020 £'000
Net income / (expenditure) for the year	4,401	(946)
Adjustments for:		
Depreciation of tangible fixed assets	3,170	3,223
Amortisation of intangible fixed assets	261	87
Dividends, interest and rents from investments	(40)	(107)
Gain on disposal of tangible fixed assets	-	-
Capital grants	(4,818)	(2,645)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	2,974	(388)
Decrease in stocks	4	57
(Increase)/Decrease in debtors	(1,189)	741
Increase/(Decrease) in creditors	3,085	(2,784)
	<hr/>	<hr/>
	1,900	(1,986)
	<hr/>	<hr/>
Cash generated in / (used in) operations	4,874	(2,374)
	<hr/>	<hr/>
ANALYSIS OF CASH AT BANK AND IN HAND		
	2021 £'000	2020 £'000
Cash and cash equivalents represent:		
Bank balances	8,112	4,845
Short term deposits 90 days or less	1,000	7,500
	<hr/>	<hr/>
Cash and cash equivalents	9,112	12,345
Short term deposits more than 90 days	7,504	-
	<hr/>	<hr/>
Cash at bank and in hand as per balance sheet	16,616	12,345
	<hr/>	<hr/>

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

19 RELATED PARTY TRANSACTIONS

As explained in the Trustees' Report (incorporating the Strategic Report), LAT and BBSRC are members of the charitable company and, accordingly, are considered related parties. BBSRC funds scientific research and equipment purchases for the Institute. Funding for 2020/21 was £25,816k (2020: £22,284k) and the breakdown of this is shown in Note 3. At the 2020/21 year-end BBSRC had £1,072k (2020: £528k) included within trade debtors of the Charity. Note 9 of the financial statements explains the staffing arrangements between BBSRC and the Charity. Land and buildings at North Wyke, Devon are owned by the Biotechnology and Biological Sciences Research Council and occupied by the Charity under a formal lease and at a peppercorn rent.

LAT also funds scientific research through grants to the Institute, and in the year 2020/21 the value of this to the Charity was £588k (2020: £500k). The Charity made total sales of £710k (2020: £788k) and purchases of £37k (2020: £16k) to and from LAT. These transactions relate to pay, utility recharges and site support. At year-end, the Charity was owed £228k (2020: £151k) by LAT. LAT provides student accommodation to RRes. Details of the agreements regarding the Charity's use of buildings owned by LAT are set out in Note 10, which are currently rent free.

During the year, the Charity made a provision against the amount due from Rothamsted Manor Limited of £101k (see note 12), (2020: £115k). The Charity made a total sales of £Nil (2020: £110k) to RML and purchases of £Nil (2020: £Nil) from RML. RRes provided site support to the company during the year until it became dormant.

At the year end, the Charity was owed £467k (2020: £453k) by Rothamsted Enterprise Ltd (REL). This includes a concessionary loan of £200k (2020: £200k) which falls due after more than one year and on which no interest is payable. A provision of £Nil (2020: Nil) has been made in the accounts for the debt. The Charity made total sales of £575k (2020: £492k) to REL and purchases of £160k (2020: £324k) from REL. RRes provides back office support, site support and scientific services to REL. At 31 March 2021, the Charity owed REL £Nil (2020: £Nil).

Rothamsted Research is a member of AgriMetrics Ltd and performed administrative and scientific services for the company. The balance of monies owed to RRes outstanding at the year-end was £Nil (2020: £Nil). The Charity made a total sale of £Nil (2020: £3.5k) to AgriMetrics during the year.

The Company ceased to act as fiscal agents for Innovative Solutions for Decision Agriculture (ISDA) a project funded by the Bill and Melinda Gates Foundation in 2020. The charitable purpose of the fund is to build market-driven, tailored and scalable digital tools for the management of soil and agricultural systems for small scale farm holders in Africa. An equivalent of £Nil (2020: £268k) was administered on behalf of ISDA. At the end of the period, a balance of £Nil remained (2020:£Nil).

20 CONTINGENT LIABILITIES

Under the terms of the contract between the Charity and the Biotechnology and Biological Sciences Research Council, should certain fixed assets be sold, a proportion of the proceeds might become payable by the Charity to the Research Council. No such liability exists at 31 March 2021 (2020: £Nil).

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

21 FINANCIAL INSTRUMENTS

	Group	Charity	Group	Charity
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Financial assets held at fair value	<u>356</u>	<u>356</u>	<u>154</u>	<u>154</u>

Rothamsted Research Limited
INCOME AND EXPENDITURE ACCOUNTS
for the year ended 31 March 2021

	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
Gross income of continuing operations	30,650	30,522	29,800	29,463
Total expenditure of continuing operations	(28,740)	(28,740)	(30,579)	(30,532)
Net income / (expenditure) for the year	<u>1,910</u>	<u>1,782</u>	<u>(779)</u>	<u>(1,069)</u>
Net income / (expenditure) for the year	1,910	1,782	(779)	(1,069)
Net gain on Investments	202	202	-	-
Capital grants received	4,818	4,818	2,645	2,645
Release of deferred capital grant in line with depreciation	(2,401)	(2,401)	(2,522)	(2,522)
Net income / (expenditure) for the year per SOFA	<u>4,529</u>	<u>4,401</u>	<u>(656)</u>	<u>(946)</u>