



CANCER  
RESEARCH  
UK

BEATSON  
INSTITUTE

## Beatson Institute for Cancer Research

Report and financial statements  
Year to 31 March 2021

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COMPANIES HOUSE

Limited by guarantee  
Company No SC084170  
Scottish Charity No SC006106

## Directors' Report

The Directors are pleased to submit the Annual Report and audited financial statements of Beatson Institute for Cancer Research for the year ended 31 March 2021.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

None of the Directors, who are the Trustees of the Charity and, for the purposes of the Companies Act 2006, Directors of the company, have a financial interest in the company.

### Mission

*Our mission is to deliver scientific cancer discoveries for patient benefit.*

### Research Objectives & Strategy

The principal object of the Institute is to carry out research and investigation into the causes, mechanisms and treatment of cancer. As a subsidiary of Cancer Research UK (CRUK), the Institute's present research strategy is:

1. To find novel ways to treat cancer by targeting **protein synthesis** and **energetic stress pathways**;
2. To reduce **cancer recurrence** by developing biomarkers for primed **metastatic niches**, and strategies to target metastatic organs;
3. To build a **cancer prevention agenda** in Scotland starting with hepatocellular carcinoma (HCC) and colorectal cancer (CRC).

To realise our and CRUK's objectives we continue to develop and build on:

- World leading basic research programmes in our key areas of focus, led by a cohort of world class scientists
- A cohesive and interactive environment that fosters ambitious, significant and field changing research.
- A coordinated strategy for basic and clinical cancer
- Research to bring together scientists and clinicians in a common cause
- State-of-the-art technologies in selected areas (preclinical imaging, mouse models and metabolomics) to underpin our strategic research themes
- An outstanding training structure to cultivate the basic and clinical cancer research leaders of tomorrow
- Active and vibrant interactions with the local and global cancer research communities
- Strong core services, effective and efficient administrative support
- Strong links with, and participation in, the broader CRUK mission, such as fundraising and funding committees

## Strategic Report

### Achievements, Performance and Plans for Future Periods

Our portfolio of research activity has been developed to provide a key component of CRUK's research objectives and our future plans are aimed at solving the most important emerging biological questions and clinical problems facing oncologists worldwide. Our mission is to maintain our lead as a centre of excellence for discovery cancer research and to maximise the translation of our findings and expertise for the benefit of cancer patients. Driven by CRUK's principal strategic aim of increasing our understanding of cancer, we focus on two main areas of cancer research: energetic stress/cancer metabolism and microenvironment/metastasis. We are building a third area aimed at understanding the biology of early disease in order to develop a precision prevention approach that aligns closely with CRUK's strategy and thereby facilitate a major shift in early detection.

This year, however, the impact of COVID-19 on our research activity and budgets has been considerable. As a result, it will be important for us to target more programme and industry funding in the next two to three years, and refocus our strategic direction by prioritising the following critical areas:

1) Tumour mapping infrastructure to generate detailed spatial maps of human cancer tissue, overlap these with our complex mouse models and ensure that the key biological processes we study in our preclinical models reflect disease in patients. We will provide key resources and space so that this technology is adopted optimally throughout the Institute.

2) Models/key cancer types are central to our strategy and we will continue to fund and provide leadership in this area. This includes Chief Executive, Prof Owen Sansom's recent appointment as Director of the Medical Research Council (MRC) National Mouse Genetics Network. In addition, we are keen to invest in models of liver cancer and mesothelioma, which are emerging priority areas for us. The Beatson has been extremely fortunate to receive a large legacy from Ms Annie McNab, and we have resolved to use part of this to create a 'McNab Centre', which will be structured so as to leverage additional funding from industry and other targeted sources. The principal scientific focus of the Centre will be to develop models (human organoid and organ-on-a-chip) to study how KRAS-driven colorectal cancers instruct the microenvironment of the liver, thus enabling us to identify the metabolic vulnerabilities of colorectal metastases.

3) People/early career researchers. One of the consequences of COVID-19 is that early career researchers have had delays to their experimental work, publications, funding applications and progression to postdoctoral or faculty positions. We have therefore decided – where merited – to fund our PhD students for an additional year post-thesis submission and extend our postdoctoral workforce agreement so that postdocs can stay for up to 7 years. We have also appointed a number of Senior Lecturer/Clinical Senior Lecturer level researchers, who have fellowship/large grant applications pending, to 'McNab Fellowships'.

Despite the challenges this year, a number of group leaders were awarded project grants or PhD studentship funding. We also established several important collaborative agreements with industry: BMS, Aligos, Boehringer Ingelheim, AZ, RedX and Sitryx. In the next year, we will be making MRC

National Mouse Genetics Network and CRUK NIH Cancer Grand Challenge bids as well as targeting further industry funding.

### Highlights of 2020/21

	To 31.12.2020	To 31.12.2019
No of Research Groups	<u>16</u>	<u>18</u>
No of Primary Research Papers	133	104
No of Reviews	27	34
<b>TOTAL PUBLICATIONS</b>	<b>160</b>	<b>138</b>

	2021	2020
Value of income, excluding CRUK Core grant	<u>£27.5M</u>	<u>£22.8M</u>

Non-Core income increased by 15% in the year (2020: 62% increase) mainly due to the receipt of a further disbursement of USD\$14m from the estate of Ms Annie McNab. Underlying non-core research income increased by 17% to £14.3M (2020: £12.2M) mainly due to the Drug Discovery Unit's KRAS project.

### Achievements

COVID-19 had a significant impact on our research activity this year but our researchers adapted and continued to be productive. They published and contributed to 133 research papers, and projects still moved forward in the laboratory and yielded exciting data, particularly some of the larger team science ones (for example, the Translation Alliance). Our virtual seminars and meetings were well attended and kept us connected and moving forward with our strategy. However, our Beatson International conference, scheduled for July 2020 had to be cancelled as a result of the pandemic. We hope to reschedule this key event in the Beatson calendar when the global situation allows us to do so safely.

### Key personnel changes

Junior Group Leader Shehab Ismail secured a professorship at the University of Leuven in Belgium and left the Institute in November, while Junior Group Leader Alexei Vazquez left in December to take up a post at the German Aerospace Centre.

### Reviews

We continued to monitor the performance of our scientific groups through internal and external review this year, in some cases virtually. The Beatson Drug Discovery Unit (DDU) scored 'Forefront' at its QQR held in March, which was a positive endorsement of the work of Heather McKinnon, Justin Bower and their team, and our overall strategic approach to drug discovery. Following CRUK's strategic review of its whole drug discovery portfolio, the DDU will be joining with the charity's Therapeutic Discovery Laboratories (TDL) to form a CRUK wide biotechnology entity in the coming year.

## **Funding**

CRUK provides an annual core grant that covers staff costs, laboratory running costs and overheads of the Institute; grants to enable the purchase of particular items of equipment; and smaller grants, competitively awarded to particular scientists within the Institute, in support of particular research projects.

Other funding sources also provide much needed support for research programmes. These include: the European Research Council, the Medical Research Council, the Biotechnology and Biological Sciences Research Council, the Wellcome Trust, the British Lung Foundation, the Royal Beatson Endowment Funds of NHS Greater Glasgow & Clyde, Novartis, DEBRA, Breast Cancer Now, AstraZeneca UK, Pancreatic Cancer UK, BMS, the CRT Pioneer fund, Engineering and Physical Sciences Research Council, Elstar Therapeutics, Tenovus Scotland, Puma Biotechnology, UCB Biopharma, the Academy of Medical Sciences, Sanofi, the British Skin Foundation, Redx Immunology, the Tommy Burns Skin Cancer Trust and the Kay Kendall Leukaemia Fund. The Institute is very grateful for the financial contributions it continues to receive from many individuals and charitable organisations. These funds are used to promote new research through the funding of salaries and laboratory expenses and equipment.

## **Key management personnel remuneration**

The Board of Directors and the Senior Management Team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Institute on a day to day basis. All Trustees / Directors give of their time freely and no Director received remuneration in the year. Details of Directors' expenses are disclosed in note 12 to the financial statements.

The pay of the senior staff is reviewed annually by the Remuneration Committee and normally increased in line with CRUK pay guidelines. In addition, the Directors benchmark against pay levels in other CRUK core funded Institutes. During the year, members of the Senior Management Team took temporary voluntary pay cuts (April 20 to December 20) given the issues experienced by a range of charity funders, including CRUK.

Where recruitment has proven difficult, a market supplement can also be paid to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

## **Financial Review**

Historically, the Institute's charitable activity had been primarily funded in the form of grants from CRUK. However, due to the impact of COVID-19 on the finances of CRUK, the core grant for the year was reduced by £10M to £5.6M. This is set to recover to £12M in 2021/22.

During the year, the Institute accessed support from the government through the Coronavirus Job Retention Scheme. The total claimed during the year was £1.1M, set against the cost of staff on furlough of £1.9M. The difference represents the cost of maintaining salaries at 100%, irrecoverable on-costs (pension and Employers' NI) and the threshold at which the scheme was capped.

Total income in the year decreased to £33.2M (2019/20: £39.3M) mainly due to the reduction in the CRUK core grant. The value of income to be recognised in future years from research grants and contracts awarded directly to the Institute is £6.1M (2019/20: £7.6M) – see note 19.

***Financial Review (continued)***

Excluding the movement in the USS pension scheme deficit recovery plan and the cost of staff on furlough, 79% of expenditure (£22.2M; 2019/20: £23.5M) was invested directly in core research staff, projects and facilities. The remaining 21% represents essential support costs of the Institute's operations.

Expenditure in the year has increased to £30.2M (2019/20: £27.4M), mainly as a result of the change in the USS pension scheme deficit (£0.1M increase in provision in the current year compared to a £3.3M decrease in the previous year due to market conditions at the date of the scheme valuation i.e. a net increase of £3.4m).

As a result, the Institute is reporting an increase of funds for the year of £3.0M (2019/20: increase £12.0M).

The net book value of fixed assets has decreased by £1.2M (2019/20: decrease £1.2M) to £11.2M (2019/20: £12.4M) as investment in cutting edge technology was restricted to strategic purchases or replacement of obsolete equipment.

**Investment policy and objectives**

In accordance with the Institute's Articles, the Directors have the power to invest in such stocks, shares, investments and property in the UK as they see fit.

The Investment policy supports the Reserves policy, and as a result, cash in excess of the Institute's working capital requirement is retained in the form of interest bearing bank deposits.

The Directors' overarching investment objective in the current economic climate is to ensure that funds are invested in an appropriate manner to ensure their security and liquidity. Accordingly, the Directors decided that such deposits should be spread over a number of major UK clearing banks with appropriate credit ratings from which the funds are readily accessible.

**Foreign currency settlement**

The Institute procures goods and services in a number of foreign currencies, principally US dollars and Euros. Where likely future spend can be reasonably predicted, forward currency contracts are occasionally used to ensure certainty of outflows and not for speculative purposes.

**Key Employment Policies**

**Disabled employees**

The Institute is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Institute gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Institute. If members of staff become disabled the Institute continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

#### Employee involvement:

The Institute systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Institute is encouraged, in part by means of a regular staff forum.

#### Gender pay

The Institute published its Gender Pay Gap statistics for 2020 at the end of March 2021. Compared to 2019, the mean hourly pay gap between females and males increased by 3.3% points and the median hourly pay gap increased by 4.0% points in 2020, disappointingly reversing the progress made in 2019.

*The figures shown here do not include Group Leaders who are employed by the University of Glasgow and who will feature in its Gender Pay Data:*

Hourly Pay Gap	2020	2019	2018
Mean	13.2%	9.9%	11.5%
Median	11.1%	7.1%	8.01%

The Institute is committed to reducing its gender pay gap through actions identified in our gender pay action plan, which is regularly reviewed by our Board of Directors. In 2021/22 the following actions will be continued or implemented:

- We will conduct another detailed review of our grades to identify where any gender pay issues exist and take what financial measures we can to address these.
- We will continue to encourage greater acceptance of flexible working patterns for more senior scientific researchers.
- We will continue to review our senior level recruitment practices and aim for 50% female applicant shortlists.
- We will report more widely with respect to Equality, Diversity and Inclusion by collating the necessary data, identifying gaps and initiating an action plan to ensure equity in our recruitment, retention and development practices. We believe this will be part of a cultural shift at this Institute, which will encompass bridging our gender pay gap.

#### **Principal Risks and Uncertainties**

##### Risk framework

The Directors have overall responsibility for risk management and have established the risk appetite of the organisation. They monitor the effectiveness of its risk management systems and internal control processes. The Directors review key risks on an on-going basis, seeking assurance from management that key risks are being managed appropriately and that mitigation measures are operating effectively.

### Risk framework (continued)

The Institute's risk management strategy comprises the following elements:

- Systems and processes to identify and assess risks, including clear and easily accessible whistleblowing procedures
- Effective processes to treat and mitigate risks in accordance with risk appetite
- Proactive monitoring and review of the risk management process, as well as the effectiveness of risk mitigation measures
- Communication of risk information appropriate to the requirements of internal and external stakeholders

### Risk summary

World events of the last twelve months have inevitably had a significant impact on the work of the Institute. In the context of risk management, the coronavirus pandemic continues to cause operational disruption. Furthermore, whilst the short term implications of Brexit were pre-empted and disruption to the activities of the Institute successfully mitigated, the medium to long-term implications of Brexit have yet to materialise fully.

Both these factors have implications for the economic conditions and consequently the prevalence of funding for research science. Despite the negative impact of these events, the Institute remains focussed on achieving its strategic objectives.

### Risk events

As the threat of the Covid-19 pandemic emerged during 2020, the Institute implemented plans that paused all non-essential activities and reflected the Scottish Government's tiered approach. This was achieved in a well-coordinated manner that enabled the Institute to quickly respond to changes in the prevailing rules in force, both increasing activity during the autumn of 2020 and reverting to essential activity only in the first three months of 2021.

During the year, we suffered some short-term funding cuts as expected. However, we also implemented cost saving measures and participated in the Coronavirus Job Retention Scheme. We continue to plan for reduced levels of core funding from CRUK over the coming 2-3 years.

However, given the financial good fortune of the Institute during 2019/20 and 2020/21, we are in a strong financial position to withstand a difficult funding environment in the coming period, with free reserves of £20.7M and cash balances of £23.0M. Current forecasts mean the Directors are confident it is appropriate to prepare the financial statements on a going concern basis.

### Principal risks

Aside from COVID-19, the Institute's principle risks have been identified in the context of Institute strategy. The drivers of the Institute's strategic success are as follows:

- Delivery of world leading cancer research
- Development and maintenance of strong research partnerships
- Support for translation of research to clinical benefit
- Maintenance of an excellent reputation
- Attraction and retention of outstanding talent
- Maintenance of financial sustainability and operational stability

The Institute's principle risks and mitigation measures are as follows:

Risk	Mitigation Measures
<b>Strategic Outcome Risks</b>	
Failure to deliver world leading cancer research	<ul style="list-style-type: none"> <li>▪ Ensure alignment of Institute vision/strategy with that of core funders</li> <li>▪ Establish and maintain an optimum balance between basic science, drug discovery and clinical programmes</li> <li>▪ Maintain an outstanding/world-class standard of research</li> <li>▪ Maintain and utilise the strategic advantages provided by operating as an independent research Institute</li> <li>▪ Actively promote Institute vision/strategy to ensure that research projects and external funding are aligned with Institute strategy</li> </ul>
Failure to develop and maintain strong research partnerships	<ul style="list-style-type: none"> <li>▪ Maximise the potential of local partnerships (University of Glasgow/ Institute of Cancer Sciences/ Glasgow Cancer Centre/ NHS / University of Edinburgh)</li> <li>▪ Establish and maintain productive research partnerships (collaborators/ funding bodies/commercial partners)</li> <li>▪ Avoid research relationships with inappropriate (reputationally damaging) partners</li> </ul>
Failure to support the translation of research to clinical benefit	<ul style="list-style-type: none"> <li>▪ Actively facilitate translation of the Institute's research into effective new cancer treatments</li> <li>▪ Establish and maintain a strong clinical research capacity and capability</li> <li>▪ Integrate BICR research programmes into a co-ordinated Scotland-wide cancer prevention strategy</li> </ul>
<b>Strategic Enablement Risks</b>	
Failure to maintain an excellent reputation	<ul style="list-style-type: none"> <li>▪ Maintain high standards of research integrity that minimise likelihood of scientific misconduct</li> <li>▪ Establish and enforce policies/procedures that address ethical misconduct and breach of legislation (bullying/harassment allegations, financial fraud, data protection, health &amp; safety, the Animals (Scientific Procedures) Act 1986)</li> <li>▪ Maintain high standards of equality, diversity and inclusion (including gender pay and ethnicity employment gaps)</li> <li>▪ Prepare for, and mitigate against, the Institute becoming the subject of negative animal rights protest/activism/publicity campaign</li> </ul>
Failure to attract and retain outstanding talent	<ul style="list-style-type: none"> <li>▪ Actively promote positive factors (and address the negative factors) with a view to attracting and retaining outstanding research talent</li> <li>▪ Maintain high levels of staff engagement and morale by offering competitive remuneration/ employee benefits, opportunities for advancement, effective communication</li> <li>▪ Establish clear succession plans for key members of staff (Institute Director, Group Leaders, Service Managers and others)</li> </ul>
Failure to maintain financial sustainability and operational stability	<ul style="list-style-type: none"> <li>▪ Manage funding to ensure that strategic outcomes can be delivered</li> <li>▪ Effective processes that monitor and control expenditure (inflation, pension scheme liability, FX rate exposure)</li> <li>▪ Provide and maintain the high standard of research infrastructure necessary for achievement of strategic outcomes (buildings, equipment, research services, administrative functions)</li> <li>▪ Plan for and mitigate against operational disruption events that could result in prolonged interruption to research activities (pandemic, fire, flood, loss/failure of key supplier, etc)</li> <li>▪ Maintain an effective organisational management framework (structure, decision making, internal communication)</li> </ul>

### **Reserves policy**

The Institute reports Total Funds amounting to £31.3M (2019/20: £28.3M). Of these, £9.3M (2019/20: £10.7M) relate to capital funds arising from grants recognised as income. A further £2.6M (2019/20: £2.7M) of Restricted Funds represents funds donated for specific research projects and recognised as income, but which have yet fully to be spent.

The Directors have reviewed the Institute's need for reserves in line with the guidance issued by the Charity Commission. The Reserves policy considers the need for working capital to allow for variations in timing of grant receipts and to allow the Directors to embark on particular projects in advance of the receipt of external funding. In order to maintain sufficient reserves to manage such considerations and support on-going operations, the Directors seek to maintain unrestricted reserves within a range of one to three months total running costs. However, the McNab legacy has provided additional short term reserves above the level normally held. The balance of unrestricted reserves of £22.6M (2019/20: £17.9M) includes £20.7M (2019/20: £16.2M) of current assets which are liquid funds. Excluding the McNab legacy, the value of liquid funds is £5.7M (2019/20: £7.0M), which is within the range of one to three months running costs. Given the current financial outlook, the Trustees consider it prudent to hold this level of reserves, whilst considering plans to utilise the McNab funds.

The reserves policy is reviewed on an annual basis.

### **Structure, Governance and Management**

Beatson Institute for Cancer Research is a company limited by guarantee and registered as a charity with the Office of the Scottish Charities Regulator (OSCR).

#### **Directors**

There are two distinct categories of Director – Partner Directors and Independent Directors. Partner Directors are those Directors appointed by Cancer Research UK (CRUK). Independent Directors are appointed on the basis of their having skills, experience and/or local connections which allows them to make a substantial contribution to the work of the board.

The Articles provide that there shall be no maximum number of Directors, but at any given time at least half of the Directors must be Partner Directors, and at least one must be an Independent Director. The minimum number of Directors is set at 3.

The Articles provide that each Director will vacate office at the conclusion of the first financial statements sign-off board meeting which follows the expiry of a period of three years from the date when the Director was first appointed. The Director will then be eligible for re-appointment for a further three-year term. Independent Directors who have held office for three consecutive three-year terms are not normally eligible for re-appointment as a Director.

The Chair of the Board is nominated by Cancer Research UK in consultation with the Board.

New Directors undergo an orientation briefing on their legal obligations under charity and company law, the content of the Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the Institute. During induction they meet the Chair, the Chief Executive, other Directors and key employees. Directors are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role and information regarding developments relating to their responsibilities as Directors of the Institute is provided to them.

#### Members' liability

As a company limited by guarantee each of its members commits to contribute up to one pound sterling (£1) to the company's debts, liabilities and costs in the event of the company being wound up and for one year after ceasing to be a member.

#### Organisation

The Board meets quarterly and there is also a Scientific Advisory Board (SAB) to assist the Chief Executive on matters of scientific strategy. The Chief Executive is appointed by the Directors to manage the day to day strategy and operations of the Institute. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Directors, for operational matters including finance, employment and research activity.

The Directors have developed and approved a Governance Code of Practice, incorporating and adapting existing best practice to the Institute's particular circumstances. The Governance Code of Practice covers such matters as the role and structure of the Board, primary responsibilities, delegated powers and conflicts of interest. It is intended to guide present and future Directors of the Institute in the proper discharge of their duties and to help them exercise a high standard of governance of the Institute.

#### Audit Committee

The Audit Committee appointed by the Board consists of two members. One member is a Partner Director (currently Samantha Horne) and one member is an Independent Director (currently Craig Anderson). A quorum shall be two members. The Chair of the Committee is appointed by the Board.

The Head of Finance and a representative of the external auditors attend meetings. Other Board members also have the right of attendance. The Company Secretary is the Secretary of the Committee.

The Audit Committee meets three times a year. There is an audit planning meeting usually held in January; a financial statements review and sign off meeting usually in May and a risk and internal control review meeting in November. The Secretary circulates the minutes of meetings of the Audit Committee to all members of the Board.

#### Remuneration Committee

The Remuneration Committee was formed during 2019/20 and consists of three members. Two members are Independent Directors (currently Craig Anderson and Rosalie Chadwick) and one member is a Partner Director (currently Samantha Horne). A quorum shall be two members, one of whom must be the Chair of the Committee. The Chair of the Committee is appointed by the Board.

The Chair of the Board will normally be invited to attend. The Head of HR, and others as appropriate, attend meetings. The Head of HR is the Secretary of the Committee.

The Remuneration Committee meets twice a year and at other such times as the Committee Chair shall require.

Ultimate parent undertaking and controlling party

The Institute works closely with CRUK whose vision the Institute shares and which is a significant provider of core and project grant funding to the Institute. Cancer Research UK is considered to be the Institute's ultimate controlling parent undertaking and controlling party as Partner Directors must form at least half of the board. CRUK, a company incorporated in England, is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2021. The consolidated financial statements of CRUK are available from its registered address at Angel Building, 407 St John Street, London, EC1V 4AD. ([www.cancerresearchuk.org](http://www.cancerresearchuk.org))

Beatson Technology Ltd

Beatson Technology Ltd is a wholly-owned subsidiary company, registered in Scotland (Company No SC192461) and established to undertake commercial developments arising as a by-product of the Institute's charitable medical research activities. Currently, the company receives small amounts of income from time to time arising from the exploitation of intellectual property. It also undertakes any non-charitable activity, such as pharmaceutical company collaborations, where the contractual terms would not pass the conditions of the charity test..

In accordance with s400 of the Companies Act 2006, the company has taken advantage of the exemption available to not prepare and deliver group financial statements. Accordingly, the company's financial statements present information about it as an individual undertaking and not about it as a group.

**Reference and administrative information**

Scottish Charity Number: SC006106

Company Registration Number: SC084170

Principal & Registered Office: Beatson Institute for Cancer Research  
Garscube Estate  
Switchback Road  
Bearsden  
Glasgow  
G61 1BD

Trustees (Directors): Professor John Iredale (chairman)  
Mr Craig Anderson (re-appointed 1 June 2020)  
Dr Iain Foulkes (re-appointed 7 June 2021)  
Ms Rita Akushie (resigned 30 September 2020)  
Ms Samantha Horne (appointed 1 October 2020)  
Ms Rosalie Chadwick (re-appointed 7 June 2021)  
Professor Dame Anna Dominiczak (resigned 20 November 2020)  
Professor Iain McInnes (appointed 20 November 2020)

Director  
(Chief Executive) Professor Owen Sansom FRSE

Company Secretary: Mr Gary Niven

Independent Auditors: PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow  
G2 7EQ

Principal Bankers: HSBC  
2 Buchanan Street  
Glasgow  
G1 3LB

Solicitors: Burness Paull LLP  
120 Bothwell Street  
Glasgow  
United Kingdom,  
G2 7JL

### **Statement of trustees' responsibilities**

The trustees (who are also directors of Beatson Institute for Cancer Research for the purposes of company law) are responsible for preparing the Trustees' (Directors') Annual Report (including the Strategic Report) and the 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state that applicable UK Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping 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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

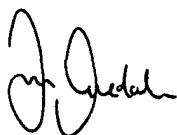
**Disclosure of information to the auditors**

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the Institute's auditors are unaware. Having made enquiries of fellow Directors and the company's auditors, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Independent Auditors**

PricewaterhouseCoopers LLP are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985, which continues in force under the Companies Act 2006.

The Directors' Report and Strategic Report are approved by the Directors and signed on their behalf:

A handwritten signature in black ink, appearing to read 'John Iredale', written in a cursive style.

**PROFESSOR JOHN IREDALE**  
Director

7 June 2021

## Independent Auditors' Report to the members and trustees of Beatson Institute for Cancer Research

### Report on the audit of the financial statements

#### Opinion

In our opinion, Beatson Institute of Cancer Research's financial statements (the financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2021; the Statement of Financial Activities for the year ending 31 March 2021 (incorporating the Income and Expenditure Account and Statement of Total Recognised Gains & Losses) and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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 charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the charitable company's ability to continue as a going concern.

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

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## Independent Auditors' Report to the members and trustees of Beatson Institute for Cancer Research

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report on certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit the information given in the Directors' Report, which includes the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the trustees for the financial statements*

As explained more fully in the Statement of trustees' responsibilities set out on page 13, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

We have been appointed as auditors under section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 auditors' 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Beatson Institute for Cancer Research

**Independent Auditors' Report to the members and trustees of Beatson Institute for Cancer Research**

Based on our understanding of the charitable company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment law, health and safety legislation and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of The Charities Accounts (Scotland) Regulations 2006 (as amended). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of revenue recognition. Audit procedures performed included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims, litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and detect irregularities;
- Review of board minutes;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, for example unexpected account combinations impacting revenue; and
- Incorporating an element of unpredictability into our testing plan.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

*Use of this report*

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Other required reporting**

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Matthew Kaye (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
7 June 2021

Beatson Institute for Cancer Research

Statement of Financial Activities for the year ending 31st March 2021 (incorporating the Income and Expenditure Account and Statement of Total Recognised Gains & Losses)

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2021 £'000	Total 2020 £'000
		£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
<u>Donations and legacies</u>	3	12,043	-	-	12,043	10,175
<u>Charitable activities</u>						
Research grants	4	137	14,020	-	14,157	24,880
Research contracts and services	5	270	5,606	-	5,876	2,729
Conference grants and fees		(6)	-	-	(6)	176
<u>Other</u>						
Interest receivable and similar income	6	71	-	-	71	682
Other income	7	22	1,062	-	1,084	704
<b>Total</b>		<b>12,537</b>	<b>20,688</b>	<b>-</b>	<b>33,225</b>	<b>39,346</b>
<b>Expenditure on:</b>						
<u>Charitable activities</u>						
Research projects	8	2,931	25,400	-	28,331	27,113
Conference	8	(6)	-	-	(6)	248
Other expenditure	10	-	1,878	-	1,878	-
<b>Total</b>		<b>2,925</b>	<b>27,278</b>	<b>-</b>	<b>30,203</b>	<b>27,361</b>
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>9,612</b>	<b>(6,590)</b>	<b>-</b>	<b>3,022</b>	<b>11,985</b>
Transfers between funds	21	(4,833)	4,833	-	-	-
<u>Other recognised gains and losses</u>						
Release of provision for impairment of bank deposits	15	12	-	-	12	30
<b>Net movement in funds</b>		<b>4,791</b>	<b>(1,757)</b>	<b>-</b>	<b>3,034</b>	<b>12,015</b>
<b>Reconciliation of funds</b>						
Fund balances brought forward at the beginning of the year	21	17,857	10,421	25	28,303	16,288
<b>Fund balances carried forward at the end of the year</b>	<b>21</b>	<b>22,648</b>	<b>8,664</b>	<b>25</b>	<b>31,337</b>	<b>28,303</b>

There is no material difference between the net income / (expenditure) for the year stated above and the historical cost equivalents.

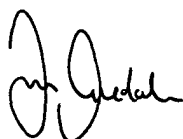
The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities. The notes on pages 21 to 37 form part of these financial statements.

## Balance Sheet

as at 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	13	41	28
Tangible assets	13	<u>11,208</u>	<u>12,389</u>
		<u>11,249</u>	<u>12,417</u>
<b>Current assets</b>			
Debtors	14	4,528	4,012
Bank term deposits	15	-	-
Cash at bank and in hand	16	<u>23,040</u>	<u>19,687</u>
<b>Total current assets</b>		<b>27,568</b>	<b>23,699</b>
<b>Creditors: amounts falling due within one year</b>	17	<u>(4,332)</u>	<u>(4,850)</u>
<b>Net current assets</b>		<u><b>23,236</b></u>	<u><b>18,849</b></u>
<b>Provision for liabilities</b>	18	<u>(3,148)</u>	<u>(2,963)</u>
<b>Net assets</b>		<u><b>31,337</b></u>	<u><b>28,303</b></u>
<b>The funds of the charity:</b>			
Endowment funds	21	25	25
Restricted income funds	21	8,664	10,421
Unrestricted income funds	21	22,648	17,857
		<u>31,337</u>	<u>28,303</u>
<b>Total charity funds</b>		<u><b>31,337</b></u>	<u><b>28,303</b></u>

The financial statements on pages 18 to 37 were approved by the Board of trustees on 7 June 2021 and signed on its behalf by:



**Prof John Iredale**  
Director

The notes on pages 21 to 37 form part of these financial statements

## Statement of Cash Flows for year ending 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>	27	4,411	13,270
<b>Cash flows from investing activities</b>			
Interest income		71	111
Purchase of intangible fixed assets		(37)	(5)
Purchase of tangible fixed assets		(1,104)	(1,370)
Proceeds from the sale of fixed assets		-	160
Dividend received from impaired deposit account		12	30
<b>Cash used in investing activities</b>		<u>(1,058)</u>	<u>(1,074)</u>
<b>Increase in cash and cash equivalents in the year</b>		<u>3,353</u>	<u>12,196</u>
Cash and cash equivalents at the beginning of the year		19,687	6,889
Exchange rate gains on cash and cash equivalents		-	602
<b>Total cash and cash equivalents at the end of the year</b>	16	<u>23,040</u>	<u>19,687</u>

## 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:

### Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The Institute meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Institute satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the disclosure exemptions available in respect of financial instruments under paragraph 1.12 of FRS 102.

### Going concern

A Memorandum of Understanding with CRUK endorses the latter's intention to provide the Institute with major long term financial support. In addition, the Institute holds significant cash balances and has undertaken forward forecasts (including the remainder of the McNab legacy), which show positive cash balances beyond twelve months from now. On these assumptions, the financial statements are prepared on a going concern basis.

### Income

Income including donations and legacies, grants for capital items, grants that provide core funding, or grants of a general nature are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor:

- specifies that the grant or donation must only be used in future years; or
- has imposed conditions which must be met before the Institute has unconditional entitlement.

Accordingly, grants given for capital equipment are not deferred, but recognised in full when the above criteria are met as restricted income funds (see note 21). Depreciation on the assets acquired is charged annually to that fund.

Government grants are recognised under the Performance model set out in FRS 102 (24), whereby income is recognised when the grant proceeds are received or receivable, unless performance-related conditions are specified, in which case income is recognised only when the performance-related conditions are met.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the estate that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

***1. Accounting policies (continued)***

Investment income derived from cash and short-term deposits is recognised on an accruals basis and treated as unrestricted funds.

Income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as the related research work is undertaken. Income is deferred when funds are received in advance of the income being recognised. Grants and fees with regard to conference activities are recognised when receivable by the Institute.

Where grant awards or legacies have been notified to the charity, or the charity is aware of the granting of probate (in the case of legacies), and the criteria for income recognition have not been met, then the income is treated as a contingent asset and disclosed if material.

**Expenditure**

Expenditure is recognised when a liability is incurred.

Costs of raising funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds. The Institute does not actively raise funds and, as a result, incurs no such costs.

Charitable activities include expenditure associated with both research and conference activities and include both the direct costs and support costs (including Governance costs) relating to these activities.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

**Pensions**

The Institute participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The Institute is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reliable basis and therefore, as required by FRS 102 (28), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme and any movement on the deficit recovery plan in respect of the year.

Certain staff are members of the National Health Service Pension Scheme, a national unfunded, defined benefit scheme administered by the Scottish Public Pensions Agency. Pensions costs charged to the Statement of Financial Activities are the net employer contributions made in the year.

## ***1. Accounting policies (continued)***

### **Fixed assets and depreciation**

#### **Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to reduce the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software – 3 to 5 years

Amortisation is included in expenditure on charitable activities in the Statement of Financial Activities. Costs associated with maintaining computer software are recognised as an expense as incurred.

#### **Tangible assets**

All assets costing more than £2,500 are capitalised at cost and depreciated on a straight-line basis over their expected useful lives as follows:

Laboratory/Service equipment:	5 to 15 years (average 6.5 years)
Computer equipment:	3 to 5 years
Leasehold Property & Improvements	25 years or length of lease, if shorter

Any realised gains or losses on disposals of fixed assets are taken to the Statement of Financial Activities in the year in which they occur. The realised gains on disposal are included in the other income source and losses are included as an additional depreciation charge which is included in the particular fund in which the investment or other asset concerned was held at the time of disposal.

#### **Impairment of fixed assets and investments**

Fixed assets and investments are subject to review for impairment when there is an indication of a reduction in their carrying value. Any impairment is recognised in the year in which it occurs.

#### **Premises**

Premises are leased by the Institute from the University of Glasgow at a nominal rent. An in-kind benefit based on the value to the Institute is incorporated within Donations and Legacies and the corresponding notional rental cost included in Expenditure under Charitable Activities.

#### **Stocks**

The value of stock held for research purposes is not considered material and any purchases are charged to revenue in the year in which the expenditure takes place.

#### **Short-term deposits**

Short-term deposits are current asset investments that are readily convertible into cash at or close to their carrying amount.

## ***1. Accounting policies (continued)***

### **Leasing commitments**

Rentals paid under operating leases are charged in the year in which they occur.

### **Funds**

Restricted Income Funds relate to the CRUK annual core grant and grants receivable in respect of particular research projects whose purpose is defined by or agreed with the awarding body either explicitly in its offer of award or by reference to the application by the Institute upon which the award is based. Restricted Income Funds also relate to other income the purpose of which is similarly defined by or agreed with the awarding body – particularly with regard to laboratory equipment and other capital projects. Amounts received on the condition that only the income generated is to be expended are treated as Endowments.

### **Foreign currency**

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

### **Derivative financial instruments**

Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Financial Activities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### **Group financial statements**

In accordance with s400 of the Companies Act 2006, the company has taken advantage of the exemption available to not prepare and deliver group financial statements. Accordingly, the company's financial statements present information about it as an individual undertaking and not about it as a group.

### **Taxation**

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

**2. Legal status of the Institute**

The Institute is a company limited by guarantee incorporated in Scotland (SC084170) and has no share capital. As a company limited by guarantee each of its members commits to contribute up to one pound sterling (£1) to the company's debts, liabilities and costs in the event of the company being wound up and for one year after ceasing to be a member.

	2021	2020
	£'000	£'000
<b>3. Donations and legacies</b>		
Donations	1,177	923
Legacies	<u>10,866</u>	<u>9,252</u>
	<u>12,043</u>	<u>10,175</u>

The income from donations and legacies for the charity was £12,043k (2019/20: £10,175k), all of which was unrestricted.

An assessment of the annual rental value of the Beatson Institute for Cancer Research building indicates that value to be in the region of £920k. Prior to occupancy, the Institute paid a lease premium and advance rental of £1.5M, which is amortised to Costs of Charitable Activities at the rate of £60k per annum. Consequently an in-kind benefit from the University of Glasgow of £860k (2019/20: £860k) for the year to 31 March 2021 has been included within Donations with notional rent of £860k (2019/20: £860k) being included within Costs of Charitable Activities (note 8 and 9).

**4. Research Grants**

	2021	2020
	£'000	£'000
Grants for research projects:		
Grants from Cancer Research UK	9,564	20,290
Grants from other charities	1,580	1,164
Grants from governmental bodies	1	192
Grants through the University of Glasgow	<u>3,012</u>	<u>3,234</u>
	<u>14,157</u>	<u>24,880</u>

The income from research grants for the Institute was £14.2M (2019/20: £24.9M), of which £0.1M was unrestricted (2019/20: £0.2M) and £14.1M was restricted (2019/20: £24.7M).

Grants from governmental bodies represent monies received from the European Commission through awards from the European Research Council (ERC) and the Marie-Sklodowska-Curie (MSC) Research Fellowship programme.

Beatson Institute for Cancer Research  
Notes to the financial statements for year ending 31 March 2021

5. Research contracts and services	2021	2020
	£'000	£'000
Research contracts and performance grants	5,582	1,993
Research services	<u>294</u>	<u>736</u>
	<u>5,876</u>	<u>2,729</u>

The income from research contracts and services for the Institute was £5,876k (2019/20: £2,729k), of which £270k was unrestricted (2019/20: £673k) and £5,606k was restricted (2019/20: £2,056k).

Income from research services represents charges made to the University of Glasgow and other research bodies for accessing the Institute's research facilities. Research service income from the University of Glasgow for the year to 31 March 2021 was £285k (2019/20: £729k).

6. Interest receivable and similar income	2021	2020
	£'000	£'000
Interest on bank deposits	71	111
Gain on derivative financial assets	<u>-</u>	<u>571</u>
	<u>71</u>	<u>682</u>

The Institute's investment income arises from money held in interest bearing deposit accounts and is credited to unrestricted reserves.

The gain on derivative financial assets was the fair value measurement of a forward currency contract placed in the previous year and was credited to unrestricted reserves. Further details of the transaction are provided in note 14.

7. Other income	2021	2020
	£'000	£'000
Sundry income	22	102
Coronavirus Job Retention Scheme	1,062	-
Foreign exchange gains	<u>-</u>	<u>602</u>
	<u>1,084</u>	<u>704</u>

Sundry income for the year was £22k (2019/20: £102k) of which £22k was unrestricted (2019/20: £99k) and £nil was restricted (2019/20: £3k).

Income from the Coronavirus Job Retention Scheme for the year was £1,062k (2019/20: £nil), all of which was restricted.

Foreign exchange gains for the year were £nil (2019/20: £602k) of which £nil was unrestricted (2019/20: £554k) and £nil was restricted (2019/20: £48k).

## 8. Analysis of expenditure on charitable activities

### Costs directly allocated to activities

	Research Projects £'000	Conference £'000	2021 £'000	2020 £'000
Scientific and technical staff including student fees	10,816	-	10,816	11,873
Increase / (decrease) in pension scheme deficit recovery plan	124	-	124	(3,276)
Laboratory supplies	7,711	-	7,711	7,580
Equipment maintenance and depreciation	3,662	-	3,662	3,895
Conference venue and catering costs	-	(6)	(6)	190
Governance costs (see note 9)	85	-	85	87
Support costs (see note 9)	5,933	-	5,933	7,012
	28,331	(6)	28,325	27,361

## 9. Analysis of support and governance costs

The Institute initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the charitable activities undertaken (see note 8) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

<u>Allocation of support costs</u>	<u>Basis</u>	General Support £'000	Governance £'000	2021 £'000	2020 £'000
Administration staff	Staff time	795	63	858	969
Support Staff	Usage	1,813	-	1,813	2,179
Property rental	Floor area	920	-	920	920
Power and building maintenance	Floor area	1,467	-	1,467	1,800
Communications, stationery and other costs	Head-count	16	-	16	434
Staff travel, recruitment, etc.	Usage	98	-	98	583
Legal and professional fees	Usage	25	-	25	58
Other Governance expenses	Governance	-	5	5	3
Auditors' remuneration	Governance	-	17	17	14
Finance costs	Usage	799	-	799	139
		5,933	85	6,018	7,099

Beatson Institute for Cancer Research  
Notes to the financial statements for year ending 31 March 2021

10. Other expenditure	2021 £'000	2020 £'000
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Staff costs – Coronavirus Job Retention Scheme	1,878	–
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Other expenditure represents the cost of staff furloughed under the Coronavirus Job Retention Scheme. The costs have been funded from the Coronavirus Job Retention Scheme income and other restricted funds.

11. Net outgoing resources before transfers are stated after charging:	2021 £'000	2020 £'000
Depreciation	2,309	2,372
Loss on sale of fixed assets	–	17
External auditors' remuneration – audit services	17	14
Rentals payable under operating leases – computer equipment	5	9
land & buildings (note 3)	860	860

**12. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

	2021 £'000	2020 £'000
Wages and salaries	11,966	11,857
Social security costs	994	1,021
Other pension costs	2,039	1,972
	14,999	14,850

The monthly average number of employees during the year, including the Chief Executive, was as follows:

	2021 Number	2020 Number
Scientific	190	185
Technical	47	49
Secretarial and Administrative	20	19
Scientific Support	64	66
	321	319

The number of employees during the year, whose employee benefits (excluding employer pension contributions) fell within the following bands, was:

	2021 Number	2020 Number
£60,001 – £70,000	8	9
£70,001 – £80,000	5	4
£80,001 – £90,000	1	2
£90,001 – £100,000	2	2
£100,001 – £110,000	3	3
£120,001 – £130,000	1	1
£160,001 – £170,000	1	–
£190,001 – £200,000	–	1

Pension benefits accrued at 31 March 2021 to the above staff as members of the multi-employer pension schemes are detailed in note 23.

**12. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (continued)**

The majority of the Institute's scientists are employed by the Institute and their employment costs paid by the Institute and funded by grants. Eighteen (2019/20: seventeen) senior scientists have been transferred to the University of Glasgow as part of the Institute's increasing commitment to the development of the Institute of Cancer Sciences and a joint cancer research strategy. These scientists continue to work exclusively on the Institute's cancer research programmes. Their employment costs are recharged to the Institute by the University and continue to be paid by the Institute from grants that it receives. Their employment costs for the year to 31 March 2021 amounted to £1,888k (2019/20: £1,669k) and are included within Staff Costs above.

The employee benefits, including and excluding employer pension contributions, of the Chief Executive and other key management personnel were:

	Incl. pension contributions		Excl. pension contributions	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Key management personnel (2020/21: 8 people, 2019/20: 8 people)	1,001	1,082	832	917

Key management personnel of the Charity have been defined as members of the Senior Management Team.

No (2019/20: none) Director receives remuneration from the Institute or from Cancer Research UK in his/her capacity in respect of their role as trustee of the Institute. Two Partner Directors (Dr Iain Foulkes and Ms Samantha Horne) were paid by CRUK in respect of their roles on the Executive Board of CRUK.

During the year £nil (2020: £nil) travelling expenses were paid to Directors in connection with their attendance at Board meetings.

Beatson Institute for Cancer Research  
Notes to the financial statements for year ending 31 March 2021

**13. Fixed assets**

	Leasehold improvements	Leasehold Property	Laboratory /Service equipment	Computer equipment	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>At cost</u></b>						
Balance at 1st April 2020	8,948	1,516	26,070	1,888	599	39,021
Additions	38	-	778	288	37	1,141
Disposals	-	-	-	-	-	-
Balance at 31st March 2021	8,986	1,516	26,848	2,176	636	40,162
<b><u>Accumulated Depreciation and Amortisation</u></b>						
Balance at 1 April 2020	3,004	743	20,956	1,330	571	26,604
Charged in year	363	60	1,628	234	24	2,309
Eliminated on disposal	-	-	-	-	-	-
Balance at 31 March 2021	3,367	803	22,584	1,564	595	28,913
<b><u>Net book value</u></b>						
At 31 March 2021	5,619	713	4,264	612	41	11,249
At 31 March 2020	5,944	773	5,114	558	28	12,417

	Leasehold improvements	Leasehold Property	Laboratory /Service equipment	Computer equipment	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>Prior Year</u></b>						
<b><u>At cost</u></b>						
Balance at 1st April 2019	8,933	1,516	25,162	1,714	594	37,919
Additions	15	-	1,181	174	5	1,375
Disposals	-	-	(273)	-	-	(273)
Balance at 31st March 2020	8,948	1,516	26,070	1,888	599	39,021
<b><u>Accumulated Depreciation and Amortisation</u></b>						
Balance at 1 April 2019	2,644	682	19,393	1,101	509	24,329
Charged in year	360	61	1,660	229	62	2,372
Eliminated on disposal	-	-	(97)	-	-	(97)
Balance at 31 March 2020	3,004	743	20,956	1,330	571	26,604
<b><u>Net book value</u></b>						
At 31 March 2020	5,944	773	5,114	558	28	12,417
At 31 March 2019	6,289	834	5,769	613	85	13,590

#### 14. Debtors

	2021	2020
	£'000	£'000
Grant income receivable	2,038	1,656
Amounts owed by Cancer Research UK	1,210	976
Amounts owed by Beatson Technology Ltd	248	3
Derivative financial asset	–	571
Prepayments and accrued income	1,032	674
Other debtors	–	132
	<u>4,528</u>	<u>4,012</u>

Prior to 31 March 2020, the Institute entered into a forward currency contract to mitigate the exchange rate risk in respect of foreign currency amounts held in short-term deposit accounts. The contract to sell US\$10M for a fixed sterling amount matured in June 2020. The Institute had no forward contracts in place at 31 March 2021.

The forward currency contract was measured at fair value, which was determined using valuation techniques that utilise observable inputs. The key input used in valuing the derivative was the forward exchange rate for GBP:USD. The fair value of forward foreign currency contracts as at 31 March 2021 is £nil (2019/20: £571k).

#### 15. Bank term deposits

	2021	2020
	£'000	£'000
Term Deposits at cost	532	544
Provision for impairment	<u>(532)</u>	<u>(544)</u>
	–	–
a) Term deposit		
Balance at beginning of year	544	574
Transfer of dividends received during year	<u>(12)</u>	<u>(30)</u>
Balance at end of year	<u>532</u>	<u>544</u>
b) Provision for impairment		
Balance at beginning of year	(544)	(574)
Release of provision during year	<u>12</u>	<u>30</u>
Balance at end of year	<u>(532)</u>	<u>(544)</u>

The provision for impairment was made against an initial term deposit of £4M.

#### 16. Cash at bank and in hand

	2021	2020
	£'000	£'000
Cash and short-term deposits	<u>23,040</u>	<u>19,687</u>

**17. Creditors: amounts falling due within one year**

	2021	2020
	£'000	£'000
Trade creditors	859	1,072
Accruals and deferred income	3,179	3,500
Other creditors	294	278
	<u>4,332</u>	<u>4,850</u>

Within Accruals and deferred income above, deferred income represents grant income and payments to account for research contracts received in advance of research work being undertaken. £1,518k (2019/20: £447k) deferred income at 31st March 2020 has been released to incoming resources. A further £1,154k (2019/20: £1,518k) of income received during the year in advance of costs being incurred with regard to research projects and contracts has been deferred as at 31 March 2021. Within this amount, £nil (2019/20: £nil) is with regard to CRUK core grant, £309k (2019/20: £346k) to other CRUK grants and £628k (2019/20: £986k) to Beatson Technology Ltd.

**18. Provision for liabilities**

	2021	2020
	£'000	£'000
<u>USS defined benefit pension scheme deficit recovery plan</u>		
Opening balance	2,963	6,105
Movement in year	185	(3,142)
Closing balance	<u>3,148</u>	<u>2,963</u>

The movement in year represents the unwinding of the discount factor, the deficit contributions paid and any adjustment in respect of changes to the underlying assumptions. The assumptions used in calculating the provision were as follows:

	2021	2020
Current period employer's contribution level	21.1%	21.1%
Average salary inflation over funding plan period	2.00%	1.75%
Funding plan end date	31/03/28	31/03/28
Discount rate	<u>1.1%</u>	<u>2.05%</u>

**19. Contingent assets**

As at 31 March 2021, the Institute was in receipt of, or party to, a number of research grants and contracts with performance-related or other conditions attached. Where these conditions are not wholly within the control of the Institute and have not been met, no income has been accrued. As at 31 March the value of income to be recognised once the conditions are met was £6.1M (2019/20: £7.6M).

**20. Share capital**

The Institute has no share capital (2020: none) and is limited by guarantee.

## 21. Funds

### Unrestricted Funds

Unrestricted reserves represent the accumulated net incoming resources from unrestricted income funds which are available to the Institute to be expended at the Directors' discretion in furtherance of any of the Institute's objectives.

### Restricted Income Funds

*Research grants fund* – represents the unspent amounts of grants awarded to the Institute in support of its research activities and previously recognised as income.

*Capital grants fund* – Grants given for capital projects and equipment are not deferred, but recognised in full as restricted income funds when the relevant criteria are met (Note 1). Depreciation on the assets acquired is charged annually to that fund together with any other amounts written off as revenue expenditure. The balance of Capital grants funds represents the net book value of fixed assets purchased with those funds together with funds recognised as income but remaining unspent at the balance sheet date.

*Other restricted funds* comprise the John Paul Career Development Revenue Fund – the income derived from the investment of the John Paul Career Development Fund (below) and the Staff Amenity Fund – a fund created from income derived from intellectual property to provide amenities for Institute staff.

### Endowment Funds

*John Paul Career Development Fund* – was contributed to the Institute in order that it be invested with the resultant income being used to provide a prize for the graduate student judged best by a panel of scientists in each year. The prize should be of such a nature as will help the student in the furtherance of his or her career as a scientist.

### Analysis of fund movements

	Balance at 1 April 2020 £'000	Transfer between funds £'000	Incoming resources £'000	Resources expended £'000	Other recognised gains £'000	Balance at 31 March 2021 £'000
<b><u>Unrestricted Funds</u></b>	17,857	(4,833)	12,537	(2,925)	12	22,648
<b><u>Restricted Funds</u></b>						
Research grants funds						
CRUK	2,393	5,018	11,012	(16,588)	–	1,835
Other funders	250	–	9,270	(8,808)	–	712
Others	9	–	–	–	–	9
	<u>2,652</u>	<u>5,018</u>	<u>20,282</u>	<u>(25,396)</u>	<u>–</u>	<u>2,556</u>
Capital grants funds –						
CRUK	9,802	–	395	(1,728)	–	8,469
Other funders	930	–	11	(154)	–	787
	<u>10,732</u>	<u>–</u>	<u>406</u>	<u>(1,882)</u>	<u>–</u>	<u>9,256</u>
Pension provision	(2,963)	(185)	–	–	–	(3,148)
<b><u>Total restricted funds</u></b>	<u>10,421</u>	<u>4,833</u>	<u>20,688</u>	<u>(27,278)</u>	<u>–</u>	<u>8,664</u>
<b><u>Endowment Funds –</u></b>						
John Paul	25	–	–	–	–	25
<b><u>Total Funds</u></b>	<u>28,303</u>	<u>–</u>	<u>33,225</u>	<u>(30,203)</u>	<u>12</u>	<u>31,337</u>

**21. Funds (continued)**

Analysis of fund movements – prior year

	Balance at 1 April 2019 £'000	Transfer between funds £'000	Incoming resources £'000	Resources expended £'000	Other recognised gains £'000	Balance at 31 March 2020 £'000
<u>Unrestricted Funds</u>	7,577	-	12,572	(2,322)	30	17,857
<u>Restricted Funds</u>						
Research grants funds						
CRUK	2,713	(3,142)	20,112	(17,290)	-	2,393
Other funders	428	-	5,438	(5,616)	-	250
Others	9	-	-	-	-	9
	<u>3,150</u>	<u>(3,142)</u>	<u>25,550</u>	<u>(22,906)</u>	<u>-</u>	<u>2,652</u>
Capital grants funds –						
CRUK	10,465	-	1,224	(1,887)	-	9,802
Other funders	1,176	-	-	(246)	-	930
	<u>11,641</u>	<u>-</u>	<u>1,224</u>	<u>(2,133)</u>	<u>-</u>	<u>10,732</u>
Pension provision	(6,105)	3,142	-	-	-	(2,963)
<u>Total restricted funds</u>	<u>8,686</u>	<u>-</u>	<u>26,774</u>	<u>(25,039)</u>	<u>-</u>	<u>10,421</u>
<u>Endowment Funds –</u>						
John Paul	25	-	-	-	-	25
<u>Total Funds</u>	<u>16,288</u>	<u>-</u>	<u>39,346</u>	<u>(27,361)</u>	<u>30</u>	<u>28,303</u>

Analysis of net assets between funds – as at 31 March 2021

	Tangible fixed assets £'000	Current assets £'000	Liabilities £'000	Total Net Assets £'000
Unrestricted Funds	1,993	20,655	-	22,648
Restricted Funds	9,256	6,888	(7,480)	8,664
Endowment Funds – John Paul	-	25	-	25
	<u>11,249</u>	<u>27,568</u>	<u>(7,480)</u>	<u>31,337</u>

Analysis of net assets between funds – as at 31 March 2020

	Tangible fixed assets £'000	Current assets £'000	Liabilities £'000	Total Net Assets £'000
Unrestricted Funds	1,686	16,171	-	17,857
Restricted Funds	10,731	7,503	(7,813)	10,421
Endowment Funds – John Paul	-	25	-	25
	<u>12,417</u>	<u>23,699</u>	<u>(7,813)</u>	<u>28,303</u>

## 22. Leasing commitments

At 31 March the Institute had future minimum rentals payable under non-cancellable operating leases as follows:

	2021 £'000	2020 £'000
Computer equipment		
Within 1 year	5	8
In 2 to 5 years	–	5

As explained in Note 3, the rent charged with regard to the cancer research centre is a notional charge.

## 23. Pensions

### Universities Superannuation Scheme

The Institute participates in Universities Superannuation Scheme (USS). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The Institute is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As required by Section 28 of FRS 102 "Employee benefits", the Institute therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme. Since the Institute has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the Institute recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the income and expenditure account.

### *Critical accounting judgements*

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The Directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and have therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

### *Past service funding position*

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete. Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole. The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

### **23. Pensions (continued)**

#### *Correcting the shortfall*

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The deficit recovery provision reflects this plan. The Trustee estimated that, if experience is borne out in line with assumptions made for the recovery plan, contributions at this level would be expected to clear the deficit by 31 March 2028. As a result, the Employers' total contribution rates over the period are as follows:

- 21.1% – to 30 September 2021
- 23.7% – 1 October 2021 to 31 March 2028

Details of the Institute's liability under the current deficit recovery plan, and the assumptions used in its calculation, are provided in note 18.

The total pension contributions paid by the Institute in respect of USS was £2,043k (2019/20: £1,951k).

#### Scottish National Health Service Superannuation Scheme

The Institute, on behalf of certain support staff, also participates in the Scottish National Health Service Superannuation Scheme. This Scheme is notionally funded, guaranteed by statute, and provides members with defined benefits based on final pensionable salary. The scheme is a multi-employer scheme and, being notionally funded, it is not possible to identify underlying assets and liabilities. It is also contracted out of the State Second Pension (S2P). The employer's contributions are assessed every five years by an actuary, the current employer's rate being 20.9%.

The pension cost net of the Scottish Government rebate in respect of this scheme for the Institute was £30k (2019/20: £32k) and represents a fair estimate of the annual pension cost as defined by FRS 102 and, accordingly, this is the amount charged in the financial statements.

#### Defined contribution scheme

During the year, the Institute opened a defined contribution scheme operated by Legal & General. The pension cost for the Institute was £10k (2019/20: £nil) and represents a fair estimate of the annual pension cost as defined by FRS 102 and, accordingly, this is the amount charged in the financial statements.

### **24. Parent Company**

The Company's immediate / ultimate parent undertaking and controlling party is Cancer Research UK, a company limited by guarantee and not having a share capital, and registered in England and Wales (Company No 4325234, Charity No 1089464). The smallest and largest undertaking for which the company is a member and for which group financial statements are prepared is Cancer Research UK. The consolidated financial statements of Cancer Research UK are available from Cancer Research UK, Angel Building, 407 St John Street, London EC1V 4AD. ([www.cancerresearchuk.org](http://www.cancerresearchuk.org)).

### **25. Members' liability**

As a company limited by guarantee each of its members commits to contribute up to one pound sterling (£1) to the company's debts, liabilities and costs in the event of the company being wound up and for one year after ceasing to be a member.

**26. Related party transactions**

Related party disclosures concerning transactions with Cancer Research UK, as ultimate parent undertaking, are set out in Notes 4, 12, 14, 17 and 21. These represent operational transactions, including grant funding received.

Amounts due to Beatson Technology Ltd are set out in note 17 and represent amounts received by the Institute in advance of research contracts being undertaken by Beatson Technology Ltd.

A Director of the Company holds an executive position with the University of Glasgow. Related party disclosures concerning the University are set out in Notes 3, 4 and 5. Such transactions are conducted on an arm's length basis. As at 31 March 2021, £489k was included in Debtors under Grant income receivable (2019/20: £383k).

**27. Reconciliation of net movement in funds to net cash flow from operating activities**

	2021	2020
	£'000	£'000
<b>Net income before tax and other recognised gains and losses</b>	3,022	11,985
Less: Foreign exchange gains	–	(602)
Less: Interest receivable and similar income	<u>(71)</u>	<u>(111)</u>
<b>Net income / (expenditure) for the reporting period (as per the statement of financial activities)</b>	2,951	11,272
<b>Adjustments for:</b>		
Depreciation charges	2,309	2,372
Loss on sale of fixed assets	–	16
(Increase) / decrease in debtors	(516)	1,344
(Decrease) / increase in creditors	(518)	1,408
Increase / (decrease) in provisions	<u>185</u>	<u>(3,142)</u>
<b>Net cash generated by operating activities</b>	<u>4,411</u>	<u>13,270</u>