

# THE FRANCIS CRICK INSTITUTE LIMITED

A COMPANY LIMITED BY SHARES

ANNUAL REPORT AND FINANCIAL  
STATEMENTS

31 March 2020

Charity registration number: 1140062  
Company registration number: 6885462

# Contents

Chairman's letter	3
Director's introduction	4
Trustees' report (incorporating the strategic report and directors' report)	5
Consolidated statement of financial activities (incorporating the income and expenditure account)	48
Consolidated and Parent entity balance sheets	49
Consolidated cash flow statement	50
Notes to the financial statements	51

## Chairman's letter

My most significant memory of the last twelve months is the enormous impact on human lives and livelihoods of the Coronavirus pandemic. The COVID-19 outbreak presented unprecedented challenges across society. As Chairman, I am delighted with the way in which the Crick rose to those challenges. The pivoting of research to address the questions posed by the pandemic, alongside the rapid repurposing of the Institute to set up a COVID testing facility, demonstrated the strengths and merits of the Crick's collaborative and agile model. It enabled us to build and strengthen clinical links which will stand us in good stead over the long term. Most importantly it reinforced the Crick's role as a national biomedical research resource.

Recent successes give me great confidence that the Crick is making good progress on delivering on its charitable mission to understand the fundamental biology that underlies health and disease. Over 450 papers were published by Crick researchers in the last year, placing us fifth on the 2020 Nature Index for institution outputs in the life sciences by research institutes. We are receiving around 60 applications for each group leader position, and over the last 12 months, we had over 1600 graduate student applications for our PhD programme. Two thirds of candidates applied from outside the UK, suggesting that Brexit has not yet significantly affected the Crick's ability to attract the best scientists from around the world, although a no deal outcome remains a risk for the institute. Another source of confidence is our continuing work to help our researchers convert their discoveries into applications, working with a wide range of organisations, and in doing so, helping to deliver the UK's Industrial Strategy.

It is essential that the Crick leads the way not only in scientific discovery, but also in the creation of a contemporary and inclusive culture in which our people can thrive - whatever their background. This is the only way that we can attract the very best talent from around the world. I was pleased this year to see the Crick receive a Bronze Athena SWAN Award, become a Stonewall Diversity Champion, and participate in the Workplace Equality Index. This represents a very strong foundation on which to build. As Chairman, it is one of my personal priorities to ensure that the Crick embraces equality, inclusion and diversity; embeds these values firmly within its culture; and is uncompromising in their application.

The Board has also continued to evolve; I would like to thank Jeremy Farrar who stepped down in January, for his contribution to the development of the Crick. I am pleased to welcome Paul Schreier, who has taken Jeremy's place on the Board. The Board also wishes to congratulate our Clinical Director, Sir Peter Ratcliffe, on winning the 2019 Nobel Prize in Physiology or Medicine.

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

*Lord Browne of Madingley*  
*Chairman*

## Director's introduction

This year we made significant strides towards our long-term ambition to become a world-class biomedical research institute. Both the Founders' Establishment Review and the Government's Gateway Review processes formally concluded and confirmed that the Crick is now well-established and delivering against its objectives. Various members of our faculty received awards and prizes this year, including both our Director of Clinical Research, Sir Peter Ratcliffe, who won the 2019 Nobel Prize in Physiology or Medicine and Associate Research Director, John Diffley, who was awarded the 2019 Canada Gairdner International Award.

2019/20 has also been an outstanding year for group leader recruitment. We made eight appointments via our open search for early-career group leaders, two of whom are clinically-trained, while recruitment for our focused physical sciences and clinician group leader schemes are ongoing. All this serves to confirm the Crick's reputation is based on the quality of its science, the impact that has in terms of the Crick's profile and on comparisons with other world-leading research institutes, both in the UK and internationally.

The Crick ended the year facing significant challenges. On 31 January, the UK left the EU without an agreement about the future relationship and the chances of a no-deal Brexit have since increased. This would have significant implications for UK science not only in terms of access to funding but also our ability to recruit and work with the best scientists from around the world. In 2019/20 the Crick received nearly £7m from European funding agencies (which we had hoped to increase to £10m in future years), and 36% of our research workforce are EU nationals. When surveyed in June 2019, 97% of our faculty said that the UK should continue to participate in Europe's science programmes after Brexit. Currently it is not known whether this will be an option.

The COVID-19 pandemic also presents huge challenges for the Crick, but I am proud of our workforce and their response to the crisis. Staff from across the Institute came together to rapidly transform parts of our building into testing facilities for health-care workers, and many of our scientists have refocussed their research efforts to answer fundamental questions about the virus. Their ongoing commitment and hard work has been exceptional and is helping the country's efforts to combat the pandemic.

In the next financial year, the Crick's Founders will start to put in place arrangements for our first quinquennial review, which will determine the Crick's trajectory for the next 5 years. Given the challenges we encountered this year, and those that still lie ahead, Crick leadership is now focused on ensuring that the Institute remains on track, both in terms of its development as an institute and its ability to deliver the objectives set out in our strategy, *Discovery Without Boundaries*.

***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. We are 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.

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

2019/20 was the Crick's fifth financial year. On 1<sup>st</sup> April 2020, we marked five years since the Crick was formally established as an organisation. The Founders' Establishment Review, which commenced in 2018/19, assessed whether the set-up, governance structure and strategic direction of the Crick are progressing as might be expected. That process formally concluded this year when, in October 2019, the Founders wrote to Crick Leadership to sign off the review and to confirm that they are "immensely impressed with what the Crick has accomplished to date and the progress towards achieving its mission".

The Crick was also assessed in November 2019, in the form of our fifth Gateway Review - the Government's assurance process for complex and high-risk projects. The review focussed on Crick operations and benefits realisation, and the panel agreed that the Crick is on track to deliver the benefits envisaged in the initial business case and our subsequent strategy, DWB. In their report, the review panel said that the Crick is a success in all respects, from the creation and bringing to life of an iconic building, to its population with world-class researchers and to the atmosphere of discovery and excitement that now constitutes the Crick culture. The Crick received an amber/green delivery confidence rating, reflecting our progress to date but also concerns around our financial sustainability. The review panel confirmed that Gateway 5 would be the Crick's final Gateway Review, reiterating the findings of the Founders' Establishment Review, that the Institute is now well-established and delivering against its objectives.

Having successfully navigated the early challenges of establishing a new organisation, the Crick's focus in 2019/20 has been optimising the way we work. This involves ensuring we have the best possible systems and processes in place to support our science, and creating a culture that not only facilitates ground-breaking research, but also values and treats all staff fairly and equally as members of the broader Crick community.

Our key achievements for 2019/20 are presented in this report.

## Crick Science

The Crick aims to make discoveries that change lives. Our scientists investigate the biology underlying human health to advance understanding and to improve the treatment, diagnosis and prevention of disease.

In 2019/20, Crick scientists published 466 papers.<sup>1</sup> This places us fifth on the 2020 Nature Index for institution outputs in the life sciences by research institutes.<sup>2</sup>

Here is a selection of our discoveries, reflecting our range of activities for 2019/20:

- **New method reveals how antibiotics reach their targets** - Scientists from Max Gutierrez's lab developed a new imaging technique that allows them to see how a tuberculosis (TB) drug reaches its target inside the pathogens. The team used the technique to see that the drug, bedaquiline, forms small pools inside cells which gradually leak and kill the bacteria. These insights could help to develop new antibiotics.  
*Greenwood et al., Science, 364, 1279-1282 (2019)*
- **How size affects a cell's fate** - A study from Nate Goehring's group investigates how cell polarity networks respond to changes in cell size. Their work suggests that cells may be able to read out their size in order to decide whether to divide symmetrically or asymmetrically, all based on a Turing-like reaction-diffusion system.  
*Hubatsch et al., Nature Physics, 15, 1078-1085 (2019)*
- **Cancer cells 'corrupt' their healthy neighbours** - A new study, which uses a state-of-the-art technique developed by Ilaria Malanchi's group, has found that the healthy cells immediately surrounding a tumour become more stem cell-like and support cancer growth.  
*Ombrato et al., Nature, 572, 603-608 (2019)*
- **Oxygen sensing across kingdoms** - Research led by Peter Ratcliffe has discovered an enzymatic oxygen sensor in humans that is functionally identical to plant cysteine oxidases, enzymes that control responses to hypoxia in plants. Further study of this enzyme in humans could lead to new therapeutics targeting diseases related to impaired oxygen sensing.  
*Masson et al., Science, 365, 65-69 (2019)*
- **How HIV develops drug resistance** - The mechanism behind how HIV develops resistance to a widely-prescribed group of drugs has been uncovered by research from the Cherepanov group at the Crick and the Dana-Farber Cancer Institute, with the findings opening the door to the development of more effective treatments.  
*Cook et al., Nature, 367, 806-810 (2020)*

---

<sup>1</sup> This number excludes editorials (11), a book chapter and an obituary. The detailed breakdown is: 1 case report, 20 commentaries, 3 letters, 18 methods papers, 334 primary research papers, 87 reviews, 3 conference papers.

<sup>2</sup> <https://www.natureindex.com/annual-tables/2020/institution/npo/life-sciences> - The Nature Index annual tables highlight the institutions and countries that dominate research in the natural sciences. The 2020 tables are based on Nature Index data from 1 January 2019 to 31 December 2019.

- **Cryo-EM explains how cells prepare for DNA replication** - Members of Alessandro Costa's group and John Diffley used high-resolution 3D cryo-electron microscopy to observe the cascade of molecular events that prepare the DNA double helix for replication.  
*Miller et al. Nature, 575, 704-710 (2019)*
- **3i Project: A genetic resource for immunology** - A large collaborative project, led by Adrian Hayday, has developed an immunophenotyping platform with high-throughput genetic screening. This community resource provides an improved understanding of immune variation in health and disease, and proposed better ways to monitor it. It also identified scores of immunoregulatory genes that were never previously implicated in immunology.  
*Abeler-Dörner et al., Nature Immunology, 21, 26-100 (2020)*
- **Gut bacteria help control the colon** - Micro-organisms in the gut support healthy digestion by helping nerve cells within the intestine to regulate the contraction and relaxation of the muscle wall of the colon, according to new research from the Pachnis lab with Gitta Stockinger.  
*Obata et al., Nature, 578, 248-249 (2020)*
- **Signs of cancer before diagnosis** - Early signs of cancer can appear years before diagnosis and developing tests for these genetic signs could provide new ways to spot cancer early, according to new research led by the Van Loo lab.  
*Gerstung et al., Nature, 578, 122-128 (2020)*
- **Distinguishing helpful and harmful gut bacteria** - A type of immune cell that contributes to inflammatory bowel disease exists in two forms, 'good' and 'bad'. A study led by the Stockinger lab characterised these distinct populations, which could help scientists to develop treatments targeting inflammation while preserving healthy gut function.  
*Omenetti et al., Immunity, 51, 77-89. E6 (2019)*

The quality and merit of Crick science is assessed via our rigorous programme reviews, which are conducted by independent, internationally renowned experts. Senior group leaders are reviewed every five years and awarded a score by the review panel. The first round of senior group reviews concluded this year, with 72% of group leaders receiving a 1 or 2.1 overall, demonstrating that their research meets the high standard required for the Crick research profile. In line with Crick practice, groups that do not meet the Crick standard are either reviewed again or supported to leave the Institute, depending on the circumstances. Additionally, nine of our 6+6 group leaders, who are reviewed at the end of their first 6-year period, were reviewed this year and all progressed to their second-6.

## **Crick Scientists**

The recognition our faculty receive is testament to the contributions they make to their scientific fields and to the ground-breaking nature of their research.

In October 2019, the Crick's Director of Clinical Research, Sir Peter Ratcliffe, was awarded the Nobel Prize in Physiology or Medicine. Peter won the prize jointly with William Kaelin of Harvard and Gregg Semenza of Johns Hopkins, for their discoveries of how cells sense and adapt to oxygen availability. Between them, they discovered the key mechanisms that cells use to detect and respond to low oxygen levels, known as 'hypoxia'. The Crick now has four Nobel Prize winners among its current and emeriti faculty.

John Diffley, one of the Crick's Associate Research Directors, received the prestigious Canada Gairdner International Award, in April 2019, for his contributions to the understanding of DNA replication. By describing the exact sequence of events involved in DNA replication, his work has provided key insights into how replication is coordinated with many other cellular events. This has helped scientists to understand the processes behind genome instability and tumour heterogeneity in cancer.

Other Crick faculty members were recognised this year via their election to prestigious national academies:

- Caetano Reis e Sousa and James Briscoe were elected as Fellows of the Royal Society in recognition of their outstanding contributions to science;
- James Briscoe and Caroline Hill were elected to the Academy of Medical Sciences in recognition of their outstanding work advancing medical science; and
- Katrin Rittinger and James Turner were elected as members of EMBO (European Molecular Biology Organisation) for their high-quality life sciences research.

Of our established senior group leaders, 55% are now Fellows of the Royal Society, 66% are Fellows of the Academy of Medical Sciences and 74% are members of EMBO.

### Group Leader Recruitment

As well as being home to scientists who are already leaders in their field, the Crick is helping to advance UK biomedical research by identifying and developing future scientific leaders. One way we do this is by focusing our group leader recruitment on early-career researchers, many of whom are looking to establish their first independent lab.

Four early-career researchers joined our faculty in 2019/20. They were recruited via the 2018/19 open search for early career group leaders for our 6+6 programme and our first call for clinician scientist group leaders. They are:

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

- **David Balchin, Protein Biogenesis Laboratory**  
Prior to joining the Crick, David was a postdoctoral researcher at the Max Planck Institute of Biochemistry in Munich, Germany. His group at the Crick will reconstitute protein synthesis and folding networks, with the aim of understanding protein biogenesis at a molecular level.
- **Adam Sateriale, Host-Pathogen Interactions in Cryptosporidiosis Laboratory**  
Before joining the Crick, Adam conducted his postdoctoral studies at the University of Pennsylvania, USA. His Crick group will research the host-pathogen interactions of human parasites.
- **Petr Znamenskiy, Specification and Function of Neural Circuits Laboratory**  
Petr was a postdoctoral fellow at the University of Basel, Switzerland and then the Sainsbury Wellcome Centre in London. His Crick group will study how neurons in the visual system help animals navigate in the three-dimensional world, and how their circuits are sculpted during development.
- **Samra Turajlic, Cancer Dynamics Laboratory**  
In 2014, Samra was awarded a Cancer Research UK Clinician Scientist Fellowship to study cancer evolution at the Crick. She completed her training in medical oncology in 2015 and was appointed a Consultant Medical Oncologist on the Skin and Urology Units at the Royal Marsden. She became an independent Group Leader at the Francis Crick Institute in 2019, and divides her time between the clinic and her lab. Her research goal is to develop an evolutionary understanding of cancer for patient benefit.

In 2019/20, the Crick launched three recruitment calls for early-career group leaders:

- An open search for our 6+6 programme, for which we received 237 applications. Eight new recruits will join the Crick in late 2020 and early 2021.
- A call for physical sciences group leaders, run jointly with our partner universities. Recruitment for this call is ongoing.
- A call for clinician scientists group leaders, for which we received 17 applications. Recruitment for this call is ongoing.

### Doctoral and postdoctoral recruitment and training

The Crick also provides training for students and postdoctoral research scientists. In 2019/20 we received 1280 applications for Postdoctoral Fellowship positions and successfully filled 59 posts. 56 new students joined our PhD programme in September 2019 and 6 PhD students on other programmes started in Crick groups.

Our 2020 PhD programme received 1,642 applications. 127 candidates attended our interviews in January and May 2020 and 52 were offered positions. The nationality distribution of applicants to the main January round was almost identical to previous years: 32% British; 25% other EU; and 43% non-EU. 43 candidates accepted and will join the Crick in September 2020.

For undergraduate students studying at UK universities, we offer a nine-week summer student programme and a 12-month sandwich (placement) year programme. In 2019/20, 17 and 8 undergraduate students participated in these programmes respectively.

The Crick PhD programme is currently being reviewed and refreshed by the Crick and its university partners, with students, supervisors and programme administrators providing input and feedback via focus groups, surveys and data collection.

### **Crick Collaborations**

Collaboration is central to the Crick's strategy. We partner with our Founders and the broader scientific community, both in the UK and internationally, to recruit and train the best scientists, to share knowledge and expertise in order to deliver multidisciplinary research, and to ensure our science benefits society.

Many of these partnerships are described in alternative sections of this report but here are some additional examples of collaborations that the Crick contributed to in 2019/20:

#### University attachments

Our attachments programme allows researchers from our Founder universities to apply to temporarily move all or part of their research programme to the Crick. In 2019/20, five researchers from our university partners joined the Crick as secondee group leaders:

- **Veronica Kinsler**

Veronica is a clinician scientist, working in the field of serious and untreatable children's skin diseases at University College London (UCL). Her research aims to find the causes of these diseases and to develop novel targeted therapies, whilst expanding knowledge of the biology of somatic mutagenesis and human embryogenesis.

- **Mariya Moosajee**

Mariya is a clinician scientist specialising in genetic eye diseases at UCL. Her research aims to advance our understanding of inherited sight loss conditions and develop novel therapies.

- **Saverio Tedesco**

Saverio is a clinician scientist studying muscle regeneration at UCL. His research aims to develop novel gene and cell therapy strategies for severe neuromuscular disorders, such as Duchenne muscular dystrophy.

- **Sergi Garcia-Manyes**

Sergi is a biophysicist at King's. His research aims at studying how external mechanical forces are sensed at the cell surface, propagate through the cytoskeleton, and travel over long distances deep inside the cell to reach the nucleus.

- **Andrea Serio**

Andrea is a stem cell biologist from King's. His research combines cell biology, bioengineering and biophotonics to investigate neurodegeneration in diseases such as Amyotrophic Lateral Sclerosis (ALS).

The 2020 call for university attachments opened in January 2020, resulting in four appointments.

#### Collaborations within the UK

As leaders in their field, Crick scientists are frequently asked to participate in large-scale, national research projects. In 2019/20, Crick scientists contributed to the following:

- **CRUK City of London Centre**

The CRUK City of London Centre is a joint initiative between UCL, Queen Mary University London, Kings College London (KCL) and the Crick. It is supported by a £14m award from CRUK and focuses on the development, manufacture and precision application of biological therapies for cancer. In 2019, the Centre was successful in becoming one of seven CRUK Radiation Research Units - a £14m, 5-year investment that will study tumour radiation resistance and non-target toxicities, precise targeting of tumours and combinations of new radio-sensitizers with immunotherapy agents.

The Crick coordinates junior researcher training for the Centre. The Centre's first intake of trainees (2 PhD students and 8 doctoral clinical fellows) started in September 2019. They will follow a new PhD programme coordinated and developed using expertise and systems that were established by the pan-institutional Crick PhD programme. Interviews for the second cohort of trainees have taken place and 12 PhD students and three clinical fellows will be joining the City of London centre training programme in Autumn 2020.

- **Human Developmental Biology Initiative**

The £10 million Wellcome-funded Human Developmental Biology Initiative (HDBI) will build a 'family tree' of how cells divide and specialise following fertilisation, to understand how tissues and organs develop and reveal new insights into how this process can go wrong.

The five-year project involves a consortium of 15 labs across 6 institutes. At the Crick, James Briscoe is part of the team studying nervous system development while Kathy Niakan is part of the early embryo development team. Guillaume Salbreux will also collaborate on the project, modelling the physics underpinning early development.

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

- **UKSPINE**

A national network of collaborators, UKSPINE aims to improve knowledge exchange between academic institutions to tackle health care challenges in ageing. The network is funded via an Oxford-led grant (with Birmingham, Dundee, Medicine Discovery Catapult and the Crick) from Research England's Connecting Capability Fund.

As a collaborating partner, Crick group leaders can apply for pump prime funding (£100K) for research projects and knowledge exchange activities.

### International collaborations

The Crick is committed to advancing UK science. As part of this, we maintain a global outlook and build collaborations with colleagues and research organisations around the world in order to learn from others and increase the profile of UK research. We also host international VIPs, including this year the President of Colombia, Iván Duque; Raffaele Trombetta, the Italian Ambassador to London and Professor Luisa Tondelli the Italian Embassy's Scientific Attaché; Dr Janet King the Associate Deputy Minister from the Canadian Government; and Mr Yasumasu, the Ambassador of Japan in the UK.

Our scientists frequently collaborate with colleagues across the globe on individual research projects. As an institute, we contributed to the following international collaborations in 2019/20:

- **The BRIDGE (Basic Research Institutions Delivering Graduate Education) network**

The Crick is a founding member of the BRIDGE Network, which launched in June 2019. The network aims to strengthen excellence in scientific research and education through collaboration and exchange. The network will hold its first international conference in February 2021. The other founding members are Rockefeller University (US), the Weizmann Institute of Science (Israel), the Okinawa Institute of Science and Technology (Japan), and the Institute of Science and Technology (Austria).

- **The Crick African Network**

The Crick African Network is a fellowship programme that trains African researchers to tackle health challenges in their home countries by sharing the Crick's experience researching infectious diseases, including HIV, tuberculosis, and malaria. It provides African post-doctoral scientists with two years of training and mentorship, as well as unique access to the Crick's science technology platforms (STPs). Fellows spend the first year at the Crick, and the second year at their African partner institute. After this, they are given support to establish their research portfolios and to continue to build scientific collaborations with partner institutions.

The network is a partnership of six institutions: The Francis Crick Institute (UK), the University of Ghana (Ghana), Stellenbosch University (South Africa), the University of Cape Town (South Africa), the MRC Unit The Gambia at LSHTM (The Gambia) and the MRC/UVRI and LSHTM Uganda Research Unit (Uganda).

To date, the Crick African Network has awarded 17 fellowships.

- **Memorandum of Understanding with EMBL**

In April 2019, the Crick signed a Memorandum of Understanding (MoU) with the European Molecular Biology Laboratory (EMBL) to strengthen our scientific and professional relationship. That partnership began to bear fruit this financial year as 100 second-year PhD students from both the Crick and EMBL came together, in November 2019, to present their research, hear from the Institutes' Directors, network, and share their experiences. On 31 January 2020, the day the UK left the EU, the Crick and EMBL, in partnership with the Wellcome Sanger Institute, published a joint letter highlighting the value of collaborations between researchers in the UK, Europe and beyond.

### **Crick impact**

Crick discoveries are intended to benefit society and improve people's lives. That's why we have a number of programmes in place to make sure our science has an impact beyond academia.

#### Connecting the Crick to clinical medicine

The Crick is developing diverse links with the clinical medical community in order to extend the scope of its discovery research, train a cadre of clinician scientists and, ultimately, facilitate the application of Crick research for patient benefit.

- **Training for clinician scientists**

In addition to our group leader programme for clinician scientists, we also provide training for research active clinicians at the doctoral and postdoctoral levels. These clinician fellows are embedded in Crick research groups, benefit from all the facilities and collaborations the Crick has to offer, and work alongside scientists who are not clinically qualified.

Seven clinical research fellows joined the Crick PhD programme in September 2019 and four are due to join the 2020 PhD cohort. The first cohort of PhD clinical fellows, who joined the Crick in 2016, completed their training this year, with all three submitting on time.

Five postdoctoral clinical fellows were offered appointments after the 2019/20 recruitment round, taking the total number of Crick postdoctoral clinical fellows to 10. Collectively, these fellows have the following specialities: oncoplastic breast surgery; general surgery; obstetrics and gynaecology; anaesthesia and intensive care; radiation oncology; respiratory medicine; infectious diseases and general internal medicine; renal and general internal medicine; medical oncology; and paediatric oncology.

- **Medicine at the Crick**

This regular series of events is designed to bring lab-based scientists together with clinicians to consider the latest advances in biomedicine and how they might impact the treatment of patients. Two events were held in 2019/20: One on neuroimmunology of the gut and the other on neurodegeneration. Two further events were scheduled but had to be postponed due to the Coronavirus pandemic. To date five events have been held, attracting nearly 2000 attendees. Over 50 per cent of these attendees are external to the Crick.

We are planning to re-start these events with a COVID-19 focussed virtual event.

- **CrickMed**

In 2019/20 a new initiative, CrickMed, was established to provide Crick faculty with experience in a clinical setting. Four group leaders (Caetano Reis e Sousa, Gitta Stockinger, Andrea Serio and Katrin Rittinger) participated in the first programme in November 2019. Their sessions included autoimmune diseases (multi-organ), cancer immunotherapy and intensive care and varied from observing specialist outpatient clinics, attending ward rounds, following patient journeys and attending multidisciplinary team meetings to manage complex cases. Feedback from the participating group leaders and hosting clinicians was positive.

Following this successful pilot, the Crick is planning to run three programmes a year, with the flexibility to accommodate slightly different clinical specialities in a way that best complements the research interests of our group leaders. Over time we also plan to include postdoctoral and doctoral researchers in the scheme.

### Translation

The Crick's Translation team provides our researchers with easy access to the expertise and mechanisms needed to convert discoveries in to applications. This year, Alison Maloney (Head of Translational Science), with 15 years R&D experience in the pharmaceutical industry, and Donna Hackett (Head of Commercial Translation), with 25 years of licensing expertise across academia and industry, both joined the team.

- **i2i**

The Crick's 'idea to innovation' (i2i) scheme provides funding and support to early stage translational projects. It is underpinned by MRC grants and a modest philanthropy contribution to support innovation. To date, £3m has been invested in a diverse portfolio of 39 projects.

This year, the Crick secured a new MRC Confidence in Concept award to continue support for the scheme and attracted additional funding from LifeArc. The LifeArc translation fund will support projects looking to bridge the gap between the i2i programme and the next level of funding via a large grant or investment. Four projects have already been awarded funding.

Additionally, the Crick launched a pilot scheme, i2i-Tech, this year, to capitalise on emerging technology to enhance biomedical research. This pilot aims to provide case studies to secure an external grant supporting a hub for innovative technology.

- **Working with industry experts**

The Crick strengthened its discovery science partnerships with GSK and AstraZeneca, and established a new partnership with MSD this year. In total, the Crick now has 59 active collaborative projects with industry, involving 17 industry scientists working in close proximity with Crick researchers, and 13 Crick postdocs spending time in the industry environment as part of their projects. These partnerships are pivotal to providing embedded expertise and advice in translational science, enhancing awareness of translational opportunities, supporting training and providing in-kind resource to i2i projects through access to tools and reagents.

- **Entrepreneurship curriculum**

An important aspect of translation at the Crick is providing scientists with training and mentorship to translate research into real world solutions. Our entrepreneurship curriculum is benefitting both our scientific community and the broader UK ecosystem, by bringing together skills in biomedical science, data science, and entrepreneurship. This year, we ran three entrepreneurship programmes:

- KQ Labs accelerator - an intensive accelerator programme offered to high growth potential start-up teams in the area of data-driven biomedical science.
- An entrepreneurship summer school for biomedical scientists, data scientists and technologists from across the UK, run in collaboration with the Alan Turing Institute, Entrepreneur First and supported by SPINEUK.
- PULSE – A three-day programme for up-and-coming life science entrepreneurs, developed and run in collaboration with the BioIndustry Association (BIA).

Additionally, in November 2019, we hosted a venture capital breakfast with the aim of bringing investors closer to the Crick and sharing exciting discovery science. This event was warmly received and we are now looking to run similar events twice a year.

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

### Education Outreach

In the 2018/19 academic year, the Crick engaged over 16,000 pupils, at all but five of the 60 schools in the London borough of Camden through our education outreach programme. In addition, we established a network of local primary school teacher science leads, to whom we provide training in partnership with Wellcome, STEM Learning and Camden Learn. Independent evaluators, led by a team at the University of Bristol, have been appointed to measure the impact of our primary school programme in 2019-20.

### Public engagement

Our refreshed public engagement strategy was signed off in June 2019. It builds on our successful engagement work to date and provides a framework to measure success.

Our second public exhibition, Craft and Graft, shone a spotlight on the role of staff scientists and technicians in the lab. It closed in February 2020, attracting over 25,000 visitors in its 11-month run. Two further exhibitions are planned – a pop-up exhibition on Genome Editing, called Cut + Paste, and Outwitting Cancer, which will showcase cancer research. Both exhibitions have been postponed due to the COVID-19 pandemic.

The Crick held 76 public events in 2019/20, reaching over 5000 people. Our third annual Discovery Day, held in June 2019, had over 1,500 attendees and involved over 70 researchers, making it our largest public event to date.

### Informing policy

In January 2019, the Crick developed a policy influencing function with a new Head of External Affairs. The team works closely with partners, harnessing Crick voices, the stories and experiences of our scientists to call for a facilitative environment in which to conduct our science.

Our focus in 2019 was on ensuring that the needs of UK science were considered within the debates around the UK's exit from the European Union. We developed case studies and evidence and responded to consultations from the Government Office for Science, the Department for Business Energy and Industrial Strategy and the Migration Advisory Committee. Crick scientists appeared on national media highlighting our evidence. We supported sector calls for the salary threshold for skilled migration to be dropped, with some of our researchers appearing on BBC Radio 4's Today Programme to make the case. The threshold was subsequently dropped.

During this year the Crick hosted 19 policy makers for learning visits, including a delegation from the immigration team at the Home Office. Our evidence has been cited in our partners' advocacy work and in Parliament. We have had 65 interactions with priority stakeholders we are seeking to work with or influence. We are working to ensure people throughout the Crick feel able to share their experiences with policy makers, by bringing expert speakers in to talk about the policy making process and how to influence it, and we are building a community of internal advocates from across the Crick.

## **Crick Culture**

The Crick strives to be a socially responsible organisation that supports its staff and adds value to its local, national and international communities.

### Staff wellbeing

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 committed to ensuring the right policies and measures are in place to achieve this.

In July 2019, the Crick appointed a new Chief People Officer, Fiona Roberts. Fiona joined the Crick from the Open University, where she was Group HR Director.

- **Accreditation**

In October 2019, the Crick was rated 'Excellent' by the Mayor's London Healthy Workplace Award and, subsequently, accredited with the Good Work Standard.

The London Healthy Workplace Award is an accreditation scheme led by the Mayor of London's Office and supported by Public Health England. The Excellence level recognises that health and wellbeing practices are firmly embedded in the Crick's culture and values. The standard for the Award was recently renewed and the Crick is the first organisation to be rated as 'excellent' under the new, more stringent criteria.

This accreditation, along with the Crick's commitment to the London Living Wage, means we reached the standard required to be an early adopter and achieve the London Mayor's recently launched Good Work Standard accreditation.

- **Crick annual awards**

The Crick annual awards are given to staff who have been nominated by their colleagues for making notable contributions to the Crick culture, values and scientific endeavours. The second Crick annual awards ceremony took place in October 2019, with six categories being awarded from 183 nominations.

- **Staff survey**

The Crick staff survey ran for the second time in the Autumn of 2019. 70% of staff completed the survey making it a good reflection of how Crick staff feel.

Our overall engagement score, which measures how engaged people are with their work, and how connected they feel to the Crick, was 78% - a 6% increase compared to the 2017 survey. 85% of staff said that they are proud to work for the Crick, 75% would recommend the Institute as a great place to work and 93% said that their work interests them. That's significantly higher than similar bench-marked organisations (average 69%).

There was also significant improvement in some areas of concern from the last survey. The number of staff that said they feel they'll be listened to if they have concerns increased significantly – 63% compared with 34% in 2017. Many more also feel that the Crick cares about people's mental and physical health and wellbeing (64% compared with 49% in 2017) and there was an increase in the number of people who feel they have a chance to contribute their views about the Crick – now at 60%.

- **CrickConnect**

CrickConnect, the Crick's new online community, allows Crick students, staff and alumni to network, collaborate and keep in touch, explore future career options and access the Crick's mentoring scheme, which was launched in parallel in May 2019. To date, over 780 Crick staff and alumni have joined the platform and 32 mentoring pairs have been established.

- **Equality and diversity**

In October 2019, the Crick received an Athena SWAN Bronze Award in recognition of our work to address inequality and promote diversity across the Institute.

The Athena SWAN Charter was initially founded in 2005 to tackle the unequal representation of women in science. It has since grown and expanded its scope to consider equality and diversity more broadly across all academic disciplines. The Bronze Award is the first of three available awards and shows that the Crick has a solid foundation for eliminating gender bias and developing an inclusive culture.

Applicants for a Bronze Athena SWAN Award are required to provide at least three years of data and identify trends to show how their policies and procedures impact gender equality and ethnic diversity. The Crick opened in 2016 and applied for the award in the first year that we were eligible. On average, only 57 per cent of applications for an Athena SWAN Bronze Award are successful.

The Crick also took part in Stonewall's annual Workplace Equality Index (WEI) for the first time this year. 503 organisations took part, and we placed 215<sup>th</sup> in the rankings, putting us in the top 50%, but also showing that we could be doing more in this area. We now have a clearer idea of what we are doing well and where progress can be made. We plan to submit our next WEI application in 2021 to allow us time to progress the actions that we have identified as a result of Stonewall's feedback.

### Engagement with the local community

The Crick strives to be an active and trusted member of our local community. Our diverse community engagement programme has been developed in collaboration with local residents, community organisations and partners.

This year we conducted audience research to better understand the needs, interests, behaviours and attitudes of local residents and local organisations. The findings were encouraging: 70% of local residents interviewed had heard of the Crick and 85% of people agreed strongly that the Crick's scientific research was important. However, there was low awareness of the Crick's community initiatives among local residents, so we are looking at ways to increase this.

- **The Living Centre**

The St Pancras and Somers Town Living Centre is a health and wellbeing centre that is supported by the Crick and run by a coalition of Camden-based community organisations. The centre offers opportunities to reduce inequalities in the area, making the most of local skills, resources and knowledge to benefit the community. In 2019/20 the Centre averaged 1,300 visitors each month, which is a 23% rise in attendance compared with the previous year.

- **Community Chest**

Our Community Chest scheme was set-up in 2011 to support community-led projects that help improve health and wellbeing in the local area. Through this scheme, we provide grants of up to £3,000 to get local projects off the ground or develop existing activities.

So far, we have supported 70 local projects to run creative, educational and physical activities which have benefitted more than 6,000 local residents. 13 of these projects were awarded funding in 2019/20. They include a project to train young people to become Peer Sexual Health Educators, a healthy breakfast club for local children, a healthy minds project for homeless young people, and sustainability workshops at a local community garden.

- **Local recruitment**

Our local recruitment initiative aims to fill entry level roles at the Crick from the local community. Delivered through a partnership with the Somers Town Job Hub (located in the Living Centre), we offer tours of the Institute hosted by people in entry level roles to increase understanding of employment opportunities. To date, ten vacancies have been filled and other Knowledge Quarter organisations are now piloting this model.

### Sustainability

This year saw the successful launch and implementation of our Green Impact programme, which is a behavioural change programme, encouraging staff to take small sustainable actions to make significant impacts. The Crick now has over 70 sustainability staff volunteer representatives who are eager to change practices and develop their skills to make the Crick a more sustainable workplace, through monthly workshops and awareness campaigns.

The Crick has also been busy directing its sustainability agenda to contribute to the UK Government's commitment to achieve net zero carbon by 2050. In October 2019 the Crick started to procure 100 percent renewable electricity and the installation of our fourth generator reduced our demand for electricity from the grid. We have also sought to reduce onsite energy consumption via the implementation of various energy saving measures. Collectively this has led to a 4.5% reduction in our carbon emissions.

### **Future Plans**

The Founders' first quinquennial review (QQR) of the Crick is expected to take place in Autumn 2021. Crick leadership are busy preparing for that review and addressing the recommendations set out in both the Establishment Review and the Gateway 5 Review as priority areas for the QQR.

As part of the review, the Crick will be required to submit evidence of its progress to date and demonstrate how it is delivering against its strategic objectives. Over the last few months we have been working with our funders to agree what form this evidence should take and what indicators should be used to assess the Crick's performance. Once confirmed, the Crick will begin collecting the data required to track these performance indicators and to present a robust account of the Crick's achievements to date.

Our submission for the QQR will also include our refreshed strategy, which we are currently writing in consultation with our faculty and our Founders. This will set out the Crick's ambitions for the next 5 to 10-year period and how we plan to achieve them. The Crick's current strategy was written in 2013, before the Crick was formally established, and some parts need updating to reflect current circumstances. Nonetheless, the high-level strategic priorities set out in DWB are enduring and remain relevant to the Institute. Hence, our refreshed strategy will build on these priorities rather than present a new vision for the Crick.

Financial sustainability continues to be the Crick's greatest risk, as highlighted by the Gateway 5 Review. The Crick took a number of actions to address this during the year, including: securing agreements for core funding and university overhead contributions through to 2022; refining cost models for our STPs and introducing recharging for their use, agreeing a new policy for resource allocation across research groups, and appointing a Head of Strategic Partnerships to drive the Crick's approach to large-scale collaborative grant applications. The Coronavirus pandemic has, however, already led to a significant shortfall in the Crick's funding for the next financial year, and may have implications for the year after that, while the risk of a no-deal Brexit presents yet further financial uncertainty. Navigating this uncertainty while developing robust but ambitious plans for the next phase of the Crick, post QQR, will be the Institute's priority for the next year to 18 months.

## Financial review

The Institute is now fully established and the majority of the year saw good progress with the various optimisation plans driving continuous improvement into the operations of the Crick. This smooth progress was interrupted just before year-end with the sudden impact of the COVID-19 pandemic. The impact on the current year results are restricted to a significant decline in the value of the MRC endowment fund that was established in December 2019. However, it has driven a significant impact on operations and staff after the end of the financial year. In spite of this, we are pushing ahead with the optimisation plans that were identified, including for example, the launch of a project to implement a new Enterprise Resource Planning (ERP) system, which was initiated in February 2020 and has continued on a remote-working basis.

The restrictions and economic implications have also created some financial uncertainty, including financial challenges for one of our main funders. As a result, even though agreements have secured core funding and university overhead contributions through to 2022, there has been a real and material impact on the Institute's funding in 2020/21, the consequences of which are being actively managed. The Crick leadership have been able to take the necessary actions to stabilise the financials of the Crick, but this will need ongoing management in such turbulent times.

Total income for the year was £164.5m (2019: £184.0m), with the prior year income uplifted by the recognition of the £30m permanent endowment. The vast majority of this income £152.1m (2019: £176.0m including the £30m endowment income), comes from research grants (or similar types of income) from various funders.

Total expenditure of £191.7m (2019: £180.2m) including a decline in value of investments of £2.7m (2019: N/A) means that the Institute shows a deficit of £27.2m (2019: surplus of £3.8m). Without the £30m endowment grant in the prior year, the 2019 deficit would have been £26.2m. The 2020 deficit is therefore slightly worse than the prior year, but this includes the current year decline of £2.7m in the value of our endowment fund driven the COVID-related economic downturn which was recovered post year-end. The primary reason for the significant deficit is the substantial depreciation costs of the building of £22.2m (2019: £22.2m). 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 2020 are £582.3m (2019: £609.4m). 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:

	2020	2019
	£m	£m
Statutory result for the year	(27.2)	3.8
Endowment losses/(income)	2.7	(30.0)
Building depreciation	22.2	22.2
Other depreciation	16.4	16.7
Capital expenditure funded from annual grants and donated assets	(11.1)	(11.6)
Other adjustments	—	0.8
Non-statutory underlying result for the year	<u>3.0</u>	<u>1.9</u>

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

### 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 transferred during 2019/20, the investments commenced in December 2019, and the full value, subject to movements in value before year-end are included in the reserves of the Crick. There are restrictions around use of this endowment fund, and it has been agreed that the £30m capital will be protected and maintained as a permanent endowment, with only the income and capital gains to be used to fund science activities. This approach will apply until at least December 2029, at which point the agreement allows for access to the Grant Capital to be reviewed, with subsequent reviews at appropriate funding cycles. In the meantime, the agreement only provides the ability to access the funds in the case of a material adverse event (with MRC approval) and these amounts do therefore provide further security in the case of severe liquidity issues. However, whilst forming part of the Crick's reserves, the restrictions around the use of the Grant Capital mean that the funds are held within a permanent endowment and are not therefore considered part of the Institute's free reserves.

### Free reserves under this definition are:

	2020 £m	2019 £m
Net current assets (excluding endowment funds)	21.5	20.2
Restricted funds held within net current assets	(0.5)	(0.2)
Unexpended building project funds	(1.2)	(2.7)
Capital commitments from prior year	(2.3)	(4.2)
Underlying free reserve position	<u>17.5</u>	<u>13.1</u>
Restricted endowment – Grant from MRC	27.3	30.0
	<u>44.8</u>	<u>43.1</u>

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. This approach is being maintained and the standby facility, which expired at August 2020, has therefore been renewed for one further year, although alternative arrangements are being pursued in the long-term. The combination of the standby facility with the current underlying position of £17.5m means that the charity is operating at a strong surplus to its target, which the trustees consider to be satisfactory.

### **Investment policy**

Following receipt of the MRC endowment, the investment policy continues to evolve.

For the management of short-term liquid funds, the investment principle is to achieve the secure investment of excess cash resources, in a way that is diversified to ensure limited concentration of investment. This principle has been achieved during 2019/20. 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, and with providers who have ethical screening procedures in place. The charity's investment return objective is to ensure that investments earn a market rate of interest consistent with its income principle.

The management of the MRC endowment has been outsourced to a third party investment management company. They are operating in line with an agreed investment policy that incorporates the ethical screening requirements and restrictions of the MRC agreement, together with guideline allocations between different types of stock. The policy is managed on a medium risk appetite basis, with active diversification by industry and geography and a strong emphasis on equity investments in reputable and ethical organisations in order to optimise returns at manageable levels of risk. The market volatility immediately following the start of the COVID-related crisis did lead to a drop in the value of the investments held. However, the gradual approach to investing the funds helped to mitigate the impact as significant funds were still held in cash at the time. Furthermore, the diversity of holdings in both UK and global equities ensured that we were not overly exposed to stocks that were worst impacted. Our investment managers continually monitor the companies in which they are investing and the sectors and geographies in which our investments are held, and they remain focused on investing in sustainable and ethical companies with strong backgrounds and long-term potential. With this approach, the trustees remain confident that we can ride out any further volatility and we have time for our finances to recover, as has been demonstrated by the performance of our endowment fund post year end. They maintain their belief that the approach remains correct for the optimal long-term return.

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

With this now operational, the Crick is now exploring the opportunity for further endowment funds which would be managed by the same investment manager. They would be used for investment endowments received through our fundraising channel (see below) as well as prize monies awarded to the Institute and its researchers. Investment procedures and ethical guidelines are currently in development and will be implemented in 2020/21.

### **Fundraising**

Crick fundraising is conducted through an arrangement with Cancer Research UK (CRUK), which has enabled the Crick to develop its fundraising operations searching for major donors. Income from this stream is growing with £2.6m secured through this channel in 2019/20 (2019: £0.07m). However, it remains a relatively small proportion of overall Crick income with the vast majority coming through core funding from our funding partners and from grant income secured to fund specific research activities. This report covers the requirements charities must follow as set out in the Charities Act 2016. All philanthropic donations are managed through the CRUK team, and during 2019/20, the Crick did not make any direct approaches to the general public in its fundraising nor use other providers to complete fundraising activities on its behalf. There were therefore no fundraising complaints received during the year. CRUK remains fully committed to the principles it laid out in 2016 in its Fundraising Promise and voluntarily subscribes to the Fundraising Regulator and its Code of Fundraising Practice. It also continues to work closely with the Fundraising Regulator and with the Institute of Fundraising to help improve standards and ways of working across the charity sector.

A fundraising committee is in place to monitor and oversee the approach and performance of the CRUK philanthropy team and the wider Crick fundraising income portfolio. This committee comprises a combination of Crick and CRUK staff, and meets once a quarter. The ethical approach is separately monitored by the Crick Ethics Committee. The scope of the fundraising committee includes a focus on individual donations, with ongoing due diligence carried out on donors. If there are any due diligence concerns, then the Crick and CRUK agree on the appropriate course of action. This ethical review of donations remains an important part of Crick governance.

### **Going concern**

The trustees consider that the charity has adequate resources available for 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.

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

Whilst the COVID situation has had a real and immediate impact on the income expected during 2020/21, the management have taken a number of swift decisions to reduce expenditure, and ensure that the overall outcome for the year should be close to the balanced budget that was approved at the Board. The increased frequency of Executive meetings provided the forum for quick decision-making, with up to three meetings per week at the start of the crisis before being gradually reduced. These sessions covered all aspects of the Crick's response, and were supported by scenario analysis and regular updates on financial forecasts. These forecasts showed a natural benefit from the reduction in consumable spend during the lockdown period. In addition to this, the Crick has implemented a recruitment freeze, put under-utilised staff on the Government furlough scheme, imposed deferrals on the proposed level of capital expenditure and sought recovery of COVID-related costs from various sources.

The longer-term position is also being reviewed and addressed to ensure that budgets can remain balanced in the medium-term, through a combination of alternative revenue sources and reductions in expenditure as required. The high proportion of variable and discretionary costs within the Crick cost base provide confidence that the Institute can course correct if needed, and whilst management intend to achieve this without any material impact on the strategic goals of the organisation, the nature of the cost base means that management would be able to make the relevant decisions to ensure the financial stability of the Institute. The brought forward cash balances, the MRC endowment fund and the standby facility that is currently in place (with the leadership team already taking steps to ensure this is replaced before August 2021), all provide further comfort around the Crick's ability to meet its cash payments and liabilities through the next 12 to 18 months. Accordingly, the trustees have adopted the going concern basis in preparing the financial statements.

### **Governance**

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 2020, 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 2019 (Charity SORP 2<sup>nd</sup> Edition).

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	BDO LLP	55 Baker Street, London W1U 7EU
Bankers	HSBC Bank plc	60 Queen Victoria Street, London EC4N 4TR
Solicitors	CMS Cameron McKenna LLP	Mitre House, 160 Aldersgate Street, London EC1A 4DD
	Bristows LLP	100 Victoria Embankment, London EC4Y 0DH
	DLA Piper	160 Aldersgate St, Barbican, London EC1A 4HT
	Mills and Reeve LLP	Monument Place, 24 Monument St, London EC3R 8AJ
	Town Legal LLP	10 Throgmorton Ave, London EC2N 2DL
Internal auditor	RSM UK	170 Midsummer Boulevard, Milton Keynes MK9 1BP

### **Medical Research Council (MRC)**

On 1 April 2018, all property, rights and liabilities of MRC were transferred to United Kingdom Research and Innovation (UKRI). On 7 October 2019, the entire shareholding held by the MRC in the Francis Crick Institute was transferred to UKRI.

### *Directors and trustees*

The directors of the charitable company are its trustees for the purposes of charity law. During the year and up to the date of approval of this annual report, there was a qualifying third-party indemnity in place for directors, as allowed by Section 234 of the Companies Act 2006.

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

	Appointed	Resigned	Appointment type
Lord Browne of Madingley (Chair)	1 August 2017		Independent
Kate Bingham	8 May 2017		Independent
Isabelle Ealet	15 February 2019		Independent
Dr Brian Gilvary	10 September 2018		Independent
Professor Dame Ottoline Leyser	21 September 2018	29 June 2020	Independent
Dr Mene Pangalos	21 December 2018		Independent
Dr Iain Foulkes	21 September 2018		Founder nominated (Cancer Research UK)
Professor Fiona Watt	21 September 2018		Founder nominated (UKRI formerly known as MRC)
Dr Sir Jeremy Farrar	13 December 2013	8 January 2020	Founder nominated (Wellcome)
Paul Schreier	8 January 2020		Founder nominated (Wellcome)
Professor Margaret Dallman	14 October 2011		Founder nominated (Imperial College London)
Professor Sir Robert Lechler	7 July 2016	31 August 2020	Founder nominated (King's College London)
Professor Richard Charles Trembath	27 June 2019 1 September 2020	28 June 2019	Founder nominated (King's College London)
Professor David Lomas	1 August 2015		Founder nominated (University College London)
Professor Geraint Rees (alternate)	20 September 2019	20 September 2019	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.

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

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

### *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. The committee met four times this year.

	<b>Appointed</b>
Dr Brian Gilvary (Chair)	10 September 2018
Kate Bingham	8 May 2017
Isabel Ealet	16 December 2019
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). The committee met four times this year.

	<b>Appointed</b>	<b>Resigned</b>
Lord Browne of Madingley (Chair)	13 December 2018	
Dr Iain Foulkes	13 December 2018	
Professor Dame Ottoline Leyser	13 December 2018	29 June 2020
Dr Mene Pangalos	21 December 2018	
Professor Fiona Watt	13 December 2018	

### *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 and meets as required to carry out its responsibilities. The committee met once during the year and dealt with some matters by written resolution.

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

	<b>Appointed</b>	<b>Resigned</b>
Lord Browne of Madingley (Chair)	13 December 2018	
Kate Bingham	13 December 2018	
Dr Sir Jeremy Farrar	13 December 2018	8 January 2020
Dr Brian Gilvary	13 December 2018	
Professor Sir Robert Lechler	13 December 2018	<b>31 August 2020</b>
Paul Schreier	8 January 2020	

### *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. The committee met twice this year.

	<b>Appointed</b>	<b>Resigned</b>
Dr Mene Pangalos (chair)*	21 December 2018	
Professor Dame Ottoline Leyser	13 December 2018	29 June 2020
Dr Samantha Barrell* *	13 December 2018	
Professor Margaret Dallman	13 December 2018	
Professor David Lomas	13 December 2018	
Stéphane Maikovsky* *	16 December 2019	
Lord Neuberger of Abbotsbury	15 February 2019	
Isabelle Ealet	11 September 2020	

\*Appointed committee chair 11 September 2020      \*\*Crick employee

### *Executive Committee*

The executive committee, chaired by the Chief Executive Officer, Professor Sir Paul Nurse, assists the Chief Executive Officer with the day-to-day management of the charity's operations and activities. The committee met eleven times this year.

Professor Sir Paul Nurse*	Chief Executive Officer
Dr Samantha Barrell*	Chief Operating Officer
Dan Fitz*	General Counsel & Company Secretary
Dr Steven Gamblin*	Director of Scientific Platforms
Jane Hughes*	Director of Communications & Public Engagement
Professor Malcolm Irving	Associate Research Director (University Partner Liaison)
Stéphane Maikovsky*	Chief Financial Officer
Fiona Roberts*	Chief People Officer
Dr Sir Richard Treisman*	Research Director

\*Key management personnel

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

There is a clear organisational structure, with documented delegations 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*

Paul Schreier joined the Board in January 2020 and is a member of the Chairman's Committee. He is Chief Operating Officer of Wellcome and is responsible for the effective and efficient delivery of Wellcome's operations, with a particular focus on finance, grants, digital and technology.

Before joining Wellcome in September 2019, Paul led Hakluyt & Company. Prior to this his experience included roles as: Deputy Vice-Chancellor and Chief Operating Officer of Macquarie University in Australia; deputy secretary with responsibility for economic policy and strategy in the Australian Department of the Prime Minister and Cabinet; a partner with McKinsey & Co; and an officer in the Royal Navy, including a period in Command.

### *Structure, governance and management*

The charity is a company limited by shares.

## **Charity Governance Code (the "Code")**

The Code, which is entirely voluntary, is designed as a tool to support continuous improvement and is described as "aspirational" in character. Although the Trustees have not adopted the Code, it did commission a review of current practice against it. The review concluded that current practices broadly met the principles of the Code. Relevant areas of particular focus this year have included:

### *Delegation and control*

The Trustees undertook a comprehensive review of the Crick's delegations of authority (DOA). The existing DOAs had brought much needed clarity however the Trustees agreed that they were narrow in scope, focusing mainly on financial matters. Following the review, the Trustees adopted a more extensive set of delegations by subject matter and role, speeding up decision making in a risk-managed way whilst promoting individual accountability for decision making.

### *Role descriptions*

During the year, Brian Gilvary was appointed as the Crick's first Senior Independent Director (SID). In keeping with best practice, the Trustees agreed a role description for the SID who leads discussions regarding the appointment or re-appointment of the chairman of the Board, holds annual meetings with non-executive directors, without the chair present, to appraise the chair's performance and meets with the non-executives on other occasions as necessary.

### *Diversity*

We consider the diversity of Trustees and committee members carefully to ensure we benefit from a wide range of skills, knowledge, experience and diversity (including gender). We currently have four female Board members out of eleven and three female Executive Committee members out of nine which represent 36% and 33% female representation respectively. We seek to have a Board with a diversity of background and instruct our external search consultants to ensure that diversity is considered when putting together shortlists of potential Board candidates. However, while taking these important considerations into account, we will continue to consider appointments to the Board based on merit and the individual skills and experience of each candidate.

### *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, United Kingdom Research and Innovation (formerly known as Medical Research Council), 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 drawing to a close and is expected to be finalised within the year, after which it is expected that the subsidiary will become dormant.
- Francis Crick Trading Limited 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 30).

The overall remuneration packages for key management are set by the Nominations, Remuneration and Governance Committee. 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:
  - i. Research into any of the biosciences;
  - ii. 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.

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 5 - 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.

Whilst risk management is encouraged and conducted at all levels in the organisation, the focus is achieved by separating our potential exposures by risk category, with each category headed by a nominated coordinator. 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, and together, the coordinators form the Crick's Risk Management Team. 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.

Whilst the formal risk management process is well established, these unprecedented times have led to the Crick scrutinising the specific risks related to the COVID-19 outbreak (both in the short-term and long-term), implementing targeted action plans and combining this with a review of its business continuity plan. The output of this review directed the organisation to some key areas of focus:

**a. Providing a safe working environment**

A project was launched to prepare a gradual and safe return to science, organised around three risk areas (health and safety, reputation and science) and five workstreams (communications and engagement, building readiness, staff wellbeing, in-house COVID-19 testing and science). Strict compliance with health and safety guidelines and social distancing requirements have been enforced and communicated to all staff and visitors.

**b. Understanding the impact of new working practices on staff wellbeing**

Whether working in the building with changed procedures and arrangements, or working remotely on an extended basis, the working practices of all staff have been affected by the events, with the potential for real impacts on both their physical and mental wellbeing. Continuing and ongoing actions include online support and communications, occupational health information and the reinforcement of existing Employment Assistance Plans.

**c. Monitoring short and medium-term financial shortfalls and the impact of the crisis on the Crick's core funding and grant funding**

The Crick has created a revised Budget and prepared various financial scenarios that take into account the impact of COVID-19. It monitors financial data (including capex, potential cost savings as well as grants and commercial income opportunities) on a regular basis. Longer-term funding is being actively planned in light of the changed circumstances, with various options being considered to ensure the long-term sustainability of the Crick.

**d. Addressing the risks to the Research Agenda as a result of the disruption of scientific activities**

This has involved an analysis and communication with funders regarding research output and the impact on research, the development of a Crick COVID-19 research strategy and a general review of the Crick's long-term research objectives.

Whilst there was an immediate focus on risks related to COVID-19, which involved the creation of a separate risk register, these risks have now been fully integrated into the Crick's operational risk register. The largest risks (in terms of potential impact) are also all above the Institute risk appetite and therefore remain an important focus. These risks and their current management are summarised below.

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

Risk 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 (as shown by the COVID-19 outbreak) 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>	<p>Core funding and university overhead contributions are now agreed until 2022, but in spite of this, the current crisis has had a direct impact on core funding levels in 2020/21. Longer-term strategic and sustainability plans have been developed and are continuing to be evolved in line with the changing circumstances. These have clear strategies to diversify income by increasing levels of strategic grant funding, commercial income and funds raised from both philanthropy and investments.</p>
Infrastructure	<ul style="list-style-type: none"> <li>- Disruption to science from noise, vibrations and electromagnetic interference from the construction and operation of CrossRail 2 and Brill Tower.</li> </ul>	<p>Whilst the potential disruption from CrossRail 2 would be greater, the impact is likely to be many years down the line and the more immediate focus is therefore on the nearby development known as Brill Tower, as construction started in August 2020. Mitigation efforts include ongoing engagement, technical analysis and discussion of risk mitigating actions with all relevant stakeholders.</p>
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> <li>- The Crick's COVID-19 testing initiative and its involvement in COVID-19 research causes reputational issues or is considered a distraction from core activities.</li> </ul>	<p>Processes are in place to ensure regular communication about Crick research, strong stakeholder management and effective crisis response. This has been reinforced during the pandemic, with a strong focus on health &amp; safety and control, as well as the dedicated COVID-19 risk register helping to minimise the potential for reputational risk. Management are satisfied with the current processes, but its importance means that this risk will probably always remain above appetite and need ongoing management attention.</p>
People	<ul style="list-style-type: none"> <li>- Brexit reduces available talent and the ability to deliver the Crick's strategy.</li> </ul>	<p>The Crick continues to participate in external committees and forums to understand impact and to influence policy in the post-Brexit environment.</p>

Other risks worth highlighting include health and safety (beyond the efforts connected to the COVID-19 outbreak), external events such as natural disasters or terrorist activity, internal causes such as building resilience as well as cybersecurity and the management of the post-Brexit environment. These all continue to receive a strong focus from functional leads and the Risk Management Team, to ensure they are being appropriately and adequately identified, managed and controlled.

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.

### **Sustainability**

The Crick has developed its sustainability agenda to contribute to the UK Government's commitment to achieve net zero carbon by 2050. This year saw the successful launch of the Green Impact programme, which is a behavioural change programme, encouraging staff to take small sustainable actions to make impact. This programme saw all functions of the Crick, especially laboratories, taking action to be more sustainable. For example, The Making Lab has changed its processes to ensure that hazardous 3D printer resin is not wasted, and the Experimental Histopathology STP has swapped from using plastic single-use tissue processing cassettes and lids to re-usable metal ones. The Crick also started to procure 100 percent renewable electricity from October 2019. We have over 70 sustainability staff volunteer representatives who are eager to change practices to make the Crick a more sustainable workplace, through monthly workshops and awareness campaigns.

The Crick has calculated its Greenhouse Gas (GHG) emissions associated with energy consumption. The methodology used to calculate emissions is based on the Environmental Reporting Guidelines (March 2019) and the present GHG Protocol (March 2004). The 2018 and 2019 UK Government's Conversion Factors for Company Reporting have been used to calculate electricity emissions and International Panel on Climate Change (IPPC) factors have been used for all other fuels as the Crick participated in the EU Emissions Trading Scheme in 2019.

#### ***Green House Gas emissions***

We have calculated the Crick's emissions in the table below. The imported electricity from the grid has decreased due to the increased on site generation using our Combined Heat and Power engine (CHP), and a net reduction in site electricity demand. This has contributed to an increase in scope 1 emissions, but an overall decrease in total scope 1 and 2 emissions.

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

Table 1 – GHG emissions for period 1 April 2019 to 31 March 2020

Scope 1 Emissions		2019-2020 (tCO <sub>2</sub> e)	2018-2019 (tCO <sub>2</sub> e)
Gas consumption		10,907.2	10,695.5
Diesel consumption		178.4	265.3
LPG consumption*		0.2792	0.3872
<b>Total scope 1</b>		<b>11,085.5</b>	<b>10,961.1</b>
Scope 2 Emissions		2019-2020 (tCO <sub>2</sub> e)	2018-2019 (tCO <sub>2</sub> e)
Grid**	Electricity imported	7,378.7	8,379.3
	Electricity exported	-	-
Generated on Site***	CHP	-	-
	Solar PV	-	-
	Power Generators	-	-
	<b>Total Generated</b>	-	-
<b>Total scope 2</b>		<b>7,378.7</b>	<b>8,379.3</b>
<b>Total scope 1 &amp; 2 Gross emissions</b>		<b>18,464.2</b>	<b>19,340.4</b>
<b>intensity Ratio tonnes of CO<sub>2</sub> per m<sup>2</sup> floor area (tCO<sub>2</sub>e/m<sup>2</sup>)</b>		<b>0.25</b>	<b>0.26</b>

\*LPG figures for 2020 were not available due to the ongoing Corona virus lockdown. Annual consumption has been pro-rated based on consumption from April – Dec 2019.

\*\*Location based method used and Grid average factor applied for full year

\*\*\*Emissions from electricity generated by the CHP and generators are captured in the Scope 1 emissions

### Energy consumption

The Crick's energy consumption is calculated in the table below. Emissions have declined because energy usage has shifted away from electricity towards natural gas which has a lower emissions factor, resulting in lower overall emissions despite an increase in overall energy use.

Table 2 – Energy consumption for period 1 April 2019 to 31 March 2020

Scope 1 energy use		2019-2020 (kWh)	2018-2019 (kWh)
Gas consumption		59,326,356	58,140,130
Diesel consumption		661,253	983,334
LPG consumption*		1,214	1,684
<b>Total scope 1</b>		<b>59,988,824</b>	<b>59,125,148</b>
Scope 2 energy use		2019-2020 (kWh)	2018-2019 (kWh)
Grid	Electricity imported	28,868,074	29,601,456
	Electricity exported	-	-
Generated on Site	CHP	7,491,000	7,193,000
	Solar PV	93,257	142,000
	Power Generators	192,531	208,000
	<b>Total Generated</b>	<b>7,776,788</b>	<b>7,543,000</b>
<b>Total scope 2</b>		<b>36,644,862</b>	<b>37,144,456</b>
<b>Total scope 1 &amp; 2 Gross energy consumption</b>		<b>96,633,686</b>	<b>96,269,604</b>

\*LPG figures for 2020 were not available due to the ongoing Corona virus lockdown. Annual consumption has been pro-rated based on consumption from April – Dec 2019.

### **Energy efficiency**

In the 2019-20 year the Crick has sought to reduce onsite energy consumption by implementing various energy savings measures. These include optimising the operation of the chillers to bring their control onto the Building Management System (BMS). This should allow for better control, less frequent breakdowns and better use of the Combined Heat and Power engine. We have also been setting back some ventilation systems out of hours and in less occupied areas to reduce ventilation rates which has seen a reduction in energy usage.

There are also several projects underway to improve energy efficiency including some recommendations that were identified as part of the Crick's Energy Saving Opportunity Scheme (ESOS) audit. Such projects include: decreasing the fan speed of the Computer Room Air Conditioning unit; bringing sequence control of chillers onto the BMS to allow tuning and improving the system efficiency; LED upgrades in Lab areas and allowing ventilation systems to be setback at night.

### **Going forward**

The Crick has already made a 4.5% reduction on its gross Scope 1 & 2 carbon emissions since last year. The Crick will continue looking at reducing its Scope 1, 2 and 3 carbon emissions in particular from our suppliers of goods and services and business travel. This is a challenging task, but one that is important to ensure the sustainability of the Crick, the reduction of its environmental impact and to help achieve the Government's Net Zero Carbon target by 2050. This will be done by reviewing progress against ESOS initiatives and with the development of the Crick sustainability strategy, which will give direction on specific areas that the Crick need to target to reduce our impact.

## **Employee policies**

### **HR support and training and development**

Supporting recruitment, reward, people management, and staff engagement are key priorities for the Human Resources team, which aims to support everyone in the Crick to contribute meaningfully to our strategy, Discovery Without Boundaries. Investment in professional and leadership skills development is working to build a strong base of leadership capability, help accelerate the Crick's optimisation programme, and to create a shift in leadership culture and approach. Two key priorities for skills development are leadership development for early career group leaders as the 6+6 and attachment programmes embed and bringing scientific and operations leaders together to improve integration and interoperability across teams and functions. During the lockdown period a new leadership development initiative aimed at early career science leaders, invited this peer group to regular facilitated discussions with the aim of them learning actively from each other, from the sharing of ideas for managing laboratory teams remotely, and key leadership skills such as delegating effectively, developing teams, and resilience. This 'community-of-practice-approach' will continue to form an important part of on-going leadership development.

### **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 is 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 after appointment, 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.

### **Staff engagement during lock down**

The extraordinary circumstances arising from the Coronavirus pandemic brought 2019/20 to a remarkable end, with a temporary and partial closure of the Crick building, the transition to remote working for many, and the reorganisation of some research and technology laboratories to begin COVID-19 research and establish testing procedures. Urgent activity to deal with the immediate crisis response and to support an evolving transition to a 'new normal' and gradual reopening of the building, meant an exceptional and concerted effort from individuals and teams across the Institute. Operations teams worked quickly to adapt to remote working, providing near-seamless support to both those continuing to work onsite and those having to set themselves up to work from home. A number of urgent issues, such as the possibility of participating in the government's job protection scheme, required staff-consultation. Crick Staff Consultative Forum (CSCF) representatives worked with members of senior management to do so in a meaningful way, giving employees a voice in uncertain times. The successful research and testing activity began with early calls for volunteers, with an almost immediate response from more people than were needed. The resulting discoveries and testing pipeline will continue to serve the nation in coming months and years.

### **Statement of trustee duties with reference to Section 172 of the Companies Act 2006**

The directors must fulfil their duties under the Companies Act 2006 (the "Act") and be mindful of the manner in which these have been discharged, particularly their duty to promote the success of the Company for the benefit of its members as a whole. This applies to each decision taken by the directors as a group or individually. The following is our Section 172 statement, setting out how the directors have, in performing their duties over the course of the year, had regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006.

All of the Crick directors are non-executive which means they do not get involved with the day-to-day management of the Crick. As is normal for large companies the directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to the Chief Executive and Executive Committee. Even though delegated, the directors remain accountable for the consequences of decisions taken by executives.

The Board reviews the strategy, financial and operational performance, health and safety, security and corporate governance matters at every Board meeting. The Board also reviews other areas over the course of the financial year including people, risk, diversity and inclusion and science. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

### **Long-term sustainability**

The long-term sustainability of the Crick is at the heart of the Board's decision-making, even more so due to the challenges posed by the Coronavirus pandemic.

During the year the Board held a strategy review meeting which focused on our long-term vision and achieving a sustainable funding model for it. This yielded a refreshed strategy for the next year.

The financial sustainability of the Crick both now and in the longer-term has always been a key area of focus for the Board which endorsed a number of actions during the year to address this (described on page 21 of the Trustee Report). The significant funding shortfall in 2020/21 due to the impact of the pandemic on one of our main funders and the possibility of future funding shortfalls as a consequence of the Coronavirus pandemic means it is more important than ever to secure the Crick's long-term funding. At the request of the Board, the executives have produced a revised budget for the 2020/21 fiscal year and prepared contingency plans that take into consideration the potential impact of Coronavirus on the Crick's long-term sustainability.

The Board have also considered and approved the licencing of space within the Crick to third parties bringing their scientists into our building and providing additional funding for the Crick.

The Board and the Audit and Risk Committee keep the Crick's principal risks and its risk appetite under review, considering emerging risks and reviewing changes in the Crick's risk profile. Specific action has been taken to identify and mitigate Coronavirus related risks.

### **Interests of the company's employees**

The Crick continues to attract 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 the strategy, 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. As well as weekly staff updates on matters of interest to our colleagues there is also the highly effective CSCF, which ensures that any significant changes that will affect staff are properly discussed at formal meetings, so that concerns can be addressed. A staff survey is also carried out and the outcomes considered by the Board and kept under review throughout the year.

The Board regularly reviews employee compensation. During the year, the Board considered and agreed an overall pay increase for Crick employees (with the exception of the Executive Committee members whose pay is a matter for the Nominations, Remuneration and Governance Committee) and invited the chair of the Equality, Diversity and Inclusion (EDI) Committee to discuss issues and opportunities in those areas. The Coronavirus has posed new risks to the health and safety of those working in the building. In March, the directors supported sending home all workers other than those essential to keep the building operational. The Crick took steps to make the building safe for those working in the building. This includes, now, weekly COVID-19 testing for those in the building.

### **Relationships with suppliers**

The sourcing team launched a supplier relationship management initiative with key strategic suppliers to improve supplier engagement and better leverage our spend. As part of our arrangement with the London Borough of Camden we have committed to some measures to help support the local economy by providing opportunities for local businesses to bid/tender for the provision of goods and service to achieve more sustainable land use and reduce travel.

### **Community & environment**

The Crick strives to be a valued and trusted part of our local community, building partnerships that have a positive impact on the local area. At the heart of our community engagement programme is the St Pancras and Somers Town Living Centre, which is core funded by the Crick and run by a group of local charities – over the course of the year, the Living Centre reached its largest audience yet of more than 11,000 visitors. In addition, through our Community Chest small grants scheme this year we've supported 13 local projects, which have reached more than 7,000 local people.

More recently, we have partnered with Somers Town Big Local to create an Emergency Community Chest to aid local community organisations/groups who are supporting our local community during the COVID-19 pandemic, and created family activity packs delivered to 10,000 local homes, with kitchen experiments and activities to encourage science at home. We have also shifted many of our education activities to distanced engagement, from virtual work-experience placements and at-home science competitions at home, to online CPD for teachers and IT equipment to help bridge the 'digital-divide' local students.

At the end of March 2020, the Chairman's Committee on behalf of the Board agreed that the Crick would provide Coronavirus diagnostic screening services as demand for testing increased. Scientists from across the Crick were able to refocus their work to support the UK's coronavirus response and the Institute has been instrumental in the support of the national endeavour.

### **Maintaining a reputation for high standards of business conduct**

The Board and executive management seek to ensure that we maintain high standards of business conduct at all times through our values and culture. The board has created an Ethics Committee to oversee the ethical implications of our research and other matters relating to the reputation of the company.

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

In response to a request from the Charity Commission, the Board asked the Company Secretary to conduct a review of its serious incident reporting processes and procedures. Following that review the Board endorsed a proposal put forward of the steps to be taken whenever we encounter a potentially serious issue including periodic updates to the Executive and Trustees on behalf of the Board.

### **Acting fairly as between the members of the company**

Each of our members is represented on the Crick Board and engagement with them is an ongoing process for example through face-to face meetings and calls with our management team.

### **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 regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

### **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.

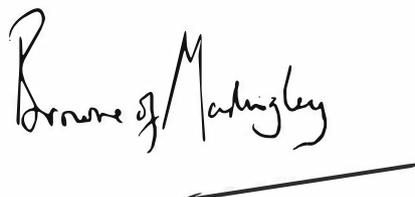
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Auditor**

In the Board meeting of 16th December 2019, the Trustees appointed BDO LLP as the new auditors for the Crick, replacing the previous auditors (Deloitte LLP) who had held office as company auditor since appointment by a Board resolution in 2011.

### **Approval**

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

A handwritten signature in black ink, reading "Browne of Madingley". The signature is written in a cursive style. Below the signature is a horizontal line.

Lord Browne of Madingley  
Chairman  
9 October 2020

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

## Opinion

We have audited the financial statements of the Francis Crick Institute Limited (“the charitable company”) and its subsidiaries (“the group”) for the year ended 31 March 2020 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2020 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We 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 the parent charitable company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the 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 or 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.

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

## Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

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

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

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

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

## Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determines 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.

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

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

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



Fiona Condron (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London

16 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Consolidated Statement of Financial Activities (incorporating the income and expenditure account) Year ended 31 March 2020

		Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2020 £000	Total 2019 £000
<b>Income from</b>						
Core and related funding	3	131,563	3,718	—	135,281	159,344
Research grant funding		29	25,420	—	25,449	22,174
Charitable activities	5	3,033	5	—	3,038	1,914
Investment income		150	—	—	150	349
Other income		600	6	—	606	239
		<u>135,375</u>	<u>29,149</u>	<u>—</u>	<u>164,524</u>	<u>184,020</u>
<b>Expenditure on</b>						
Raising Funds		42	—	—	42	9
Charitable activities	6	161,424	27,597	—	189,021	180,240
Total Expenditure		<u>161,466</u>	<u>27,597</u>	<u>—</u>	<u>189,063</u>	<u>180,249</u>
Net losses/(gain) on investments		—	—	2,656	2,656	—
<b>Net (expenditure)/income before transfers</b>		<u>(26,091)</u>	<u>1,552</u>	<u>(2,656)</u>	<u>(27,195)</u>	<u>3,771</u>
Transfers between funds	18	(85)	85	—	—	—
Net movement in funds		<u>(26,176)</u>	<u>1,637</u>	<u>(2,656)</u>	<u>(27,195)</u>	<u>3,771</u>
<b>Reconciliation of funds</b>						
Total funds at 1 April 19		<u>572,415</u>	<u>7,030</u>	<u>30,000</u>	<u>609,445</u>	<u>605,674</u>
Total funds at 31 March 20	18	<u>546,239</u>	<u>8,667</u>	<u>27,344</u>	<u>582,250</u>	<u>609,445</u>

All results are from continuing operations.

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

### Comparative Consolidated Statement of Financial Activities

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2019 £000
Total Income	130,443	23,577	30,000	184,020
Total expenditure	<u>(158,483)</u>	<u>(21,766)</u>	<u>—</u>	<u>(180,249)</u>
Net expenditure before transfers	<u>(28,040)</u>	<u>1,811</u>	<u>30,000</u>	<u>3,771</u>
Transfers between funds	39	(39)	—	—
Net movement in funds	<u>(28,001)</u>	<u>1,772</u>	<u>30,000</u>	<u>3,771</u>

## Balance sheet 31 March 2020

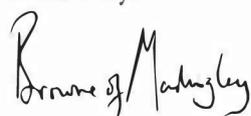
	Notes	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
<b>Fixed assets</b>					
Intangible assets	11	88	110	88	110
Tangible assets	12	532,495	558,743	532,795	559,042
Investments	13	28,144	400	28,144	400
		<u>560,727</u>	<u>559,253</u>	<u>561,027</u>	<u>559,552</u>
<b>Current assets</b>					
Debtors	14	26,544	46,056	25,593	46,092
Cash and cash equivalents		30,328	33,952	30,282	33,934
		<u>56,872</u>	<u>80,008</u>	<u>55,875</u>	<u>80,026</u>
<b>Liabilities</b>					
Creditors falling due within one year	15	(35,349)	(29,816)	(34,373)	(29,808)
Net current assets		<u>21,523</u>	<u>50,192</u>	<u>21,502</u>	<u>50,218</u>
Net assets		<u>582,250</u>	<u>609,445</u>	<u>582,529</u>	<u>609,770</u>
<b>Funds</b>					
Called up share capital	17	629,566	629,566	629,566	629,566
Share premium	17	12,751	12,751	12,751	12,751
<b>Unrestricted Funds</b>					
General funds	18	(96,078)	(69,902)	(95,799)	(69,577)
<b>Restricted Funds</b>					
Endowment Funds	18	27,344	30,000	27,344	30,000
Restricted Funds	18	8,667	7,030	8,667	7,030
		<u>582,250</u>	<u>609,445</u>	<u>582,529</u>	<u>609,770</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 Consolidated SoFA is for the Group as a whole. In the year total income for the Charity was £164.5m (2019: £184.0m) and total expenditure for the year was £191.7m (2019: £180.2m), including net loss on investments of £2.7m. The net expenditure for the year of the parent Charity was £27.2m (2019: net income of £3.8m).

The financial statements of the Francis Crick Institute Limited were approved and authorised for issue by the Board of Trustees on 11 September 2020 and signed on its behalf by:



Lord Browne of Madingley  
Chairman  
Company registration number: 6885462

## Charity cash flow statement. Year ended 31 March 2020

	Notes	2020 £000	2019 £000
Cash flows generated by operating activities	22	40,034	12,373
<b>Cash flows from investing activities:</b>			
Interest received		150	349
Proceeds from sale of equipment		—	300
Investment additions		(30,000)	
Purchase of programme related investments		(400)	(400)
Purchase of tangible fixed assets		(12,926)	(16,998)
<b>Net cash flows used in investing activities</b>		<u>(43,176)</u>	<u>(16,749)</u>
<b>Cash flows from financing activities:</b>			
Lease finance repayments		(482)	(241)
<b>Net cash flows used in financing activities</b>		<u>(482)</u>	<u>(241)</u>
<b>Net decrease in cash and cash equivalents</b>		(3,624)	(4,617)
Cash and cash equivalents at beginning of year		33,952	38,569
<b>Cash and cash equivalents at the end of the year</b>		<u><u>30,328</u></u>	<u><u>33,952</u></u>
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand		30,328	33,952
Cash equivalents		—	—
<b>Cash and cash equivalents</b>		<u><u>30,328</u></u>	<u><u>33,952</u></u>
 Analysis of changes in net cash/(debt):			
Net Cash at 1 April		33,952	38,569
Net Cash (outflow)		(3,624)	(4,617)
<b>Net Cash at 31 March</b>		<u><u>30,328</u></u>	<u><u>33,952</u></u>

### 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 27.

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 2019) – (Charities SORP 2<sup>nd</sup> Edition (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 taken the appropriate decisions in the current year to ensure that it is able to meet its liabilities in light of the reductions in funding in the current year. Looking further ahead, the Trustees are confident in the Crick's ability to leverage the high proportion of variable and discretionary costs as needed in line with income fluctuations, and to utilise the surplus reserves, brought forward cash balances, the MRC endowment fund and the standby facility that is currently in place (with work in progress to replace this before August 2021) as additional contingency. The Trustees therefore consider that the Crick 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 only Permanent endowment funds. The 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. Income**

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.

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 and internal 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. Redundancy and termination payments**

Redundancy and termination payments are recognised when there is a demonstrable commitment on an individual or group basis that cannot be realistically withdrawn.

## Notes to the financial statements (continued). Year ended 31 March 2020

### i. 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 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 multi-employer defined benefit pension scheme that prepares its own scheme statements. Insufficient information is available to allocate underlying assets and liabilities to individual employees, therefore, contributions are accounted for on the same basis as for a defined contribution scheme.

### j. 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.

### k. Tangible fixed assets

Tangible fixed assets are held at cost less accumulated depreciation. Assets over a value of £10,000, individually or grouped in aggregate, are capitalised.

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

**l. 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 in the early stages of their development lifecycle, and only fair valued once tangible milestones are reached and a reliable fair value 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.

**m. 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 objects and artefacts of scientific and historical interest. The collection is held in storage on site at the Crick 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.

**n. 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.

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

**o. Operating leases**

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

**p. 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.

**q. 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. Investments in the permanent endowment fund are revalued as unrealised gains and losses in line with the latest valuation provided by our external investment managers. 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.

Having concluded that the spin-out investments should continue to be held at cost, the Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

## Notes to the financial statements (continued). Year ended 31 March 2020

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

	Unrestricted funds	Restricted funds	Endowment funds	2020 Total
	£000	£000	£000	£000
Core funding from founding shareholders	124,067	—	—	124,067
Other grants	883	1,718	—	2,601
Donated services and facilities	6,029	—	—	6,029
Donations and endowments	584	2,000	—	2,584
	<u>131,563</u>	<u>3,718</u>	<u>—</u>	<u>135,281</u>

	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
	<u>127,826</u>	<u>1,518</u>	<u>30,000</u>	<u>159,344</u>

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

	Unrestricted funds	Restricted funds	Endowment funds	2020 Total
	£000	£000	£000	£000
Research Councils	48,531	4,908	—	53,439
UK-based charities	71,357	10,637	—	81,994
UK-based higher education institutions	4,959	1,786	—	6,745
UK-based government bodies	—	—	—	—
UK-based industry, commerce and public corporations	18	1,688	—	1,706
EU government bodies	—	6,956	—	6,956
Other overseas grants	51	1,154	—	1,205
Other grants	63	9	—	72
	<u>124,979</u>	<u>27,138</u>	<u>—</u>	<u>152,117</u>

Total grant income by funder type of £152,117k is derived by adding Core funding from founding shareholders of £124,067k and Other grants of £2,601k (Note 3) and Research grant funding of £25,449k (SOFA).

	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
	<u>122,821</u>	<u>23,184</u>	<u>30,000</u>	<u>176,005</u>

## Notes to the financial statements (continued). Year ended 31 March 2020

Total grant income by funder type of £176,005k is derived by adding Core funding from founding shareholders of £120,691k and Other grants of £33,142k (Note 3) and Research grant funding of £22,174k (SOFA).

### 5. Analysis of group income from charitable activities

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 Total £000
Research conferences	713	5	—	718
Staff restaurant	786	—	—	786
Building letting	1,534	—	—	1,534
	<u>3,033</u>	<u>5</u>	<u>—</u>	<u>3,038</u>

	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>

### 6. Analysis of group expenditure on charitable activities

	Direct costs £000	Support costs £000	2020 Total £000
Crick Lab set-up	1,048	637	1,685
Scientific research and translation	115,883	70,228	186,111
Developing and training scientists	762	463	1,225
	<u>117,693</u>	<u>71,328</u>	<u>189,021</u>

	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 2020

### 7. Analysis of support costs

	Crick Lab set-up £000	Scientific research and translation £000	Developing and training scientists £000	2020 Total £000
Governance	5	514	3	522
Finance	23	2,569	17	2,609
Information Technology & Services	110	12,121	80	12,311
Human Resources	42	4,597	30	4,669
Building Services	427	47,117	310	47,854
Communications and Public Engagement	30	3,310	22	3,362
	<u>637</u>	<u>70,228</u>	<u>462</u>	<u>71,328</u>

	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>

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

	2020 £000	2019 £000
Net (expenditure)/income is stated after charging (crediting):		
. Depreciation of owned assets	38,617	38,914
. Amortisation of intangible fixed assets	22	28
. Operating lease rentals	595	673
. Foreign exchange (gains)/losses	(71)	(20)
. Profit on disposal of fixed assets	—	(47)
Auditor's remuneration:		
. Fees for the audit of the charity's annual financial statements	54	53
. Fees for taxation services to the group	10	8
. Fees for the audit of subsidiary companies	8	12

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

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

	2020 Total No.	2019 Total No.
Charitable activities	1,219	1,209
Support activities	191	158
	<u>1,410</u>	<u>1,367</u>

**b. Their aggregate remuneration comprised:**

	2020 Total £000	2019 Total £000
Wages and salaries	66,964	61,064
Redundancy and termination	943	1,828
Social security costs	6,418	5,867
Pension costs	6,075	5,738
	<u>80,400</u>	<u>74,497</u>

Remuneration includes stipends paid to PhD students of £4,044k (2019: £4,131k). PhD students are not employees of the Institute.

## Notes to the financial statements (continued). Year ended 31 March 2020

- 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:

	2020 Total No.	2019 Total No.
£60,000 - £69,999	48	45
£70,000 - £79,999	41	54
£80,000 - £89,999	23	17
£90,000 - £99,999	12	16
£100,000 - £109,999	13	10
£110,000 - £119,999	6	6
£120,000 - £129,999	6	4
£130,000 - £139,999	3	2
£140,000 - £149,999	8	5
£150,000 - £159,999	1	3
£160,000 - £169,999	1	2
£170,000 - £179,999	2	2
£180,000 - £189,999	3	1
£190,000 - £199,999	0	2
£200,000 - £209,999	2	1
£210,000 - £219,999	-	2
£220,000 - £229,999	2	-
£230,000 - £239,999	1	1
£240,000 - £249,999	1	1
£260,001 - £269,999	1	1
£270,000 - £279,999	1	1
£310,000 - £319,999	1	-
£330,000 - £339,999	-	1
£400,000 - £409,999	-	1
£410,000 - £419,999	1	-
	177	178

### d. Key management personnel

The key management personnel of the charity and group are listed on page 30. The total remuneration (including pension contributions and employer's national insurance) of the key management personnel for the year totalled £2,255k (2019: £2,075k).

### e. Trustees' remuneration

No trustees received remuneration during the current or prior year. Travel and subsistence expenses were claimed by one trustee this year for £285 (2019: £321, 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 2020

### 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	2020 Total £000	2019 Total £000
Loss of trading subsidiary	(6)	(11)
Loss multiplied by standard rate of United Kingdom corporation tax of 19%	(1)	(2)
Effect of:		
· unrecognised tax losses	1	2
Total tax charge for the year	—	—

Francis Crick Trading Limited	2020 Total £000	2019 Total £000
Profit of trading subsidiary	52	9
Profit multiplied by standard rate of United Kingdom corporation tax of 19%	10	2
Deductible distributions (Gift Aid)	(10)	(2)
Tax charge in respect of the prior year	1	—
Total tax charge for the year	1	—

### 11. Intangible fixed assets

Group and charity	Intellectual property £000
<b>Cost</b>	
At 1 April 2019 and 31 March 2020	281
<b>Accumulated amortisation</b>	
At 1 April 2019	171
Charge for the year	22
At 31 March 2020	193
<b>Net book value</b>	
At 31 March 2020	88
At 1 April 2019	110

## Notes to the financial statements (continued). Year ended 31 March 2020

### 12. Tangible fixed assets

Group	Fixtures, fittings, furniture	IT equipment and software	Scientific equipment	Leased Scientific equipment	Buildings	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost</b>							
At 1 April 2019	10,015	17,863	64,976	700	572,086	5,838	671,478
Additions	67	2,168	7,518	-	-	2,618	12,371
Transfers	2,033	295	752	(700)	-	(2,380)	-
At 31 March 2020	12,115	20,326	73,246	-	572,086	6,076	683,849
<b>Accumulated Depreciation</b>							
At 1 April 2019	4,366	14,717	35,365	12	58,275	-	112,735
Charge for the year	2,252	2,331	11,748	128	22,160	-	38,619
Transfer	-	-	140	(140)	-	-	-
At 31 March 2020	6,618	17,048	47,253	-	80,435	-	151,354
<b>Net book value</b>							
At 31 March 2020	5,497	3,278	25,993	-	491,651	6,076	532,495
At 1 April 2019	5,649	3,146	29,611	688	513,811	5,838	558,743
<b>Charity</b>							
	£000	£000	£000	£000	£000	£000	£000
<b>Cost</b>							
At 1 April 2019	10,015	17,863	64,976	700	572,394	5,838	671,786
Additions	67	2,168	7,518	-	-	2,618	12,371
Transfers	2,033	295	752	(700)	-	(2,380)	-
At 31 March 2020	12,115	20,326	73,246	-	572,394	6,076	684,157
<b>Accumulated Depreciation</b>							
At 1 April 2019	4,366	14,717	35,365	12	58,284	-	112,744
Charge for the year	2,252	2,331	11,748	128	22,160	-	38,619
Transfer	-	-	140	(140)	-	-	-
At 31 March 2020	6,618	17,048	47,253	-	80,444	-	151,363
<b>Net book value</b>							
At 31 March 2020	5,497	3,278	25,993	-	491,950	6,076	532,794
At 1 April 2019	5,649	3,146	29,611	688	514,110	5,838	559,042

### 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 provided design and construction services to the Francis Crick Institute Limited and is being maintained until the final warranty works are completed, at which point it will become dormant. The Trustees have agreed to provide liquidity support through its closing stages, and therefore although the subsidiary is not a going concern, the accounting policies are unaffected.

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 (2019: £4) and £1 for Francis Crick Trading Limited (2019: £1).

## Notes to the financial statements (continued). Year ended 31 March 2020

A summary of UKCMRI Construction Limited's results is shown below.

	2020 Total £000	2019 Total £000
<b>Profit &amp; loss account</b>		
Turnover	—	229
Cost of sales	—	(229)
Gross profit	—	—
Operating costs	(6)	(11)
Operating loss	(6)	(11)
Other interest receivable and similar income	—	—
	(6)	(11)
<b>Tax</b>	—	—
	(6)	(11)
Distribution payable (Gift Aid)	—	—
Retained loss for the year	(6)	(11)
Opening shareholder's deficit funds	(40)	(29)
Closing shareholder's deficit	(46)	(40)

### Balance sheet

Current assets	139	133
Current liabilities	(185)	(173)
Total net liabilities	(46)	(40)

A summary of Francis Crick Trading Limited's results is shown below.

	2020 Total £000	2019 Total £000
<b>Profit &amp; loss account</b>		
Turnover	1,327	323
Cost of sales	(1,262)	(306)
Gross profit	65	17
Operating costs	(13)	(8)
Operating profit	52	9
Tax	(1)	—
	51	9
Distribution payable (Gift Aid)	—	—
Retained profit for the year	51	9
Opening shareholder's funds	9	—
Closing shareholder's funds	60	9

### Balance sheet

Current assets	1,354	772
Current liabilities	(1,294)	(763)
Total net assets	60	9

### Programme related investments:

	Holding £	2020 Proportion held %	2019 Proportion held %
Gammadelta Therapeutics Ltd	157.67	2.39%	2.9%
Achilles Therapeutics Ltd	2.26	0.3%	1.8%
Metacognis Limited	0.24	19.03%	19.03%
Adaptate Biotherapeutics Ltd	22.82	0.2%	—
Mendelian Ltd	7.77	0.7%	—
Myricx Ltd	0.27	0.45%	—

## Notes to the financial statements (continued). Year ended 31 March 2020

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

As part of the KQ program the Crick has invested another £400k into ten companies using convertible loan instruments, increasing the total investment in this program to £800k. The Crick will not charge interest on these loans and the repayment date will be 31 December 2021 for the loans issued in 2019 and 31 December 2022 for the loans issued in 2020, unless there is a conversion event.

Group & Charity	2020 Total £000	2019 Total £000
Convertible Loans	<u>800</u>	<u>400</u>

Group & Charity	2020 Total £000	2019 Total £000
<b>Investments – Endowment:</b>		
a) Investments at market value		
Conventional gilts	743	—
Corporate bonds	1,996	—
UK equities	8,641	—
Overseas equities	8,169	—
Property	1,217	—
Alternative assets	1,381	—
Cash	<u>5,197</u>	<u>—</u>
	<u>27,344</u>	<u>—</u>

Investments in the Balance Sheet includes the investments in the endowment fund of £27,344k with the convertible loans of £800k, resulting in total investments of £28,144k.

b) Investments over 5% of the portfolio	2020 Total £000	2019 Total £000
Goldman Sachs Am Stlg Lqd Reserves	<u>4,550</u>	<u>—</u>

c) Movements	2020 Total £000	2019 Total £000
Additions	46,215	—
Disposal proceed	(16,829)	—
Net movements in cash and short-term deposits	614	—
Net realised investment gains	29	—
Net unrealised investment losses	<u>(2,685)</u>	<u>—</u>
At 31 March 2020	<u>27,344</u>	<u>—</u>

d) The historical cost of the Group and Charity investments at 31 March 2020 was £30,104k (2019: nil).

## Notes to the financial statements (continued). Year ended 31 March 2020

### 14. Debtors

	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Trade debtors	2,565	671	1,616	671
Prepayments and accrued income	9,770	5,136	9,402	5,136
Amounts owed by group undertakings	—	—	570	36
Amounts owed by related parties	13,520	39,637	13,520	39,637
Other debtors	689	612	485	612
	<u>26,544</u>	<u>46,056</u>	<u>25,593</u>	<u>46,092</u>

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

	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Trade creditors	6,673	2,844	6,254	2,839
Accruals and deferred income	13,614	13,683	13,116	13,366
Other creditors	3,263	2,947	3,195	2,796
Amounts owed to related parties	11,776	9,871	11,776	9,871
Amounts owed to group undertakings	23	—	32	465
Finance Lease	—	471	—	471
	<u>35,349</u>	<u>29,816</u>	<u>34,373</u>	<u>29,808</u>

### 16. Comparative Consolidated Statement of Financial Activities

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2019 £000
Total Income	130,443	23,577	30,000	184,020
Total expenditure	(158,483)	(21,766)	—	(180,249)
Net expenditure before transfers	(28,040)	1,811	30,000	3,771
Transfers between funds	39	(39)	—	—
Net movement in funds	(28,001)	1,772	30,000	3,771

### 17. Called up share capital

	2020 Total £000	2019 Total £000
Allotted, called up and fully paid		
Ordinary shares of £1 each	629,566	629,566
Share premium account	<u>12,751</u>	<u>12,751</u>
	<u>642,317</u>	<u>642,317</u>

## Notes to the financial statements (continued). Year ended 31 March 2020

### 18. Movements in funds

Group	1 April 2019 £000	Income £000	Expenditure £000	Losses On Investments £000	Transfers between funds £000	31 March 2020 £000
<b>Unrestricted funds</b>						
General funds	(69,902)	135,375	(161,466)	—	(85)	(96,078)
<b>Restricted funds</b>						
Crick Lab set-up	435	—	(96)	—	—	339
Research grants	5,801	28,426	(27,342)	—	(11)	6,874
Other	794	723	(160)	—	95	1,452
	7,030	29,149	(27,598)	—	84	8,665
<b>Endowment Funds</b>						
Permanent Funds	30,000	—	—	(2,656)	—	27,344
Share capital – par	629,566	—	—	—	—	629,566
Share premium	12,751	—	—	—	—	12,751
	642,317	—	—	—	—	642,317
<b>Total funds</b>	<b>609,445</b>	<b>164,524</b>	<b>(189,064)</b>	<b>(2,656)</b>	<b>(1)</b>	<b>582,248</b>
<b>Charity</b>						
<b>Unrestricted funds</b>						
General funds	(69,577)	135,291	(161,428)	—	(85)	(95,799)
<b>Restricted funds</b>						
Crick Lab set-up	435	—	(96)	—	—	339
Research grants	5,801	28,426	(27,342)	—	(11)	6,874
Other	794	723	(160)	—	95	1,452
	7,030	29,149	(27,598)	—	84	8,665
<b>Endowment Funds</b>						
Permanent Funds	30,000	—	—	(2,656)	—	27,344
Share capital – par	629,566	—	—	—	—	629,566
Share premium	12,751	—	—	—	—	12,751
	642,317	—	—	—	—	642,317
<b>Total funds</b>	<b>609,770</b>	<b>164,440</b>	<b>(189,026)</b>	<b>(2,656)</b>	<b>(1)</b>	<b>582,527</b>

Transfers between general funds and restricted funds of £85k (2019: £39k) 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 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 managed on a total returns basis. An agreed level of indexed capital is to be protected and maintained in the fund, with any surplus income and capital gains to be used to fund science activities. No drawdowns were made from this endowment fund during the year, but market movements drove a drop in value before year-end, which has subsequently recovered.

## Notes to the financial statements (continued). Year ended 31 March 2020

	1 April 2018 £000	Income £000	Expenditure £000	Transfers between funds £000	31 March 2019 £000
<b>Group</b>					
<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
	5,180	23,577	(21,766)	39	7,030
<b>Endowment Funds</b>					
Permanent Restricted	—	30,000	—	—	30,000
Share capital – par	629,566	—	—	—	629,566
Share premium	12,751	—	—	—	12,751
	642,317	—	—	—	642,317
<b>Total funds</b>	<b>605,674</b>	<b>184,020</b>	<b>(180,249)</b>	<b>—</b>	<b>609,445</b>
	1 April 2018 £000	Income £000	Expenditure £000	Transfers between funds £000	31 March 2019 £000
<b>Charity</b>					
<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
	5,180	23,577	(21,766)	39	7,030
<b>Endowment Funds</b>					
Permanent Restricted	—	30,000	—	—	30,000
Share capital – par	629,566	—	—	—	629,566
Share premium	12,751	—	—	—	12,751
	642,317	—	—	—	642,317
<b>Total funds</b>	<b>606,017</b>	<b>184,005</b>	<b>(180,252)</b>	<b>—</b>	<b>609,770</b>

## Notes to the financial statements (continued). Year ended 31 March 2020

### 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 2020 £000
Intangible fixed assets	88	—	—	88
Tangible fixed assets	525,166	7,329	—	532,495
Investments	—	800	27,344	28,144
Current assets	38,781	18,091	—	56,872
Current liabilities	(17,794)	(17,555)	—	(35,349)
Total Net Assets	546,241	8,665	27,344	582,250

Charity	Unrestricted funds and share capital £000	Restricted funds £000	Endowment funds £000	31 March 2020 £000
Intangible fixed assets	88	—	—	88
Tangible fixed assets	525,466	7,329	—	532,795
Investments	—	800	27,344	28,144
Current assets	37,785	18,091	—	55,876
Current liabilities	(16,817)	(17,555)	—	(34,372)
Total Net Assets	546,522	8,665	27,344	582,531

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)
Total Net Assets	572,415	7,030	30,000	609,445

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)
Total Net Assets	572,740	7,030	30,000	609,770

## 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 £5,007,784 (2019: £4,392,820). The balance outstanding at the year-end was £724,256 (2018 £618,438).

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.

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% (2019:15.9%) of pensionable earnings to the Scheme. The amount paid in employer contributions to the defined benefit scheme was £1,076,306 (2019: £1,324,569). The institute is indemnified against an employer contribution rate in excess of 15.9% (2019:15.9%), 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 £115,280 (2019: £150,639).

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%

## Notes to the financial statements (continued). Year ended 31 March 2020

The current financial assumptions used to calculate scheme liabilities are:

	2020 %	2019 %
Rate of increase of salaries	3.00	3.45
Rate of increase of pension payments	2.00	2.45
Discount rate	2.30	2.40
Inflation rate	2.00	2.45
Expected return on equities	2.30	2.40
Expected return on bonds	2.30	2.40
Expected return on overall fund	2.30	2.40

## 21. Financial commitments

### Operating lease commitments

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

	2020		2019	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Group and charity				
Within one year	206	200	205	330
Between one and five years	844	7	837	207
After five years	161	—	375	—
	<u>1,211</u>	<u>207</u>	<u>1,417</u>	<u>537</u>

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

	Group 2020 £000	Group 2019 £000
Net (expenditure)/income for the year	(27,195)	3,771
Depreciation	38,619	38,875
Amortisation of intangible fixed assets	22	28
Funding received for programme related investments	400	400
Interest receivable	(150)	(349)
Unrealised Investments losses	2,656	—
Interest payable	11	12
<b>Operating cash flow before movement in working capital</b>	<u>14,363</u>	<u>42,737</u>
Decrease/(Increase) in debtors	19,512	(32,816)
Increase in creditors	6,159	2,452
Cash generated by operating activities	<u>40,034</u>	<u>12,373</u>

## 23. Related party transactions

a. Funding from shareholders including shares allotted

No shares were allotted during the year.

b. Other transactions

	Year ended 31 March 2020			
	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)	(1,412)	53,617	4,041	(4,430)
Cancer Research UK	462	57,180	913	(7,164)
Wellcome Trust	(81)	23,322	3,402	(63)
University College London	(1,496)	2,394	1,914	(95)
Imperial College London	(854)	2,072	1,227	(10)
King's College London	(806)	2,054	2,023	(14)
	<u>(4,187)</u>	<u>140,639</u>	<u>13,520</u>	<u>(11,776)</u>

	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>

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

For the year the Charity received income of £1,267k (2019: £308k) from Francis Crick Trading Limited for providing the use of its premises, equipment and services. In addition UKCMRI Construction Limited charged the Charity £- (2019: £229k) for services rendered. At the year end, the Charity was due £921k (2019: £306k) from Francis Crick Trading Limited and £58k (2019: £36k) from UKCMRI Construction Limited and the Charity owed Francis Crick Trading Limited £32k (2019: £771k) and £115k (2019: £-) to UKCMRI Construction Limited.

## Notes to the financial statements (continued). Year ended 31 March 2020

### c. Donated services and facilities

	2020 Total £000	2019 Total £000
Services	4,505	3,626
Land	1,525	1,525
	<u>6,030</u>	<u>5,151</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 Medical Research Council, Cancer Research UK, the Wellcome Trust and University College London. A gift in kind of £1,524,545 (2019: £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 £80,868 (2019: £123,138) including hospitality charges and lab consumables.

Cancer Research UK incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £NIL (2019: £903,385) 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 £1,412,494 (2019: £161,281) 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 £853,591 (2019: £345,302) 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 £490,137 (2019: £182,106) has been recognised for these services.

University College London incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £1,496,104 (2019: £238,780) 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 £2,212,807 (2019: £2,149,136) has been recognised for these services.

## Notes to the financial statements (continued). Year ended 31 March 2020

King's College London incurred costs on behalf of the Francis Crick Institute Limited, which it has recharged, of £806,278 (2019: £265,752) in providing seconded staff and lab consumables. Research lab staff have been seconded to the Crick at nil cost, a gift in kind of £1,801,934 (2019: £1,294,925) has been recognised for these services.

Trustees' expenses are disclosed in note 9e. As in 2018/19, 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.

A member of the trustees has donated £100,000 during the year, which is shared equally between the Institute and CRUK in line with the fundraising agreement.

Six trustees represent the Founders as shown on page 28. The trustees or their employers may be involved in projects with the Crick and/or funding the operations of the Crick. One trustee is related to an employee. The Crick has a policy for managing potential conflicts 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.

The Crick has also entered into a guarantee with HSBC Bank PLC in favour of the The Mayor and Burgesses of the London Borough of Camden for the value of £142,500. The guarantee was required to confirm that the Crick would honour any liabilities that may fall due in the instance of any non-compliance with the obligations of the Highways Maintenance Plan Camden.

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

The market volatility immediately following the start of the COVID-related crisis led to a significant drop in the value of the investments held at year-end, with an unrealised loss of £2.7m recognised in these accounts. During the three months following year-end, the funds recovered and had reached a valuation of £30.2m by 30 June 2020, fully offsetting the decline before year-end.

There are no other relevant post balance sheet events to report.