

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

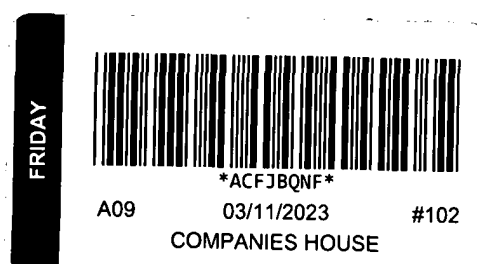
Annual Report and Financial Statements

Year Ended

31 March 2023

Company Number 03011737

Charity Number 1053902



THE BABRAHAM INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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THE BABRAHAM INSTITUTE

OFFICERS AND PROFESSIONAL ADVISERS

TRUSTEES	Prof Dame Linda Partridge FRS (Chair as of 1 st September 2023) Mr Graham Allen Mr Geoff Braham Dr James Briscoe FRS Prof Gordon Brown FRS Dr Lynne Gailey Prof Peter Parker FRS Ms Alexandra Pygall	
MEMBERS	Chairman Babraham Institute Board Chairman Babraham Institute Audit Committee UKRI-BBSRC Corporate Member	- Prof Dame Linda Partridge FRS - Mr Geoff Braham - Prof Melanie Welham
SECRETARY	Mr Simon Jones	
REGISTERED OFFICE	Babraham Institute Babraham Hall Babraham Cambridge CB22 3AT	
AUDITOR	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY	
BANKERS	Lloyds Bank Plc 4th Floor 25 Gresham Street London EC2V 7HN	
INTERNAL AUDITORS	RSM Risk Assurance Services LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP	
INVESTMENT BANK	Royal Bank of Canada 100 Bishopgate London EC2N 4AA	

REGISTERED COMPANY NUMBER : 03011737

CHARITY REGISTRATION NUMBER : 1053902

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

The Trustees are pleased to present their annual Trustees' Report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 March 2023 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

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

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY

LEGAL STATUS

The Trustees, who are the trustees of the charity and directors of the charitable company the "Babraham Institute" (BI) (registered charity in England and Wales number 1053902; a company limited by guarantee, registered in England and Wales number 03011737), present their report together with the audited financial statements for the year ended 31 March 2023. The charity is governed by a Memorandum and Articles of Association adopted 24 June 2011, and its Institute Grant Agreement with the Biotechnology and Biological Sciences Research Council (UKRI-BBSRC) by whom it is strategically funded. UKRI-BBSRC is part of UK Research and Innovation (UKRI), a body working in partnership with universities, research organisations, businesses, charities and government.

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

PRINCIPAL ACTIVITY

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

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

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

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

STRUCTURE, MANAGEMENT AND GOVERNANCE

BOARD OF TRUSTEES

Up to and including the year ended 31 March 2023, the Board of Trustees consisted of up to ten individuals who acted as trustees and directors and are all guarantors of the charitable company, of an amount not exceeding £1, during the period of their appointment and for a year after resignation.

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

Prof Peter Rigby FRS – resigned 1 September 2023
Mr Graham Allen
Mr Geoff Braham #
Dr James Briscoe FRS #
Prof Gordon Brown FRS
Dr Lynne Gailey #
Prof Nic Jones – resigned 1 September 2023
Prof Peter Parker FRS
Prof Dame Linda Partridge FRS – appointed 30 September 2022
Ms Alexandra Pygall #

Denotes members of the Audit Committee as at 31 March 2023.

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

One Trustee Member, Prof Linda Partridge (who will take the position of Board Chair from September 2023) was recruited to the Board in the year ending 31 March 2023. The Institute's process for Trustee recruitment combines both targeted approaches through the use of an executive recruitment agency and open application. A shortlist is compiled after review of submitted applications and shortlisted candidates are interviewed by at least the Chairman and a selection of other Trustees. Following interviews, new Trustees are appointed by the interviewing Trustees with delegated authority from the Board. Trustees are appointed for a period of up to four years from the date of appointment (usually three) and are eligible for re-appointment at the end of their term. None of the Board of Trustees holds any interest in the shares of any of the subsidiary companies.

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

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

The Board delegates the day to day running of the Institute to the senior management team led by Dr Simon Cook as Institute Director. Dr Cook was appointed Institute Director (3 year fixed term) in June 2022 after having been appointed Interim Director in July 2021.

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

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

TRUSTEES' RESPONSIBILITIES STATEMENT

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

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

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

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

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

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

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

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

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

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

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

The Institute is committed to making a positive impact not only on the protection of the environment but to enhance it, while ensuring our research is maintained at a world-class standard. The Institute has developed a bespoke action plan for sustainability, working with UK-SOS, BRCL and eight campus companies. A Gold Award was received by the Institute by the SOS-UK Green Impact programme in October 2022, reflecting work by the Institute's Green Labs initiative at the Institute and also with BRCL companies. Continuation of this work as part of the next cycle of the Green Impact programme will achieve further environmental action with expanded participation across BRCL. The vision is that the Campus is Carbon Neutral by 2040.

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

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

Beyond the UKRI-BBSRC, the Institute is part of additional formal and informal networks. As part of the EU-LIFE alliance, a collection of independent European research institutes in the life sciences, the Institute plays a key role in building and promoting excellence in the life sciences. Institute scientists all belong to their collaborative research networks, bringing together ideas from across the globe. For grants running in 2022-2023 the Institute had collaborations with 63 organisations across 16 countries.

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

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

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

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

The Technician Commitment signed up to in 2019-20 to pledge action against the key challenges that affect our technical staff continues to be developed. Consultations with stakeholders identified the main objectives and a self-assessment providing contextual information about the Institute, progress to date and a detailed 24-month future action plan for embedding the Technician Commitment was developed.

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

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

Implementation was extended by 12 months until January 2022 due to Covid-19 delays. Following the stakeholder consultation, a detailed action plan (www.babraham.ac.uk/people/technician-commitment) is under development for implementation from 2024, over a three year timeframe. Progress is being overseen by a Technician Commitment Steering Group. A particular success in 2022-2023 was the development of an Animal Technician Conference which was proposed and shaped by two animal technicians. Their leadership in establishing this event and supporting the goals of the Technician Commitment was recognised with an Outstanding Collaborator Award at the 2023 Research Institute Technician Awards.

The mental health and wellbeing of our staff is paramount and the Institute has a number of ways to support staff. The Employee Assistance Programme (EAP) is a 24-hour helpline for Institute staff, including financial, legal, relationship and emotional support as well as telephone counselling. In 2020 we established the Mental Health First Aider (MHFA) scheme, recruiting volunteers from across the Institute to be trained up as Mental Health First Aiders to act as a first point of contact for staff who are experiencing a mental health issue or emotional distress and to help signpost staff to the appropriate support. Additionally (in 2020) we introduced the Access to Work Mental Health Support service delivered by Remploy which provides support to individuals who are experiencing difficulties at work due to depression, anxiety, stress and/or other mental health conditions. Since the pandemic we have significantly improved our wellbeing offering to staff and have run a number of wellbeing and mental health related webinars and provided staff with monthly wellbeing themes and related resources. In addition, in 2022 we commenced an annual calendar of wellbeing events including collaborative activities with the Green Labs strategic initiative, for example cycle to work initiatives. Also, in 2022 we launched the first phase of Babraham Boost, the Institute's benefits platform which provides discount shopping vouchers for staff, thus assisting with financial wellbeing particularly during the cost of living crisis. The platform also contains a wealth of wellbeing information and support and is intended to be the centralised repository for all of the Institute's staff benefits provision, thus providing easy and quick access to the benefits available. The second phase, salary sacrifice schemes was launched in August 2023, by the introduction of the "cycle2work" scheme.

OBJECTIVES AND ACTIVITIES

INSTITUTE OBJECTIVES

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

SCIENTIFIC AIMS

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

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

Each ISP contains a number of research Group Leaders who adopt complementary approaches to address a common set of biological questions. In addition to existing Group Leaders, Dr Arianne Richard, joined the Immunology research programme

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INSTITUTE OBJECTIVES (CONTINUED)

in April 2022, thus completing the Institute's recent 2020-22 recruitment phase for new Group Leaders. In the year 2022-23 the Institute welcomed Dr Wolf Reik, Dr Adrian Liston and Dr Yiliang Ding as Honorary Group Leaders.
(<https://www.babraham.ac.uk/news/2023/03/yiliang-ding-honorary-group-leader>)

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

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

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

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

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

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

Through understanding normal physiology in both humans and animals, the Institute's scientists are able to apply this knowledge to disease conditions, often partnering with medical research charities and organisations devoted to alleviating the effects of those particular diseases. As a fundamental research organisation, it is acknowledged that the Institute's research can be far removed from these final outcomes and there is an expectation that the translation of Institute research may take some years to come to fruition, yet over the course of its history the Institute has demonstrated its ability to deliver high-impact research advances (e.g., work on fundamental cell biology and inositol lipid signalling spanning work underpinned by discoveries made in the 1960s to current day:
<https://www.babraham.ac.uk/sites/default/files/media/files/babraham%20poster.pdf>).

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

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INSTITUTE OBJECTIVES (CONTINUED)

The results of a recent new collaboration supported by Innovate UK (part of UKRI) could lead to the identification of new anti-cancer drugs. In 2022, Enhanc3D Genomics Ltd, a new spin-out from the Institute, formed from genomics research undertaken by Institute Group Leaders, raised £10 million in series A funding to advance its *GenLink3D*TM proprietary technology platform, enabling genome-wide profiling to identify links between gene regulatory regions and their target genes to open up new therapeutic opportunities. A suite of work published by groups within the Institute's Epigenetics programme in 2021 and early 2022 on stem cells provides important research models and know-how and advances our understanding of early development with potential impact on understanding developmental disorders¹, cellular reprogramming for personalised medicine² and fertility treatments³. Cellular reprogramming research published by the Reik lab in April 2022 received international media coverage and this work will be featured in a documentary exploring research into how to secure improved health in later years⁴. Links to the articles can be found below;

1. <https://www.babraham.ac.uk/news/2022/02/new-way-study-awakening-human-genome>
2. <https://www.babraham.ac.uk/news/2022/03/stem-cell-secrets-allow-researchers-revamp-reprogramming>
3. <https://www.babraham.ac.uk/news/2021/09/key-staying-naive>
4. https://www.babraham.ac.uk/news/category/news?field_keywords_target_id=341&created%5Bmin%5D=&created%5Bmax%5D=&combine

INSTITUTE MISSION STATEMENT

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

INSTITUTE REMIT

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

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

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BABRAHAM GROUP BUSINESS OBJECTIVES

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

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

Excellent fit-for-purpose infrastructure for science

- Technical
- Corporate
- Educational

The highest standards of Corporate Social Responsibility

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

An internationally recognised contribution to the UK's economic competitiveness

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

Robust sustainability

- Financial planning and estate strategy

Efficient and effective management

- Operations and People

A high standard of Corporate Governance

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

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

BABRAHAM GROUP BUSINESS OBJECTIVES (CONTINUED)

Within BRCL specifically, the key business objectives are:

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

EMPLOYEES

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

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

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

The Michael Wakelam Symposium, titled 'Lipid Signalling, lipidomics and beyond' was held on 29th and 30th July 2022. Over the course of two days the Institute community was honoured to host speakers and attendees who paid tribute to a thoughtful and responsive Director, a respected scientist and scientific leader, who had worked with the Institute since 2009.

A Business Continuity Plan event was held on 6th July 2022, bringing together departmental leads and deputies as part of a crisis management team to deal with the hypothetical scenario of a ransomware attack on the Institute. BICS (the Institute's computing department) were instrumental in both the development of the event and in managing the scenario on the day. The Institute also received a certificate of commendation from Cambridgeshire Fire and Rescue Service for the hosting of the 'Dragontail' exercise on 11th July 2022, which saw Police, Fire and Ambulance services respond to a simulated emergency on the Babraham Research Campus.

LabTalks, was held on 17th and 18th November 2022 and an Institute staff update regarding Group Leader redundancies took place on 15th November 2022. A UKRI-BBSRC Partnership visit was conducted on 4th November 2022, where Professor Welham, executive chair of BBSRC and members of the senior team visited the Institute where group leader research was showcased.

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

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

EMPLOYEES (CONTINUED)

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

The Institute plans to build on ongoing good practice to further progress equal opportunities. A highlight of the impacts delivered by the Institute's equality4success initiative is the successful establishment of a Roving Researcher position, which provides support to researchers on long-term leave in order to maintain the momentum of research projects. After being established in 2020, the position has supported 11 researchers and one science facility. There has been a high degree of interest from other organisations in how to establish similar schemes and we have given presentations on the programme.

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

As mentioned earlier in the Trustees Report, the Institute joined the Technician Commitment in 2019, leading to the creation of a steering group to represent the variety of technical specialist roles found across the Institute. Key areas of focus and objectives have been mapped to the Technician Commitment themes of Visibility, Recognition, Career Development and Sustainability. Progress is being made towards meeting the objectives of the 2021-23 Action Plan, with a new 3-year plan being developed for submission in early 2024.

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

SUMMARY PUBLIC BENEFIT STATEMENT

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

ACHIEVEMENTS AND PERFORMANCE

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

Number of publications

The Institute's research continues to have biological / biomedical relevance and impact. Potentially a very wide cross-section of the public will benefit from our understanding of the ageing process and as a result of the translation of our findings into new medicines or treatments. Given the broad scope of our work, its relevance to everyone through their lifecourse, and our commitment to maximising research impacts through knowledge sharing with politicians, industry, policy organisations, charities, health and care services, we believe the Institute is making vital contributions to the future wellbeing and economy of the UK and beyond. In 2022 (calendar year) the Institute's scientists published a total 94 (2021:97; 2020:126) full and refereed research and review articles in journals, this number is expected to increase post-covid. Though only published last year these papers have already been cited almost 1,000 times.

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

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

New Grants

The Institute, during the year, continued to seek additional external funding from various sources both within the United Kingdom, European Union and further afield. The number of new grants with a start date in 2022/23, by funding source and the total awarded, are below:

	2022/23		2021/22		2020/21		2019/20	
	Number	£'000	Number	£'000	Number	£'000	Number	£'000
UKRI-BBSRC	3	1,218	3	1,154	0	0	5	1,786
UKRI-MRC	1	1,418	3	1,263	2	973	2	916
European Commission	4	3,383	2	243	5	2,743	2	361
Industry, levy boards	7	544	1	295	1	420	3	457
Trusts, foundations, charities, foreign governments	1	137	6	4,579	5	2,370	9	1,970

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

Public Engagement

The Institute's engagement programme has seen a return to full operation over the last year with the removal of most pandemic measures. Both ourselves and our partners have been able to return to many of our historic events, as well as, launching new initiatives to better engage traditionally underserved audiences. The Institute's vision is of an open, transparent and accountable organisation that is leading in its contribution of science to culture, society, economic development and growth. Public engagement at the Institute is embedded within its research and supports interactions between researchers and a variety of public groups. The Institute has a core Public Engagement Team, supporting a varied and dynamic programme to engage students, teachers, community groups, family and adult audiences. The figures below highlight the Institute's commitment to these activities.

	2022/23	2021/22	2020/21	2019/20
Visitors to site	394	0^	0^	440
Outreach Events*	33	28	12	34
Total Public Audience Engaged	3,201	3,894	2,142	2,251
Website visits	159,425	127,222	154,650	116,435

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

^No visitors to site were recorded during the 2020-22 period due to the Covid-19 Pandemic.

The Institute's public engagement programme continues to engage at local, national and international level with a focus on developing relationships with communities traditionally underserved by engagement programmes. Over the last year the team have further developed relationships with a number of key partners. These include direct links with schools and community groups in areas of high deprivation - enabling these groups to engage with our research.

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ACHIEVEMENTS AND PERFORMANCE – PUBLIC ENGAGEMENT (CONTINUED)

We have also linked with education sector partners such as the Youth STEMM award and T-level training providers to allow for more measurable impact and peer recognition of our work, whilst building capacity for science enrichment in non-traditional routes into science careers. Our move to operate student placements through the In2Science (further education student focussed) and In2Research (undergraduate student focussed) programmes have enabled more equitable access to research experience at the Institute and we have seen great successes in these programmes with clear impacts on participants next step career destinations. The Research Access Programme (summer placements for undergraduate students from disadvantaged backgrounds) in particular has been recognised internally and externally for its impact with the programme, with it being made a finalist for the Cambridge Independent STEM Initiative of the Year Award (with results of this being announced in May).

The schools programme has been highly successful over the last year, with the return of both the 6th Form Conference in autumn 2022 and Schools day in early 2023. The 6th Form Conference provides the opportunity for further education students to research Institute science and present this back to researchers to gain experience of work, outside of the lab, that researchers do day-to-day. Schools Day returned in a similar format to the past with almost 200 students from 28 schools across the UK visiting the Institute to take part in hands on practical projects, with almost all research groups taking part and hosting groups within their labs. Both of these events were well attended and received very positive feedback. Of note was the success in expanding the audience of these events to include relatively large numbers of students from underserved areas (areas of high deprivation as determined by the government Indices of Multiple Deprivation metric) - furthering equitable access to the Institute's programmes. Beyond these flagship events, regular school visits have been carried out with priority schools that have been traditionally underserved through the BioInspire programme, providing more opportunities for staff to engage students as well as building deeper relationships with these audiences. There has also been success in the community engagement programmes with a hybrid programme of in-person and online events, which re-established previous two-way engagement opportunities whilst capitalising on the learnings from online events and the extended audience reach this gives. Events such as the Cambridge Festival have showcased high tech approaches to our work through virtual reality activities, allowing for more experience led engagement. The team have also continued to engage on often controversial work such as that of the Biological Support Unit through events such as our Science Spotlight events which provide the opportunity for audiences to virtually tour the facility and see behind the otherwise closed doors. This work continues to dispel misconceptions around Institute work and contribute to our commitment to openness in animal research.

The experience gained from the ORION Open Science public dialogue is now being used in the Wellcome Funded Human Developmental Biology Index (HDBI) project. Alongside the research grant, further funding for public engagement work was successfully applied for. Using funding through the associated Wellcome Enrichment Grant and additional support through the UKRI Sciencewise programme, the team has embarked on developing and delivering a public dialogue around society's views on early human developmental biology research and associated regulations, such as the 14-day limit on culturing embryos for research. This work is expected to run throughout 2023 with reporting due in the autumn. We anticipate this project will have impacts on work led by the Human Fertility and Embryology Authority around reviewing the current UK law, as well as, impacts on good practice followed by those working in the sector (in line with 2021 recommendations from the International Society for Stem Cell Research calling for meaningful public engagement around the topic).

Throughout the year public engagement work has been well received by audiences, researcher contributors, funders and peers alike. Looking ahead, the public engagement team aims to continue to develop relationships with traditionally underserved audiences and provide opportunities for high quality, two-way engagement between staff and members of the public. This will enable the team to continue as a leader in equitable engagement with traditionally underserved audiences and expertise in impactful deliberative dialogue approaches with.

Knowledge Exchange and Commercialisation (KEC)

The Institute's KEC programme aims to maximise the dissemination, impact and, where appropriate, the exploitation of knowledge generated by and held within the Institute. Implicit in this is the recognition that this knowledge is the product of

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

ACHIEVEMENTS AND PERFORMANCE – KEC (CONTINUED)

public investment and that the Institute has a duty to maximise outcomes from this investment for societal and economic benefit.

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

On the commercialisation front, the Institute's 2020 spin-out, Enhanc3D Genomics Ltd has had further success, raising £10 million in Series A financing to advance its *GenLink3D™* proprietary technology platform. A further spin-out opportunity is currently being supported for highly innovative research originating from the Immunology programme, around a platform enabling a gene delivery therapeutic that may have potential in treating a range of neuroinflammation diseases.

The Institute's patent portfolio has grown to a set of twelve patent families over the last year, these have strong potential clinical value in diverse clinical fields including cancer therapeutics, traumatic brain injury, MS, cognitive decline, wound repair and ophthalmology, cardiovascular and chronic kidney disease. These filings are being actively developed to found spin-out opportunities or high-value licensing opportunities. A significant exclusive commercial licence for one patent family to Altos Labs UK Limited was executed in 2022, including £150k license fee and £60k patent reimbursement on signing, an annual licence fee of £25k, up to £4.25m in milestone payments, 10% of sublicense fees (reducing to 5% over 3 years) and a 1% royalty on sales (confidential information). A further industry licence currently under negotiation, resulting from KEC support of an industry-Institute collaboration that has helped the company to develop their technology platform.

On the knowledge exchange front, successful UKRI-BBSRC grants with a combined worth £350,000 were secured in 2022 and 2023, which have funded seven industry R&D research collaborations with BRCL companies and diverse cross-organisational and training and career-development opportunities for researchers and technicians. Supported collaborations and placements with industrial and institutional hosts have enabled exposure of technicians and research staff to a range of new commercial and academic environments and significantly enabled translational activities and market awareness across the three ISPs.

In 2021 the Institute and Campus successfully secured funding for fifteen PhD studentships from UKRI-BBSRC as part of a Collaborative Training Partnership (CTP). Rolling out over a period of three years, eleven different Institute research groups will host students as they undertake their PhDs in partnership with thirteen Campus companies. Each CTP student will conduct their research within one of the Institute's three research programmes and spend time working with one of the Campus-based companies. The close location of companies to the Institute will allow students to benefit from a high degree of interaction with their industrial partner throughout the period of their studentship. Through a tailored programme of skills training and scientific and industry supervision the partnership will produce a cohort of bioscience researchers equipped with excellent research skills and commercial know-how. Students will also shadow early-stage life science ventures as they participate in the Campus' five-month bioentrepreneurial programme, Accelerate@Babraham, which will provide insight to the spin out/start-up process and an awareness of key commercial knowledge areas. Six of these studentships started in October 2022, and recruitment for a further 3 secured in January 2023.

The range of Institute initiated Campus events continued to develop in 2022-23 on diverse translational, professional career and academic themes. These activities have been significantly enhanced by the UKRI-BBSRC Campus Impact Acceleration Account (CIAA) awarded to BRCL in July 2022 and March 2023, which are being delivered in partnership with the Institute. CIAA funding is supporting BRCL-based industry collaborative R&D, financing the development of Campus-based industry-facing Facility services opportunities, translational and entrepreneurial training, Campus mentorship and networking opportunities.

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ACHIEVEMENTS AND PERFORMANCE – KEC (CONTINUED)

Separate to the CIAA activities, diverse translational training opportunities have been provided by KEC to Institute staff and students through scholarships awarded to students and staff enabling participation in the Judge Business School's EnterpriseTECH, Newton Venture Program and the BioSpark entrepreneurship programmes. Translational support has been provided to two teams who in March 2023 secured places on the Accelerate@Babraham accelerator to develop developing spin-out opportunities from the Immunology ISP and Flow Cytometry Facility. In 2022-23, Babraham Institute Enterprise Limited generated £2,320k (2022 : £1,664k) in revenues from the commercialisation of its assets and activities. Most of the revenues arise from collaborations with industry and commercialisation of the Institute's scientific facilities.

SUSTAINABILITY

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

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

- The Institute continues to operate a Tri-generation CHP unit to meet the sites heat and cooling loads. The unit remains registered with the Department for Business, Energy and Industrial Strategy (BEIS) CHP Quality Assurance (CHPQA) Programme and good quality certification has been achieved.
- Smart lighting continues to be rolled out across the Institutes building stock with the remainder of lighting within the two main laboratories upon successful funding being completed in 2023.

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

Greenhouse Gas Emissions		2022/23	2021/22	2020/21
Scope Emissions Indicators (tCO ₂ e)	Total Gross Emissions	5,597	6,317	6,503
	Total Net Emissions	5,597	6,317	6,503
	Gross Emissions Scope 1 (Fuel)	4,295	5,771	5,465
	Gross Emissions Scope 1 (Transport x 100)	312	224	117
	Total Scope 1 Emissions	4,606	5,996	5,582
	Gross Emissions Scope 2 (Electricity)	990	320	921
Related Energy Consumption (MWh)	Electricity: Non-Renewable	4,187,202	7,785,672	6,236,091
	Electricity: Renewable	5,121,870	1,509,387	3,254,693
	Transport	12,422	8,942	4,686
	Gas	23,527,186	31,509,854	29,709,938

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REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

SUSTAINABILITY (CONTINUED)

Methodology

- The report covers the emissions for which the Institute has financial control and this was the boundary defined by the organisation.
- Utility data was collected for the past three financial years; 2020/21, 2021/22 and 2022/23 for the period 1st April to 31st March consistently.
- Measurement of Scope 1 and Scope 2 emissions were based on billing data via invoices provided by the utility supplier and recorded mileage for transport emissions.
- Reporting was based on the analysis of the data, to highlight any trends, progress towards reduction and recognised improvements.
- An Intensity Ratio of tCO₂e/Full Time Equivalent was selected by the Institute to present the data on a clear and transparent like-for-like basis.
- The methodology used to compile the data was that used in the fulfilment of the regulatory requirements for the Energy Savings Opportunity Scheme (ESOS).
- There are no process emissions within the organisation and emissions from air conditioning, refrigeration units in offices buildings are excluded due to cost of data collection. These are estimated to account for less than 0.2% of the total Scope 1 emissions.
- Emissions factors used are those from the UK Government GHG Conversion Factors for Company Reporting Standard Set 2018.

Proposed Targets for 2023-24

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

The Route to Net Zero commissioned last year focusses on Scope 1 and Scope 2 Energy Strategy Report for the Babraham Institute and the Babraham Research Campus. The Energy Strategy Report is a high-level strategic report and feasibility study including appraisal of options for reducing energy consumption (Scopes 1 and 2), reducing reliance on fossil fuel derived energy supply across the estate, relative risks and a milestone programme for achieving Net Zero Carbon. The report also covers overall budget expectations.

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

Initial actions taken from the report are;

- Undertake a thermal imaging survey in 2023 as a pre-cursor to further building-level energy audits. In parallel, begin implementing energy conservation measures across the Institute while ensuring all existing system are used efficiently.
- Fabric survey of all BI buildings to identify potential energy savings through improved insulation (wall and floor), improved glazing and solar shading or thermal window film.
- Undertake a site-wide survey to investigate suitability of roof mounted solar arrays on Institute buildings where the local planning authority allow.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

GROUP ESTATE ACTIVITIES

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

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

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

INSTITUTE FUTURE DEVELOPMENTS

The Institute will continue to be principally engaged in the field of basic bioscience with a strong emphasis on research into healthy ageing. The Institute's science programmes will determine the significance of biological changes for the ageing process from conception onwards. In preparation for the Institute Assessment Exercise, scheduled for completion in Autumn 2023, a review of the evolution and adaptation of ISPG's is taking place.

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

With the UK's departure from the European Union, some clarity regarding the UK's participation in Horizon Europe has now been established, however delays and uncertainty will have an impact. Active grants during 2022-23 from the EU come to £6.7M in total funding over the life of the grants. The Institute is following carefully opportunities for international collaboration from UKRI and beyond.

Ensuring the Institute continues to attract the most gifted staff remains a strategic priority, recruiting talented but less experienced individuals who we train and develop into key roles. This supports the continued programme of succession planning which remains an important issue. This will continue to be achieved through new recruitment to priority areas as well as through advancing the progression of early career scientists and other staff and ensuring that they are fully equipped to take leading roles in the future development of the organisation.

GROUP FUTURE DEVELOPMENTS

During this reporting period, and in support of the agreed strategy for the campus BRCL have progressed the opportunity to further develop the campus. BRCL announced in September 2022 an agreement to form a partnership with Biomed Realty Inc (BMR), a US corporation, already with a presence on the campus, to jointly construct a new c. 40,000 ft² laboratory and office building. This building is designed to accommodate companies already on the campus, wishing to grow on site. BMR was selected as a development partner following a tender process where a number of potential partners were invited to submit a proposal against an invite to tender package we had developed. Anticipated completion in Q1 2024, the building is expected to have occupants on completion such is the local demand, and at a rental value higher than originally envisaged primarily as result of the limited demand for the high-quality, well located laboratory space that we provide on campus.

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

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

RISK MANAGEMENT

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

During 2022-23 the Governance and Projects Office undertook an extensive review of the Corporate Risk Register, moving this to the new RSM 4Risk software to ensure easier interactivity, monitoring and reporting of risks. Following consultation with other organisations and industry bodies, the Corporate Risk Register was condensed from 32 to 12 overarching risks to bring us in line with best practice. Looking ahead it is planned that departmental risk registers will move to RSM 4Risk.

In addition to risk registers utilising RSM 4Risk software, in December 2022, as part of an ongoing major review of all institute policies and policy awareness, policies were moved to RSM 4Policies software to enable transparency, easier engagement and monitoring.

Risk Area	Description of Risk	Risk Management
Business Sustainability	The Institute having to manage the loss or reduction of UKRI-BBSRC funding. The inability for the institute to remain financially viable, managing energy price increases, insufficient capital budget and failures to secure enough competitive grant income. A lack of technological investment at the institute to enable research.	<ul style="list-style-type: none"> • Annual budget setting and monitoring to ensure effective use of resources. Defined policy and procedure to spend Institute reserves and effective investment of reserves under the Treasury Management Policy. • Participating in a UKRI-BBSRC-wide Institute Financial sustainability agenda and Peer review process. • Review to ensure progress against ISPG, CCG and KEC objectives. • Capital Equipment Policy and Procedures in place to prioritise business cases for each UKRI-BBSRC capital equipment funding call. Increase awareness of adequate funding opportunities; support and train staff applying for funding (Grants Office) • Review and approve quality and science alignment of grants, and advising the grant applicant on how to strengthen proposal to be submitted (SPOC)
Reputational Maintenance	The Institute having to manage reputational damage caused by poor contribution to bioscience, scientific misconduct or an honest failure to replicate results, staff breaching the code of conduct and the threats posed by animal rights activism. A lack of technological investment at the institute which degrades reputation.	<ul style="list-style-type: none"> • Effective Public Engagement strategy in place to raise Institute's profile. Events / conferences for the scientific community to raise the Institute's profile. • Scientific collaborations to raise the Institute's profile. • Showcasing the Institute through external communication mechanisms, including the website, social media, the science annual report and press engagement. • Biennial Research Integrity Assurance Review (including Lab notebook OneNote procedures). • Promotion of a good Research Integrity Culture through policies. • Strategic Security Consultant ensures the Institute's interests are protected and that BRCL delivers security to the correct specification, reducing the risk of breach/failure.

THE BABRAHAM INSTITUTE**REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023****RISK MANAGEMENT (CONTINUED)**

Risk Area	Description of Risk	Risk Management
IT System Failure	The Institute being subject to a cyber-attack, threats due to unresolved system vulnerabilities, the lack of training of knowledge of staff or negligence. The risk of a major incident on site such as a power outage, fire, flood etc effecting on site data centres.	<ul style="list-style-type: none"> • Continual review of IT procedures and assessment of new risks as they develop to ensure systems are fit for purpose. • Maintain Network Security. Urgent recommendations (e.g., critical vulnerabilities) are implemented in response to notifications from Janet CSIRT service and other notification services. Cyber Essentials Certification in place. • Immutable (Read-only) backup service for IT servers to ensure service recovery is possible in the event of a ransomware attack. • IT staff are trained in IT security and have regular CPD in this area to ensure knowledge is up to date • Multifactor Authentication (MFA) enabled for all remote access. Regular communication to staff on new and existing threats to build knowledge and awareness.
Business Continuity	The Institute is unable to continue day to day operation due to severe business disruption to science and research	<ul style="list-style-type: none"> • Equipment and logistical steps in place along with ensuring policies and SOPs are fit for purpose and reflect current best practice. Supply chain resilience is built in as far as possible. • A reciprocal agreement is in place to use facilities at the CRUK Cambridge Institute as an emergency centre. • Business Continuity Plan and Crisis Management Team is in place to provide a framework and table top exercises annually. Managing external profile of the Institute during the event of an incident. • Commercial insurance in place to cover financial loss through business disruption.
HR Management	The Institute is unable to recruit and retain staff due to staff burnout, inadequate team resources and poor planning.	<ul style="list-style-type: none"> • Attractiveness of the Babraham Research Campus and good infrastructure such as provision, housing, parking, etc. • Competitive pay scheme and benefits including research support package. Benchmarking of pay and benefits with other organisations to ensure parity. • Provision and maintenance of excellent science facilities and equipment and support for immigration licenses and visas and an employee assistance programme to support staff wellbeing.

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

- War in Ukraine, and the effects on supply chain issues and increases in energy costs
- Inflation and the global economic slowdown.
- Reduction in investment in the life-science sector

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL REVIEW

During the year, the total group reserves increased from £152m to £156m, with details of the movement in group funds shown in the Statement of Financial Activities on page 28.

The individual results within the group are detailed below.

BABRAHAM INSTITUTE

Overall results for the Babraham Institute show an increase in total funds from £141m to £143m. Restricted revenue funds decreased by £533k, Restricted Capital funds increased by £4,776k and Unrestricted Revenue funds decreased by £1,891k, totalling an increase of £2,352k across all funds.

The Institute's deficit on unrestricted funds for the year of £1,891k compared to a deficit of £3,573k last year. The deficit before investment gains/losses, depreciation and transfers is £3,927k and £4,061k respectively for 2023 and 2022.

	2023 £'000	2022 £'000
Deficit before Investment gains/losses, depreciation and transfers – unrestricted funds	(3,927)	(4,061)
Depreciation	(6,255)	(4,762)
Transfers from capital and revaluation reserves	8,776	3,380
Fair Value adjustment to investment properties	(400)	(300)
Impairment on investment in subsidiary	-	468
Investment Income (dividends and interest)	255	313
Investment gains/(losses) - realised and unrealised	(340)	1,389
Deficit for year – unrestricted funds	(1,891)	(3,573)

Revenue income increased by around £1m during the year (grant income £441k and goods, services and rental income £650k). Similarly, increases in salary costs (£605k), travel costs (£204k) and energy costs (£278k) were incurred in the year. Actual energy costs increased by £1,055k on 2021-22 values, however this was offset by additional UKRI-BBSRC funding of £777k received in the year.

Annual revaluations within the Institute (£10.3m) to land and buildings have further increased capital reserves in the year (note 9). Capital funds within the Institute continue to be released from capital reserves against depreciation charges in the year. During the year £3,233k of capital funding was received (2022 : £4,002k).

The Institute continues to maximise its returns on funds by holding investments managed by Royal Bank of Canada. This allowed the Institute to benefit from investment income of £255k in the year (2022 : £313k).

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

BABRAHAM RESEARCH CAMPUS LIMITED (BRCL)

The profit for the year, after taxation, amounted to £1,958k (2022 - profit £2,590k). The main movement in profit this year is as a result of increased salaries, utilities costs and professional fees associated with the new joint venture. Rental revenues have seen a 7% increase and meeting and conferencing revenues have seen a 150% increase compared to last year, this brings the trading activities for this area of the business back to pre-COVID levels.

Gift aid of £220k (2022: £300k) was paid to The Babraham Institute relating to the year 2022-23.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL REVIEW (CONTINUED)

BABRAHAM INSTITUTE ENTERPRISE LIMITED (BIE)

Babraham Institute Enterprise Limited made a profit before tax and gift aid of £277k (2022: profit £647k). Excluding investment impairments/impairment reversals, operating results are £322k profit for 2022-23 and £56k profit for 2021-22. Turnover including licencing income for 2022-23 of £2,320k compared to £1,664k for 2021-22, an increase of £656k. This increase in activity also led to higher costs of £390k in the year, and these movements account for the increase in operating results.

Gift aid of £333k (2022: £nil) was paid after the year end (in July 2023) to the Babraham Institute, resulting in a deferred tax charge of £86k for the year ended 2022-23.

RESERVES POLICY

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

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

The Trustees have reviewed the reserves of the Group. The review encompasses the nature of the income and expenditure streams, the need to match variable income with fixed commitments, and the nature of the reserves. The Trustees concluded that to facilitate long term planning they aim to achieve unrestricted reserves of at least £16m, covering 3 months working capital and any other financial obligations should the business cease to operate. Currently free reserves are around £21m and the Trustees are satisfied that these reserves are sufficient to finance both the general reserve and provide the necessary funds to mitigate financial risks associated with operational and capital expenditure identified in the Risk Register.

PRINCIPAL FUNDING SOURCES AND REVIEW OF EXPENDITURE

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

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

Staff costs form the largest single component of group expenditure £18.1m (2022: £16.9m), followed by consumables (laboratory and general) £4.7m (2022: £4.4m), repairs and maintenance costs £3.6m (2022: £3.7m) and rent, rates and insurance £2.3m (2022: £2.3m).

Total expenditure for the year of £46.4m compares to £41.8m in 2021-22 an increase of £4.5m. Increases in salary costs (£1.1m), energy costs (£1.7m) and depreciation charges (£1.5m) account for the majority of the increase in expenditure in this reporting year.

GOING CONCERN

The Babraham Institute is dependent on various funding sources including UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the Comprehensive Spending Review (CSR) in 2021, Research Councils (of which the UKRI-BBSRC is one) received financial allocations for revenue and capital funding. The CSR set resource and capital budgets from 2022-23 to 2024-25.

THE BABRAHAM INSTITUTE

REPORT OF THE TRUSTEES (INC THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2023

GOING CONCERN (CONTIUNED)

The Institute's funding allocation for 2023-24 was confirmed in March 2023 along with provisional funding allocations for the 4 years to 2027-28.

Given that;

- the Institute has now received indicative funding for the next five years from UKRI-BBSRC to 2027-28
- the Institute does not envisage any issues with funding in this five-year period;
- the Institute continues to be commended on its financial management from UKRI-BBSRC assurance reviews;
- the latest Annual Financial Assurance audit (received February 2023) from UKRI-BBSRC focussing on the UKRI-BBSRC funded expenditure (to ensure the Institute aligns its funding with research outcomes) continues to be favourable.
- the annual research returns submitted by the Institute have all been favourable – this is used by UKRI-BBSRC to evidence why they provide on-going grant funding to institutes such as Babraham Institute;

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

As part of financial forecasting, various scenarios have been explored for 2023-24 and 2024-25 on future income streams and costs. Forecasts will include elements of estimations, however the level of uncertainty in our plans is not considered material. Accordingly, after making appropriate enquiries, the Trustees consider the Group and Parent Charity have adequate resources to continue in operational existence for the foreseeable future being a minimum of twelve months from when these financial statements are approved. For this reason, the financial statements have been prepared on a going concern basis.

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

Geoff Braham

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

Date: 17/10/2023

THE BABRAHAM INSTITUTE

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

OPINION

We have audited the financial statements of The Babraham Institute (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2023 and of the group's incoming resources and application of resources including, the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

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

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

THE BABRAHAM INSTITUTE

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

THE BABRAHAM INSTITUTE

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

THE BABRAHAM INSTITUTE

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

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

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

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

USE OF OUR REPORT

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

Grant Thornton UK LLP

James R Brown

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
Date: 17/10/2023

THE BABRAHAM INSTITUTE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - INCORPORATING THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

	Note	Restricted revenue funds £'000	Restricted capital funds £'000	Un- restricted funds £'000	2023 Total funds £'000	2022 Total funds £'000
Income from:						
Charitable activities		17,807	3,234	4,893	25,934	27,018
Trading activities		-	-	14,913	14,913	13,179
Investment income		-	-	317	317	350
Total income	2	17,807	3,234	20,123	41,164	40,547
Expenditure on:						
Charitable activities		(17,807)	-	(16,998)	(34,805)	(32,245)
Raising funds		-	-	(11,084)	(11,084)	(9,277)
Taxation	7	-	-	(526)	(526)	(328)
Total expenditure	3	(17,807)	-	(28,608)	(46,415)	(41,850)
(Losses)/Profit on investments	10,11,12	-	-	(785)	(785)	1,680
Net income/(expenditure)		-	3,234	(9,270)	(6,036)	377
Net income/(expenditure) for the year is attributable to:						
The parent undertaking		-	3,234	(9,705)	(6,471)	946
Minority interest		-	-	435	435	(569)
		-	3,234	(9,270)	(6,036)	377
Transfers						
Release of capital funds/transfers	17	(533)	(8,776)	9,309	-	-
Other recognised gains and losses						
Gain on revaluations of tangible fixed assets	9	-	10,318	-	10,318	5,567
Other recognised gains for the year is attributable to:						
The parent undertaking		-	10,318	-	10,318	5,567
Minority interest		-	-	-	-	-
		-	10,318	-	10,318	5,567
Movement in funds attributable minority interests	11	-	-	(435)	(435)	(569)
Net movement in funds		(533)	4,776	(396)	3,847	5,375
Balances brought forward	17	6,292	116,767	21,274	144,333	138,958
Balances carried forward at 31 March 2023	17	5,759	121,543	20,878	148,180	144,333

All amounts relate to continuing activities. All recognised gains and losses are included in the consolidated statement of financial activities. The notes on pages 31 to 54 form part of these financial statements.

THE BABRAHAM INSTITUTE**REGISTERED NUMBER: 03011737****BALANCE SHEETS AT 31 MARCH 2023**

	Note	Group		Institute	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	8	254	135	-	-
Tangible assets	9	108,987	100,415	108,087	99,827
Investment properties	10	3,000	3,400	3,000	3,400
Investments	11,12	24,635	30,134	29,060	35,358
		136,876	134,084	140,147	138,585
Current assets					
Stocks	13	337	282	146	148
Debtors	14	9,514	8,140	4,781	5,450
Cash at bank and in hand		22,673	21,677	6,711	5,165
		32,524	30,099	11,638	10,763
Creditors: amounts falling due within one year	15	(13,309)	(12,444)	(8,421)	(8,336)
Net current assets		19,215	17,655	3,217	2,427
Total assets less current liabilities		156,091	151,739	143,364	141,012
Debtors: amounts falling due after more than one year	16	183	253	-	-
Net assets		156,274	151,992	143,364	141,012
Funds					
Restricted capital fund		47,600	48,959	47,554	48,913
Revaluation Reserve		73,943	67,808	73,943	67,808
	17	121,543	116,767	121,497	116,721
Unrestricted funds	17	20,878	21,274	16,108	17,999
Restricted revenue fund	17	5,759	6,292	5,759	6,292
		148,180	144,333	143,364	141,012
Minority Interests	11	8,094	7,659	-	-
		156,274	151,992	143,364	141,012

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

These financial statements were approved by the Board of Trustees and authorised for issue on 17/10/2023

Geoff Braham

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

The notes on pages 31 to 54 form part of these financial statements.

THE BABRAHAM INSTITUTE**CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2023**

		2023		2022	
	Note	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net movement in funds	17	4,282		5,944	
Depreciation charge	9	6,542		5,083	
Amortisation of intangible assets	8	16		13	
Profit on disposal of fixed assets		(76)		(6)	
(Impairment)/Impairment Reversal of investments	11	45		(591)	
Revaluations and fair value adjustments	9,10	(9,918)		(5,267)	
Capital grants received	2	(3,234)		(4,002)	
Tax charge	7	(526)		(328)	
Interest received	2	(317)		(350)	
Increase in stocks	13	(55)		(49)	
Increase in debtors	14	(1,564)		(909)	
Increase/(Decrease) in creditors	15	858		(1,380)	
Tax paid		793		194	
<i>Net cash provided/(used) by operating activities</i>			(3,154)		(1,648)
Cash flows from investing activities					
Interest Received	2	317		350	
Payments to acquire intangible fixed assets	8	(162)		(58)	
Payments to acquire tangible fixed assets	9	(4,802)		(6,432)	
Payments to acquire investments (net of fees)	11,12	(29,436)		(7,782)	
Receipts from sale of tangible fixed assets		109		33	
Receipts from sale of investments		28,813		6,190	
Capital grants received	2	3,234		4,002	
<i>Net cash provided/(used) by investing activities</i>			(1,927)		(3,697)
Cash flows from financing activities					
Cash funds withdrawn from investments held	12	6,077		6,940	
<i>Net cash provided/(used) by financing activities</i>			6,077		6,940
Change in cash and cash equivalents in the reporting period			996		1,595
Cash and cash equivalents at the beginning of the reporting period			21,677		20,082
Cash and cash equivalents at the end of the reporting period			22,673		21,677

The net debt reconciliation is shown in Note 21.

The notes on pages 31 to 54 form part of these financial statements.

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 ACCOUNTING POLICIES

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

1.1 Basis of preparation

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

1.2 Going Concern

The Babraham Institute is dependent on various funding sources including UKRI-BBSRC to meet its liabilities as they fall due within future years. As part of the Comprehensive Spending Review (CSR) in 2021, Research Councils (of which the UKRI-BBSRC is one) received financial allocations for revenue and capital funding. The CSR set resource and capital budgets from 2022-23 to 2024-25.

The Institute's funding allocation for 2023-24 was confirmed in March 2023 along with provisional funding allocations for the 4 years to 2027-28.

Given that ;

- the Institute has now received indicative funding for the next five years from UKRI-BBSRC to 2027-28
- the Institute does not envisage any issues with funding in this five-year period;
- the Institute continues to be commended on its financial management from UKRI-BBSRC assurance reviews;
- the latest Annual Financial Assurance audit (received February 2023) from UKRI-BBSRC focussing on the UKRI-BBSRC funded expenditure (to ensure the Institute aligns its funding with research outcomes) continues to be favourable.
- the annual research returns submitted by the Institute have all been favourable – this is used by UKRI-BBSRC to evidence why they provide on-going grant funding to institutes such as Babraham Institute;

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

As part of financial forecasting, various scenarios have been explored for 2023-24 and 2024-25 on future income streams and costs. Forecasts will include elements of estimations, however the level of uncertainty in our plans is not considered material.

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

THE BABRAHAM INSTITUTE

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

1 ACCOUNTING POLICIES (CONTINUED)

1.3 Basis of consolidation

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

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

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

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

1.4 Incoming resources

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

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

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

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

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

1.5 Fund accounting

Unrestricted funds

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

Restricted funds

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

THE BABRAHAM INSTITUTE

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

1 ACCOUNTING POLICIES (CONTINUED)

1.6 Resources expended

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

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

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

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

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

1.7 Tangible fixed assets

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

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

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

1.8 Fixed asset revaluation

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

1.9 Depreciation

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

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

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

1.10 Impairment of fixed assets

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

1.11 Investment property

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

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

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

1.12 Intellectual property

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

1.13 Research and development costs

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

1.14 Grants

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

1.15 Stocks

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

1.16 Foreign currencies

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

1.17 Pension costs

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

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

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

1.18 Leased assets

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

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

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

1.19 Taxation

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

The trading subsidiary companies are liable for assessment to taxation.

1.20 Fixed Assets Investments (excluding properties)

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

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

1.20 Fixed Assets Investments (excluding properties)

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

1.21 Investments

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

1.22 Financial Instruments

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

1.23 Cash and cash equivalents

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

1.24 Creditors

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

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

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

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

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

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

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

2 ANALYSIS OF INCOMING RESOURCES

	Restricted revenue funds £'000	Restricted capital funds £'000	Unrestricted funds £'000	2023 Total £'000	2022 Total £'000
Trading activities:					
Grant Income	-	-	458	458	280
Goods and services	-	-	5,058	5,058	3,972
Rent	-	-	9,397	9,397	8,927
			14,913	14,913	13,179
Investment income:					
Bank interest and dividends receivable	-	-	302	302	325
Royalty/licence income	-	-	15	15	25
	-	-	317	317	350
Charitable activities:					
Grants and Donations UKRI-BBSRC					
- Competitive strategic grant	9,633	-	-	9,633	9,633
- Minor works	695	-	-	695	1,226
- Other grants	1,723	3,234	-	4,957	5,854
Competitive project grants	1,088	-	-	1,088	1,017
Medical Research Council	1,042	-	-	1,042	1,616
University Links	172	-	-	172	253
European Union	914	-	-	914	714
Industry, levy boards	33	-	-	33	239
Trusts, foundations, charities	2,507	-	-	2,507	1,832
Goods and services	-	-	3,062	3,062	2,956
Rent	-	-	1,831	1,831	1,678
	17,807	3,234	4,893	25,934	27,018
Total income	17,807	3,234	20,123	41,164	40,547
Total Income 2022	18,382	4,002	18,163	40,547	

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

Incoming resources can be geographically analysed as:

	2023 £'000	2022 £'000
UK	39,843	39,801
Europe	1,003	738
Rest of World	318	8
	41,164	40,547

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(CONTINUED)****3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED**

	Allocation basis	Scientific Research £'000	Governance £'000	Total 2023 £'000	Total 2022 £'000
Staff costs	Direct	6,827	135	6,962	6,578
Laboratory supplies	Direct	2,327	-	2,327	2,066
Travel and subsistence	Direct	173	10	183	83
Equipment and hire charges	Direct	100	-	100	85
Repairs and minor works	Direct	3	-	3	-
Computing costs	Direct	3	-	3	4
Library	Direct	102	-	102	77
Legal & professional charges	Direct	36	173	209	262
Recruitment	Direct	23	-	23	6
Training	Direct	-	-	-	3
Other costs	Direct	308	-	308	449
Scientific services support costs	Use of resource	24,585	-	24,585	22,632
Total Charitable costs		34,487	318	34,805	32,245
Total Charitable costs 2022		31,964	281		
Commercial trading operation costs				11,084	9,277
Taxation (note 7)				526	328
Total Group costs				46,415	41,850

Restricted expenditure included in the above is £17,807k (2022: £17,609k). All other expenditure is unrestricted.

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(CONTINUED)****3 ANALYSIS OF CHARITABLE RESOURCES EXPENDED (CONTINUED)****Analysis of scientific services support costs for charitable purposes**

	Administration	Estates	Technical Services	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
Staff costs	3,077	1,178	4,082	8,337	8,191
Travel and subsistence	98	1	78	177	77
Repairs and minor works	-	565	1,105	1,670	1,798
Rent and rates	686	-	-	686	684
Fuel and water charges	59	2,180	-	2,239	1,184
Equipment and hire charges	40	13	243	296	336
Depreciation	6,255	-	-	6,255	4,761
Minor works	-	667	-	667	1,426
Waste disposal	-	7	-	7	13
Computing costs	-	5	474	479	577
Legal and professional charges	115	123	50	288	358
Recruitment	78	-	3	81	61
Training	93	1	9	103	112
Library	33	-	288	321	207
Food purchases	54	-	-	54	46
Bad debts	-	-	-	-	1
Loss on disposal of fixed assets	(38)	-	-	(38)	14
Other costs	1,043	581	1,339	2,963	2,786
	11,593	5,321	7,671	24,585	22,632
Total Support Costs 2022	10,149	4,894	7,589		22,632

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

Governance Expenditure

Governance costs during the year can be analysed as

	2023	2022
	£'000	£'000
Staff costs	135	142
Travel and subsistence	10	6
Legal and professional charges	173	133
	318	281

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(CONTINUED)****4 INCOMING RESOURCES AND RESOURCES EXPENDED**

	Group		Institute	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Incoming resources and resources expended are stated after charging:				
Amounts payable to auditors in respect of audit services to the Institute	73	70	73	70
Amounts payable to auditors in respect of audit services to subsidiary undertakings	35	33	-	-
Amounts payable to auditors in respect of non-audit services*	14	13	4	11
Net loss/(gain) on foreign currency translations	(25)	(60)	(25)	(60)
Depreciation	6,542	5,083	6,255	4,761
Amortisation of intangible fixed assets	16	13	-	-
Loss/(Profit) on disposal - fixed assets	(76)	6	(38)	13
Operating lease payments in respect of:				
- land and buildings	1,841	1,437	641	487
- other leases	6	9	6	9

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

5 EMPLOYEES

Staff costs for all employees were as follows:

	Group		Institute	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Wages and salaries	14,828	13,839	12,633	12,086
Social security costs	1,429	1,297	1,182	1,138
Other pension costs	1,862	1,813	1,591	1,576
	18,119	16,949	15,406	14,800

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

	2023	2022
	No	No
Charitable activities	107	110
Support activities	207	205
Commercial operations	53	54
	367	369

Redundancy costs (included in wages and salary costs) during the year totalled £171k (2022: £74k). Redundancy costs relate to staff on external grants, where the grant finishes and staff are not transferred to other Institute employment. 2022-23 redundancy also includes costs relating to three staff posts who, after a Board led review of Institute financial sustainability were consulted and took redundancy pay. Redundancy payments are based on contractual obligations and agreed schemes.

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(CONTINUED)****5 EMPLOYEES (CONTINUED)**

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

	Group		Institute	
	2023	2022	2023	2022
	No	No	No	No
£ 60,000 - £ 69,999	12	16	10	12
£ 70,000 - £ 79,999	13	5	12	5
£ 80,000 - £ 89,999	-	1	-	-
£ 90,000 - £ 99,999	1	1	1	1
£100,000 - £109,999	-	3	-	3
£110,000 - £119,999	4	2	3	2
£120,000 - £129,999	2	1	2	1
£130,000 - £139,999	-	-	-	-
£140,000 - £149,999	-	-	-	-
£150,000 - £159,999	1	2	1	1
£160,000 - £169,999	-	-	-	-
£170,000 - £179,999	-	-	-	-
£180,000 - £189,999	-	-	-	-
£190,000 - £199,999	1	-	-	-
	34	31	29	25

Within the Institute, the number of staff earning over £60,000 for whom retirement benefits are accruing under defined contribution schemes amount to 18 (2022: 15) and the amounts paid in the year were £150,484 (2022: £121,558).

The number of staff earning over £60,000 for whom retirement benefits are accruing under the RCUK pension scheme amount to 11 (2022: 10) and the amounts paid in the year were £255,782 (2022: £231,895).

6 REMUNERATION AND BENEFITS – TRUSTEES AND KEY MANAGEMENT PERSONNEL

None of the members of the Board of Trustees received any remuneration from the Institute during the year. Aggregate expenses incurred by ten (2022: nine) Trustees in respect of travelling costs totalled £10,499 (2022: £5,679).

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

The aggregate remuneration for key management personnel during the year was £1,129k (2022: £1,251k). There were no other transactions with key management personnel during the year (2022: none).

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

7 TAXATION

	Group		Institute	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Corporation tax				
Current tax on profits for the year – BRCL	387	430	-	-
Adjustment in relation to the prior year – BRCL	110	(56)	-	-
Tax Relief in respect of gift aid – BRCL	(42)	(57)	-	-
Current tax on profits for the year - BIE	-	11	-	-
Total Current Tax	455	328	-	-
Deferred tax				
Origination/reversal of timing differences – BRCL	(16)	-	-	-
Origination/reversal of timing differences – BIE	87	-	-	-
Total taxation on profits for the year	526	328	-	-

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

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK of 19% (2022: 19%). The tax differences shown below refer to the trading subsidiaries, Babraham Research Campus Limited and Babraham Institute Enterprise Limited :

	Group	
	2023	2022
	£'000	£'000
Surplus on ordinary activities before tax as shown in the accounts of the trading subsidiary - BRCL	2,398	2,908
Surplus on ordinary activities before tax as shown in the accounts of the trading subsidiary - BIE	277	687
Surplus on ordinary activities multiplied by the standard rate of corporation tax at 19% (2022: 19%).	509	683
<i>Effects of:</i>		
Expenses not deductible for tax purposes	25	60
Impairment charges on investments held	-	(112)
Adjustments to tax charge in respect of prior periods	110	(56)
Deferred Tax not recognised / Remeasurement of deferred tax	25	-
Other differences leading to an increase/(decrease) in tax charge	(101)	(182)
Tax relief on gift aid payment	(42)	(65)
Total taxation on profits for the year	526	328

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. Deferred tax has been calculated at 19% due to the nature of the adjustments made in the tax computations.

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(CONTINUED)**

8 INTANGIBLE ASSETS

Group	Intellectual Property £'000
<i>Cost</i>	
At 1 April 2022	184
Additions	162
Disposals	(27)
At 31 March 2023	319
<i>Amortisation</i>	
At 1 April 2022	49
Provided for the year	16
Disposals	-
At 31 March 2023	65
<i>Net book value</i>	
31 March 2023	254
31 March 2022	135

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

9 TANGIBLE ASSETS

Group	Short leasehold land and buildings £'000	Fixtures and Equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2022	88,852	34,573	123,425
Additions	-	4,802	4,802
Revaluation	7,276	-	7,276
Disposals	-	(2,212)	(2,212)
At 31 March 2023	96,128	37,163	133,291
<i>Depreciation</i>			
At 1 April 2022	-	23,010	23,010
Provided for the year	3,042	3,500	6,542
Disposals	-	(2,206)	(2,206)
Revaluations	(3,042)	-	(3,042)
At 31 March 2023	-	24,304	24,304
<i>Net book value</i>			
At 31 March 2023	96,128	12,859	108,987
At 31 March 2022	88,852	11,563	100,415

The Group includes in its financial statements leasehold land and buildings owned by third parties, which it occupies and enjoys through peppercorn leases, at their full value of £96m. The trustees consider that in substance, the risks and rewards of ownership of the assets have passed to the Group, and as such follow a policy of recognising the assets on the balance sheet to reflect the continuing occupancy of these assets for the foreseeable future. The only circumstance under which the Group could be asked to vacate the site is due to a failure to deliver the required programme, which in the trustees' view is highly unlikely. The Institutes' lease with its landlord (UKRI) was renewed on 31 July 2019 for a further 25 years, again at peppercorn rent.

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £96.1m.

Babraham Institute land and buildings were valued as at 31 March 2023 by Powis Hughes Limited, acting as external valuer on the basis of Existing Use Value on the special assumption that the lease from the UKRI-BBSRC is ignored and the Properties are assumed to be held freehold by the Institute.

The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporates the International Valuation Standards 2017) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value - using a Depreciated Replacement Cost Approach for the specialised buildings and either a Market or Income Approach for all other buildings and land. This valuation resulted in an increase in valuation of £10,318k at the year end.

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

9 TANGIBLE ASSETS (CONTINUED)

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

Institute	Short leasehold land and buildings £'000	Fixtures and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2022	88,852	30,273	119,125
Additions	-	4,197	4,197
Revaluations	7,276	-	7,276
Disposals	-	(1,986)	(1,986)
At 31 March 2023	96,128	32,484	128,612
<i>Depreciation</i>			
At 1 April 2022	-	19,298	19,298
Provided for the year	3,042	3,213	6,255
Disposals	-	(1,986)	(1,986)
Revaluations	(3,042)	-	(3,042)
At 31 March 2023	-	20,525	20,525
<i>Net book value</i>			
At 31 March 2023	96,128	11,959	108,087
At 31 March 2022	88,852	10,975	99,827

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

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

Babraham Institute land and buildings were valued as at 31 March 2023 by Powis Hughes Limited, acting as external valuer on the basis of Existing Use Value on the special assumption that the lease from the UKRI-BBSRC is ignored and the Properties are assumed to be held freehold by the Institute.

The valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (which incorporates the International Valuation Standards 2017) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland on the basis of Existing Use Value - using a Depreciated Replacement Cost Approach for the specialised buildings and either a Market or Income Approach for all other buildings and land. This valuation resulted in an increase in valuation of £10,318k at the year end.

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(CONTINUED)****9 TANGIBLE ASSETS (CONTINUED)**

Short leasehold land and buildings include scientific buildings which are leased and used by the Institute for the purpose of scientific research, to further the charity's objectives. These properties are held at fair value of £96.1m.

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

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

	Group		Institute	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Historical net book value at 31 March 2023	21,259	22,639	21,259	22,639

10 INVESTMENT PROPERTY

Group	Long term leasehold investment properties £'000
<i>Valuation</i>	
At 1 April 2022	3,400
Revaluation	(400)
At 31 March 2023	3,000
Historical net book value at 31 March 2023	90

The valuation of investment land and buildings leased by the Babraham Institute from the UKRI-BBSRC was carried out as at 31 March 2023 by Powis Hughes Limited, chartered surveyors and is based on the special assumption that the terms of lease to the Institute have been ignored and land and buildings are considered to be held as freehold. This valuation resulted in a decrease in valuation of £400k at the year end to £3.0m.

Institute	Investment property £'000
<i>Valuation</i>	
At 1 April 2022	3,400
Revaluation	(400)
At 31 March 2023	3,000
Historical net book value at 31 March 2023	90

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

Investment properties were revalued at 31 March 2023 by Powis Hughes Limited, chartered surveyors.

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(CONTINUED)****11 FIXED ASSET INVESTMENTS**

Group and Institute	Trade Investments £'000	Group undertakings £'000
<i>Market Value/Cost</i>		
At 31 March 2022	1,452	6,676
Additions	844	-
Disposals	-	-
Impairment	(45)	-
At 31 March 2023	2,251	6,676

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

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

The results and assets of its subsidiaries shown for the period ended 31 March 2023 were:

	Babraham Research Campus Limited £'000	Babraham Institute Enterprise Limited £'000	Total £'000
Turnover	14,241	2,320	16,561
Profit/(loss) for the period after taxation	1,958	191	2,149
Non current assets	1,977	1,423	3,400
Current Assets	20,874	1,552	22,426
Current Liabilities	(5,888)	(597)	(6,485)
Net current assets	14,986	955	15,941
Non-current assets	269	(86)	183
Net assets	17,232	2,292	19,524

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

11 FIXED ASSET INVESTMENTS (CONTINUED)

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

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

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

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

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

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

Minority interest	2023 £'000	2022 £'000
At 1 April 2022	7,659	7,090
Share of result	435	569
At 31 March 2023	8,094	7,659

12 FIXED ASSET INVESTMENTS

Listed Securities – Group and Institute	Medium Term	Long Term	2023 Total	2022 Total
Market Value	£'000	£'000	£'000	£'000
At 1 April 2022	7,044	21,638	28,682	34,017
Additions	5,366	23,357	28,723	7,939
Disposals	(5,366)	(23,357)	(28,723)	(7,880)
Transfers/Withdrawals	(4,604)	(1,473)	(6,077)	(6,940)
Investment Income	102	148	250	314
Management Charges	(29)	(102)	(131)	(157)
Realised and unrealised gains and losses	(326)	(14)	(340)	1,389
At 31 March 2023	2,187	20,197	22,384	28,682
Historic cost of initial investment	2,108	17,675	19,783	23,973

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

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

12 FIXED ASSET INVESTMENTS (CONTINUED)

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

	Value £'000	Proportion of portfolio
Bluebay Investment	1,784	8.0%
Brown Advisory Funds	1,632	7.3%
Brown Advisory Funds	1,484	6.6%
Titan Saguenay Funds	1,360	6.1%
Aurelian Global Resources	1,353	6.0%
Bluebay Funds Impact	1,354	6.0%
Wellington Management Funds	1,245	5.6%
AAF Boston	1,241	5.5%
Pimco Europe Ltd	1,182	5.3%

13 STOCKS

	Group		Institute	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Raw materials, consumables and other stocks	337	282	146	148

14 DEBTORS

	Group		Institute	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	3,259	3,449	826	1,570
Amounts owed by group undertakings	-	-	1,143	1,033
Corporation Tax	-	190	-	-
Grants receivable	1,430	1,770	1,430	1,770
Other debtors	2,870	239	360	233
Prepayments and accrued income	1,955	2,492	1,022	844
	9,514	8,140	4,781	5,450
<i>Amounts owed by subsidiary undertakings</i>				
Trade debtors	-	-	796	656
Other debtors	-	-	347	377
	-	-	1,143	1,033

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(CONTINUED)****15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Institute	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	3,168	2,887	2,628	2,282
Amounts owed to group undertakings	-	-	382	500
Other creditors	3,343	2,939	643	609
Corporation tax	18	11	-	-
Other tax and social security	902	870	531	541
Grants in advance	3,659	2,090	2,432	2,090
EU co-ordinated programme partners	747	752	747	752
Accruals	1,472	2,895	1,058	1,562
	13,309	12,444	8,421	8,336
<i>Amounts owed to group undertakings</i>				
Babraham Research Campus Limited	-	-	348	361
Babraham Institute Enterprise Limited	-	-	34	139
	-	-	382	500

Reconciliation of movement in grants receivable and in advance:

	2023	2022
	£'000	£'000
Grants receivable/in advance at 1 April 2022	(2,090)	(3,100)
Additional grants	17,807	17,609
Released during year	(19,376)	(16,599)
Grants receivable/in advance at 31 March 2023	(3,659)	(2,090)

16 DEFERRED TAXATION / DEBTORS DUE MORE THAN ONE YEAR

	Group		Institute	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At 1 April 2022	253	253	-	-
Credited/(charged) to the statement of financial activities	(70)	-	-	-
At 31 March 2023	183	253	-	-

The provision for deferred tax is made up as follows:

	Group		Institute	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Short term timing differences - BIE	(83)	-	-	-
Fixed asset timing differences – BRCL & BIE	266	253	-	-
	183	253	-	-

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

17 FUNDS

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

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve £'000	Unrestricted funds £'000	Minority Interests £'000	Total £'000
Group					
At 1 April 2022	6,292	116,767	21,274	7,659	151,992
Incoming resources	17,807	3,234	20,123	-	41,164
Expenditure, losses and taxation	(17,807)	-	(28,608)	-	(46,415)
Losses on investments	-	-	(785)	-	(785)
Transfers of funds	(533)	(8,776)	9,309	-	-
Gain on revaluations	-	10,318	-	-	10,318
Funds attributable to minority interests	-	-	(435)	435	-
At 31 March 2023	5,759	121,543	20,878	8,094	156,274
Institute					
At 1 April 2022	6,292	116,721	17,999	-	141,012
Incoming resources	18,162	3,234	8,106	-	29,502
Expenditure and losses	(18,162)	-	(18,566)	-	(36,728)
Transfers of funds	(533)	(8,776)	9,309	-	-
Revaluation Movement	-	10,318	-	-	10,318
Investment Losses	-	-	(740)	-	(740)
At 31 March 2023	5,759	121,497	16,108	-	143,364

The restricted revenue funds of £5,759k consist of:

- funds specifically held by the Institute for future minor building repairs of £118k
- UKRI-BBSRC Strategic grant funding and Knowledge Exchange funding of £406k
- UKRI-BBSRC Sustainability funds of £4,598k
- UKRI-BBSRC Institute Development Grant funds of £637k

The restricted capital funds comprise:

- the assets gifted/let to the Institute from/by the UKRI-BBSRC and the revaluation of those assets, the revaluation of the subsidiary undertaking's leasehold land and related infrastructure and capital grants receivable. The expenditure movement is the depreciation on these assets.
- rebuild maintenance grants received from UKRI-BBSRC of total value of £5,068k (2022 £5,870k) are held within restricted capital funds.

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

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

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(CONTINUED)****17 FUNDS (CONTINUED)**

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

Analysis of net assets between funds

Fund balances at 31 March 2023 are represented by:

	Restricted revenue funds £'000	Restricted capital funds and Revaluation reserve funds £'000	Unrestricted funds £'000	2023 Total £'000	2022 Total £'000
Group					
Intangible fixed assets	-	-	254	254	135
Tangible fixed assets	-	108,087	900	108,987	100,415
Investment properties	-	3,000	-	3,000	3,400
Investments	6,464	10,456	7,715	24,635	30,134
Current and long-term assets	1,430	-	31,277	32,707	30,352
Total liabilities	(2,135)	-	(11,174)	(13,309)	(12,444)
 Total funds	 5,759	 121,543	 28,972	 156,274	 151,992
 Minority Interests	 -	 -	 (8,094)	 (8,094)	 (7,659)
 Total net assets	 5,759	 121,543	 20,878	 148,180	 144,333
 Institute					
Tangible fixed assets	-	108,087	-	108,087	99,827
Investment properties	-	3,000	-	3,000	3,400
Investments	6,464	10,410	12,186	29,060	35,358
Current assets	1,430	-	10,208	11,638	10,763
Total liabilities	(2,135)	-	(6,286)	(8,421)	(8,336)
 Total net assets	 5,759	 121,497	 16,108	 143,364	 141,012

THE BABRAHAM INSTITUTE

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

18 CAPITAL COMMITMENTS

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

	Group		Institute	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Contracted	1,132	-	1,132	-

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

	BRCL		Institute	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Within one year	1,200	1,200	7	8
Within two to five years	4,800	4,800	428	426
	6,000	6,000	435	434

19 PENSIONS

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

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

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

The pension charge represents contributions payable and amounted to:

	2023	2022
	£'000	£'000
Babraham Institute	1,591	1,576
Babraham Institute Enterprise Limited	13	11
Babraham Research Campus Limited	258	226
	1,862	1,813

The amount of pension contributions included within creditors at the year end was £215,254 (2022: £200,372).

THE BABRAHAM INSTITUTE**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(CONTINUED)****20 FINANCIAL INSTRUMENTS**

	2023	2022
	£'000	£'000
Financial assets measured at amortised cost	30,757	27,857
Financial liabilities measured at amortised cost	(8,885)	(9,602)

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

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

21 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April	Cash flows	At 31 March
	2022		2023
	£'000	£'000	£'000
Cash and cash equivalents			
Cash	21,677	996	22,673

22 RELATED PARTY TRANSACTIONS

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

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

	Babraham Research Campus Ltd		Babraham Institute Enterprise Ltd	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Income	1,344	888	1,749	1,484
Expenditure	(1,654)	(1,427)	(259)	(101)
Debtors at 31 March 2023				
Due within one year	636	454	507	579
Creditors at 31 March 2023	(348)	(361)	(34)	(139)

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