

# THE FRANCIS CRICK INSTITUTE LIMITED

A COMPANY LIMITED BY SHARES

ANNUAL REPORT AND FINANCIAL  
STATEMENTS

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## Chairman's letter

As Chairman of the Crick, I am delighted with the progress the Institute has made across all of its strategic objectives in the last twelve months.

Earlier this year, we met with the Crick's core funders after their Establishment Review had assessed the progress made on setting up the Institute. The resulting strong endorsement is a testament to what has been achieved with regard to set-up, governance structures and strategic direction.

This progress is borne out by recent successes which give me great confidence that the Crick is already beginning to deliver on its charitable mission to understand the fundamental biology that underlies health and disease. Over 400 papers were published by Crick researchers in the last year and it is a testament to the reputation of the Crick for high quality biomedical research that it continues to be a magnet for talented Group Leaders and other staff. We are receiving around 100 applications for each Group Leader position, and over the last 12 months, had more than 30 applications for every postdoctoral fellowship and over 1700 graduate student applications for 49 PhD positions. Many candidates applied from other EU countries or further afield, suggesting that, for now, Brexit is not significantly affecting the Crick's ability to attract the best scientists from around the world. Another source of confidence is our continuing work to translate our discovery science with a wide range of organisations. In doing so, the Crick is also helping to deliver the UK Industrial Strategy.

The Board has also continued to evolve and I would like to thank Lord Willetts, who retired during the year, and Professor Geraint Rees, for their contributions to the development of the Crick. In addition, I am pleased to welcome two new independent Trustees, Mene Pangalos and Isabelle Ealet, who have already proved to be valuable additions to the Board.

Above all, I would like to thank our researchers and operational staff for their constant efforts and ambition to help make the Crick a world-leading multidisciplinary research institute.

*Lord Browne of Madingley*  
*Chairman*

## Director's introduction

In 2018/19, the Crick was reviewed twice. Firstly, by our funders via the Institute's Establishment Review, as mentioned by the Chairman, and secondly by our Scientific Advisory Board, which visited the Institute in February 2019. Both reviews were impressed with what the Crick has achieved in the short period of time that it has been operational, and both noted the significant progress that the Crick has made against each of its strategic priorities. Examples of this progress are provided in the following pages.

The recognition awarded to our senior faculty is also a clear sign of the Crick's success to date. Of our established senior group leaders, 49% are now Fellows of the Royal Society, 57% are Fellows of the Academy of Medical Sciences and 68% are members of EMBO (European Molecular Biology Organisation). In addition, a number have received notable awards. Examples of fellowships, prizes and honours received by Crick scientists over the past 12 months are provided on page 9.

As well as being home to scientists who are already leaders in their field, the Crick continues to train future scientific leaders. This year, five new recruits joined our training programme for early career group leaders, and a further four were appointed to start in early 2020. These researchers will stay at the Crick for up to 12 years, before being supported to find scientific leadership positions elsewhere. We have developed this unusual career structure in order to provide a pipeline of well-trained faculty, at the peak of their careers, for UK biomedical research institutions – a key part of our national role. Some of our scientists will choose to go abroad after leaving the Crick and, over time, this will also deliver benefits for the UK's biomedical research endeavour by generating a network of connections between UK bioscience and the rest of the world.

In the last year, Crick scientists have contributed to national and international debates on scientific issues, providing policy advice to governments and politicians and appearing frequently in the national media and other media channels. We have also welcomed various politicians, dignitaries and members of royalty to the Institute, including former Prime Minister, Theresa May, and our public engagement and science education activities continue to break down barriers between the public and science, particularly in the local communities surrounding the Crick.

The Crick's ambition is to become a truly world-class biomedical research institute that is open to translation and has the capacity to make discoveries that will have a profound impact on the world. We are already pursuing many opportunities with a wide variety of commercial and charitable organisations to promote translation. The progress outlined in this report shows we are on track to achieve this but there is more to do. The Crick is now established, and day-to-day operations are running well. Going forward our focus will be on delivering our long-term strategic objectives and making the Crick one of the best and most exciting places in the world to do biomedical research.

*Paul Nurse*

*Director of the Francis Crick Institute*

# Trustees' report

## (incorporating the strategic report and directors' report)

### What we do

The Francis Crick Institute is a biomedical research institute which breaks down barriers between disciplines to create a space where some of the most talented and ambitious scientists in the world can pursue big and bold ideas. We support them in a dynamic environment which fosters excellence with state-of-the-art infrastructure and a creative and curious culture. The Crick is a place for collaboration, innovation and exploration, prepared to take risks on unusual, pioneering research that answers fundamental questions about human health and disease. And with the help of our partners we aim to bridge the gap between research and application so that our discoveries are able to change lives for the better.

### Charitable objectives

The Crick's objectives, as set out in its Articles of Association, are to advance human health and education for the benefit of the public through all aspects of biomedical research and innovation by:

- operating a centre for medical research and innovation;
- carrying out and supporting research into any of the biosciences;
- discovering and developing preventions, treatments and diagnostics for illness and disease; and
- developing and training scientists and supporting biomedical research endeavours.

### Activities

The Crick's Discovery Without Boundaries (DWB) strategy was agreed by the Board and Founders in 2013. It identified five strategic priorities:

- Pursue discovery without boundaries;
- Create future science leaders;
- Collaborate creatively to advance UK science and innovation;
- Accelerate translation for health and wealth; and
- Engage and inspire the public.

The Crick's first review by its funders, the Establishment Review, took place from 29 to 31 October 2018 and it found that the Crick has made substantial progress towards each of these five strategic priorities. The review panel, comprised of external experts, felt that, once successfully delivered, the strategy set out in DWB would have a profound impact on science and medicine. The panel also noted the complexity of merging two legacy institutes that had different cultures and operating models, and congratulated the Crick on what it has achieved to date.

Similarly, the Crick's external Scientific Advisory Board (SAB) visited the institute for its second meeting in February 2019 and was highly impressed by what the Crick has achieved in a relatively short period of time. In its report, the SAB said that clear progress has been made at several levels since its first visit in November 2017. The SAB was particularly impressed by the extent to which remnants of the separate cultures from the two legacy institutes have become undetectable, which it described as a significant and positive achievement.

The Crick has taken on board feedback from both the Establishment Review and the SAB and it is working actively to manage risks that may impede progress towards achieving its strategy. One of these risks is around the potential consequences of Brexit and the possible impact on EU grant income and the ability to attract the best talent. As well as trying to influence policy, a working group has been established to assess the potential impact, to develop contingency plans and to reassure staff.

### 1. Pursue discovery without boundaries

*The Crick aims to discover the basic biology underlying human health and disease. Our approach to biomedical research fosters excellence, breaks down barriers between disciplines, works across institutions and integrates discovery science with clinical and commercial activities.*

#### **Scientific publications:**

During the course of 2018/19, a total of 464 papers were published. Some examples include:

#### 'Killer' kidney cancers identified by studying their evolution

In a hat trick of papers, scientists in Charlie Swanton's lab have reported that kidney cancer follows distinct evolutionary paths, enabling them to detect whether a tumour will be aggressive and revealing that the first seeds of kidney cancer are sown as early as childhood. The team hope that their results could lead to future clinical tests to give patients more accurate prognoses and personalised treatment - [Cell](#)

### Scientists uncover the life of tumour macrophages

A new study from Erik Sahai's lab reveals how white blood cells called monocytes transform into one type of macrophage then into another when they enter breast tumours. Initially, they are fast-moving macrophages that aid the migration of cancer cells towards blood vessels, but after a week they stop migrating and reside next to blood vessels, where they disrupt the integrity of the vessels and promote the entry of cancer cells into the blood – **Cell Reports**

### Crick collaboration sheds light on motor neuron death

A new study reveals the earliest molecular events in motor neuron disease. By combining cellular models of motor neuron development (Rickie Patani's lab), measurements of protein-RNA interactions (Jernej Ule's lab) and detailed statistical analysis (Nick Luscombe's lab), this diverse team of Crick scientists has shed light on potential causes of motor neuron disease, opening new opportunities to intervene and develop treatments – **Nature Communications**

### Scientists unravel molecular mechanisms of Parkinson's disease

Sonia Gandhi has been involved in a collaborative study that used detailed brain cell analysis to uncover new mechanisms thought to underlie Parkinson's disease. Using a range of cellular and molecular techniques, the team worked out how clumps of alpha-synuclein protein cause neurons to die – **Nature Communications**

### Non-coding DNA changes the genitals you're born with

Robin Lovell-Badge's lab have shown that male mice grow ovaries instead of testes if they are missing a region of non-coding DNA called enhancer 13. The findings could help explain disorders of sex development in humans, at least half of which have an unknown genetic cause - **Science**

### Mechanism of fruit fly wing elongation discovered

A collaboration between Barry Thompson, Nic Tapon and Guillaume Salbreux's labs looking at *Drosophila* wing development, shows how tissue elongation is controlled - **Developmental Cell**

### New method reveals how well cancer drugs hit their targets

In a collaboration between Erik Sahai's lab and the Photonics Group from Imperial, scientists have developed a technique that allows them to measure how well cancer drugs reach their targets inside the body. The findings could help clinicians decide the best course and delivery of treatment for cancer patients – **Nature Communications**

### Molecular pathway discovery contributes to vaccine design

A collaboration between researchers in Caetano Reis e Sousa and Pavel Tolar's labs has shown that dead cells lacking myosin II are worse at being antigen donors for dendritic cells that express a specific receptor called DNNGR-1. The authors have shown that myosin II works with F-actin to trigger DNNGR-1 and that this molecular duo can be exploited for vaccine design – **Cell Reports**

Chemicals in vegetables prevent colon cancer in mice

Research from Gitta Stockinger's lab shows that chemicals produced by vegetables such as kale, cabbage and broccoli could help to maintain a healthy gut and prevent colon cancer - **Immunity**

Key molecule helps control mycobacterium tuberculosis infection

CD153, a molecule produced by the body, has been identified as a potential key to controlling Mycobacterium tuberculosis (Mtb) infection in a new study. The mechanisms of immune protection against Mtb are poorly understood, and the new study reveals that CD153 is critical to controlling the infection. Robert Wilkinson's group worked with colleagues in the United States and South Africa to confirm the findings in mice, macaques and human patients - **Nature Microbiology**

Study sheds light on histone recycling during replication

Researchers in Simon Boulton's lab have discovered a mechanism important for histones recycling at replication forks. The findings reveal the importance of the DNA polymerase epsilon accessory proteins POLE3-POLE4 in keeping epigenetic information intact during DNA replication - **Molecular Cell**

Study sheds light on cell scaffolding organisation

When cells divide, mitotic motors organise cellular scaffolding called microtubules into spindles composed of aligned and polar microtubule networks. Using a combination of in vitro experiments - taking cellular components outside of the cell and rebuilding them in a dish - and computer simulations, researchers in Thomas Surrey's lab, in collaboration with Francois Nédélec at EMBL Heidelberg, have worked out how microtubules organise into these patterns and what controls them - **Cell**

'Textbook' view of brain and spinal cord development revisited

For decades, biology textbooks have taught that developing nerve cells initially form the brain and over time some transform into spinal cord cells, but a new collaboration between James Briscoe and Nick Luscombe's labs challenges this view. The research suggests that a critical decision is made earlier in cells than previously anticipated and this predetermines whether they form the brain or spinal cord - **Cell**

How reprogramming cells can be used in immunotherapy

A study involving Caetano Reis e Sousa and Oliver Schultz, found a unique way to use the field of cell reprogramming in immunotherapy. Since dendritic cells (DCs) play a pivotal role in driving immune responses, the study looked at programming their capability to produce specific antigens. By screening combinations of 18 transcription factors that are exposed in DCs, the collaborative research team designed a system that generates DCs capable of presenting antigens from mouse and human fibroblasts. The system should serve as a platform for the development of patient-specific DCs for cancer immunotherapies - **Science Immunology**



### Breast cancer drugs could help treat resistant lung cancers

A study led by Julian Downward suggests that a class of drugs used to treat certain breast cancers could help to tackle lung cancers that have become resistant to targeted therapies. The research found that lung tumours in mice caused by mutations in a gene called EGFR shrunk significantly when a protein called p110 $\alpha$  was blocked. Drugs to block p110 $\alpha$  are currently showing promise in clinical trials against certain breast cancers, so could be approved for clinical use in the near future. The new findings suggest that these drugs could potentially benefit patients with EGFR-mutant lung cancers whose tumours have become resistant to treatment – **Cell Reports**

### New insights into the organisation of dendritic cells in tissue

Using multicolour fate mapping, new research from the Reis e Sousa Lab, in collaboration with the Sahai Lab and Bioinformatics STP, has led to a deeper understanding of the organisation and dynamics of conventional dendritic cells (cDCs) in tissues. cDCs play a key role in innate and adaptive immunity and, therefore, the findings could help to improve certain vaccinations or immunotherapies - **Science Immunology**

### Tumour evolution influenced by changes to immune mechanisms

Researchers from the Swanton and Van Loo labs have investigated the interplay between cancer genomic evolution and the immune microenvironment in lung cancer. They found mechanisms that edit the immune response go on to affect either antigen presentation or neoantigenic mutations themselves, and therefore influence how the tumour progresses - **Nature**

### **Recognition:**

Crick researchers were recognised in a variety of ways in 2018/19, including:

- Fellowships: The US National Academy of Sciences elected Karen Vousden and Tomas Lindahl as Foreign Associates. Charlie Swanton and Vassilis Pachnis were elected to the Royal Society, Sharon Tooze and Jesper Svejstrup to the Academy of Medical Sciences and Nic Tapon became a member of EMBO. Paul Nurse was admitted to the Chinese Academy of Sciences;
- Prizes: Stephen West was awarded a lifetime achievement award by Cancer Research UK, Lucia Prieto-Godino was awarded a L'Oreal-UNESCO UK & Ireland for Women in Science Fellowship and Vivian Li was awarded the 2018 Future Leaders in Cancer Research Prize;
- Honours: The Government of Japan awarded Paul Nurse the Order of the Rising Sun, Gold and Silver Star.

### Grants

Crick scientists also secured external grants from a range of funding organisations in the last year. The Crick's total grant income for 2018/19 was just over £22 million (2017/18: £17 million).

### Science reviews

The Crick's group leader review process continued in 2018/19 with four rounds of programme reviews. In total 16 senior programmes were reviewed and seven group leaders were given an overall score of '1 – exceptional – of the highest international quality' for both past and future work.

In addition, three legacy tenure-track group leaders were successful in their applications for promotion to senior group leader and the first round of 6+6 early-career group leaders had their mid-term reviews.

### Events

Over 120 external facing events were held at the Crick last year. Examples include the Young Embryologist Network, the Influenza Centenary Conference co-organised with ISIRV, and the launch of London Tech Week, headed by London Mayor Sadiq Khan.

The Crick also continued its weekly Crick Lecture and Insight Lecture series with 23 external speakers in total, including:

#### Crick Lectures:

- Dame Ottoline Leyser, Director of the Sainsbury Laboratory
- Professor Titia de Lange, Director, Anderson Center for Cancer Research; Leon Hess Professor and Head of Laboratory Cell Biology and Genetics, Rockefeller University
- Professor Enrico Coen, Project Leader Cell and Developmental Biology, John Innes Centre
- Professor Janet Rossant, Departments of Molecular Genetics and Obstetrics and Gynaecology, University of Toronto

#### Insight Lectures:

- Dame Sally Davies, Chief Medical Officer
- Dr Siddhartha Mukherjee, Cancer Physician, Researcher and Author
- Professor Simon Schaffer, Department of History and Philosophy of Science, University of Cambridge

## 2. Create future science leaders

*The Crick provides biomedical scientific training aimed at maximising research excellence, dynamism and multidisciplinary activity, helping to fulfil our national role by expanding the talent pool for biomedical research across the UK.*

### Group leader recruitment and development

The Crick is keen to extend the reach of its recruitment calls for group leaders by targeting a greater mix of early career scientists. Some good progress has been made:

- 304 applications were received in our 2018/19 open search early career group leader recruitment round. From these applications, three appointments were made.
- 17 applications were received in the 2018/19 clinician scientist group leader recruitment round. Five people were shortlisted to give seminars and chalk talk interviews, with one offer made and accepted, and another candidate invited to apply for a secondment.
- Eight new assistant research director roles were created for senior group leaders at the beginning of 2019, forming part of the Crick scientific management team. Four new ambassador roles were created at the same time to support delivery of strategic pillars. These new positions have line management and other additional responsibilities therefore, providing a development opportunity for researchers with senior leadership potential.

### Postdoctoral / Doctoral recruitment and development

Attracting talented scientists from around the world remains a priority, and interest at both postdoctoral and doctoral level continues to be high:

- We received 1,842 applications for postdoctoral fellowship positions and successfully filled 61 posts.
- For the 2019 non-clinical PhD studentship programme, 1,716 applications were received. This was a slight increase on the prior year, suggesting that Brexit is not discouraging EU students from applying. A total of 158 candidates were selected to visit the Crick for interviews in early 2019 and 63 offers were made, of which 49 were accepted.
- We received 36 applications for doctoral clinical career development fellows in 2018-19; a significant increase from the 15 applications in the prior year. From these applicants, seven people were appointed to fellowships.
- Separately, we launched a postdoctoral career development fellowship scheme for clinicians in April 2018. The scheme is aimed at supporting continued scientific development in parallel with clinical training. We received ten applications and offered five positions.

### **Creating African research leaders**

The Crick African Network, a joint project with UKRI and five African partner institutions to help tackle the continent's disproportionate burden of infectious diseases, awarded its first round of Career Accelerator Awards to five outstanding African postdoctoral researchers. The fellows will spend two years working and training at both the Crick and an African partner institution and they will leave the scheme prepared to make the transition to leading their own research groups in Africa.

### **Developing our technicians:**

Eight Crick laboratory research scientists were coached through the application process for registration with professional bodies, including the Royal Society of Chemistry. All were successful, with four awarded as Registered Scientists and four as Chartered Scientists.

In March 2019, the Crick was awarded the status of 'Employer Champion' by the Science Council, recognising our work to support the career development of our scientific and technical staff.

### **Equality and diversity:**

A positive culture that ensures fair treatment of everyone and supports staff wellbeing is paramount in attracting and retaining the best talent. The Crick is therefore, committed to ensuring the right policies and measures are in place to achieve this. One of the new activities in the year included the roll-out of a series of respectful communication workshops.

During the year, the Crick became a Stonewall Diversity Champion, and is working towards full accreditation to fully demonstrate our commitment to ensuring that all LGBT staff are accepted in the workplace.

### **Leadership programme:**

Work began on developing a bespoke leadership development programme for group leaders and senior operational leads to help build a stronger and wider base of leadership capability.

### 3. Collaborate creatively to advance UK science and innovation

*The Crick develops and promotes novel forms of partnership, both with its founders and the broader UK scientific community.*

#### University collaboration

There were 31 university research groups, satellites and sabbatical groups working at the Crick by the end of 2018/19, including one clinical and four physical science groups. These groups are sharing expertise and helping to form new collaborations and are important mechanisms for the development of the Crick's multi-disciplinary research agenda. The Crick recognises that the integration of new clinical and physical science groups can be improved and this is an area of focus to help maximise opportunities for collaboration with existing Crick groups.

The Crick joined UCL, King's College London and Queen Mary University of London to establish the Cancer Research UK City of London Centre. This new world-class research hub will bring together scientists from across a range of disciplines to become a global centre of excellence for biotherapeutics, a pioneering field of cancer research.

Fifteen Crick PhD students organised and hosted the International PhD Student Cancer Conference, which was an entirely student-led meeting. It brought together more than 100 PhD students from leading cancer research institutes across Germany, Italy, the Netherlands and the UK to share their work and build international connections at the beginning of their research careers.

#### Extending collaboration

'Medicine at the Crick', a new series of conferences to connect lab-based scientists with clinicians from across London, launched in June 2018 with a meeting on genome editing, and a second in November about gut microbiota. Each meeting attracted an audience of more than 350 people from both inside and outside the Crick.

The Crick joined forces with the European Molecular Biology Laboratory to strengthen European science, signing a collective Memorandum of Understanding to support our existing European collaborations and encourage new ones.

The first Crick Data Challenge took place in January 2019, offering an opportunity for Crick scientists to explore scientific questions using machine learning and data science with input from mentors from UCL and industry.

#### 4. Accelerate translation for health and wealth

*The Crick conducts discovery science that is open to translation, turning advances in discovery science into new ways to prevent, diagnose and treat disease to improve lives and benefit the UK economy. The Crick's approach emphasises promoting openness to translation with the focus on reducing barriers and maximising the uptake and exploitation of research that will impact health, rather than on short term income generation.*

This year, the Crick's "ideas to innovation" (i2i) scheme is supporting 14 new projects at an early stage of development, with projects ranging from understanding potential therapeutic targets to technology developments. Since it was established, the scheme has nurtured a diverse portfolio of 35 i2i projects. Our pipeline of projects are maturing, attracting follow-on funding, through collaborations with industry; grants or private investment. Around two thirds of group leaders and many scientific trainees are engaging with the translation team.

The translation team support training and mentorship around translation and entrepreneurship, also made available externally as part of our wider national role to train future science leaders. A Programme for Up-and-coming Life Sciences Entrepreneurs (PULSE), created in partnership with the BioIndustry Association, ran for the second time this year. The first Data X Biomedical Summer School ran in July for PhD students and post-docs across the UK. The event was run in collaboration with the Turing Institute and Entrepreneur. In addition, an accelerator programme, KQ Labs, was established at the Crick in October 2018 to support start-ups working at the interface between biomedical and data science. Funded by Innovate UK, the pilot programme supported a cohort of ten early stage data-driven start-up businesses in health science, with a 16-week accelerator programme, followed by access to further funding and investment.

A new research collaboration was established with the pharmaceutical company Bristol Myers Squibb (BMS) to better understand the tumour microenvironment, and a precompetitive alliance was formed with Merck Sharp and Dohme (MSD). Alongside our existing partnerships with AstraZeneca and GlaxoSmithKline, these alliances help increase the exchange of scientific knowledge and offer immersive training opportunities both for the Crick and the partner companies. In total, we have 62 active projects in collaboration with different industrial partners, meaning that highly experienced industry and business experts are working in close proximity to our researchers. These pre-competitive collaboration partnerships bring core capabilities, in-kind resources, enhanced awareness of translation opportunities and support training.

## 5. Engage and inspire the public

*Our public, education and community engagement programmes engage people in our science and encourage public dialogue about biomedical research.*

### Exhibitions

Our second major public exhibition, Deconstructing Patterns, explored the molecular and cellular patterns studied at the Crick through collaborations with artists and the nearby Holborn Community Association. Our latest exhibition, Craft & Graft, which opened in March 2019, reveals the range and variety of staff who work together to make the Crick's science happen. The exhibition showcases the work of the 'behind the scenes' teams at the Crick; including technicians, apprentices and technical staff. During the year, we had 20,300 visitors to Deconstructing Patterns between April to November 2018, and 3,340 visitors to Craft & Graft in its opening month in March 2019.

### Working with our local community

Engagement with the local community remains important. During the year, 1,730 local people participated in local health and wellbeing projects funded by the Crick's Community Chest scheme, our programme which awards grants to community projects taking place within a mile of the Crick. In addition, 16,000 local school students took part in our educational activities and 91 work experience students worked at the Crick.

### Policy and influencing

The Crick's policy and influencing work was largely focused on Brexit in 2018/19. The organisation spoke out publicly and prominently about the risk that a no-deal Brexit poses for UK science and international cooperation. This followed a survey of Crick staff which demonstrated near unanimous concern about the implications of a hard Brexit for UK science and widespread anxiety about the future of collaboration with EU colleagues.

Director, Paul Nurse, gave evidence to the House of Commons Science and Technology Committee on the issue of UK research and innovation spending. The Crick also hosted a meeting of the Chief Scientific Advisors of the European Commission at the Crick, and a visit by the All-Party Parliamentary Group on Medical Research.

During the course of the year, we welcomed national and international politicians and dignitaries, including the then Prime Minister (Theresa May), the Indian Prime Minister (Narendra Modi), the Vice Minister of the Ministry of Science and Technology of China (Zhang Jianguo) and the Mayor of London (Sadiq Khan).

### **Future plans**

DWB sets out a long-term vision for the Crick, and many of the institute's objectives, such as the training and export of early career researchers and the establishment of connections with experimental medicine, will take some years to fully implement. Having completed phase one of our development (April 2015 - December 2016) involving the construction, transfer of staff and the launch of the institute, we are now in phase two (2017 – 2021), which is focused on optimising institute operations. This phase is progressing well as evidenced by the good reports from the Establishment Review and the SAB, and is now supported by secured funding through to March 2022.

Looking ahead, the Crick leadership team is planning for the institute's next major milestone - its Quinquennial Review in 2021/22. As part of this, it is reviewing its strategy, DWB, to assess progress against each of the five strategic pillars and to identify areas where more needs to be done to achieve the Crick's original objectives.

Beyond this, phase three will run from 2021 – 2030, when the Crick aspires to become one of the top biomedical research institutes in the world, with comparator institutes such as the Laboratory of Molecular Biology, Wellcome Sanger Institute, EMBL, IMP/IMBA campus Vienna, Cold Spring Harbor Laboratory, Rockefeller University and Janelia Farm. As part of this, the Crick will seek to develop relationships with other scientific institutions in the UK and further afield to support delivery of the DWB strategy. Collaborations are already being discussed with the Turing Institute and the Wellcome Sanger Institute. In addition, the institute will continue to develop a translation-literate research community through the expansion of translation training, improved connections with the postdoc community and by capitalising on the expertise of Crick alumni and their translational experience. The Crick's leadership team has already started to consider the institute's strategic direction for this phase.



## Financial review

As the Institute completes its fourth full year of operations, the financial results reflect that the Institute is becoming more established. The dynamic nature of operations means there will always be new funding streams and activities replacing others, although agreements have secured core funding and university overhead contributions through to 2022, which has significantly enhanced the short-term stability. In addition, a £30m endowment from the UKRI (formerly known as MRC) was granted on 29 March 2019, the funds from which will be received and invested upon selection of investment managers.

Total income for the year was £184.0m (2018: £146.6m), including recognition of the £30m permanent endowment. Without this endowment, total income for the year would be £154m of which the large majority, £146.0m (2018: £140.5m), comes from research grants (or similar types of income) from its various funders.

Total expenditure of £180.2m (2018: £175.2m) means that the Institute shows a surplus of £3.8m (2018: deficit of £28.5m). Without the £30m endowment grant, the Institute would have shown a deficit of £26.2m, which is consistent with previous years. This includes a small amount of non-recurring costs related to the set-up of the Institute but is primarily driven by the substantial depreciation costs of the building of £22.2m (2018: £22.1m). These costs are charged to the Statement of Financial Activities in the year, having originally been funded by share capital, which means that the Statement of Financial Activities will show a large deficit for the foreseeable future.

Net assets at 31 March 2019 are £609.4m (2018: £605.7m). This primarily consists of fixed assets, and those assets are primarily represented by the net book value of the laboratory building.

The Crick's longer term financial planning includes a review of its underlying and recurring result, which removes the depreciation included within the statutory reporting and replaces it with the capital expenditure incurred during the year. This summary on a non-statutory basis is as follows:

	2019	2018
	£m	£m
Statutory result for the year	3.8	(28.5)
Endowment income	(30.0)	-
Building depreciation	22.2	22.1
Other depreciation	16.7	17.5
Capital expenditure funded from annual grants and donated assets	(11.6)	(11.1)
Other adjustments	0.8	1.5
Non-statutory underlying result for the year	<u>1.9</u>	<u>1.5</u>

## Reserves policy

The charity reviews its reserves policy each year, taking account of its planned activities and the financial requirements forecast for the forthcoming period. The charity's ongoing operational mission is funded via grants from both shareholders and external grant providers although it is looking to expand this and diversify income streams where possible.

Share capital has been invested by the founding shareholders to establish the Institute, and these funds are represented by the charity's assets. Over time, depreciation on the new building, currently representing a major part of the charity's assets, will accumulate as a deficit on the unrestricted funds.

Free reserves of a charity are often defined in relation to the level of unrestricted funds. The expected deficit on unrestricted funds means that the charity must take a slightly different approach, and the Crick defines its free reserves as equal to the value of net current assets, less:

- any restricted funds held as net current assets;
- any amounts drawn down from shareholders for the building project and not yet expended;
- deficit budget plans;
- other contracted capital commitments;
- other relevant adjustments.

In addition to this, the Institute now has the £30m endowment fund. The cash was not transferred during 2018/19, but the completion of the grant agreement in March 2019 means that the income could be recognised and the full value therefore included in the reserves of the Crick. There are some restrictions around use of this endowment fund, and the intention is for the £30m capital to be protected, with only the income and capital gains to be used to fund science activities. The terms on which the Grant are paid will also allow for this condition to be reviewed, so that after an initial period of ten years, and then at appropriate funding cycles, access to the grant capital could be reassessed. However, in the meantime the agreement does provide the ability (with the approval of UKRI - formerly known as MRC) to access the funds in the case of a material adverse event. These amounts do therefore provide further security in the case of severe liquidity issues. As this grant was only secured a few days before year-end, the impact of this endowment on the free reserves policy of the Institute has not yet been finalised. This will be agreed in advance of the monies being transferred.

**Free reserves under this definition are:**

	2019 £m	2018 £m
Net current assets (not including endowment receivable)	20.2	25.6
Restricted funds held within net current assets	(0.2)	(3.0)
Unexpended building project funds	(2.7)	(4.5)
Contracted capital commitments	(4.3)	(4.4)
	<hr/> 13.0	<hr/> 13.7
Restricted endowment – Grant from UKRI (formerly known as MRC)	30.0	-
	<hr/> 43.0	<hr/> 13.7

The trustees have regard to the information contained in Charity Commission guidance note CC19, "Charity Reserves: Building Resilience", and in particular the guidance on ensuring the maintenance of beneficiary services and the risks of unplanned closure associated with the charity's business model. As such, the trustees believe that the charity should have access to free reserves equivalent to three months' core funding income in order to maintain the viability of the Institute.

Historically, this has been met by ensuring that a minimum of £10m of free reserves are held directly by the Institute, with the balance provided by a £20m standby facility that has been made available by the shareholders. If free reserves held in cash are less than three months' expenditure, the charity will be able to call on this facility to support its operations should a material adverse event occur that threatens the charity's overall liquidity. The combination of the standby facility with the current underlying position of £13m means that the charity is operating at a level slightly above the target, which the trustees consider to be satisfactory.

### **Investment policy**

At this stage, the investment policy continues to be confined to the management of short-term liquid funds. The investment principle is to achieve the secure investment of excess cash resources of a short-term nature, diversified to ensure limited concentration of investment. This principle has been achieved during 2018/19. Under the current policy, assets are safeguarded by investing only with approved counterparties. Investments are risk-averse and non-speculative, and the charity places no income reliance on interest earned. Investments are selected to ensure security, liquidity and diversification. The charity's investment return objective is to ensure that investments earn a market rate of interest consistent with its income principle.

Following signature of the grant agreement to approve the £30m endowment from the UKRI (formerly known as MRC), the organisation has initiated a review of the policy to introduce more active management of its future investments. This will focus initially on the endowment, but is something that will hopefully expand considerably over the coming year. A full strategy will be implemented in 2019/20.

### **Fundraising**

The Crick has entered into a new partnership with CRUK which will allow the Crick to develop its fundraising operations searching for major donors. The Crick is not making any direct approaches to the general public in its fundraising. CRUK is registered with the Fundraising Regulator.

### **Going concern**

The trustees consider that the charity has adequate resources available to it to continue in operational existence for the foreseeable future having made appropriate enquiries, reviewed contracts and confirmed support from the shareholders. The trustees additionally consider that the charity will continue to have adequate resources through shareholders' committed funding to cover all existing capital commitments. This is primarily due to the fact that core funding agreements have been extended through to March 2022, and contribution levels for university overheads have also been agreed with our university partners through until March 2022, and this level of funding is sufficient to deliver a balanced budget.

## Trustees' report (incorporating the strategic report and directors' report) continued

Accordingly, the trustees have adopted the going concern basis in preparing the financial statements.

The trustees present their annual directors' report and strategic report together with the consolidated financial statements for the charity and its subsidiaries (together, 'the Group') for the year ended 31 March 2019, which are prepared to meet the requirements for a directors' report and financial statements for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS102) effective 1 January 2015 (Charity SORP).

The trustees' report includes the additional content required of larger charities.

### Reference and administrative details

The Francis Crick Institute Limited ('the charity', 'the Institute' or 'the Crick') is registered with the Charity Commission, charity number 1140062. The charity has operated and continues to operate under the name of the Francis Crick Institute. The Francis Crick Institute is a public benefit entity.

Charity number: 1140062  
Company number: 6885462  
Registered office: 1 Midland Road, London NW1 1AT

### Advisers

Auditor	Deloitte LLP	3 Victoria Square, Victoria Street, St Albans AL1 3TF
Bankers	HSBC Bank plc	60 Queen Victoria Street, London EC4N 4TR
Solicitors	CMS Cameron McKenna LLP	Mitre House, 160 Aldersgate Street, London EC1A 4DD
	Herbert Smith Freehills LLP	Exchange House, Primrose Street, London EC2A 2EG
	Bristows LLP	100 Victoria Embankment, London EC4Y 0DH
	Town Legal LLP	10 Throgmorton Ave, London EC2N 2DL
	DLA Piper Mills and Reeve LLP	160 Aldersgate St, Barbican, London EC1A 4HT Monument Place, 24 Monument St, London EC3R
Internal auditor	RSM UK (from 1 April 2018)	170 Midsummer Boulevard, Milton Keynes MK9 1BP

## Trustees' report (incorporating the strategic report and directors' report) continued

### Medical Research Council

On 1 April 2018, all property, rights and liabilities of MRC was transferred to United Kingdom Research and Innovation.

### *Directors and trustees*

The directors of the charitable company are its trustees for the purposes of charity law.

	Appointed	Resigned	Appointment type
Lord Browne of Madingley (Chair)	1 August 2017		Independent
Kate Bingham	8 May 2017		Independent
Lord Willetts of Havant	18 December 2015	13 December 2018	Independent
Philip Yea	17 June 2011	21 September 2018	Independent
Isabelle Ealet	15 February 2019		Independent
Dr Brian Gilvary	10 September 2018		Independent
Professor Dame Ottoline Leyser	21 September 2018		Independent
Dr Mene Pangalos	21 December 2018		Independent
Sir Harpal Kumar	4 November 2010	29 June 2018	Founder nominated (Cancer Research UK)
Dr Iain Foulkes	21 September 2018		Founder nominated (Cancer Research UK)

## Trustees' report (incorporating the strategic report and directors' report) continued

	Appointed	Resigned	Appointment type
Professor Doreen Cantrell	1 April 2015	20 September 2018	Founder nominated (UKRI formerly known as MRC)
Professor Fiona Watt	21 September 2018		Founder nominated (UKRI formerly known as MRC)
Dr Sir Jeremy Farrar	13 December 2013		Founder nominated (Wellcome)
Professor Margaret Dallman	14 October 2011		Founder nominated (Imperial College London)
Professor Sir Robert Lechler	7 July 2016		Founder nominated (King's College London)
Professor David Lomas	1 August 2015		Founder nominated (University College London)
Professor Geraint Rees (alternate)	25 June 2018	13 December 2018	Founder nominated (University College London)

### *Organisational management and responsibilities of the Board*

The trustees are responsible for ensuring that the charity's aims are being met. The trustees set strategy, decide priorities, establish funding policies and allocate budgets. The trustees develop and agree the overall scientific strategy and policies related to biomedical research and innovation and monitor and review risk, progress and performance.

## Trustees' report (incorporating the strategic report and directors' report) continued

The Board has established sub-committees to assist with its responsibilities as follows:

### *Audit and Risk Committee*

The Audit and Risk Committee reviews matters of internal control, risk, compliance with reporting requirements, and liaison with, and monitoring of, internal and external auditors.

	<b>Appointed</b>	<b>Resigned</b>
Philip Yea (Chair)	17 June 2011	21 September 2018
Dr Brian Gilvary (Chair)	10 September 2018	
Kate Bingham	8 May 2017	
Christopher Mottershead	20 November 2014	

### *Nominations, Remuneration and Governance Committee*

The Nominations, Remuneration and Governance Committee has delegated responsibility from the Board for reviewing matters relating to nominations, remuneration and governance, including composition and succession of the Board and certain members of senior management (with the exception of CEO succession, which is dealt with by the Chairman's Committee and the full Board). It replaced the Nominations Committee and Remuneration Committee with effect from 13 December 2018.

	<b>Appointed</b>	<b>Resigned</b>
Lord Browne of Madingley – Nominations Committee (Chair)	1 August 2017	13 December 2018
Lord Willetts - Nominations Committee and Remuneration Committee (Chair)	18 December 2015	13 December 2018
Dr Jeremy Farrar - Nominations Committee and Remuneration Committee	13 December 2013	13 December 2018
Professor David Lomas - Remuneration Committee	1 August 2015	13 December 2018
Professor Margaret Dallman - Nominations Committee	14 October 2011	13 December 2018
Lord Browne of Madingley (Chair)	13 December 2018	
Professor Dame Ottoline Leyser	13 December 2018	
Dr Mene Pangalos	21 December 2018	
Dr Iain Foulkes	13 December 2018	
Professor Fiona Watt	13 December 2018	

## Trustees' report (incorporating the strategic report and directors' report) continued

### *Chairman's Committee*

The Chairman's Committee has delegated responsibility from the Board for reviewing matters that are either urgent in their nature or which the Chair determines would be best addressed outside the regularly scheduled Board meetings. In addition, the Committee has responsibility for overseeing the performance evaluation of individual Directors (including the Chairman of the Board), the evaluation of the Board's effectiveness, the evaluation of the CEO's performance and all matters relating to succession of the CEO, with the decision to appoint or remove the CEO reserved to the Board. The Chairman's Committee was established on 13 December 2018.

	<b>Appointed</b>
Lord Browne of Madingley (Chair)	13 December 2018
Kate Bingham	13 December 2018
Dr Brian Gilvary	13 December 2018
Dr Sir Jeremy Farrar	13 December 2018
Professor Sir Robert Lechler	13 December 2018

### *Ethics Committee*

The Ethics Committee has delegated responsibility for reviewing the ethical implications of research and fundraising activity and other matters relating to the reputation of the Charity. These responsibilities also extend to the subsidiary undertakings of the Charity. The Ethics Committee was established on 13 December 2018.

	<b>Appointed</b>
Professor Dame Ottoline Leyser (Chair)	13 December 2018
Dr Mene Pangalos	21 December 2018
Professor Margaret Dallman	13 December 2018
Professor David Lomas	13 December 2018
Lord Neuberger of Abbotsbury	15 February 2019

The executive team, led by the Chief Executive Officer, Professor Sir Paul Nurse, reports directly to the trustees and is responsible for the day-to-day management of the charity's operations and activities.



## Trustees' report (incorporating the strategic report and directors' report) continued

### *Executive Committee*

Professor Sir Paul Nurse*	Director and Chief Executive Officer
Dr Samantha Barrell*	Chief Operating Officer
Dan Fitz*	General Counsel and Company Secretary (from November 2018)
Jane Hughes*	Director of Communications
Dr Steven Gamblin*	Director of Scientific Platforms
Professor Malcolm Irving	Associate Research Director (University Partner Liaison)
Stéphane Maikovskiy*	Chief Financial Officer
Fiona Roberts*	Chief People Officer (Appointed 15 July 2019)
Dr Sir Richard Treisman*	Research Director

### *\*Key management personnel*

Note: John Macey (Director of Human Resources) left the Crick on 6 April 2019

There is a clear organisation structure, with documented lines of authority and responsibility for control. The trustees approve the annual budget and expenditure targets, and monitor actual and forecast budgets and cash flows.

### *Key appointments during the year*

Dr Brian Gilvary joined the Board in September 2018 and was appointed as Chair of the Audit and Risk Committee. He is Chief Financial Officer of BP and is responsible for the BP's finance areas (tax, treasury, mergers and acquisitions, investor relations, audit and global business services), Information technology, Integrated Supply & Trading and the Shipping Maritime division. He has broad experience across the group and has been at the centre of the BP group's work on addressing cyber risk.

Ottoline Leyser joined the Board in September 2018 and was appointed as Chair of the new Ethics Committee in December 2018. She is Professor of Plant Development and Director of the Sainsbury Laboratory at the University of Cambridge. Among her honours are the Society of Experimental Biology's President's Medal (2000), the Royal Society Rosalind Franklin Award (2007), the International Plant Growth Substance Association's Silver Medal (2010), the UK Genetics Society Medal (2016) and the EMBO Women in Science Award (2017). She was appointed a Dame Commander of the Order of the British Empire (DBE) in the 2017 New Year Honours list for services to plant science, science in society and equality and diversity in science.

Mene Pangalos became a director and trustee in December 2018. He is Executive Vice-President of AstraZeneca Research and Development BioPharmaceuticals, responsible for R&D across respiratory, cardiovascular, renal and metabolic, and infection, neuroscience and autoimmune disease areas. He has over 150 peer-reviewed articles, sits on the Medical Research Council and is a fellow of the Academy of Medical Sciences.

Isabelle Ealet joined the Board in February 2019. Isabelle was the global co-head of Goldman Sachs's Securities Division from 2007-2018. She was a member of the Management Committee, European Management Committee, Firmwide Risk Committee and EMEA Conduct Risk Committee, as well as co-chair of Securities Division Executive Committee and chair of the EMEA Securities Division Operations Committee. Isabelle also served as an executive director on the Goldman Sachs International Board.

Lord Neuberger, Former President of the Supreme Court of the UK, joined the new Ethics Committee as its independent legal expert in February 2019.

### *Structure, governance and management*

The charity is a charitable company limited by shares.

### *Governing document*

The charity is governed by its Articles of Association, which were originally adopted on 20 January 2011, revised on the accession of new shareholders on 14 October 2011, again on 4 December 2015, and most recently on 31 January 2019 to enable the appointment of a majority of independent Directors to the Board.

### *Trustees*

The Articles of Association of the charity provide for the appointment of directors, who also act as trustees. The directors of the charity are its trustees for the purposes of charity law, and throughout this report are collectively referred to as the trustees.

Each of the charity's six shareholders nominates a trustee, and there are currently six independent trustees including the Chair. Independent trustees are chosen from a variety of backgrounds for their skills and experience. A tailored induction programme is provided for trustees on appointment. Trustees act on a voluntary basis and are not remunerated.

### *Related parties*

The charity's shareholders are Cancer Research UK, UKRI (formerly known as MRC), Wellcome Trust, University College London, Imperial College London and King's College London. The shareholders have entered into a Joint Venture Agreement which, inter alia, establishes the basis on which funding will be made available to the charity. The charity has two wholly owned subsidiaries:

- UKCMRI Construction Limited which exists to design and construct the building for the new institute, a project that is now in its final run-off stages.
- Francis Crick Trading Limited which started trading in the year and is being used to carry out trading and commercial activities.

### *Pay policy for key management*

Key management are the members of the Executive Committee who are employees of the charity (as listed on page 25).

The overall remuneration packages for key management are set by the Nominations, Remuneration and Governance Committee within the overall remuneration policy recommended by the committee and approval by the Board. When new members of the key management group are appointed, a salary benchmarking exercise is carried out by the Institute's Human Resources team.

The overall policy is that pay is set using the median to upper quartile of the Higher Education and Charity sectors and median to lower quartile of the Pharmaceuticals sector as benchmarks.

Individual pay awards for key management are made annually by the Nominations, Remuneration and Governance Committee based on a review of performance carried out by the Chief Executive Officer and Chief Operating Officer.

## **Strategic report Objectives and activities**

### *Charitable objects*

The charity's objects, as set out in its Articles of Association, are:

The advancement of human health and education for the benefit of the public by the promotion and carrying out, directly or indirectly, of all aspects of biomedical research and innovation, which shall include in particular the following:

1. Establishing, operating and managing a centre for medical research and innovation;
2. Engaging in, encouraging and supporting:
  - ι. Research into any of the biosciences;
  - υ. The discovery, invention, improvement and development and application of preventions, treatments, cures, diagnostics and other medical agents, methods and processes that may in any way prevent or relieve illness, disease or disorders of whatever nature (including, without limitation, all forms of cancer); and
3. Developing and training scientists and supporting biomedical research endeavours.

### *Public benefit*

The trustees confirm that they have paid due regard to the public benefit guidance published by the Charity Commission and have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing their aims and objectives and in planning future activities. In particular, the trustees have considered how planned activities will contribute to the aims and objectives they have set.

In addition to the public benefits anticipated from the operation of science established at the Francis Crick Institute, the charity has also set out to deliver a broad spectrum of investment in engagement with the public, as described above under Discovery Without Boundaries strategic priority five - engage and inspire the public.

### *Risk management and principal risks*

The Board is responsible for setting the Crick's strategic objectives, and the associated risk appetite and risk management culture. The Board takes an active role in the management of risk, reviews any proposed changes to risk appetite and undertakes a comprehensive risk review every six months.

The Board is responsible for approving the Crick's risk management policy which identifies eight categories of risk: Science, Translation, Infrastructure, Funding, People, Reputation, Safe Working Environment and Information.

The Board delegates to the Audit and Risk Committee the responsibility of reviewing risk management arrangements for identifying and monitoring risk and the effectiveness of internal control systems. The Audit and Risk Committee sits on a quarterly basis to undertake their reviews. The Board delegates to the Crick's Chief Executive the day-to-day management of risk. The Executive is therefore responsible for implementing the risk management policy and effective risk management and internal control systems. The Executive Committee reviews risks on a quarterly basis.

Each risk category is headed by a coordinator and together the coordinators form the Crick's Risk Management Team. The coordinators are responsible for identifying risks with risk owners (usually functional heads), developing action plans to manage the risk and monitoring progress against actions. They also maintain a risk register. All Risks are reviewed on a quarterly basis with the Risk Management Team focusing their attention on the risks that are above Institute appetite level. The main risks and a summary of the Risk Management reviews are reported to the Executive Committee, the Audit and Risk Committee, and the Board.

Risk management is encouraged and conducted at all levels in the organisation. On the current risk register, the largest risks (in terms of potential impact) are also all above appetite levels. These risks and their current management are summarised on the next page.

Trustees' report (incorporating the strategic report and directors' report) continued

Category	Risks	Management of risk
Funding	<ul style="list-style-type: none"> <li>- Long-term financial sustainability is not secured beyond 2022</li> <li>- A crisis affects Founders from delivering planned Core funding.</li> <li>- Inability to replace EU grant income after Brexit.</li> <li>- Inability to achieve the philanthropy income target over the 5-year programme.</li> </ul>	Core funding and university overhead contributions are now agreed until 2022. Longer-term strategic and sustainability plans are now being developed, supported by commercial and investment strategies to diversify income, a grants strategy to pursue new sources of funding, and a philanthropy team created especially for the Crick. In addition, a three-month reserve from cash reserves and a stand-by facility exist to protect against short-term liquidity pressures.
Infrastructure	<ul style="list-style-type: none"> <li>- Disruption to science from noise, vibrations and electromagnetic interference from CrossRail 2 construction and operation.</li> </ul>	Ongoing engagement, technical analysis and discussion of risk mitigating actions to continue with CrossRail 2 and a nearby proposed development known as Brill Tower as designs develop.
Reputation	<ul style="list-style-type: none"> <li>- External reviews or formal Institute reviews with founders are critical of performance resulting in funding cuts or loss of reputation.</li> </ul>	Processes have been established to ensure regular communication about Crick research, strong stakeholder management and effective crisis response. Management are satisfied with the current processes, but its importance means that this risk will probably always remain above appetite and need ongoing management.
People	<ul style="list-style-type: none"> <li>- Brexit reduces available talent and the ability to deliver the Crick's strategy.</li> </ul>	The Crick participates in external committees and forums to understand impact and to influence policy. Internal working groups assess the expected changes, to develop contingency plans and to support and reassure staff.
Science	<ul style="list-style-type: none"> <li>- Clinical culture and emphasis on human biology does not develop.</li> <li>- Inability to develop the multidisciplinary agenda.</li> </ul>	Recruitment of clinical group leaders is progressing, with seminars and other activities being used to increase engagement of clinical research. Initiatives and events already taking place to drive engagement with university partners, with collaboration supported by the recruitment of physical scientists into the Crick.

Other key risks worth highlighting include:

- **Health and Safety:** There will always be a strong focus on ensuring a safe working environment that minimises the risk of death, injury and occupational health issues. Strong controls combined with continuous training and awareness programs have reduced the potential impact, but the inherent nature of the risks mean they will remain high on the agenda;
- **Infrastructure:** Risks arising from external causes such as development of the area, natural disasters or terrorist activity and internal causes such as resilience of the building are all under continuous monitoring. Due to their importance, these risks remain above appetite and all associated procedures are being reviewed and enhanced on a regular basis;
- **Cyber-security:** This is a key focus for the organisation. Successful completion of action plans around archiving data and incorporating systems on to centrally managed enterprise licences have helped to bring the key risks within appetite, but the risks are continually monitored; and
- **Brexit:** The full range of other potential risks around Brexit are regularly assessed by an internal working group, to ensure the appropriate actions are in place.

Other areas of risk include credit and liquidity risks. Credit risk exposure is reduced by procurement selection procedures for any significant supply contracts entered into by the charity. The liquidity risk which the charity may be exposed to is managed by the provision of funding from the shareholders and cash flow management.

The Crick's Trustees have given consideration to the major risks which the charity is exposed to and satisfied themselves that systems or procedures are established in order to manage those risks.

## **Employee policies**

### *Employment of disabled persons*

The Crick recognises that one in three of the UK population is either disabled or close to someone who is, and one in five of the UK workforce is likely to have a disability, with those disabilities being either visible (for example, a mobility issue or visual impairment) or invisible, such as dyslexia or depression. The Crick is fully focused on ensuring the great talent amongst these groups are attracted to apply and are then able to operate effectively in their roles, as this is key to maximising the talent pools that are considered for roles across the organisation. During the recruitment cycle, this is achieved by concentrating on ability, rather than disability, and truly recognising the skills and competencies of all individuals that apply. During the application process and subsequently once appointed, the Crick will make reasonable adjustments for people with disabilities to ensure that they are able to operate at their full potential. Detailed guidance has been produced and is available to managers in helping them determine what adjustments might be needed and whether those adjustments are reasonable.

### *Employee engagement*

The Crick is successfully attracting people who are passionate about working at the Institute and its strategic ambitions and is highly committed to ensuring that its employees remain aware and engaged, and are actively contributing to *Discovery Without Boundaries*. This is achieved through the continuous encouragement of open collaboration, organisation of a wide range of events that are well publicised, and active communication through the Crick intranet and regular all-staff “town hall” events in which employees are able to talk to and raise questions with the Chief Executive Officer and Chief Operating Officer. There is also a highly effective Staff Consultative Forum, which ensures that any planned changes that will affect staff are properly discussed at formal meetings, so that concerns can be addressed. An externally conducted and benchmarked staff survey is also carried out bi-annually and the results acted on at a senior level.

## **Statement of trustees' responsibilities**

The trustees (who are also directors of The Francis Crick Institute Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

## Trustees' report (incorporating the strategic report and directors' report) continued

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 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 company will continue in business.

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

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.

### **Disclosure of information to the auditor**

The trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant information and to establish that the charity's auditor is aware of that information.


This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Auditor**

Deloitte LLP have held office as company auditor following appointment by resolution of the Board on 4 February 2011, and have indicated their willingness to be reappointed for another term.

### **Approval**

The trustees' report incorporating the Strategic Report and Directors' Report was approved by the Board of Trustees and signed on its behalf by:

Lord Browne of Madingley   
Chairman  
20 September 2019



# Independent auditor's report to the members and trustees of The Francis Crick Institute Limited

## Opinion

In our opinion the financial statements of the Francis Crick Institute Limited (the 'charitable company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2019 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 including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of financial activities (incorporating the income and expenditure account);
- the group and parent charitable company balance sheets;
- the consolidated cash flow statement; and
- the related notes 1 to 25.

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).

## Basis for opinion

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 of the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

## Independent auditor's report to the members and trustees of The Francis Crick Institute Limited continued

### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### Other information

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

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

We have nothing to report in respect of these matters.

### Trustees' responsibilities

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

In preparing the financial statements, the trustees are responsible for assessing the group's and 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 the parent charitable company or to cease operations, or have no realistic alternative but to do so.

## Independent auditor's report to the members and trustees of The Francis Crick Institute Limited continued

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the trustees' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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 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.

We have nothing to report in respect of these matters.

## Independent auditor's report to the members and trustees of The Francis Crick Institute Limited continued

### 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.



Jonathan Gooding, FCA (*Senior statutory auditor*)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
St Albans, United Kingdom

## Consolidated Statement of Financial Activities (incorporating the income and expenditure account) Year ended 31 March 2019

		Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2019 £000	Total 2018 £000
<b>Income from</b>						
Core and related funding	3	127,826	1,518	30,000	159,344	127,471
Research grant funding		154	22,020	—	22,174	17,039
Charitable activities	5	1,875	39	—	1,914	1,691
Investment income		349	—	—	349	153
Other income		239	—	—	239	273
		130,443	23,577	30,000	184,020	146,627
<b>Expenditure on</b>						
Raising Funds		9	—	—	9	—
Charitable activities	6	158,474	21,766	—	180,240	175,161
		158,483	21,766	—	180,249	175,161
<b>Net (expenditure)/income before transfers</b>		(28,040)	1,811	30,000	3,771	(28,534)
Transfers between funds	18	(39)	39	—	—	—
Net (expenditure)/income and net movement in funds		(28,079)	1,850	30,000	3,771	(28,534)
<b>Net movement in funds</b>		(28,079)	1,850	30,000	3,771	(28,534)
Total funds at 1 April 18		600,494	5,180	—	605,674	634,208
Total funds at 31 March 19	18	572,415	7,030	30,000	609,445	605,674

All results are from continuing operations.

There were no other recognised gains or losses other than those listed above.

See note 16 for comparative Consolidated Statement of Financial Activities analysed by funds.

## Balance sheets 31 March 2019

	Notes	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Fixed assets					
Intangible assets	11	110	138	110	138
Tangible assets	12	558,743	579,985	559,042	580,301
Investments	13	400	—	400	—
		<u>559,253</u>	<u>580,123</u>	<u>559,552</u>	<u>580,439</u>
Current assets					
Debtors	14	46,056	13,511	46,092	13,504
Cash and cash equivalents		33,952	38,569	33,934	38,556
		<u>80,008</u>	<u>52,080</u>	<u>80,026</u>	<u>52,060</u>
Liabilities					
Creditors falling due within one year	15	(29,816)	(26,529)	(29,808)	(26,482)
Net current assets		<u>50,192</u>	<u>25,551</u>	<u>50,218</u>	<u>25,578</u>
Net assets		<u>609,445</u>	<u>605,674</u>	<u>609,770</u>	<u>606,017</u>
Funds					
Called up share capital	17	629,566	629,566	629,566	629,566
Share premium	17	12,751	12,751	12,751	12,751
Unrestricted Funds					
Unrestricted funds	18	(69,902)	(41,823)	(69,577)	(41,480)
Restricted Funds					
Endowment Funds	18	30,000	—	30,000	—
Restricted Funds	18	7,030	5,180	7,030	5,180
		<u>609,445</u>	<u>605,674</u>	<u>609,770</u>	<u>606,017</u>

Notes 1 to 25 form part of these financial statements

A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented as the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The results for the charity are disclosed in note 13.

The financial statements of the Francis Crick Institute Limited were approved and authorised for issue by the Board of Trustees on 20 September 2019 and signed on its behalf by:

Lord Browne of Madingley  
Chairman

Company registration number: 6885462

## Consolidated cash flow statement. Year ended 31 March 2019

	Notes	2019 £000	2018 £000
Cash flows generated by operating activities	22	12,373	13,999
Cash flows from investing activities:			
Interest received		349	153
Proceeds from sale of equipment		300	—
Purchase of programme related investments		(400)	—
Purchase of tangible fixed assets		(16,998)	(15,323)
Net cash flows used in investing activities		(16,749)	(15,170)
Cash flows from financing activities:			
Lease finance repayments		(241)	—
Net cash flows used in financing activities		(241)	—
Net decrease in cash and cash equivalents		(4,617)	(1,171)
Cash and cash equivalents at beginning of year		38,569	39,740
Cash and cash equivalents at the end of the year		33,952	38,569
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		33,952	38,569
Cash equivalents		—	—
Cash and cash equivalents		33,952	38,569

## Notes to the financial statements. Year ended 31 March 2019

### 1. Accounting policies

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

#### *a. Basis of preparation*

The Francis Crick Institute Limited is a company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Charity's registered office is shown on page 20.

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 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 and SORP update Bulletin 1.

The Francis Crick Institute Limited 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 notes. The Charity has taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated statements. Exemptions have been taken in relation to presentation of a cash flow statement.

The functional currency of the Francis Crick Institute Limited and its Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

As described in the Trustees' Report, the trustees consider that the Francis Crick Institute Limited has adequate resources available to it to continue in operational existence for the foreseeable future having made appropriate enquiries, reviewed contracts and confirmed support from the shareholders. Accordingly they have adopted the going concern basis in preparing the financial statements.

#### *b. Group financial statements*

The financial statements consolidate the results of the charity and its wholly owned subsidiaries Francis Crick Trading Limited and UKCMRI Construction Limited on a line-by-line basis. The results of the subsidiaries are disclosed in note 13.

#### *c. Fund accounting*

Unrestricted funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the Francis Crick Institute Limited. Restricted funds are funds that have been donated or granted for a specific use. These funds are expended in accordance with the requirements of the donor or grantor.



Endowment funds are funds that have been donated to the charity to be invested and retained by the charity. The charity holds two types of endowment fund. Expendable endowment funds may be retained by the charity for future use or spent at the discretion of the trustees. Permanent endowment funds must be retained by the charity. The income generated from these funds may be either restricted or unrestricted depending on the wishes of the donor.

*d. Incoming resources*

Income is recognised in line with the SORP requirements for entitlement, probability and measurement. The charity's core funding is in the form of multi-period but time-limited grants which are subject to annual renewal from funders based on a review of science and the agreement of annual budgets. These grants are recognised on an annual basis.

Research grants fall largely into two categories: paid on a reimbursed expenditure basis, or paid on a science milestone basis.

Income on reimbursed expenditure grants is recognised in line with the relevant expenditure, and in line with achievement of milestones on the science milestone basis. The reimbursed expenditure and science milestone requirements represent donor imposed conditions that otherwise limit the recognition of income.

Donations and grants with donor imposed restrictions are recognised in income when the Institute is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions. Donations and grants with no restrictions are recognised in income when the Institute is entitled to the funds. Where the donor has requested that the charity invest or retain the donation or grant for future use an endowment is recognised. Income from that endowment will then be used in accordance with the requirements imposed by the donor. Investment income represents the interest receivable on short-term cash deposits.

*e. Gifts in kind*

Gifts in kind represent donated premises and associated facilities at an estimated market value. Donated services for seconded staff are estimated on the charity's salary bandings for equivalent posts.

*f. Expenditure and irrecoverable VAT*

Expenditure is accounted for on an accruals basis. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Charitable activities expenditure comprises the costs of the primary activities of the Francis Crick Institute Limited, including establishing a centre for medical research and innovation. Other expenditure represents those items not falling into any other heading.

## Notes to the financial statements (continued). Year ended 31 March 2019

Termination payments are recognised when the employee(s) involved have been informed of their employment end date and the amount of their termination payment entitlement.

Lab consumables are written off once purchased and are not carried as stock.

### *g. Allocation of costs*

Institute departments are classed either wholly or in part as directly charitable (on a time basis), or as support to the Institute.

Support costs are defined as those costs incurred in the operational teams providing support in finance, IT, HR, building services, communications and public engagement. Executive office and legal teams are classed as part support and part direct, and that part classed as support is reported under the governance heading, along with the cost of external audit.

The allocation of support costs across the charitable expenditure headings is in proportion to the directly incurred costs under each heading as a proxy for the size of that activity and the effort involved in supporting each type of charitable work.

No support costs are currently allocated to cost of raising funds due to the materiality of the balance.

### *h. Pension costs*

The charity participates in both defined benefit and defined contribution pension schemes.

For defined contribution pension schemes, the amount charged to the Statement of Financial Activities in respect of pension costs is the total of contributions due in the year. Differences between contributions payable in the year and contributions actually paid are shown as short term liabilities at the year end.

The defined benefit scheme that the charity participates in is a multi-employer pension scheme and is unable to allocate underlying assets and liabilities to individual employees. Contributions are accounted for on the same basis as for a defined contribution scheme.

### *i. Intangible fixed assets*

The Francis Crick Institute is engaged in research for the purposes of discovery and/or enhancement of existing knowledge. This is not driven by, but on occasion can result in, patentable or potentially exploitable discoveries. Any internally generated intangible assets arising in this way are not capitalised.

On the founding of the Institute, following the 1 April 2015 transfers from the National Institute of Medical Research and the London Research Institute, the Institute became owner of certain patents and other intellectual property. These were recognised in the financial statements at fair value (based on the present value of expected future cash flows) and are amortised on a straight line basis over the life of those assets and cashflows, for terms between two and 18 years, subject to annual reviews for impairment.

*j. Tangible fixed assets*

Tangible fixed assets are held at cost less accumulated depreciation.

Depreciation is calculated using the straight line method to allocate the cost of each asset to its residual value over its estimated useful life. Depreciation commences from the date an asset is brought into service.

The period over which assets are depreciated is as follows:

IT equipment and software:	3 years
Corporate systems	7 years
Scientific equipment	5 years
Vehicles	5 years
Leasehold Buildings (fabric)	Term of the lease
Building plant and infrastructure	3 – 50 years
Assests under construction	No depreciation

*k. Fixed asset investments*

The charity's investments in its trading subsidiaries are stated at cost, measured by reference to the nominal value only of the shares issued.

The charity invests in spin-out companies, used to further its translational science objectives. Unlisted investments in early stage spin-out companies will be valued at cost less impairment, unless a reliable fair value basis is available.

The charity has also made investments in the form of convertible loans to further its translational science objectives. These programme related loans are initially recognised at the amount paid, with the carrying amount adjusted to reflect repayments and any accrued interest and adjusted if necessary for any impairment.

*l. Heritage assets*

Heritage assets are books, manuscripts, specimens, objects or other assets that have historic, scientific, artistic, technological, geophysical or environmental qualities and are held and maintained principally for the contribution to knowledge and culture. The Crick holds heritage assets inherited from its predecessor institutes (National Institute for Medical Research and London Research Institute) comprising mainly of objects and artefacts of scientific and historical interest. The collection is held in storage on site at the Crick lab with the intention to place some of the collection on permanent display. These assets have not been capitalised as there is no reliable information concerning their cost and the cost of valuation would be disproportionate to the benefit of the resultant information.

*m. Taxation*

As a registered charity, the Francis Crick Institute Limited is exempt from taxation on its income and gains falling within chapter 3 of part 11 to the Corporation Taxes Act 2010 and section 256 Taxation of Chargeable Gains Act 1992, to the extent that these are applied to charitable purposes.

## Notes to the financial statements (continued). Year ended 31 March 2019

The trading subsidiaries do not generally pay UK corporation tax because their policy is to donate distributable profits to the Charity as Gift Aid.

### *n. Operating leases*

Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

### *o. Finance leases*

Leases in which the Institute assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### *p. Financial instruments*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

The charity and group only have financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of managed investments which are held at fair value and gains and losses recognised in the Statement of Financial Activities.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in note 1, the trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## Notes to the financial statements (continued). Year ended 31 March 2019

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above

### 3. Analysis of income from core and related activities

	Unrestricted funds	Restricted funds	Endowment funds	2019 Total
	£000	£000	£000	£000
Core funding from founding shareholders	120,691	—	—	120,691
Other grants	1,978	1,164	30,000	33,142
Prizes	—	354	—	354
Donated services and facilities	5,151	—	—	5,151
Donations and endowments	6	—	—	6
	<b>127,826</b>	<b>1,518</b>	<b>30,000</b>	<b>159,344</b>

	Unrestricted funds	Restricted funds	Endowment funds	2018 Total
	£000	£000	£000	£000
Core funding from founding shareholders	118,763	—	—	118,763
Other grants	4,702	63	—	4,765
Donated services and facilities	3,858	—	—	3,858
Donations	75	10	—	85
	<b>127,398</b>	<b>73</b>	<b>—</b>	<b>127,471</b>

### 4. Analysis of grant income by funder type

	Unrestricted funds	Restricted funds	Endowment funds	2019 Total
	£000	£000	£000	£000
Research Councils	48,761	1,972	30,000	80,733
UK-based charities	70,398	9,390	—	79,788
UK-based higher education institutions	3,410	2,295	—	5,705
UK-based government bodies	—	744	—	744
UK-based industry, commerce and public corporations	1	626	—	627
EU government bodies	—	5,520	—	5,520
Other overseas grants	233	2,413	—	2,646
Other grants	18	224	—	242
	<b>122,821</b>	<b>23,184</b>	<b>30,000</b>	<b>176,005</b>

## Notes to the financial statements (continued). Year ended 31 March 2019

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2018 Total £000
Research Councils	50,193	1,270	—	51,463
UK-based charities	69,790	6,480	—	76,270
UK-based higher education institutions	2,508	1,316	—	3,824
UK-based government bodies	—	673	—	673
UK-based industry, commerce and public corporations	866	943	—	1,809
EU government bodies	—	5,287	—	5,287
Other overseas grants	104	1,055	—	1,159
Other grants	23	59	—	82
	<u>123,484</u>	<u>17,083</u>	<u>—</u>	<u>140,567</u>

### 5. Analysis of income from charitable activities

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2019 Total £000
Research conferences	618	39	—	657
Staff restaurant	724	—	—	724
Building letting	533	—	—	533
	<u>1,875</u>	<u>39</u>	<u>—</u>	<u>1,914</u>

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2018 Total £000
Research conferences	352	422	—	774
Staff restaurant	788	—	—	788
Building letting	129	—	—	129
	<u>1,269</u>	<u>422</u>	<u>—</u>	<u>1,691</u>

### 6. Analysis of expenditure on charitable activities

	Direct costs £000	Support costs £000	2019 Total £000
Crick Lab set-up	1,444	917	2,361
Scientific research and translation	108,289	68,655	176,944
Developing and training scientists	573	362	935
	<u>110,306</u>	<u>69,934</u>	<u>180,240</u>

## Notes to the financial statements (continued). Year ended 31 March 2019

	Direct costs £000	Support costs £000	2018 Total £000
Crick Lab set-up	2,366	1,492	3,858
Scientific research and translation	104,471	65,855	170,326
Developing and training scientists	599	378	977
	<u>107,436</u>	<u>67,725</u>	<u>175,161</u>

### 7. Analysis of support costs

	Crick Lab set-up £000	Scientific research and translation £000	Developing and training scientists £000	2019 Total £000
Governance	5	384	2	391
Finance	34	2,525	13	2,572
Information Technology & Services	159	11,883	63	12,105
Human Resources	48	3,625	19	3,692
Building Services	627	46,975	248	47,850
Communications and Public Engagement	44	3,263	17	3,324
	<u>917</u>	<u>68,655</u>	<u>362</u>	<u>69,934</u>

	Crick Lab set-up £000	Scientific research and translation £000	Developing and training scientists £000	2018 Total £000
Governance	6	260	1	267
Finance	62	2,716	16	2,794
Information Technology & Services	287	12,683	73	13,043
Human Resources	66	2,925	17	3,008
Building Services	1,020	45,017	258	46,295
Communications and Public Engagement	51	2,254	13	2,318
	<u>1,492</u>	<u>65,855</u>	<u>378</u>	<u>67,725</u>

## Notes to the financial statements (continued). Year ended 31 March 2019

### 8. Net income/(expenditure) for the year

	2019 Total £000	2018 Total £000
Net income/(expenditure) is stated after charging (crediting):		
. Depreciation of owned assets	38,914	39,601
. Amortisation of intangible fixed assets	28	42
. Operating lease rentals	673	2,055
. Foreign exchange (gains)/losses	(20)	59
. Profit on disposal of fixed assets	(47)	(208)
Auditor's remuneration:		
. Fees for the audit of the charity's annual financial statements	53	51
. Fees for taxation services to the group	8	3
. Fees for the audit of subsidiary companies	12	8

### 9. Analysis of staff costs, trustee expenses and the cost of key management personnel

#### a. The average monthly number of employees was:

	2019 Total No.	2018 Total No.
Charitable activities	1,209	1,134
Support	158	160
	<u>1,367</u>	<u>1,294</u>

#### b. Their aggregate remuneration comprised:

	2019 Total £000	2018 Total £000
Wages and salaries	61,064	58,257
Redundancy and termination	1,828	1,472
Social security costs	5,867	5,594
Pension costs	5,738	5,494
	<u>74,497</u>	<u>70,817</u>

Remuneration includes stipends paid to PhD students of £4,131k (2018: £4,152k). PhD students are not employees of the Institute.



c. The number of employees whose emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, were in excess of £60,000 was:

	2019 Total No.	2018 Total No.
£60,000 - £69,999	45	45
£70,000 - £79,999	54	35
£80,000 - £89,999	17	12
£90,000 - £99,999	16	15
£100,000 - £109,999	10	11
£110,000 - £119,999	6	3
£120,000 - £129,999	4	4
£130,000 - £139,999	2	3
£140,000 - £149,999	5	3
£150,000 - £159,999	3	4
£160,000 - £169,999	2	1
£170,000 - £179,999	2	1
£180,000 - £189,999	1	1
£190,000 - £199,999	2	2
£200,000 - £209,999	1	-
£210,000 - £219,999	2	1
£220,000 - £229,999	-	3
£230,000 - £239,999	1	-
£240,000 - £249,999	1	-
£260,001 - £269,999	1	2
£270,000 - £279,999	1	-
£330,000 - £339,999	1	-
£380,000 - £389,999	-	1
£400,000 - £409,999	1	-
	178	147

**d. Key management personnel**

The key management personnel of the charity and group are listed on page 25. The total remuneration (including pension contributions and employer's national insurance) of the key management personnel for the year totalled £2,075k (2018: £2,023k).

**e. Trustees' remuneration**

No Trustees received remuneration during the current or prior year. Travel and subsistence expenses was claimed by three trustees this year for £321, (2018: £1,953, two trustees). The Charity has maintained throughout the year and prior year Trustees' and Officers' liability insurance for the benefit of the Charity and its Trustees.

## Notes to the financial statements (continued). Year ended 31 March 2019

### 10. Tax on profit of trading subsidiaries

The actual tax charge for the year differs from the standard rate for the following reasons:

#### UKCMRI Construction Limited

	2019 Total £000	2018 Total £000
Loss of trading subsidiary	(11)	(10)
Loss multiplied by standard rate of United Kingdom corporation tax of 19%	(2)	(2)
Effect of:		
. unrecognised tax losses	2	2
Total tax charge for the year	<u>—</u>	<u>—</u>

#### Francis Crick Trading Limited

	2019 Total £000	2018 Total £000
Profit of trading subsidiary	9	—
Profit multiplied by standard rate of United Kingdom corporation tax of 19%	2	—
Deductible distributions (Gift Aid)	(2)	—
Total tax charge for the year	<u>—</u>	<u>—</u>

### 11. Intangible fixed assets

#### Group and charity

	Intellectual property £000
<b>Cost</b>	
At 1 April 2018 and 31 March 2019	281
<b>Amortisation</b>	
At 1 April 2018	143
Charge for the year	28
At 31 March 2019	<u>171</u>
<b>Net book value</b>	
At 31 March 2019	110
At 1 April 2018	<u>138</u>

## Notes to the financial statements (continued). Year ended 31 March 2019

### 12. Tangible fixed assets

<b>Group</b>	Fixtures, fittings, furniture £000	IT equipment and software £000	Scientific equipment £000	Leased Scientific equipment £000	Buildings £000	Assets under Construction £000	Total £000
<b>Cost</b>							
At 1 April 2018	8,865	17,430	55,858	-	571,904	-	654,057
Additions	1,611	433	9,169	700	182	5,838	17,933
Disposals	(461)	-	(51)	-	-	-	(512)
At 31 March 2019	10,015	17,863	64,976	700	572,086	5,838	671,478
<b>Depreciation</b>							
At 1 April 2018	3,039	10,271	24,645	-	36,117	-	74,072
Charge for the year	1,543	4,446	10,755	12	22,158	-	38,914
Disposals	(216)	-	(35)	-	-	-	(251)
At 31 March 2019	4,366	14,717	35,365	12	58,275	-	112,735
Net book value							
At 31 March 2019	5,649	3,146	29,611	688	513,811	5,838	558,743
At 1 April 2018	5,826	7,159	31,213	-	535,787	-	579,985
<b>Charity</b>							
<b>Cost</b>							
At 1 April 2018	8,865	17,430	55,858	-	572,229	-	654,382
Additions	1,611	433	9,169	700	165	5,838	17,916
Disposals	(461)	-	(51)	-	-	-	(512)
At 31 March 2019	10,015	17,863	64,976	700	572,394	5,838	671,786
<b>Depreciation</b>							
At 1 April 2018	3,039	10,271	24,645	-	36,126	-	74,081
Charge for the year	1,543	4,446	10,755	12	22,158	-	38,914
Disposals	(216)	-	(35)	-	-	-	(251)
At 31 March 2019	4,366	14,717	35,365	12	58,284	-	112,744
Net book value							
At 31 March 2019	5,649	3,146	29,611	688	514,110	5,838	559,042
At 1 April 2018	5,826	7,159	31,213	-	536,103	-	580,301

## Notes to the financial statements (continued). Year ended 31 March 2019

### 13. Fixed asset investments

The Francis Crick Institute Limited owns the entire issued share capital of UKCMRI Construction Limited and Francis Crick Trading Limited, both companies incorporated in the United Kingdom and registered in England and Wales with their registered offices at 1 Midland Road, London NW1 1AT. UKCMRI Construction Limited provides design and construction services to the Francis Crick Institute Limited. Francis Crick Trading Limited's key objective is to carry out various trading activities within the premises owned by The Francis Crick Institute Limited. The shares are held at cost, being £4 for UKCMRI Construction Limited (2018: £4) and £1 for Francis Crick Trading Limited (2018: nil).

A summary of UKCMRI Construction Limited's results is shown below.	2019 Total £000	2018 Total £000
<b>Profit &amp; loss account</b>		
Turnover	229	3,482
Cost of sales	(229)	(3,481)
Gross profit	—	1
Operating costs	(11)	(11)
Operating loss	(11)	(10)
Other interest receivable and similar income	—	—
Tax	(11)	(10)
Distribution payable (Gift Aid)	—	—
Retained loss for the year	(11)	(10)
Opening shareholder's deficit	(29)	(19)
Closing shareholder's deficit	(40)	(29)
<b>Balance sheet</b>		
Current assets	133	389
Current liabilities	(173)	(418)
Total net liabilities	(40)	(29)

## Notes to the financial statements (continued). Year ended 31 March 2019

A summary of Francis Crick Trading Limited's results is shown below.		2019	2018
		<b>Total</b>	<b>Total</b>
		<b>£000</b>	<b>£000</b>
<b>Profit &amp; loss account</b>			
Turnover		323	—
Cost of sales		(306)	—
Gross profit		<u>17</u>	<u>—</u>
Operating costs		(8)	—
Operating profit		<u>9</u>	<u>—</u>
Tax		<u>9</u>	<u>—</u>
Distribution payable (Gift Aid)		—	—
Retained loss for the year		<u>9</u>	<u>—</u>
Opening shareholder's funds		—	—
Closing shareholder's funds		<u>9</u>	<u>—</u>
<b>Balance sheet</b>			
Current assets		772	—
Current liabilities		(763)	—
Total net assets		<u>9</u>	<u>—</u>
<b>Programme related investments:</b>		<b>2019</b>	<b>2018</b>
	<b>Holding</b>	<b>Proportion</b>	<b>Proportion</b>
	<b>£</b>	<b>held %</b>	<b>held %</b>
Gammadelta Therapeutics Ltd	157.67	2.9%	2.9%
Achilles Therapeutics Ltd	2.26	1.8%	1.8%
Metacognis Limited	0.24	19.03%	—

All of the above investments are in limited companies incorporated and registered in England and Wales.

As part of the KQ program the Crick invested £400k into ten companies using convertible loan instruments. The Crick will not charge interest on these loans and the repayment date will be 31 December 2021 unless there is a conversion event. The KQ program concluded just prior to the Crick's year-end.

## Notes to the financial statements (continued). Year ended 31 March 2019

Group & Charity	2019 Total £000	2018 Total £000
Convertible Loans	400	—

### A summary of the results of the parent charity is set out below:

	2019 Total £000	2018 Total £000
Total incoming resources	184,005	146,627
Total outgoing resources	(180,252)	(175,156)
Net movement in funds	3,753	(28,529)

### 14. Debtors

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Trade debtors	671	990	671	990
Prepayments and accrued income	5,136	4,793	5,136	4,793
Amounts owed by group undertakings	—	—	36	—
Amounts owed by related parties	39,637	7,054	39,637	7,054
Other debtors	612	674	612	667
	<u>46,056</u>	<u>13,511</u>	<u>46,092</u>	<u>13,504</u>

### 15. Creditors: amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Charity 2019 £000	Charity 2018 £000
Trade creditors	2,844	5,458	2,839	5,454
Accruals and deferred income	13,683	10,700	13,366	10,380
Other creditors	2,947	2,376	2,796	2,377
Amounts owed to related parties	9,871	7,995	9,871	7,995
Amounts owed to group undertakings	—	—	465	276
Finance Lease	471	—	471	—
	<u>29,816</u>	<u>26,529</u>	<u>29,808</u>	<u>26,482</u>

16. Comparative Consolidated Statement of Financial Activities

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2018 £000
<b>Income from</b>				
Core and related funding	127,398	73	—	127,471
Research grant funding	19	17,020	—	17,039
Charitable activities	1,269	422	—	1,691
Investment income	153	—	—	153
Other income	273	—	—	273
<b>Total</b>	<b>129,112</b>	<b>17,515</b>	<b>—</b>	<b>146,627</b>
<b>Expenditure on</b>				
Charitable activities	158,670	16,491	—	175,161
<b>Total</b>	<b>158,670</b>	<b>16,491</b>	<b>—</b>	<b>175,161</b>
<b>Net expenditure before transfers</b>	<b>(29,558)</b>	<b>1,024</b>	<b>—</b>	<b>(28,534)</b>
Transfers between funds	26	(26)	—	—
<b>Net (expenditure)/ income and net movement in funds</b>	<b>(29,532)</b>	<b>998</b>	<b>—</b>	<b>(28,534)</b>
<b>Net movement in funds</b>	<b>(29,532)</b>	<b>998</b>	<b>—</b>	<b>(28,534)</b>
Total funds at 1 April 2017	630,026	4,182	—	634,208
Total funds at 31 March 2018	<b>600,494</b>	<b>5,180</b>	<b>—</b>	<b>605,674</b>

17. Called up share capital

	2019 Total £000	2018 Total £000
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	629,566	629,566
Share premium account	12,751	12,751
	<b>642,317</b>	<b>642,317</b>

## Notes to the financial statements (continued). Year ended 31 March 2019

### 18. Movements in funds

Group	1 April 2018 £000	Income £000	Expenditure £000	Transfers between funds £000	31 March 2019 £000
<b>Unrestricted funds</b>					
General funds	(41,823)	130,443	(158,483)	(39)	(69,902)
<b>Restricted funds</b>					
Crick Lab set-up	531	—	(96)	—	435
Research grants	4,610	22,805	(21,557)	(57)	5,801
Other	39	772	(113)	96	794
	<u>5,180</u>	<u>23,577</u>	<u>(21,766)</u>	<u>39</u>	<u>7,030</u>
<b>Endowment Funds</b>					
Permanent Restricted	—	30,000	—	—	30,000
Share capital – par	629,566	—	—	—	629,566
Share premium	12,751	—	—	—	12,751
	<u>642,317</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>642,317</u>
<b>Total funds</b>	<u>605,674</u>	<u>184,020</u>	<u>(180,249)</u>	<u>—</u>	<u>609,445</u>

Charity	1 April 2018 £000	Income £000	Expenditure £000	Transfers between funds £000	31 March 2019 £000
<b>Unrestricted funds</b>					
General funds	(41,480)	130,428	(158,486)	(39)	(69,577)
<b>Restricted funds</b>					
Crick Lab set-up	531	—	(96)	—	435
Research grants	4,610	22,805	(21,557)	(57)	5,801
Other	39	772	(113)	96	794
	<u>5,180</u>	<u>23,577</u>	<u>(21,766)</u>	<u>39</u>	<u>7,030</u>
<b>Endowment Funds</b>					
Permanent Restricted	—	30,000	—	—	30,000
Share capital – par	629,566	—	—	—	629,566
Share premium	12,751	—	—	—	12,751
	<u>642,317</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>642,317</u>
<b>Total funds</b>	<u>606,017</u>	<u>184,005</u>	<u>(180,252)</u>	<u>—</u>	<u>609,770</u>



## Notes to the financial statements (continued). Year ended 31 March 2019

Group	1 April 2017 £000	Income £000	Expenditure £000	Transfers between funds £000	31 March 2018 £000
<b>Unrestricted funds</b>					
General funds	(12,291)	129,112	(158,670)	26	(41,823)
<b>Restricted funds</b>					
Crick Lab set-up	248	353	(70)	—	531
Research grants	3,892	17,162	(16,417)	(27)	4,610
Other	42	—	(4)	1	39
	<u>4,182</u>	<u>17,515</u>	<u>(16,491)</u>	<u>(26)</u>	<u>5,180</u>
<b>Endowment Funds</b>					
Permanent Restricted	—	—	—	—	—
Share capital – par	629,566	—	—	—	629,566
Share premium	12,751	—	—	—	12,751
	<u>642,317</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>642,317</u>
<b>Total funds</b>	<u>634,208</u>	<u>146,627</u>	<u>(175,161)</u>	<u>—</u>	<u>605,674</u>
	1 April 2017 £000	Income £000	Expenditure £000	Transfers between funds £000	31 March 2018 £000
<b>Charity</b>					
<b>Unrestricted funds</b>					
General funds	(11,953)	129,112	(158,665)	26	(41,480)
<b>Restricted funds</b>					
Crick Lab set-up	248	353	(70)	—	531
Research grants	3,892	17,162	(16,417)	(27)	4,610
Other	42	—	(4)	1	39
	<u>4,182</u>	<u>17,515</u>	<u>(16,491)</u>	<u>(26)</u>	<u>5,180</u>
<b>Endowment Funds</b>					
Permanent Restricted	—	—	—	—	—
Share capital – par	629,566	—	—	—	629,566
Share premium	12,751	—	—	—	12,751
	<u>642,317</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>642,317</u>
<b>Total funds</b>	<u>634,546</u>	<u>146,627</u>	<u>(175,156)</u>	<u>—</u>	<u>606,017</u>

## Notes to the financial statements (continued). Year ended 31 March 2019

Transfers between general funds and restricted funds of £39k (2018: £26k) consist of the release of excess funds received (in line with the terms and conditions of the individual funders) and the financing of a deficit on several completed grants.

The shareholders have provided funds to the Charity for the purpose of establishing the Institute. Restricted funds relate to scientific computing and individual scientific projects. Included within the table above, the Institute holds a permanent endowment of £30m, where the capital is to be protected, with only the income and capital gains to be used to fund science activities. The terms on which the Endowment funds are paid will also allow for this condition to be reviewed, so that after an initial period of ten years, and then at appropriate funding cycles, the terms around access to Grant Capital could be revised.

### 19. Analysis of assets and liabilities between funds

Group	Unrestricted funds, non- charitable trading funds and share capital £000	Restricted funds £000	Endowment funds £000	31 March 2019 £000
Intangible fixed assets	110	—	—	110
Tangible fixed assets	552,331	6,412	—	558,743
Investments	—	400	—	400
Current assets	37,376	12,632	30,000	80,008
Current liabilities	(17,402)	(12,414)	—	(29,816)
At 31 March 2019	<u>572,415</u>	<u>7,030</u>	<u>30,000</u>	<u>609,445</u>

Charity	Unrestricted funds and share capital £000	Restricted funds £000	Endowment funds £000	31 March 2019 £000
Intangible fixed assets	110	—	—	110
Tangible fixed assets	552,630	6,412	—	559,042
Investments	—	400	—	400
Current assets	37,394	12,632	30,000	80,026
Current liabilities	(17,394)	(12,414)	—	(29,808)
At 31 March 2019	<u>572,740</u>	<u>7,030</u>	<u>30,000</u>	<u>609,770</u>

## Notes to the financial statements (continued). Year ended 31 March 2019

Group	Unrestricted funds, non-charitable trading funds and share capital £000	Restricted funds £000	Endowment funds £000	31 March 2018 £000
Intangible fixed assets	138	—	—	138
Tangible fixed assets	577,843	2,142	—	579,985
Current assets	44,301	7,779	—	52,080
Current liabilities	(21,788)	(4,741)	—	(26,529)
At 31 March 2018	<u>600,494</u>	<u>5,180</u>	<u>—</u>	<u>605,674</u>

Charity	Unrestricted funds and share capital £000	Restricted funds £000	Endowment funds £000	31 March 2018 £000
Intangible fixed assets	138	—	—	138
Tangible fixed assets	578,159	2,142	—	580,301
Current assets	44,281	7,779	—	52,060
Current liabilities	(21,741)	(4,741)	—	(26,482)
At 31 March 2018	<u>600,837</u>	<u>5,180</u>	<u>—</u>	<u>606,017</u>

### 20. Employee retirement benefits

The Francis Crick Institute Limited operates both defined contribution and defined benefit pension scheme arrangements.

New employees are entitled to join the defined contribution pension scheme. Employer contribution rates vary according to the contribution rates of individual employees. The amount paid in employer contributions to the defined contribution scheme was £4,392,820 (2018: £3,887,424). The balance outstanding at the year end was £618,438 (2018 £583,345).

The defined benefit pension scheme is the Medical Research Council Pension Scheme (MRCPS). Employees of the former National Institute for Medical Research who transferred to the Francis Crick Institute Limited on 1 April 2015 have remained members of this scheme.

MRCPS is a funded defined benefit pension scheme that prepares its own scheme statements. Benefits accrue at the rate of 1/80<sup>th</sup> of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement.

## Notes to the financial statements (continued). Year ended 31 March 2019

Members pay contributions of between 6.0% and 6.5% of pensionable earnings to the Scheme. The Francis Crick Institute Limited pays contributions of 15.9% (2018:14.9%) of pensionable earnings to the Scheme. The amount paid in employer contributions to the defined benefit scheme was £1,324,569 (2018: £1,549,807). The Institute is indemnified against an employer contribution rate in excess of 15.9% (2018:14.9%), under an agreement whereby the Medical Research Council would reimburse the Institute for costs incurred at any future rate greater than 15.9%. The balance outstanding at the year end was £150,639 (2018 £2,253).

The required contribution rates are assessed every three years in accordance with the advice of the Government Actuary. The latest finalised actuarial assessment of the MRCPS was 31 December 2016.

	2016 valuation £m	2013 valuation £m
Market value of assets	1,406	1,054
Actuarial scheme liabilities	(1,246)	(894)
Surplus	<u>160</u>	<u>160</u>
Scheme funding level	113%	118%

The current financial assumptions used to calculate scheme liabilities are:

	2019 %	2018 %
Rate of increase of salaries	3.4	3.3
Rate of increase of pension payments	2.4	2.3
Discount rate	2.4	2.6
Inflation rate	2.4	2.3
Expected return on equities	2.4	2.6
Expected return on bonds	2.4	2.6
Expected return on overall fund	2.4	2.6

## Notes to the financial statements (continued). Year ended 31 March 2019

### 21. Financial commitments

#### Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases for each of the following periods are:

	2019		2018	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
<b>Group and charity</b>				
Within one year	205	330	203	429
Between one and five years	837	207	829	536
After five years	375	—	587	—
	<u>1,417</u>	<u>537</u>	<u>1,619</u>	<u>965</u>

#### Finance lease commitments

The total future minimum lease payments under non-cancellable finance leases for each of the following periods are:

	2019 £000	2018 £000
<b>Group and charity</b>		
Within one year	471	—
	<u>471</u>	<u>—</u>

#### Capital commitments

The Francis Crick Institute Limited had unprovided capital contractual commitments of £4,240,676 at 31 March 2019 (2018: £2,933,109).

### 22. Reconciliation of net income/(expenditure) to cash generated by operating activities

	Group 2019 £000	Group 2018 £000
Net income/(expenditure) for the year	3,771	(28,534)
Depreciation and disposal adjustments	38,875	39,446
Amortisation of intangible fixed assets	28	42
Funding received for programme related investments	400	—
Interest receivable	(349)	(153)
Interest payable	12	—
Operating cash flow before movement in working capital	<u>42,737</u>	<u>10,801</u>
(Increase)/ Decrease in debtors	(32,816)	3,521
Increase/ (Decrease) in creditors	2,452	(323)
Cash generated by operating activities	<u>12,373</u>	<u>13,999</u>

## Notes to the financial statements (continued). Year ended 31 March 2019

### 23.Related party transactions

Advantage has been taken of exemptions under FRS102 33 1.A not to disclose balances or transactions between the parent charity and the wholly-owned subsidiaries.

#### a. Funding from shareholders including shares allotted

No shares were allotted during the year.

#### b. Other transactions

	Year ended 31 March 2019		Year ended 31 March 2019	
	Purchases from related parties £000	Income and recharges from and to related parties £000	Amounts due from related parties £000	Amounts due to related parties £000
UKRI (formerly known as Medical Research Council)	(161)	79,707	32,340	(1,770)
Cancer Research UK	(903)	57,552	1,065	(7,802)
Wellcome Trust	(123)	21,510	2,537	(184)
University College London	(239)	2,315	1,025	(92)
Imperial College London	(345)	2,295	1,197	(21)
King's College London	(266)	2,481	1,473	(2)
	<u>(2,037)</u>	<u>165,860</u>	<u>39,637</u>	<u>(9,871)</u>

	Year ended 31 March 2018		Year ended 31 March 2018	
	Purchases from related parties £000	Income and recharges from and to related parties £000	Amounts due from related parties £000	Amounts due to related parties £000
UKRI (formerly known as Medical Research Council)	(467)	52,225	2,957	(303)
Cancer Research UK	(1,448)	55,254	518	(6,805)
Wellcome Trust	(88)	20,534	2,381	(1)
University College London	(437)	1,934	852	(320)
Imperial College London	(377)	951	95	(256)
King's College London	(591)	1,135	251	(310)
	<u>(3,408)</u>	<u>132,033</u>	<u>7,054</u>	<u>(7,995)</u>

## Notes to the financial statements (continued). Year ended 31 March 2019

These balances do not include transactions related to the UKRI (formerly known as Medical Research Council) pension scheme which are disclosed in note 20.

### c. Donated services and facilities

	2019 Total £000	2018 Total £000
Services	3,626	2,333
Land	1,525	1,525
	<u>5,151</u>	<u>3,858</u>

### d. Other related party transactions

The land on which the Francis Crick Institute laboratory has been built has been made available at nil cost by the UKRI (formerly known as Medical Research Council), Cancer Research UK, the Wellcome Trust and University College London. A gift in kind of £1,524,545 (2018: £1,524,545) has been recognised, the estimated market value of the annual rent.

The Wellcome Trust incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, totalling £123,138 (2018: £88,045) including hospitality charges and lab consumables.

Cancer Research UK incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £903,385 (2018: £1,448,367) including the cost of providing seconded staff and building rent.

UKRI (formerly known as Medical Research Council) incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £161,281 (2018: £467,136) in providing seconded staff, lab consumables and service charges for the Mill Hill premises.

Imperial College London incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £345,302 (2018: £376,550) in providing seconded staff, lab consumables and course fees. Research lab staff have been seconded to the Crick at nil cost, a gift in kind of £182,106 (2018: £12,187) has been recognised for these services.

University College London incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £238,780 (2018: £436,667) for student tuition fees, lab consumables and seconded staff. Research lab staff have been seconded to the Crick at nil cost, a gift in kind of £2,149,136 (2018: £1,354,450) has been recognised for these services.

King's College London incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £265,752 (2018: £590,982) in providing seconded staff and lab consumables. Research lab staff have been seconded to the Crick at nil cost, a gift in kind of £1,294,925 (2018: £966,904) has been recognised for these services.

Trustees' expenses are disclosed in note 9e. As in 2018, one trustee is a director of a company in which the Crick holds warrants over ordinary shares. The warrants are not currently considered to have a value to the Crick; the trustee was not involved in the investment decision.

Two members of the trustees represent the Founders as shown on pages 21-22. These trustees may be involved in a project funded by the Crick. One trustee is related to an employee. The Crick has a policy for managing potential conflict of interest that may arise in any decision making.

#### **24. Contingent liabilities**

The Crick has entered into a guarantee with HSBC Bank PLC in favour of the Environment Agency for the value of €95,000. The guarantee was required in order to obtain a licence to dispose of radioactive sources used by an item of scientific equipment.

#### **25. Post balance sheet events**

There are no relevant post balance sheet events to report.