UK Research and Innovation

Annual Report and Accounts

2023-24

Volume 2 of 2

Contents

3. Accountability Report continued 2

Remuneration and Staff Report 2023-24 2

Parliamentary Accountability and Audit Report...... 85

4. Financial Statements 104

Consolidated Statement of Comprehensive Net Expenditure 104

Consolidated Statement of Financial Position...... 108

Consolidated Statement of Cash Flows 113

Consolidated Statement of Changes in Total Equity... 118

Notes to the Accounts 134

3. Accountability Report continued

Remuneration and Staff Report 2023-24

Remuneration Policy

The Chair and non-executive Board members receive a letter of appointment from our sponsoring Government department (Department for Science, Innovation and Technology, (DSIT)).

They are not employees of UKRI although remuneration is made through UKRI payroll.

The sponsoring UK Government department advises UKRI of the rates they are required to pay and these are reviewed with each new appointment. Board members may receive additional remuneration for attending advisory committees.

The Board Chair and Board members are defined as Office Holders. They are neither employees nor civil servants.

Appointments are usually made for up to four years. In exceptional cases members may be offered the possibility of re-appointment which cannot exceed ten years in total.

Appointments are non-pensionable and there are no superannuation payments relating to the fees paid to them. There is no compensation for loss of office.

Remuneration – Audited Information

Remuneration (£ per annum)	2023-24	2022-23
Board Chair	29,500	29,500
Board members	9,180	9,180
Board members with additional roles[1]	9,180	9,180
Board members (Innovation Champion and ARAC Chair[2])	16,065	9,180

Notes

1. Board members should not receive additional honoraria for roles on committees (e.g., Board Investment Committee) unless it takes them over their contracted 20-day per-annum commitment, in which case they should submit a claim for additional payment at the daily rate.

2. The Audit and Risk Assurance Committee (ARAC) Chair and Innovation Champion are the only exception to the above rule and are entitled to an additional honoraria of £6,885 per year, with the expectation that these roles will require an additional 15 days of work.

Board Honoraria – Audited Information

Board Membership Name	Period of Appointment From	Period of Appointment To	Remuneration £000s 2023-24	Remuneration £000s 2022-23
Lord (John) Browne of Madingley	01 Apr 2018	05 Oct 2022	–	–
Professor Sir Leszek Borysiewicz	01 Apr 2018	30 Oct 2022	–	5-10
Professor Julia Black	01 Apr 2018	20 Oct 2023	5-10	5-10
Lord David Willetts	01 Apr 2018	07 Nov 2023	5-10	5-10
Professor Sir Ian Boyd	20 Sep 2021	19 Sep 2024	5-10	5-10
Dr John Fingleton	20 Sep 2021	19 Sep 2024	15-20	5-10
Priya Guha	20 Sep 2021	19 Sep 2025	5-10	5-10

Board Membership Name	Period of Appointment From	Period of Appointment To	Remuneration £000s 2023-24	Remuneration £000s 2022-23
Ruwan Weerasekera	20 Sep 2021	19 Sep 2025	5-10	5-10
Nigel Toon	20 Sep 2021	19 Sep 2025	–	–
Sir Andrew Mackenzie	12 Jul 2021	12 Jul 2026	25-30	25-30
Professor Sir Anthony Finkelstein	20 Sep 2021	19 Sep 2024	5-10	5-10
Professor Nola Hewitt-Dundas	01 Oct 2022	30 Sep 2025	5-10	0-5
Siobhan Peters	29 Jun 2020		****	****
Professor Dame Ottoline Leyser	29 Jun 2020	28 June 2025	****	****

Notes

1. Lord Browne was reappointed until October 2023; however, he subsequently resigned and stepped down on 5 October 2022. Lord Browne declined to receive honoraria during his time on the Board.

2. Dr John Fingleton is the current UKRI Innovation Champion, for which he has declined to receive an honorarium. He receives a separate honorarium as a member of the Innovate UK Council member.

3. Ruwan Weerasekera is Chair of ARAC, for which he is entitled to an honorarium, this is to be backdated and paid in 2024-25.

4. Nigel Toon has declined to receive honoraria during his tenure on the Board.

5. Remuneration disclosed in Senior Staff Remuneration Table.

Chief Executive Officer (CEO), Chief Finance Officer (CFO) and Executive Chairs

Ministerial appointments (CEO, CFO and Executive Chairs) have their initial remuneration package, both the basic pay and the performance-related pay element, agreed by the relevant DSIT minister.

The Nominations and Remuneration Committee (NomCo) provides advice and recommendations to DSIT on the performance element of the pay package, changes in basic pay for existing role-holders, and the package for new recruitment exercises. The Committee also review and oversee the expenses arrangements of these appointments. Inputs include scrutiny of performance, benchmarking, recruitment and retention issues, compliance with equality duties and overall efficiency affordability.

This advice is exchanged between the Chair of UKRI and the DSIT Permanent Secretary, where the context of wider public sector pay policy and managing public money rules are relevant factors in decision making. The final decision on the performance related pay elements of these ministerial appointees is taken by the DSIT Permanent Secretary.

When setting remuneration policy, the NomCo reviews and has regard to pay and employment conditions across UKRI and the wider public sector, especially when determining annual salary increases. This includes the Senior Civil Service Pay Award practitioner guidance published annually by the Cabinet Office.

Other Senior Employees

The remuneration of other senior roles which existed before the formation of UKRI and transferred into

UKRI on 1 April 2018 remained unchanged, with their previous pay arrangements protected.

The pay award date for all senior employees and Executive Chairs were harmonised from 1 April 2020. A harmonised performance management system was also introduced from this date.

Remuneration for senior roles is linked to job weight, and a minimum salary for Deputy Director-equivalent posts has been introduced. The remuneration for new senior roles recruited into Medical Research Council (MRC) Institutes is in line with their legacy pay arrangements as agreed at the establishment of UKRI.

The role of NomCo is to ensure that remuneration arrangements support the strategic aims of UKRI and enable the recruitment, motivation and retention of senior staff, while complying with public-sector pay policy and other requirements.

Senior Staff Remuneration Table – Audited Information

2023-24					
	Salary **£000**	**Bonus** **£000**	**Non-cash benefits** **£000**	**Pension benefits** **£000**	**Total** **£000**
Professor Dame Ottoline Leyser – Chief Executive[1]	230-235	10-15	–	10	250-255
Siobhan Peters – Chief Finance Officer[2]	170-175	5-10	–	53	235-240
Tim Bianek – Chief Operating Officer	125-130	–	–	39	165-170
Chris Ball – Chief People Officer[3]	230-235	–	–	–	230-235
Emma Lindsell – Executive Director of Strategy, Performance & Engagement (job share)[4]	85-90	–	–	26	110-115

2023-24					
	Salary **£000**	**Bonus** **£000**	**Non-cash benefits** **£000**	**Pension benefits** **£000**	**Total** **£000**
Isobel Stephen – Executive Director of Strategy, Performance & Engagement (job share)[5]	75-80	–	–	23	95-100
Christine Ashton – Chief Information Officer[6]	25-30	–	–	8	35-40
Professor Christopher Smith – AHRC Executive Chair[7]	130-135	–	–	26	155-160
Professor Melanie Welham – BBSRC Executive Chair[8]	45-50	10-15	–	10	70-75
Professor Guy Poppy – BBSRC Executive Chair[9]	115-120	–	–	22	140-145
Professor Alison Park – ESRC Executive Chair[10]	20-25	5-10	–	6	30-35

2023-24					
	Salary **£000**	**Bonus** **£000**	**Non-cash benefits** **£000**	**Pension benefits** **£000**	**Total** **£000**
Stian Westlake – ESRC Executive Chair[11]	100-105	–	–	31	130-135
Professor Dame Lynn Gladden – EPSRC Executive Chair[12]	35-40	–	–		35-40
Professor Miles Padgett – EPSRC Executive Chair[13]	60-65	–	–	13	70-75
Professor Charlotte Deane – EPSRC Executive Chair[14]	30-35	–	–	5	35-40
Indro Mukerjee -Innovate UK CEO	190-195	–	–	29	220-225
Professor John Iredale – MRC Executive Chair[15]	65-70	–	–	–	65-70
Professor Patrick Chinnery – MRC Executive Chair[16]	75-80	–	–	11	90-95

2023-24					
	Salary **£000**	**Bonus** **£000**	**Non-cash benefits** **£000**	**Pension benefits** **£000**	**Total** **£000**
Professor Sir Duncan Wingham – NERC Executive Chair[17]	35-40	–	–	10	45-50
Professor Peter Liss – NERC Executive Chair[18]	100-105	–	–	–	100-105
Professor Louise Heathwaite – NERC Executive Chair[19]	5-10	–	–	1	5-10
Professor David Sweeney – Research England Executive Chair[20]	–	–	–	–	–
Professor Dame Jessica Corner – Research England Executive Chair	155-160	15-20	–	48	220-225

2023-24					
	Salary £000	Bonus £000	Non-cash benefits £000	Pension benefits £000	Total £000
Professor Mark Thomson – STFC Executive Chair[21]	160-165	–	–	47	210-215

2022-23					
	Salary £000	Bonus £000	Non-cash benefits £000	Pension benefits £000	Total £000
Professor Dame Ottoline Leyser – Chief Executive[1]	215-220	–	–	14	230-235
Siobhan Peters – Chief Finance Officer[2]	145-150	–	–	45	190-195
Tim Bianek – Chief Operating Officer	120-125	5-10	–	37	170-175

2022-23					
	Salary **£000**	**Bonus** **£000**	**Non-cash benefits** **£000**	**Pension benefits** **£000**	**Total** **£000**
Chris Ball – Chief People Officer[3]	205-210	–	–	–	205-210
Emma Lindsell – Executive Director of Strategy, Performance & Engagement (job share)[4]	80-85	0-5	–	25	110-115
Isobel Stephen – Executive Director of Strategy, Performance & Engagement (job share)[5]	70-75	0-5	–	22	95-100
Christine Ashton – Chief Information Officer[6]	–	–	–	–	–
Professor Christopher Smith – AHRC Executive Chair[7]	155-160	5-10	–	27	185-190

2022-23					
	Salary £000	Bonus £000	Non-cash benefits £000	Pension benefits £000	Total £000
Professor Melanie Welham – BBSRC Executive Chair[8]	150-155	–	–	36	185-190
Professor Guy Poppy – BBSRC Executive Chair[9]	–	–	–	–	–
Professor Alison Park – ESRC Executive Chair[10]	115-120	10-15	–	36	165-170
Stian Westlake – ESRC Executive Chair[11]	–	–	–	–	–
Professor Dame Lynn Gladden – EPSRC Executive Chair[12]	120-125	5-10	–	–	125-130
Professor Miles Padgett – EPSRC Executive Chair[13]	–	–	–	–	–
Professor Charlotte Deane – EPSRC Executive Chair[14]	–	–	–	–	–

2022-23					
	Salary **£000**	**Bonus** **£000**	**Non-cash benefits** **£000**	**Pension benefits** **£000**	**Total** **£000**
Indro Mukerjee -Innovate UK CEO	180-185	–	–	28	210-215
Professor John Iredale – MRC Executive Chair[15]	140-145	–	–	–	140-145
Professor Patrick Chinnery – MRC Executive Chair[16]	–	–	–	–	–
Professor Sir Duncan Wingham – NERC Executive Chair[17]	145-150	5-10	–	39	190-195
Professor Peter Liss – NERC Executive Chair[18]	–	–	–	–	–
Professor Louise Heathwaite – NERC Executive Chair[19]	–	–	–	–	–

2022-23					
	Salary **£000**	**Bonus** **£000**	**Non-cash benefits** **£000**	**Pension benefits** **£000**	**Total** **£000**
Professor David Sweeney – Research England Executive Chair[20]	80-85	10-15	–	–	95-100
Professor Dame Jessica Corner – Research England Executive Chair	70-75	–	–	22	95-100
Professor Mark Thomson – STFC Executive Chair[21]	150-155	–	–	49	200-205

Notes

1. Professor Dame Ottoline Leyser is an employee of the University of Cambridge and on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Cambridge. VAT is payable on the total amount invoiced but is not included in the figures above.

2. Siobhan Peters' role altered in year from management of the CFO group to management of the Operational Leadership Team.

3. Chris Ball is employed through an independent agency and does not belong to the available pension schemes. He is retained via a Crown Commercial Service Public Sector Resourcing framework contract. His role has been assessed as being within scope of the IR35 regulations; consequently, Income Tax and National Insurance deductions are made at source by the independent agency that directly employs him in compliance with the IR35 regulations.

4. Emma Lindsell is employed in a 65% job share. Full Time Equivalent (FTE) salary banding is 130-135.

5. Isobel Stephen is employed in a 60% job share. The FTE salary banding is 125-130.

6. Christine Ashton commenced the role of CIO in January 2024. The Full Year Equivalent (FYE) salary banding is 140-145.

7. Professor Christopher Smith is an employee of the University of St Andrews and on secondment to UKRI. The values shown are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of St Andrews. Value Added Tax (VAT) is payable on the total amount invoiced but is not included in the figures above.

8. Professor Melanie Welham stepped down as BBSRC Executive Chair in June 2023. The FYE salary banding is 150-155.

9. Professor Guy Poppy is an employee of the University of Southampton and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Southampton. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Poppy is covering the BBSRC Executive Chair position on an interim basis. The FYE salary banding is 155-160.

10. Professor Allison Park covered the ESRC Executive Chair position on an interim basis until June 2023. The FYE salary banding is 115-120.

11. Stian Westlake commenced the role of ESRC Executive Chair in June 2023. The FYE salary banding is 125-130.

12. Professor Dame Lynn Gladden is an employee of the University of Cambridge and was on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Cambridge. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Gladden left the role in June 2023. The FYE salary banding is 145-150.

13. Professor Miles Padgett is an employee of the University of Glasgow and was on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Glasgow. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Padgett covered the EPSRC Executive Chair position on an interim basis. The FYE salary banding is 120-125.

14. Professor Charlotte Deane is an employee of the University of Oxford and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Oxford. VAT is payable on the total amount invoiced but is not

included in the figures above. Professor Deane commenced the role of EPSRC Executive Chair in January 2024. The FYE salary banding is 140-145.

15. Professor John Iredale is an employee of the University of Bristol and was on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Bristol. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Iredale left the role in October 2023. The FYE salary banding is 135-140.

16. Professor Patrick Chinnery is an employee of the University of Cambridge and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Cambridge. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Chinnery commenced the role of MRC Executive Chair in October 2023. The FYE salary banding is 160-165.

17. Professor Sir Duncan Wingham stepped down as NERC Executive Chair in June 2023. The FYE salary banding is 160-165.

18. Professor Peter Liss covered the NERC Executive Chair position on an interim basis starting in June 2023 until March 2024. The FYE salary banding is 135-140.

19. Professor Louise Heathwaite is an employee of Lancaster University and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to Lancaster University. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Heathwaite commenced the role of NERC Executive Chair in March 2024. The FYE salary banding is 140-145.

20. Professor David Sweeney stepped down as RE Executive Chair in September 2022.

21. Professor Mark Thomson is an employee of the University of Cambridge and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Cambridge. VAT is payable on the total amount invoiced but is not included in the figures above.

In addition, please note:

- bonuses paid in the financial year 2023-24 relate to the performance year 2022-23, unless otherwise stated

- the value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. The pension benefit disclosure for secondees is not equivalent to the pension benefit.

Salary and Allowances, Benefits in Kind and Bonuses

Salary paid in 2023-24 includes salary and any allowances. It does not include severance payments, reimbursement of expenses, employer pension contributions or the cash equivalent transfer value of pensions.

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HMRC as a taxable emolument. There were no benefits in kind paid to any UKRI Executives in 2023-24 (Nil in 2022-23).

Decisions on whether to award non-consolidated performance awards to Directors are made by the

CEO in conjunction with the NomCo. Decisions are strictly performance-based. They are made in accordance with the Cabinet Office's Guidance for the Approval of Senior Pay document, published in July 2023, and the Cabinet Office Senior Civil Service Pay Award Practitioner Guidance (Annual), as well as the annual Senior Salaries Review Board report and any guidance from HM Treasury, Cabinet Office or DSIT. Directors are awarded non-consolidated awards based on how well they achieved or exceeded the personal objectives given to them at the beginning of the appraisal period.

Awards to Directors for their 2023-24 performance will be paid in 2024-25, following the internal moderation processes, and will be included within next year's report.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

Senior Staff Pension Table – Audited Information

Chief Executive and Executive Chairs	Accrued pension at pension age at 31 March 2024 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2024 £000	CETV at 31 March 2023 £000	Real increase in CETV £000	Employer contribution to partner-ship pension account Nearest £100
Siobhan Peters – Chief Finance Officer[2]	–	–	–	–	–	–
Tim Bianek – Chief Operating Officer[2]	–	–	–	–	–	–

Chief Executive and Executive Chairs	Accrued pension at pension age at 31 March 2024 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2024 £000	CETV at 31 March 2023 £000	Real increase in CETV £000	Employer contribution to partner-ship pension account Nearest £100
Emma Lindsell – Executive Director of Strategy, Performance & Engagement (job share)	–	–	–	–	–	–

Chief Executive and Executive Chairs	Accrued pension at pension age at 31 March 2024 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2024 £000	CETV at 31 March 2023 £000	Real increase in CETV £000	Employer contribution to partner-ship pension account Nearest £100
Isobel Stephen – Executive Director of Strategy, Performance & Engagement (job share)	–	–	–	–	–	–
Professor Alison Park – ESRC Executive Chair	–	–	–	–	–	–

Chief Executive and Executive Chairs	Accrued pension at pension age at 31 March 2024 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2024 £000	CETV at 31 March 2023 £000	Real increase in CETV £000	Employer contribution to partner-ship pension account Nearest £100
Professor Dame Jessica Corner – Research England Executive Chair	–	–	–	–	–	–
Professor Melanie Welham – BBSRC Executive Chair	35-40	0-2.5	632	594	16	–

Chief Executive and Executive Chairs	Accrued pension at pension age at 31 March 2024 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2024 £000	CETV at 31 March 2023 £000	Real increase in CETV £000	Employer contribution to partner-ship pension account Nearest £100
Indro Mukerjee – Innovate UK CE0S	–	–	–	–	–	28,500
Professor Sir Duncan Wingham – NERC Executive Chair	40-45	0-2.5	820	777	29	–
Christine Ashton – Chief Information Officer	–	–	–	–	–	–

Chief Executive and Executive Chairs	Accrued pension at pension age at 31 March 2024 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2024 £000	CETV at 31 March 2023 £000	Real increase in CETV £000	Employer contribution to partner-ship pension account Nearest £100
Stian Westlake – ESRC Executive Chair	–	–	–	–	–	–

Chief Executive and Executive Chairs	Accrued pension at pension age at 31 March 2023 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2023 £000	CETV at 31 March 2022 £000	Real increase in CETV £000	Employer contribution to partner-ship pension account Nearest £100
Siobhan Peters – Chief Finance Officer[2]	65-70 plus a lump sum of 35-40	0-2.5 plus a lump sum of 0	1,066	977 3	(29)	–
Tim Bianek – Chief Operating Officer[2]	40-45	0-2.5	651	586 3	(2)	–

Chief Executive and Executive Chairs	Accrued pension at pension age at 31 March 2023 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2023 £000	CETV at 31 March 2022 £000	Real increase in CETV £000	Employer contribution to partner-ship pension account Nearest £100
Emma Lindsell – Executive Director of Strategy, Performance & Engagement (job share)	35-40 plus a lump sum of 75-80	0-2.5	588	542 3	(22)	–

Chief Executive and Executive Chairs	Accrued pension at pension age at 31 March 2023 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2023 £000	CETV at 31 March 2022 £000	Real increase in CETV £000	Employer contribution to partner-ship pension account Nearest £100
Isobel Stephen – Executive Director of Strategy, Performance & Engagement (job share)	35-40 plus a lump sum of 65-70	0-2.5	606	560 3	(21)	–
Professor Alison Park – ESRC Executive Chair	10-15	2.5-5	153	106	29	–

Chief Executive and Executive Chairs	Accrued pension at pension age at 31 March 2023 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2023 £000	CETV at 31 March 2022 £000	Real increase in CETV £000	Employer contribution to partner-ship pension account Nearest £100
Professor Dame Jessica Corner – Research England Executive Chair	0-5	0-2.5	27	0	21	–
Professor Melanie Welham – BBSRC Executive Chair	35-40	5-7.5	578	460	80	–
Indro Mukerjee – Innovate UK CE0S	–	–	–	–	–	28,800

Chief Executive and Executive Chairs	Accrued pension at pension age at 31 March 2023 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2023 £000	CETV at 31 March 2022 £000	Real increase in CETV £000	Employer contribution to partner-ship pension account Nearest £100
Professor Sir Duncan Wingham – NERC Executive Chair	40-45	5-7.5	777	647	108	–
Christine Ashton – Chief Information Officer	–	–	–	–	–	–
Stian Westlake – ESRC Executive Chair	–	–	–	–	–	–

Notes

1. The above Senior Staff Pension Table shows pension data relating only to individuals paid through UKRI payroll.

2. Siobhan Peters and Tim Bianek's opening balance for 2022-23 have been re-stated following updated information received from the pension scheme administrator, MyCSP.

3. Member of partnership pension scheme.

4. Taking account of inflation, the Cash Equivalent Transfer Value (CETV) funded by the employer has decreased in real terms in 2022-23. These are shown as a negative value.

5. Accrued pension benefits for some directors are not included in this table for 2023/24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

Fair Pay Disclosure – Audited Information

The banded remuneration of the highest-paid director in UKRI in the financial year 2023-24 was £240,001 to £245,000. This is a 12.6% increase against last years band of £215,001 – £220,000. This was 5.68 times the median remuneration of the workforce. This is a slight increase from last year (2022-23 ratio of median salary was 5.47). The change to the ratio from 2022-23 to 2023-24 is a result of the CEO's pay award having higher net impact than the pay award to the lowest paid employee despite comparable % increases. In 23/24 the Highest Paid Directors salary band was £215,001 – £220,000.

In 2023-24 no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £13,470 to £245,000.

Excluding the highest paid director, the average full time equivalent salary has increased by £4,378.38 from £42,767.81 to £47,146.19 an increase of 10.2%. This is a result of the introduction of the Science, Technology, Engineering & Mathematics (STEM) Pay award and the 2022 Pay award which was paid in October 2023. Per implementation guidance section 3.13: Pension values have been excluded from all percentage change calculations.

UKRI worked closely with DSIT to form a compelling case based on evidential data that enabled successful receipt of approval both from DSIT, HM Treasury and Cabinet Office for targeted increases beyond 3%. This evidence consisted of acute recruitment and retention issues which are causing significant impacts on UKRI's efficiency, output, reputation and mission and where benchmarking has demonstrated a large gap between UKRI pay and that of external markets. This evidence was found to be strongest for STEM based science, engineering, technical and scientific computing roles focused on research delivery which make up around half of the organisation.

The 2023 pay remit agreed with DSIT is in line within the Civil Service Pay Remit Guidance, 2023-24. We took the decision not to seek permission for increases beyond the guidance in 2023. Making the case for the introduction of capability-based pay progression in the 2023 proposal would have resulted in significant delays in paying the 2023 increases due to the requirement to gain Cabinet Office approval. It remains our intention to seek permission to introduce capability-based pay progression when the Civil Service Pay Remit Guidance supports it.

23/24				
UKRI	**Salary**	**Pay Ratio**	**Salary component**	**Allowance component**
Highest Paid Director*	£245,000.00		£230,000.00	£15,000.00
Minimum	£13,470.00	18.19	£13,470.00	–
25th Percentile	£34,905.00	7.02	£34,905.00	–
Median	£43,116.00	5.68	£43,116.00	–
75th Percentile	£54,133.00	4.53	£53,818.00	–

22/23				
UKRI	**Salary**	**Pay Ratio**	**Salary component**	**Allowance component**
Highest Paid Director*	£217,500.00		£217,500.00	£15,000.00
Minimum	£11,925.00	18.23	£11,925.00	–
25th Percentile	£31,931.00	6.81	£31,931.00	–
Median	£39,748.00	5.47	£39,748.00	–

22/23				
UKRI	**Salary**	**Pay Ratio**	**Salary component**	**Allowance component**
75th Percentile	£50,702.00	4.29	£50,702.00	–

*mid-point of banded remuneration (to nearest £5,000 banding applied to salary and allowance component).

Total Pay & Benefits

23/24					
	Highest Paid Director*	**Minimum**	**Lower Quartile (25%)**	**Median (50%)**	**Upper Quartile (75%)**
Remuneration	£245,000.00	£13,470.00	£34,905.00	£43,116.00	£54,133.00
Ratio		18.19	7.02	5.68	4.53

22/23					
	Highest Paid Director*	**Minimum**	**Lower Quartile (25%)**	**Median (50%)**	**Upper Quartile (75%)**
Remuneration	£217,500.00	Total Pay	£31,931.00	£39,748.00	£50,702.00
Ratio		18.23	6.81	5.47	4.29

Salary Only

23/24					
	Highest Paid Director*	**Minimum**	**Lower Quartile (25%)**	**Median (50%)**	**Upper Quartile (75%)**
Remuneration	£230,000.00	£13,470.00	£34,905.00	£43,116.00	£53,818.00
Ratio		17.07	6.59	5.33	4.27

22/23					
	Highest Paid Director*	**Minimum**	**Lower Quartile (25%)**	**Median (50%)**	**Upper Quartile (75%)**
Remuneration	£217,500.00	£11,925.00	£31,931.00	£39,748.00	£50,702.00
Ratio		18.23	6.81	5.47	4.29

*mid-point of banded remuneration (to nearest £5,000 banding applied to salary and allowance component).

As a separate legal entity, Innovate UK Knowledge Transfer Network operating as Innovate UK Business Connect (IUKBC) pay ratios and highest paid directors are presented separately below:

IUKBC	**Salary**	**Pay Ratio**	**Salary component**	**Allowance component**
Highest Paid Director*	£128,775		£128,775	
Minimum	£23,000	5.60	£23,000	
25th Percentile	£38,850	3.31	£38,850	
Median	£49,250	2.61	£49,250	

IUKBC	Salary	Pay Ratio	Salary component	Allowance component
75th Percentile	£61,303	2.10	£61,303	

*mid-point of banded remuneration

Details of Pension Schemes

Most employees of UKRI are members of one of the three occupational pension schemes; the Research Councils Pension Scheme (RCPS), Medical Research Council Pension Scheme (MRCPS) and Civil Service Pension Scheme (CSPS).

UKRI complies with auto-enrolment legislation by enrolling eligible employees into a qualifying occupational pension scheme. Most staff employed by UKRI are entered into the CSPS arrangements.

Staff who are employed at MRC Institutes in Cambridge, London and Harwell are enrolled in the MRCPS. Staff who were previously employed by AHRC, BBSRC, EPSRC, ESRC, Innovate UK, MRC, NERC, Research England and STFC who had their employment transferred to UKRI through a statutory staff Transfer Scheme on 1 April 2018, are entitled to remain in their pension scheme, including if they take up a new post on UKRI Terms and Conditions.

Members of Relevant Pension Schemes at 31 March 2024

RCPS	2,691
MRCPS	1,086
CSPS	3,507

Research Councils Pension Scheme (RCPS)

The RCPS is a defined benefit scheme funded from employer and employee contributions and annual Grant-in-Aid from DSIT on a pay-as-you-go basis. The benefits are by analogy to the Principal Civil Service Pension Scheme (PCSPS), except that while the schemes provide retirement and related benefits based on final or average emoluments, redundancy and injury benefits are administered and funded by UKRI. The scheme is administered by the Joint Superannuation Service, with the associated Grant-in-Aid managed by UKRI. The scheme accounts are prepared by UKRI on behalf of the UKRI Chief Executive, as the Accounting Officer of the RCPS. Separate accounts are published for the pension scheme.

Employees may be in one of four defined benefit schemes; either a 'Final Salary' scheme (classic, classic plus or premium); or a Career Average scheme (nuvos). Pensions payable are increased annually in line with changes in the Consumer Price Index (CPI). Employees' contributions vary between 4.6 and 8.05% depending on the employee's earnings. The employer's contribution is agreed by the RCPS Management Board on the recommendation of the Government Actuary's Department (GAD) and is currently set at 26.0% of pensionable pay.

RCPS Employee Contribution Rates for 2023-24

Annualised Pensionable Earnings	Normal Member Contribution Rate (%)
Up to £32,000	4.60
£32,001 – £56,000	5.45
£56,001 – £150,000	7.35
£150,001 and above	8.05

The employer's contribution to the RCPS for 2023-24 was £39.8 million (2022-23 £36.3 million)

Contributions are set at a level that is expected to be sufficient to pay the required benefits falling due in the same period, with future benefits earned during the current period to be paid out of future contributions.

Formal actuarial valuations are used to determine employer and employee contribution rates. The RCPS Management Board commissioned GAD to undertake a new actuarial valuation as at 31 March 2022. This valuation is expected to be completed during 2024 and will inform the future employer contribution rate. Prior to this the valuation was as at 31 March 2018, which resulted in continuation of the employer contribution rate of 26.0%.

As an alternative to the RCPS, a Partnership Pension Account was made available to new staff from 1 October 2002, based on the portable Stakeholder Pension introduced by the Government in 2001. This is a defined contribution scheme. The employers pay the RCPS 0.8% of pensionable pay to cover death in service and ill-health benefits. The employers pay the balance to the employee's private pension provider. The employer contribution for 2023-24 was £835,954 (2022-23: £711,021). The employer's 0.8% death in service Partnership contribution for 2023-24 was £15,048 (2022-23: £64,919).

Further details of the RCPS can be found at http://jsspensions.nerc.ac.uk.

Medical Research Council Pension Scheme (MRCPS)

Details of the Medical Research Council Pension Scheme are disclosed in Note 11 of the Financial Statements.

Civil Service Pension Schemes

UKRI has a statutory requirement to participate in the Civil Service Pension Scheme (ref. Higher Education and Research Act 2017 Sch. 9 Para 8(6)). The Civil Service Pension arrangements comprise the PCSPS and alpha, a new scheme set up in April 2015. Generally, all new employees joining on UKRI Terms and Conditions are enrolled in the alpha pension scheme.

Alpha provides benefits on a career-average basis with a normal pension age equal to the members State Pension Age (or 65 if higher).

These statutory arrangements are unfunded, with the costs of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation.

Employee contributions are salary-related and range between 4.60 to 8.05%.

Civil Service Employee Contribution Rates for 2023-24

Annualised Pensionable Earnings	Normal Member Contribution Rate (%)
Up to £32,000	4.60
£32,000 – £56,000	5.45
£56,001 – £150,000	7.35
£150,001 and above	8.05

The accrued pension quoted is the pension that the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for the members of nuvos, and the higher of 65 or State Pension Age for members of alpha.

The pension figures quoted for officials show pension earned in PCSPS or alpha, as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.

The scheme actuary valued the PCSPS as at 31 March 2020. Further details about the Civil Service pension scheme can be found at www.civilservicepensionscheme.org.uk

During 2023-24, employer contributions of £42,948,552 (2022-23: £28,236,196) were payable to the Scheme at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

Other Pension Schemes

UKRI also paid contributions during the year to two other multi-employer pension schemes for specific groups of employees. These schemes are:

- The Principal Non-Industrial Superannuation Scheme (PNISS) of the United Kingdom Atomic Energy Authority (UKAEA) (4 employees)
- The National Employment Saving Trust (NEST), the Government's workplace pension scheme (46 employees)
- RCPS Partnership Scottish Widows (29 employees)
- RCPS Partnership Standard Life (13 employees)
- CSPS Partnership Legal & General (7 employees)
- Knowledge Transfer Network (KTN) Ltd operating as Innovate UK Business Connect (IUKBC) operates a defined-contribution scheme, into which IUKBC makes employer contributions of up to 10%. The scheme is provided and administered by Scottish Widows (272 employees).

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a point in time. The benefits valued are the member's accrued benefits and any contingent spouses pension payable form the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The figures shown relate to the benefits that the individual has accrued because of their total membership of the pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service or buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008, and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024. HM Treasury published updated guidance on 27 April 2024; this guidance will be used in the calculation of 2024-25 CETV figures.

Real Increase in the Value of the CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, nor contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and it uses common market valuation factors for the start and end of the period.

Staff Report

Staff Numbers – number of persons employed at 31 March 2024 – Audited Information

UKRI	2023-24		2022-23	
	Headcount	**FTE**	**Headcount**	**FTE**
Permanent & Fixed term employees	8,361	8,063	7,881	7,566
Temporary & Contract Staff	407	376	433	392
Secondments	31	19	34	25
Total Number of staff	**8,799**	**8,458**	**8,348**	**7,983**

Permanent staff headcount and FTE increased compared to last year. This increase was wholly within permanent and fixed term employees. Continued reductions in operational expenditure, which closed the year at 2,686 FTE compared to 2,830 in 2022-23, have been offset by rises in direct science research facing areas.

Rises in direct science research facing areas are an indication that a number of people initiatives such as the 'Talent Attraction Framework' and STEM Pay bands are addressing longstanding recruitment and retention challenges in direct science facing roles. National Environment Research Council (NERC) including British Antarctic Survey (BAS) and British Geological survey (BGS), Science Technology and Facilities Council (STFC) and Medical Research Council (MRC) collectively increased headcount in direct science facing by 457 (combined total of 5,420 in 2022-23 rising to 5,877 in 2023-24).

As a separate employer IUKBC information is provided below:

	2023-24		2022-23	
IUKBC	**Headcount**	**FTE**	**Headcount**	**FTE**
Permanent & Fixed term employees	279	272.63	283	275
Temporary & Contract Staff	14	13.3	8	7.2
Secondments	2	2	1	1
Total Number of staff	**295**	**287.93**	**292**	**283.2**

Staff Related Costs – Audited Information

	2023-24			2022-23
	Permanently Employed Staff £000	**Temporary Staff £000**	**Total £000**	**Total £000**
Wages and Salaries	382,129	49,945	432,074	381,031
Social Security Costs	43,854	0	43,854	33,065
Other Pension Costs	96,371	0	96,731	106,096
Sub Total	522,713	49,945	572,658	520,192
Less Recoveries in Respect of Outward Secondments	(419)	–	(419)	(971)
Total	**522,294**	**48,945**	**572,239**	**519,221**

Staff Related costs covers UKRI's total paybill, which encompasses relevant expenditure for research facing and professional services staff, including staff costs at Innovate UK Business Connect. Our Organisation Strategic Objective includes a priority to make UKRI an efficient, effective, and agile organisation.

This includes targets to reduce operating expenditure and professional services FTE. These costs are themselves a sub-set of our Staff Related Costs.

There has been a £53 million increase in staff costs which is explained by:

- £51 million increase to wages and salaries due to the increase in staff numbers and the STEM and 2023-34 pay rises and the one-off cost of living payment that were paid in year.
- £10.7 million increase in Social Security costs
- £9 million reduction in the MRC pension costs compared to 2022-23 due to IAS19 current service costs

Social security costs have increased year on year by £10.7 million. This is primarily linked to the increased staff numbers and in-year pay rises described above, however UKRI continue to include an accrual in respect of IR35. During 2021-22, following a review of the IR35 status of Monitoring & Assessment Officers engaged by Innovate UK, UKRI concluded that some of these Monitoring & Assessment officers should have been considered to be inside the scope of IR35 regulations, and subject to income tax and national insurance contributions. UKRI estimated a liability of £36.4 million related to these income tax and national insurance contributions for the period to 2018-19 to 2021-22 which was included in the 2021-22 accounts.

UKRI continues to accrue for the income tax and national insurance contributions for the period 2018-19 to 2021-22; however following further review of the liability, UKRI decreased the value of this accrual by £1.9 million in 2023-24.

Sickness Absence

Sickness Absence	**2023-24**		**2022-23**	
Total Days of Absence	57,436	47,051	53,004	43,927
Frequency of Absences lasting longer than 28 Days	352	352	287	287
Total days of long-term absence	24,961	18,166	21,087	15,405
Average days of sick absence per person in UKRI	**6.7**	**5.4**	**6.4**	**5.3**

UKRI HR and management monitor employee sickness absences actively, with sickness absence followed up by a return-to-work interview, where appropriate, in line with our sickness absence policy. Short-term and long-term absence are managed on a case-by-case basis with appropriate support from an occupational health assessor based on referrals to **Orchid Live** (https://orchidlive.com/public/) (a secure online system for storing and managing Occupational Health Records). This is also supported by HR advice from the central team. At the end of March 2024, of 213 open cases being supported by Central HR, 55 are principally related to an occupational health referral. Across 2023-24 of a total of 340 casework files 139 of these included an occupational health referral.

Following the end to work from home orders and the protective effect of social distancing, levels of recorded absence increased in 2021-22. Despite the increase, levels of recorded absence were still historically very low. Recorded absences continued to rise in 2022-23 and by close of 2023-24 are comparable to pre-pandemic averages overall, although absence types show some variation compared to historical norms.

Rates of 'Stress & Mental Ill Health' are lower. Prior to the COVID-19 pandemic and work from home order 'stress and mental ill health' rates were on an upward trend. Over the course of the pandemic rates fell slightly, but not as significantly as in other areas of sickness such as 'minor illness' and 'surgery' or 'back-pain and musculoskeletal' which all dropped by more than 50% (75% in the case of minor illness'). Although the drop in rates of stress and mental ill health was not as significant as in other areas during the pandemic rates have not risen significantly in the following years and is still around 20% lower than pre-pandemic historic rates. Wellbeing initiatives and greater use of flexible working arrangements such as hybrid working are attributed as the cause for this reduction.

COVID-19 absences continue to form part of the UKRI attendance picture. Although they have reduced significantly from highs in 2021-22, their contribution to total sickness rates is the difference between UKRI having less sickness rates on average than in a pre-pandemic world (i.e. if there was no more COVID-19 sickness absence in UKRI, then UKRI would have lower average sickness rates than it did before the pandemic)

Acute medical conditions have increased. Although the difference as a proportion of total absence is marginal (with pre and post pandemic instances both rounding to 0.1% of available working days lost (WDL)) the number of days lost has doubled, and as a proportion of WDL absence for 'acute medical conditions' is now at 0.2% in 2023-24. Its relative upward trend is quite steep, but there are no obvious causes for this.

In 2023-24 the top 3 causes of sickness absence are as follows:

- Minor Illness
- Stress & Mental Ill Health
- Back Pain and Musculoskeletal injuries

Rates of 'Minor Illness' are still lower than historical norms as a comparison of WDL (1.7 in 2023-24 compared to 1.8 pre-pandemic). This has been attributed to the protective effect of hybrid working, allowing staff to work from home when they felt able in instances when commuting to an office location wouldn't have taken place.

Stress & Mental ill-health is the second most common reason for sickness absence. This also fell significantly over the work from home period, although not by the same degree (25% drop compared to 53% drop in minor illness rates). Although it has since risen, it is still significantly below its pre-pandemic rate (1.1 AWDL in 2023-24 compared to 1.3 AWDL pre-pandemic). UKRI has implemented a number of wellbeing initiatives and employee engagement activities as well as supported staff through the

Employee Assistance Programme and this is believed to be having a sustained effect.

UKRI recorded a number of COVID-19 instances across 2023-24, but this is now significantly reduced as of Q4 of 2023-24.

Rate of sickness for backpain and musculoskeletal injuries are equal to historical norms (0.6 AWDL). In 2023-24 absences for backpain and musculoskeletal injuries replaced COVID-19 as the third most common cause for recorded sickness absence. Instances did not increase significantly between 2022-23 and 2023-24, but there was a significant decline in COVID-19 instances.

Staff Numbers by Sex

UKRI 2023-24 Pay Bands	Headcount				FTE			
	Male	**Female**	**Unknown**	**Total**	**Male**	**Female**	**Unknown**	**Total**
Directors (X&Y)	81	55		136	79	53		132
Senior Managers (G&H)	358	237		595	342	228		570
Other Employees (A-F)	4,287	3,660	121	8,068	4,178	3,461	116	7,756
Total	**4,726**	**3,952**	**121**	**8,799**	**4,599**	**3,743**	**116**	**8,458**

UKRI unknown male/female records are in relation to contingent labour resource who do not routinely complete this information.

IUKBC 2023-24 Pay Bands	Headcount				FTE			
	Male	**Female**	**Unknown**	**Total**	**Male**	**Female**	**Un-known**	**Total**
Directors (X&Y)	3	2	0	5	3	2	0	5
Senior Managers (G&H)	12	16	2	30	12	16	2	30
Other Employees (A-F)	103	137	4	244	100.51	133.12	4	237.63
Total	**118**	**155**	**6**	**279**	**114.51**	**151.12**	**6**	**272.63**

Staff Numbers by Ethnicity

As at 31st March 2024, 5,453 (62%) staff shared their ethnicity information (including those indicating they wished to withhold information) on our central People and Payroll systems.

Ethnic Group	Year-end number of staff	Percentage
Black, Asian, mixed and minority ethnic	510	6%
White	4,510	51%
Ethnicity withheld	433	5%
Ethnicity not reported	3,346	38%
Total	**8,799**	

Distribution of UKRI staff sharing ethnicity details

Ethnicity Witheld: 8%

Black, Asian, Mixed and Minority Ethnic: 9%

White: 83%

To be consistent with Higher Education Statistical Authority (the body responsible for analysis of higher education in UK, a useful comparator/benchmark for UKRI), census categories and other public bodies, UKRI use the term black, Asian, mixed and minority ethnic for the purposes of clarity.

Staff Numbers by Disability

As at 31st March 2024, 2339 (27%) staff shared their disability identity on our central people and payroll systems.

	Year End Staff	**Percentage**
Yes	247	2.8%
No	2,077	23.6%
Disability Withheld	15	0.17%
Disability Not Reported	6,460	73.4%
Total	**8,799**	

Distribution of UKRI staff sharing disability details

Disability Witheld: 1%

Yes: 11%

No: 89%

Staff Turnover

Turnover	2023-24	2022-23
All Staff Turnover	13.8%	17.1%
Employee Turnover	10.4%	14.0%
Resignation Rate	**6.8%**	**8.5%**

Turnover in 2023-24 fell significantly compared to 2022-23. This change was driven by the decrease in turnover from most acute within science facing areas which are now comparable to professional support roles. This has been attributed to the impact of people initiatives such as the STEM pay scale introduction, Talent Attraction framework and other local retention initiatives.

UKRI has some known turnover hotspots:

Despite the significant improvements, turnover is above appetite in STEM areas. We believe that for junior staff the perceived lack of career progression and pay progression are key drivers; and for world-class senior scientists, we still cannot directly compete on pay rates. We have initiated a number of interventions to address this. In partnership with DSIT, the STEM pay case has reduced compensation disparities with our competitors, particularly across specialist and niche technical areas. Further steps on pay include aims to link pay to competences and career development to ensure key talent investments are retained.

Within Research Facing roles, turnover is typically highest within the early career grades (Bands A – D). Turnover then declines in the junior leadership (Bands E and F). Band F has the lowest average turnover for research facing roles.

Despite the significant improvement given the challenges in recruiting 'Science' staff we still consider turnover to be above appetite, but targeted resourcing activity and initiatives such as the 'talent attraction framework' have ensured the staffing levels in these areas are mostly stable or growing.

Although turnover in total has fallen compared to last year, this is driven by science facing improvements and turnover in professional support areas has slightly increased, Band F has one of the highest turnover rates, but it is increasing in all bands. There are particularly elevated rates of turnover within IT & Systems, Change & Projects, Analysis and Estates functions.

Reporting of Civil Service and other Comprehensive Schemes – Exit Packages Audited Information

Redundancy costs have been paid in accordance with either the provisions of the Research Councils Compensation Scheme, which mirrors the terms of the Principal Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972, or the provisions of the Medical Research Council Redundancy Compensation Scheme.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total no. of exit packages by cost band	
	2023-24	**2022-23**	**2023-24**	**2022-23**	**2023-24**	**2022-23**
<£10k	2	2	9	12	11	14
£10k – £25k	3	9	11	13	14	22
£25k – £50k	4	6	5	5	9	11
£50k – £100k	–	–	3	3	3	3
£100k – £150k	–	–	–	–	–	–
£150k – £200k	–	1	–	–	–	1
Total no. by type	9	18	28	33	37	51
Total value of exit package accounted for in year (£)	**205,704**	**569,438**	**606,601**	**704,441**	**812,305**	**1,273,879**

Health and Safety

UKRI's health and safety (H&S) management systems, professional H&S advisors, staff H&S representatives and workforce deserve great credit in returning to business as usual activities this year. The work to map UKRI Top Hazards has progressed to produce a hazard visualisation diagram and the analysis of associated risks has commenced. We will keep striving to be safer both through our own inspections and external regulation, and to recognise the impact on the wellbeing and mental resilience of our workforce and society.

Performance – Health and Safety

Following the disruptions of the COVID-19 pandemic, this year has seen a return to business-as-usual activities with the continued support of H&S advisors, Safety Representatives and employees. The organisation, especially for office-based staff, has seen a shift in working styles to a more agile and hybrid approach, and H&S teams have adapted to support our people to continue to work safely. In our operational research environments, we were pleased that STFC Rutherford Appleton and Daresbury Laboratories won a commended award from Royal Society for the Prevention of Accidents (RoSPA), following previous wins and highly commended awards. Within NERC, BAS and BGS have been re-certified to the ISO 45001 standard for H&S

Management Systems, an important safeguard for the work they carry out.

We continue to operate a whole UKRI H&S programme with distinct elements for our major operating environments in a federated model. Our H&S Management Committee (HSMC) and H&S Consultation Committee (HSCC) received regular performance reporting on H&S management system, carried out a review of H&S policy, approved a number of new UKRI H&S codes which completes the UKRI framework, and oversaw the implementation of a programme of cross-organisation audits in relation to specific H&S hazards. Progress and performance were reported onwards to ExCo, ARAC and the UKRI Board.

Both injury and non-injury incident numbers decreased slightly this Financial Year (FY). This translates to the average injury incident rate being 28 per 1,000 staff and non-injury rate of 107 per 1000 staff, again decreasing slightly from the previous year. Most incidents are of a minor nature. Ten injury and illness incidents were reported to the Health and Safety Executive (HSE) and one incident to the Marine Accident Investigation Board, which is similar to FY 2022-23 and the former is below the HSE published national figure. There has been no enforcement action undertaken against UKRI by our external regulators this FY.

COVID-19 – Health and Safety

UKRI's has continued to embrace flexible working practices, ensuring that office space and science facilities return to business as usual activity. Our incident management structure remains in place if the situation requires review to ensure that the organisation can quickly adapt to changes. BAS has continued to find practical ways to manage COVID-19 in Antarctic stations and ships and has changed its approach to COVID-19 management, to one based on full immunisation and pre deployment health screening for all staff from 2022-23. The data showing the reduced risk of serious complications from COVID-19 following the immunisation of a low health risk cohort made this a more manageable and pragmatic policy. There were no significant health problems from COVID-19 in the 2023-/24 Antarctic season.

Expenditure on Consultancy

Expenditure on consultancy in 2023-24 was £59,359 (2022-23: £281,300).

Expenditure on Contingent Labour

Expenditure on contingent labour in 2023-24 was £49.9 million (2022-23: £35.9 million). Year-on-year changes in consultancy spend largely relate to support for UKRI transformation agenda including Simpler Better Funding and SHARP.

Off Payroll Engagements (more than £245 per day and longer than 6 months)

All payroll workers at UKRI are on arrangements in which supplier agencies process their payments through PAYE to ensure full tax compliance. The only exception to this is in the rare cases where the HMRC Tool has shown that an off-payroll workers engagement arrangements fall outside of the scope of the intermediaries legislation IR35. 14 workers were identified as being subject to this circumstance in 2023-24 all of which were paid more than £245 per day and 10 were still retained on 31st March 2023. All workers identified were subject to off-payroll legislation.

Table 1: Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater.

	UKRI
No. of existing engagements as of 31 March 2024	277
Of which... No. that have existed for less than one year at time of reporting.	109
No. that have existed for between one and two years at time of reporting.	92
No. that have existed for between two and three years at time of reporting.	32

	UKRI
No. that have existed for between three and four years at time of reporting.	24
No. that have existed for four or more years at time of reporting.	20

Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater.

	UKRI – ALB
No. of temporary off-payroll workers engaged during the year ended 31 March 2024	432
Of which... Not subject to off-payroll legislation	–
Subject to off-payroll legislation and determined as in-scope of IR35	418
Subject to off-payroll legislation and determined as out-of-scope of IR35	14
No. of engagements reassessed for compliance or assurance purposes during the year	46
Of which: no. of engagements that saw a change to IR35 status following review.	7

Source: FREM 22-23 6.5.40

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024

	UKRI – ALB
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year. (1)	3
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both on payroll and off-payroll engagements. (2)	24

Source: FREM 22-23 6.5.42

The senior leaders with significant financial responsibility has been restricted to ExCo members (These are 15 individuals – including the Executive Director SPE jobshare) and 11 Board members.

Of the 15 Exco Members, 7 are off-payroll. These are: Professor Dame Ottoline Leyser, Professor Christopher Smith, Professor Mark Andrew Thomson, Professor Patrick Francis Chinnery, Professor

Charlotte Mary Deane and Professor Ann Louise-Haithwaite who are all seconded into UKRI from Universities and are on their respective payrolls with costs recovered from UKRI.

Chris Ball (Chief People Officer) is retained on an interim basis and paid on an invoice basis via PSR.

Ottoline Leyser and Christopher Smith are seconded into UKRI from the University of Cambridge and the University of St Andrews, respectively, and are on their payrolls with costs recovered from UKRI.

Jessica Corner is a salaried employee.

Employee Engagement

People are central to the success of UKRI, and we are working to establish a range of communications and engagement channels to ensure staff understand the importance of what they do and can connect their contributions to the success of UKRI's strategic objectives. We are committed to effective engagement with staff and taking forward their suggestions and ideas. We do this through:

- Day to day leadership and management at every level in the organisation.
- An effective partnership with recognised Trade Unions through a Joint National Consultative Committee (JNCC), who represent staff on a range

of matters including pay, benefits, pensions and organisational change.

- Regular updates to staff by senior executives which is accessible by all staff irrespective of their working location. This provides staff with updates on corporate initiatives and also provides the opportunity for employees to ask challenging questions of the executive.
- The "Source" providing a central online portal for all UKRI staff covering news, events and resources, complemented by additional material for each constituent council.
- The "Yammer" platform, facilitating networking and social interaction amount UKRI staff.
- Through UKRI's 'One Small Thing' campaign we have been capturing and sharing the small things that individuals across UKRI have done which have had a positive impact for themselves, or their team, or their working practices/processes. We heard some inspiring examples at the EE forum, of how Weekly Team Breakfasts have helped connect people; and how the use of avatars in zoom meetings is reducing zoom fatigue. We are hoping that the stories shared will inspire others to do one small thing that makes a difference.

People Survey

As a Non-Departmental Public Body we do not participate in the Civil Service People Survey.

Through an independent market research company, DJS, UKRI ran the 2023 People Survey, and Psychological Safety pulse survey, these surveys provide an opportunity for understanding what our staff think of working at UKRI.

We heard through the People Survey 2023 that, at times, staff do not feel confident in challenging decisions, in offering ideas or suggestions or admitting mistakes. The Psychological Safety Pulse survey helped us to understand more about the reasons why and, importantly to gather suggestions on what changes can be made to ensure that UKRI is a place where collaboration is the norm; where people come together and share ideas and opinions that matter to them. The insights from the psychological safety pulse survey are being considered alongside the insights from other sources, such as The People Survey, Activity Analysis, Wellbeing Survey and Anti Bullying Harassment and Discrimination Project.

The People Survey results were used as the platform for the creation of the 2023-24 UKRI People Survey Action Plan. This plan includes new and ongoing activities aimed at improving the organisation based on the feedback gathered. We have published regular updates against the activities in the plan on UKRI's local communication sharepoint platform, 'The Source', to ensure that people can see the progress that is being made in the areas that they said were most important to them. In early February we published updates on the activities covered in Theme 3 of the plan. This concluded three months of update sharing activity.

Ahead of the 2024-25 people survey UKRI shared updates as part of our 'You said, We did' campaign.

Staff Policies

Policies are being reviewed and updated to reflect best practice and improve clarity.

Policies are against best practice, including language. They incorporate feedback received from staff, staff networks, HR and Trade Unions.

Learning and Development

Learning and development opportunities are available to all UKRI employees, covering core skills, compliance training, leadership and management development, vocational training, apprenticeships and specialist skills.

As part of UKRI's future workspace discussions, uncertainty from line managers, particularly around having re-entry conversations and the structuring of work in a hybrid world, was tackled through extended support from the Learning and Development team. The team implemented a range of activities and signposted line managers to them. These activities supported line managers as individuals and provided team and self-directed support.

Leadership training programmes have been a particular focus in UKRI in 2023-24. This included the launch of Leadership Through Change Phase 2 & conclusion of Emerging Leadership Programme (ELP) and Inspirational Leadership Programme (ILP) pilots.

These are a suite of leadership development programmes developed with the purpose of equipping leaders throughout UKRI with skills and networks to drive the changes required to achieve our vision of creating an outstanding research and innovation system in the UK.

Wellbeing

Our wellbeing team has responsibility for leading wellbeing activities and initiatives, signposting resources to support line managers in having confident conversations with their teams.

Our Wellbeing Plan aims to create a healthy workplace that supports the physical, mental, social, and financial wellbeing of our people where they can flourish and reach their potential. This will in turn create a healthier and more resilient workforce, who can deliver our priorities and contribute to our strategic objective to create a world-class organisation.

Taking a clear and consistent approach to wellbeing across UKRI, enables activity to be aligned to both the needs of the organisation and those of our employees.

The benefits of an effective wellbeing provision include a reduction in absenteeism, creating a happier workforce, boosting productivity and motivation, attracting as well as retaining talent, and improving employee engagement. All are essential to UKRI's Employee Experience.

Equality, diversity and inclusion (EDI)

UKRI completed a workforce EDI plan in 2023-24.

Our Workforce EDI plan sets out how we will build a more inclusive culture, to offer opportunity for all, and to develop the diversity of people and thought we need to be a world-class organisation. We have been able to drive this work through a series of projects understanding staff experiences and started to develop more targeted actions to make UKRI a more inclusive organisation.

Other notable activities include:

- Furthering our understanding of staff experiences through our Anti-bullying, harassment and discrimination programme. We are now working to improve our policies, process and support for staff to promote a culture of safety, dignity, respect and inclusion for staff.
- Establishing internal governance structures for EDI including a Workforce EDI Steering Group, made up of senior leadership, that provides oversight, influence and advice on our workforce EDI progress.
- Renewal as Disability Confident Employer as part of our progress towards removing barriers for Disabled people and those with long-term health conditions in the workplace.
- As a Centre of Expertise we continue to support staff across UKRI with resources, knowledge and the tools to embed EDI in their work, and across policies and processes.

Trade Unions

25 UKRI employees by headcount (23.66 FTE) spent a portion of their working hours on facility time in 2023-24. No employees spent more than 50% of their time on facility time. Of the employees who dedicated time to facilities time activities the average

contribution was 5.4% and amounted to less than 0.01% of all employee activity.

Table 1 – Relevant Trade Union Officials

No employees	FT equivalent
25	23.66

Table 2 Percentage on time spent on facility time

% time	Number of employees
0 – 0.9%	9
1 – 50%	16
51 – 99%	0
100%	0
Total	**25**

Table 3 Facility time cost

total cost facility time: £27,744

total pay bill: £552,679

% of total pay bill: 0.01%

Table 4 Facility time as % of total time

(Total facility time hours / total hours of TU officials) × 100: 5.4%

Senior Civil Servant Pay Structure

Minimum (£)	Maximum (£)	Number of Staff*	On Payroll	Off Payroll
£70,001	£80,000	–	–	–
£80,001	£90,000	16	16	–
£90,001	£100,000	39	39	–
£100,001	£110,000	26	22	4
£110,000	£120,000	11	11	–
£120,001	£130,000	17	16	1
£130,001	£140,000	13	12	1
£140,001	£150,000	5	4	1
£150,001	£160,000	3	3	–
£160,001	£170,000	3	2	1
£170,001	£180,000	2	1	1
£180,001	£190,000	1	–	1
£190,001	£200,000	2	1	1
£200,001	–	3	–	3

*Based on Full-time equivalent salary not pro-rata amount. SCS identified based on UKRI band equivalents X, Y or Contingent Labour 'Other' bands where the CL occupant has line management responsibility equivalent to a substantive senior civil servant.

Parliamentary Accountability and Audit Report

Losses and Special Payments – Audited Information

The total losses and special payments incurred by UKRI in the year were £556,910 (2022-23: £540,463). Three special payments (compensation payments) under £20,000 were made during 2023-24. There were no individual losses or special payments above £300,000.

Remote Contingent Liabilities – Audited Information

In addition to contingent liabilities reported within the meaning of IAS 37, we also report liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. UKRI had one remote contingent liability at 31 March 2024.

UKRI (STFC) collaborates with international partners in the funding, management and operation of technical facilities which are not owned by UKRI. In the event of a decision to withdraw from any of these arrangements, it is likely that UKRI would assist in the search for a replacement partner to ensure that technical commitments were met. The most significant international collaborations are in respect of European Organisation for Nuclear Research (CERN) and European Southern Observatory (ESO). For both facilities there is the possibility that we would be obliged to contribute to decommissioning costs arising from a decision taken to discontinue operations. The decisions to decommission are not wholly within UKRI's control.

Audit Fees – Audited Information

The cost of the external audit for UKRI was £528,000 (2022-23: £505,000), the statutory audit fee for STFC Innovations Ltd (SIL) was £10,400 (2022-23: £8,800), the statutory audit fee for Innovate UK Loans Limited (IUKLL) was £137,500 (2022-23: £105,000) and the statutory audit fee for Innovate UK Business Connect (IUKBC) was £27,250 (2022-23 £49,385). During the year, £5,000 has been accrued for the statutory audit of one predecessor body not closed at 31 March 2023. All of the above fees exclude VAT. VAT is charged to UKRI and the predecessor bodies at 0% and IUKLL, SIL and IUKBC at 20%.

Remuneration of £11,925 (2022-23 £10,400) for SIL's external auditors and £3,250 (2022-23 nil) for IUKBC's external auditors for non-audit work carried out for SIL and IUKBC respectively; these figures exclude VAT charged at 20%.

Fees and Charges – Audited Information

Fees are set to comply with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Facilities are offered to European Union users, commercial users and external users. Users are charged a unit cost based on direct operating costs and annual quantity of access with an allowance for overheads.

Disclosure does not include recovery from other bodies to cover direct costs of grants paid from programmes funded jointly with other organisations.

We have identified £30,916,988 material items to which disclosure requirements apply in 2023-24.

STFC – Other income

Programme delivery, scientific facilities, goods and services are offered to European Union users, other government departments, commercial users and external users.

The default position for facilities, goods and services provided is that users are charged a cost based on direct operating costs and annual quantity of access, with an allowance for overheads to achieve full economic cost recovery.

Prices for facilities, goods and services provided by STFC are calculated to differentiate between the type of service and access charged for.

Innovate UK – programme delivery recharge

Innovate UK recharged Other Government Departments to recover the costs arising from evaluation, assessment and monitoring of grants issued to meet the common policy objectives of UKRI and relevant Other Government Departments and EU grant awarders.

Agreements with Other Government Departments relating to revenue seek to cover incurred direct and indirect costs, either by direct recharge of costs incurred retrospectively or via a formula contribution to costs associated with the programme.

No subsidy or overcharging arose from provisions of relevant facilities, goods and services.

Income Item	£	Description
STFC – Other income	£21,811,455	Charged for facilities and goods and services
Innovate UK – programme delivery recharge	£9,105,533	Recharges for grant delivery costs

Government Functional Standards

Government Functions enable excellence and consistency in the delivery of public services. Functional standards are set by each function to provide direction and advice for people working in and with the UK government. They bring together and clarify what needs to be done, and why, for different types of functional work. They are mandated for use in departments and their arm's length bodies. UKRI maintain self-assessments against each functional standard and actions are in place to better align to functional standards where our practices are not consistent with mandatory requirements.

Professor Dame Ottoline Leyser
Chief Executive and Accounting Officer
15 July 2024

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of United Kingdom Research and Innovation and its Group for the year ended 31 March 2024 under the Higher Education and Research Act 2017.

The financial statements comprise United Kingdom Research and Innovation and its Group's:

- Consolidated Statement of Financial Position as at 31 March 2024;
- Consolidated Statement of Comprehensive Net Expenditure, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Total Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of United Kingdom Research and Innovation and its Group's affairs as at 31 March 2024 and their net expenditure for the year then ended; and
- have been properly prepared in accordance with the Higher Education and Research Act 2017 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of United Kingdom Research and Innovation and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that United Kingdom Research and Innovation and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on United Kingdom Research and Innovation and its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for United Kingdom Research and Innovation and its Group is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Higher Education and Research Act 2017.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Higher Education and Research Act 2017; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is

consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of United Kingdom Research and Innovation and its Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by United Kingdom Research and Innovation and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration

and Staff Report to be audited is not in agreement with the accounting records and returns; or

- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within United Kingdom Research and Innovation and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Higher Education and Research Act 2017;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Higher Education and Research Act 2017; and
- assessing United Kingdom Research and Innovation and its Group'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 Accounting Officer anticipates that the services provided by United Kingdom Research and Innovation and its Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Higher Education and Research Act 2017.

My 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 a certificate that includes my 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of United Kingdom Research and Innovation and its Group's accounting policies.

- inquired of management, United Kingdom Research and Innovation's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to United Kingdom Research and Innovation and its Group's policies and procedures on:
    - identifying, evaluating and complying with laws and regulations;
    - detecting and responding to the risks of fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including United Kingdom Research and Innovation and its Group's controls relating to United Kingdom Research and Innovation's compliance with the Higher Education and Research Act 2017and Managing Public Money;
- inquired of management, United Kingdom Research and Innovation's head of internal audit and those charged with governance whether:
    - they were aware of any instances of non-compliance with laws and regulations;
    - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including significant component audit teams regarding how

and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within United Kingdom Research and Innovation and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and recognition of grant expenditure. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of United Kingdom Research and Innovation and its Group's framework of authority and other legal and regulatory frameworks in which United Kingdom Research and Innovation and its Group operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of United Kingdom Research and Innovation and its Group. The key laws and regulations I considered in this context included the Higher Education and Research Act 2017, Managing Public Money, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Risk and Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I reviewed the reports produced by the in-house Funding Assurance teams and made enquiries of management based on my review.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including significant component audit teams and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Gareth Davies Date: 22 July 2024
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

4. Financial Statements

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2024

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Total operating income	3	(638,838)	(693,611)	(233,745)	(280,583)
Staff costs	4	553,330	574,008	504,291	522,023
Purchase of Goods and services	5.1	736,317	751,056	739,260	752,367
Depreciation and impairment charges	5.2	253,647	263,776	211,238	214,733
Research and Innovation	5.3	8,468,390	8,470,025	8,064,954	8,074,553

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Provision expense	5.4	(19,009)	(17,371)	(63,488)	(63,165)
Other operating expenditure	5.5	14,834	14,765	718	1,223
		10,007,509	**10,056,259**	**9,456,973**	**9,501,734**
Net operating expenditure		**9,368,671**	**9,362,648**	**9,223,228**	**9,221,151**
Taxation	6	225	(24)	69,521	69,600
Finance income		(686)	3,232	(431)	322
Finance expenditure		(28,061)	(24,538)	(10,937)	(9,445)
Net expenditure for the period		**9,340,149**	**9,341,318**	**9,281,381**	**9,281,628**

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Other comprehensive expenditure Net (gain)/loss on revaluation of property, plant and equipment		(62,325)	(62,325)	(275,758)	(275,758)
Net loss/(gain) on revaluation of intangible assets		(9,454)	(9,454)	(21,752)	(21,752)
Net (gain)/loss on revaluation of investments		(93,156)	(93,156)	(30,608)	(33,392)
Actuarial (gain)/loss on defined benefit pension plan		(36,478)	(36,478)	(316,075)	(316,075)

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Total comprehensive net expenditure for the period		**9,138,736**	**9,139,905**	**8,637,188**	**8,634,651**

The notes on pages 134-292 form part of these accounts

Consolidated Statement of Financial Position

for the year ended 31 March 2024

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Non-current assets Property, plant and equipment	7	3,409,813	3,410,428	3,336,766	3,337,271
Intangible assets	8	88,754	88,754	98,395	98,395
Investment property		5,560	5,560	5,965	5,965
Investments in group undertakings	9	843,754	852,752	765,578	774,190
Financial assets	10	11,399	133,838	11,399	141,090
Pension asset	11	808,617	808,617	737,414	737,414

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Trade and other receivables	12	124,943	–	128,413	–
		5,292,840	**5,299,949**	**5,083,930**	**5,094,325**
Current assets Assets held for sale		–	–	–	–
Trade and other receivables	12	937,530	948,664	592,912	607,910
Cash and cash equivalents	13	703,387	715,046	143,890	157,645
		1,640,917	**1,663,710**	**736,802**	**765,555**
Total assets		**6,933,757**	**6,963,659**	**5,820,732**	**5,859,880**
Current liabilities Trade and other payables	14	(1,513,900)	(1,535,590)	(1,506,975)	(1,538,409)

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Derivatives		(6,879)	(6,879)	(1,129)	(1,129)
Provisions	15	(2,648)	(5,198)	(9,270)	(10,181)
		(1,523,427)	**(1,547,667)**	**(1,517,374)**	**(1,549,719)**
Total assets less current liabilities		**5,410,330**	**5,415,992**	**4,303,358**	**4,310,161**
Non-current liabilities Trade and other payables	14	(124,376)	(124,630)	(133,915)	(134,128)
Derivatives		–	–	(1,147)	(1,147)
Provisions	15	(179,365)	(179,365)	(190,155)	(190,155)
		(303,741)	**(303,995)**	**(325,217)**	**(325,430)**
Total assets less total liabilities		**5,106,589**	**5,111,997**	**3,978,141**	**3,984,731**

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Taxpayers' equity and other reserves General fund		(2,676,071)	(2,676,966)	(1,690,450)	(1,692,527)
Revaluation reserve		(1,549,401)	(1,553,914)	(1,470,612)	(1,475,125)
Intellectual property reserve		(72,500)	(72,500)	(79,665)	(79,665)
Pension reserve		(808,617)	(808,617)	(737,414)	(737,414)
Total reserves		**(5,106,589)**	**(5,111,997)**	**(3,978,141)**	**(3,984,731)**

The notes on pages 134-292 form part of these accounts

Professor Dame Ottoline Leyser
Chief Executive and Accounting Officer
15 July 2024

Consolidated Statement of Cash Flows

for the year ended 31 March 2024

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Cash flows from operating activities					
Net expenditure for the period	SoCNE	(9,340,149)	(9,341,318)	(9,281,381)	(9,281,628)
Adjustments for non-cash transactions	16	250,103	272,542	239,639	248,654
Supply payable to consolidated fund		123,548	123,548	–	–
Payments to consolidated fund		(123,548)	(123,548)	–	–

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Employer contributions to Pensions		(21,093)	(21,093)	(26,541)	(26,541)
Decrease/(Increase) in trade and other receivables	12	(341,147)	(340,754)	(18,093)	(29,694)
Increase in trade and other payables	14	1,833	(7,567)	194,492	215,307
Increase in derivatives		4,603	4,603	2,276	2,276
(Decrease)/Increase in provisions	15	(17,412)	(15,773)	(62,833)	(62,510)
Net cash outflow from operating activities		**(9,463,262)**	**(9,449,360)**	**(8,952,441)**	**(8,934,136)**

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Cash flows from investing activities Purchase of property, plant and equipment	7	(238,249)	(238,249)	(226,400)	(226,400)
Purchase of intangible assets	8	(3,374)	(3,374)	(3,319)	(3,319)
Investment in joint ventures	9.1	–	–	–	–
Other investments	9.3	–	(974)	–	(100)
Investment in Loans	10.1	–	(14,718)	–	(12,588)
Proceeds of disposal of investments		–	–	–	61
Proceeds of disposal of assets held for sale		–	–	5,578	5,578

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Proceeds of disposal of property, plant and equipment		774	774	333	333
Net cash outflow from investing activities		**(240,849)**	**(256,541)**	**(223,808)**	**(236,435)**
Net cash outflow before financing activities		**(9,704,111)**	**(9,705,901)**	**(9,176,249)**	**(9,170,571)**
Cash flows from financing activities Grant-in-aid received from DSIT		10,268,054	10,268,054	9,034,266	9,034,266
Lease repayments		(4,446)	(4,752)	(4,866)	(5,080)

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Net cash inflows from financing activities		**10,263,608**	**10,263,302**	**9,029,400**	**9,029,186**
Net increase/ (decrease) in cash and cash equivalents		**559,497**	**557,401**	**(146,849)**	**(141,385)**
Cash and cash equivalents at the beginning of the period		143,890	157,645	290,739	299,030
Cash and cash equivalents at the end of the period		**703,387**	**715,046**	**143,890**	**157,645**

The notes on pages 134-292 form part of these accounts

Consolidated Statement of Changes in Total Equity

for the year ended 31 March 2024

Consolidated

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Balance at 1 April 2023		**(1,692,527)**	**(1,475,125)**	**(737,414)**	**(79,665)**	**(3,984,731)**
Retained surplus b/fwd from Subsidiary		13	–	–	–	**13**
Grant-in-aid from DSIT		(10,268,054)	–	–	–	**(10,268,054)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Net expenditure for the period		9,341,318	–	–	–	**9,341,318**
Movements in reserves: Net gain on revaluation of property, plant and equipment	7	–	(62,325)	–	–	**(62,325)**
Net gain on revaluation of intangible assets	8	–	–	–	(9,454)	**(9,454)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Net loss on revaluation of investments	9	–	(93,156)	–	–	**(93,156)**
Cash flow hedge		–	4,603	–	–	**4,603**
Actuarial gain in the pension scheme	11	–	–	(36,478)	–	**(36,478)**
Contributions from other employers in the pension scheme		–	–	(3,733)	–	**(3,733)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Transfers between reserves		(56,716)	72,089	(30,992)	16,619	**–**
Balance at 31 March 2024		**(2,676,966)**	**(1,553,914)**	**(808,617)**	**(72,500)**	**(5,111,997)**

Parent

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Balance at 1 April 2023		**(1,690,450)**	**(1,470,612)**	**(737,414)**	**(79,665)**	**(3,978,141)**
Retained surplus b/fwd from Subsidiary		–	–	–	–	**–**
Grant-in-aid from DSIT		(10,268,054)	–	–	–	**(10,268,054)**
Net expenditure for the period		9,340,149	–	–	–	**9,340,149**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Movements in reserves:						
Net gain on revaluation of property, plant and equipment	7	–	(62,325)	–	–	**(62,325)**
Net gain on revaluation of intangible assets	8	–	–	–	(9,454)	**(9,454)**
Net loss on revaluation of investments	9	–	(93,156)	–	–	**(93,156)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Cash flow hedge		–	4,603	–	–	**4,603**
Actuarial gain in the pension scheme	11	–	–	(36,478)	–	**(36,478)**
Contributions from other employers in the pension scheme		–	–	(3,733)	–	**(3,733)**
Transfers between reserves		(57,716)	72,089	(30,992)	16,619	**–**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Balance at 31 March 2024		**(2,676,071)**	**(1,549,401)**	**(808,617)**	**(72,500)**	**(5,106,589)**

The notes on pages 134-292 form part of these accounts

Consolidated Statement of Changes in Total Equity

for the year ended 31 March 2023

Consolidated

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Balance at 1 April 2022		**(1,859,633)**	**(1,229,667)**	**(420,226)**	**(71,328)**	**(3,580,854)**
Retained surplus b/fwd from Subsidiary		(2,509)	–	–	–	**(2,509)**
Grant-in-aid from BEIS		(9,034,266)	–	–	–	**(9,034,266)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Net expenditure for the period		9,281,628	–	–	–	**9,281,628**
Movements in reserves: Net gain on revaluation of property, plant and equipment	7	–	(275,758)	–	–	**(275,758)**
Net gain on revaluation of intangible assets	8	–	–	–	(21,752)	**(21,752)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Net loss on revaluation of investments	9	–	(33,392)	–	–	**(33,392)**
Cash flow hedge		–	2,276	–	–	**2,276**
Actuarial gain in the pension scheme	11	–	–	(316,075)	–	**(316,075)**
Contributions from other employers in the pension scheme		–	–	(4,029)	–	**(4,029)**
Transfers between reserves		(77,747)	61,416	2,916	13,415	**–**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Balance at 31 March 2023		**(1,692,527)**	**(1,475,125)**	**(737,414)**	**(79,665)**	**(3,984,731)**

Parent

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Balance at 1 April 2022		**(1,859,818)**	**(1,227,938)**	**(420,226)**	**(71,328)**	**(3,579,310)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Retained surplus b/fwd from Subsidiary		–	–	–	–	**–**
Grant-in-aid from BEIS		(9,034,266)	–	–	–	**(9,034,266)**
Net expenditure for the period		9,281,381	–	–	–	**9,281,381**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Movements in reserves: Net gain on revaluation of property, plant and equipment	7	–	(275,758)	–	–	**(275,758)**
Net gain on revaluation of intangible assets	8	–	–	–	(21,752)	**(21,752)**
Net loss on revaluation of investments	9	–	(30,608)	–	–	**(30,608)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Cash flow hedge		–	2,276	–	–	**2,276**
Actuarial gain in the pension scheme	11	–	–	(316,075)	–	**(316,075)**
Contributions from other employers in the pension scheme		–	–	(4,029)	–	**(4,029)**
Transfers between reserves		(77,747)	61,416	2,916	13,415	**–**
Balance at 31 March 2023		**(1,690,450)**	**(1,470,612)**	**(737,414)**	**(79,665)**	**(3,978,141)**

The notes on pages 134-292 form part of these accounts

Notes to the Accounts

1 Statement of Accounting policies

United Kingdom Research and Innovation (UKRI) is an executive non-departmental public body established by the United Kingdom Parliament. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

NOTE 1.1 Basis of accounting

The consolidated Financial statements have been prepared in accordance with the Accounts Direction issued by the Secretary of State for Science, Innovation and Technology, with approval of HM Treasury, in pursuance of Section 14(2) of Schedule 9 of the Higher Education and Research Act 2017.

The consolidated Financial statements have been prepared in accordance with the 2023-24 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy judged to be most appropriate to the particular circumstances of UKRI for the purpose of giving a true and fair view has been selected. The particular policies adopted by UKRI are described below. They have been applied consistently in dealing with items that are considered material to the consolidated Financial statements.

On 7 February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments, including BEIS, and created three new departments, the Department for Business and Trade, the Department for Science, Innovation and Technology, and the Department for Energy Security and Net Zero. UKRI has been designated to Department for Science, Innovation and Technology (DSIT) with accounting officer responsibilities formally transferred from 1 April 2023.

Going concern

UKRI is dependent on funding from the DSIT to meet liabilities falling due within future years. UKRI has reason to believe that funding will be forthcoming beyond 2023-24. BEIS published details of research and development allocations from 2022-2023 to 2024-2025 on 14 March 2022, including allocation plans for UKRI totalling £25.1 billion over that period. UKRI will work with DSIT during 2024-2025 as we enter a new spending review period.

It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the Financial statements. UKRI monitors future levels of commitment to ensure they remain within anticipated budgets.

NOTE 1.2 Accounting convention

The consolidated Financial statements have been prepared under the historical cost convention modified to include the fair value of property, plant and equipment, intangible assets and financial instruments to the extent required or permitted under IFRS as set out in the relevant accounting policies.

The consolidated Financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except where indicated otherwise.

NOTE 1.3 Presentational currency

UKRI's principal place of business is Polaris House, Swindon and pounds sterling is the functional currency of UKRI. Transactions denominated in a foreign currency are translated into sterling at the rate of exchange on the date of each transaction. In preparing the financial statements, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the reporting date. All translation differences of monetary assets and liabilities are included in net expenditure for the year.

NOTE 1.4 Basis of consolidation

The Group comprises:

- UK Research and Innovation (UKRI)
- STFC Innovations Limited, principal place of business Rutherford Appleton Laboratory, Didcot
- Innovate UK Loans Limited, principal place of business Polaris House, Swindon
- Knowledge Transfer Network Limited operating as Innovate UK Business Connect, principal place of business Business Design Centre, Upper Street, London

UKRI prepares financial statements in accordance with the FReM. Innovate UK Loans Limited prepares financial statements in accordance with the FReM where it complies with the Companies Act. STFC Innovations Limited and Innovate UK Business Connect Limited prepare accounts under UK-adopted International Accounting Standards. For those bodies that do not prepare financial statements in accordance with the FReM, adjustments are made at consolidation if necessary where differences would have a significant effect on the financial statements.

NOTE 1.5 Changes in accounting policy, new accounting standards adopted in the year

UKRI has made no changes in accounting policy nor adopted new accounting standards for 2023-24.

NOTE 1.6 Future accounting standards

IFRS 17 Insurance Contracts is effective within the private sector from 1 January 2023. However, the Financial Reporting Advisory Board (FRAB) was advised in November 2021 that adoption would be delayed for the public sector by at least one year to allow full consideration of its impact to be made. The 2024-25 reporting year would be the earliest opportunity for adoption of standards with mandatory adoption in the 2025-26 reporting year.

IFRS 18 Presentation and Disclosure in Financial Statements has been published in April 2024. No date has been issued about adoption by the FReM as yet.

NOTE 1.7 Grant-in-aid

In line with the FReM, grant-in-aid for revenue purposes and grants from DSIT (the controlling body) are recognised as a financing flow and thus credited to the General Reserve.

NOTE 1.8 Income

Revenue is recognised when goods are delivered and title has passed, and services in the accounting period in which the service is rendered.

Grant Income receivable and funding for collaborative projects are recognised as income over the period in which UKRI recognised the related costs for which the grant or funding is intended to compensate in accordance with IAS 20. This represents approximately 86% of UKRI income.

Commercial income is recognised in line with the satisfaction of performance obligations in line with the terms of contract or license agreement, as per IFRS 15. A performance obligation may be satisfied at a point in time (typically for the transfer of goods) or over time (typically for the transfer of services). Commercial income includes royalties, rental of facilities for use by third parties, property rental or canteen/ restaurant revenue. This represents approximately 14% of UKRI income.

NOTE 1.9 Deferred income

UKRI receives funding for projects to support UKRI research, separate from grant-in-aid provided by DSIT. Such funding is received from the UK public sector, charities, and from the European Commission

(EC). Some funding may involve payment for projects in advance of the accounting period to which it relates.

Where there is a variance between activity in the accounting period and received funding, income will be deferred when there is a condition which makes the grant repayable or returnable. Where no such condition exists income is not deferred. (DSIT grant-in-aid funding cannot be classified as deferred income).

NOTE 1.10 Staff costs

Staff costs are recognised as expenses when UKRI becomes obliged to pay them, including the cost of any unused leave entitlement.

NOTE 1.11 Grants and training awards payable

Research Grants, Fellowships and Studentships

Research grants and fellowships are paid on an instalment basis in accordance with an agreed payment profile. Grant payments made in advance or in arrears are accounted for on a prepayments or accruals basis in the financial statements. Where the grant documentation does not specify a pre-agreed payment profile or other matching considerations, obligations are recognised in full. Studentship payments are paid on a quarterly instalment basis in advance or arrears directly to the research institute.

Where the profile indicates that an unclaimed and/or unpaid amount exists at the Statement of Financial Position date, such sums are accrued in the financial statements. Where the profile indicates a payment of grant that is yet to be utilised by the recipient, a prepayment is recognised.

Innovate UK Grants

Innovate UK grant expenditure only is recognised in the period in which eligible activity creates an entitlement in line with the terms and conditions of the grant.

Where activity has been undertaken but no grant claim has been received an accrual will be made. The routes for accruals to arise include, if a claim has been submitted but not yet approved on the system, if participants have forecast expenditure but a claim has not yet been submitted or if the project has a retention cap and the claim expenditure has been submitted and approved but the retention cap has been reached. The physical payment is withheld from the participant once they reach their retention cap and the amount over and above the retention cap will continue to build until they have submitted their final claim and documentation. Here the accrual represents the balance that has been claimed over the maximum payment. Accrued grants are charged to the Statement of Comprehensive Net Expenditure based on estimates (see Note 1.28) and are included in accruals in the Statement of Financial Position.

Research England Formula-based Grants

Most grants are paid on an agreed profile, as a contribution to research costs within institutions.

The profiles are periodically updated throughout the academic year, and as such no financial year end accruals are expected for these streams of expenditure.

Other Research England Grants

For Research England grants, such as the Research England Development, which fund agreed and specified eligible activity, expenditure is recognised in the period in which eligible activity creates an entitlement in line with the terms and conditions of the grant.

Future commitments at the Statement of Financial Position date are disclosed in Note 17.

NOTE 1.12 Ownership of equipment purchased with grants

Equipment purchased by an institution using UKRI grants belongs to the institution and is not included in UKRI property, plant and equipment. UKRI reserves the right through its grant conditions to determine the disposal of such equipment and how any disposal proceeds are to be used. Where there have been donations of equipment back to UKRI the values have been immaterial.

NOTE 1.13 Taxation

UKRI is subject to corporation tax on taxable profits. Taxable profits are generally generated from Commercial activities shown in Note 1.8. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to HM Revenue and Customs, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Tax expense recognised within the period includes payment on account for the current period and changes in the amount expected to be recovered from or paid to HM Revenue and Customs, relating to current and prior periods.

Where applicable, current tax assets and liabilities expected to be recovered from or paid to HM Revenue and Customs include amounts relating to Innovate UK Loans Limited (IUK LL), including relief on losses incurred by IUK LL.

UKRI recognises and discloses information in line with IAS12 regarding deferred tax assets and liabilities arising from taxable temporary differences i.e.

differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. The calculation is based upon an estimation of UKRI's commercial activity, previously agreed with HMRC to be 9%, and reviewed on an annual basis and the tax rate applied is 25%. Further information is disclosed in Note 6.

NOTE 1.14 Value added tax

As UKRI is partially exempt for VAT purposes, all expenditure and non-current asset purchases are shown exclusive of VAT except in the following circumstances:

- irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure and included under the relevant expenditure heading
- irrecoverable VAT on the purchase of an asset is included in additions

Residual input tax reclaimable by the application of the partial exemption formula is taken to the Statement of Comprehensive Net Expenditure as a reduction of expenditure.

The net amount due to, or from, HM Revenue and Customs in respect of VAT is included within other receivables and payables on the Statement of Financial Position.

NOTE 1.15 Intangible assets

Recognition

Expenditure on intangible assets is capitalised where the cost is £10,000 or more and is applied on a grouped basis using a threshold of £10,000 where the elements in substance form a single asset.

Subsequent acquisitions of less than £10,000 in value which are of the same nature as existing grouped assets are appended. Otherwise, expenditure on intangible assets which fall below £10,000 is charged as an expense in the Statement of Comprehensive Net Expenditure.

Measurement

Intangible assets are initially measured at cost in line with IAS 38. For separately acquired assets, cost comprises the purchase price and any directly attributable costs to prepare the asset for its intended use. The cost of internally generated assets comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

There are no active markets for any of UKRI's intangible non-current assets which are valued at the lower of depreciated replacement cost and value-in-use using a valuation technique (for example for income-generating assets); where there is no value in use, depreciated replacement cost is used. Assets of low value or with short useful lives are carried at cost less accumulated amortisation and impairment losses as a proxy for fair value.

Impairment

Intangible assets are monitored for any indication of impairment. At the end of each reporting period, tests for impairment are carried out for any such asset with an indefinite useful life or in the course of development.

Where indications of impairment exist, and any possible differences are estimated to be significant (x% of materiality/greater than £xm), the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised in the Statement of Comprehensive Net Expenditure.

Where an impairment loss is subsequently reversed, the reversal is credited in the Statement of Comprehensive Net Expenditure, up to the amount of the original loss, adjusted for amortisation that would have been charged if the loss had not been recognised.

Amortisation

Amortisation is provided on all intangible assets from the date at which they are available for their intended use at rates calculated to write off the cost of each asset (less any estimated residual value) on a straight-line basis over its expected useful economic life. UKRI reviews and updates the remaining useful economic lives of its assets each year. The estimated useful economic lives of the intangible assets currently in service are summarised as below:

Internally developed software	3 – 5 years
Software licenses	Up to 15 years (subject to the length of the license)
Internally developed websites	2 – 5 years
Data sets	5 – 10 years
Patents	Up to 15 years (subject to the length of agreement)

Disposals

When scrapping or disposing of an intangible asset, the carrying amount is written off to the Statement of Comprehensive Net Expenditure and a loss (or gain) is recognised and reported net of any disposal proceeds.

NOTE 1.16 Property, plant and equipment

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefit, including service potential, associated with the item will flow to UKRI and the cost of the item can be measured reliably. A capitalisation threshold of £10,000 is applied to all asset classes. Expenditure below this value is charged as an expense in the Statement of Comprehensive Net Expenditure.

Property, plant and equipment usually comprises single assets. However, capitalisation is applied on a grouped basis using a threshold of £10,000 where the elements in substance form a single asset. Furthermore, where an item includes material components with significantly different useful economic lives, those components are capitalised separately and depreciated over their specific useful economic lives.

Expenditure that maintains, but does not add to, an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Any capital funding provided by UKRI to independent institutes relating to UKRI-owned assets (buildings leased to the institutes or ships operated by them) is accounted for as a non-current asset addition in the property, plant and equipment note based on the construction costs during the year up to the Statement of Financial Position date.

Measurement

Property, plant and equipment are initially measured at cost, comprising the purchase price plus any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located are recognised as a provision where an obligation to dismantle or remove the asset arises from its acquisition or usage. The related expense is recognised as a provision expense in the Statement of Comprehensive Net Expenditure.

Assets are thereafter carried in the Statement of Financial Position using the following measurement bases:

- Land, buildings, Polar research stations, ships and aircraft are professionally revalued every five years and in the intervening period relevant indices are used

- For professional valuation, specialised assets (those for which a market value cannot be readily determined, due to the uniqueness arising from its specialised nature and design) are valued on a depreciated replacement cost basis in line with the FReM, for non-specialised assets, market value in existing use is used where this can be established
- All other tangible assets are subject to annual indexation using relevant indices
- Indexation is not applied to assets under construction. Any surplus on revaluation is taken to a revaluation reserve
- For furniture, fixtures and fittings where an asset pool is maintained replacements on a one-to-one basis are charged directly to the Statement of Comprehensive Net Expenditure in the year of replacement

Impairment

Property, plant and equipment are monitored for any indication of impairment. At the end of each reporting period, tests for impairment are carried out for any assets with a remaining useful life and on assets in the course of construction.

Where an annual check is impractical given the number of assets held, a targeted risk-based approach is taken to assess all assets within 18 months of the end of their useful life plus a randomly selected check of 10% by number of the whole asset population.

Where indications of impairment exist, or trigger points are noted (such as transfer from assets under construction into property, plant and equipment) and any changes are estimated to be significant with regards to the net book value or life of the asset, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised in the Statement of Comprehensive Net Expenditure.

Where an impairment loss is subsequently reversed, the reversal is credited in the Statement of Comprehensive Net Expenditure, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised; anything over and above is recognised in the revaluation reserve.

Depreciation

Assets under construction are not depreciated until the asset is brought into use.

Depreciation is provided on all property, plant and equipment, apart from assets under construction, from the date at which they are available for their intended use at rates calculated to write off the cost of each asset (less any estimated residual value) on a straight-line basis over its expected useful economic life. Increased depreciation charges arising from revaluations are matched by transfers from the revaluation reserve to the general reserve. Assets that are under construction are not depreciated until such time as they are available for their intended use.

UKRI reviews and updates the remaining useful economic life of its assets each year. The estimated useful lives of the assets currently in service are summarised as follows:

Freehold land	Not depreciated
Leasehold land	Up to 60 years (subject to the length of the lease)
Freehold buildings	Up to 60 years
Leasehold buildings	Up to 60 years (subject to the length of the lease)
Decomissioning assets	Up to 60 years (matched to related assets)
Scientific equipment	3 to 30 years
IT equipment	Up to 20 years
Other plant and machinery	3 to 30 years
Furniture, fixtures and fittings	Up to 10 years
Motor vehicles	Up to 15 years

Polar research stations	Up to 60 years
Ships	20 to 50 years
Aircraft	15 to 50 years

Disposals

When scrapping or disposing of property, plant and equipment, the carrying amount is written off to the Statement of Comprehensive Net Expenditure and a loss (or gain) is recognised and reported net of any disposal proceeds. On disposal of a revalued asset, the resulting element of the revaluation reserve that is realised is transferred directly to the general reserve.

NOTE 1.17 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition, management are committed to the sale and completion is expected within one year of the date of classification.

The asset is revalued immediately before reclassification and carried at the lower of this amount and fair value, less selling costs. Assets held for sale are not depreciated. Where there is a subsequent reduction in fair value, the loss is reported in the

Statement of Comprehensive Net Expenditure, and increases are only recognised as gains in the Statement of Comprehensive Net Expenditure up to the amount of any previously reported losses.

NOTE 1.18 Investments in joint arrangements and associates

UKRI's investments in joint ventures and associates are accounted for using the equity method of accounting in both the separate UKRI financial statements and the consolidated financial statements in line with IAS 28. This is the method required by that standard and FReM.

The investment in an associate or joint venture is initially recorded at cost and is subsequently adjusted to reflect UKRI's share of the net profit or loss of the associate or joint venture. Where appropriate, UKRI adjusts information from the investee's financial records to bring it in line with the FReM.

Details of UKRI's investments in Joint Ventures and Associates can be found in Note 9, including adjustments made to the investee's financial information.

NOTE 1.19 Financial instruments

UKRI recognises and measures financial instruments in accordance with IFRS 9 Financial Instruments as interpreted by the FReM.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

UKRI derecognises a financial asset when the contractual rights to receive future cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which UKRI neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

UKRI derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Innovation Loans

Loans to borrowers issued by Innovate UK loans Limited are designed to stimulate later stage innovation and are offered on non-commercial terms including a below-market rate of interest.

Innovation Loans: Competitions 1-5 and 6-8 including Future Economy cohorts

These cohorts of loans pass the business model test (where the objective of the business model is to hold the financial assets to collect the contractual cash flows) and the cash flows characteristics test; therefore, the loans are held at amortised cost. In accordance with IFRS 9, amortised cost loans are recognised at fair value at initial recognition. A fair value adjustment is required for innovation loans because a rate of interest is charged that is below the market rate (non-commercial terms). During the financial year, this approach has been updated from using EU risk guidelines and reference rates to setting a market-based approach for commercial interest rates following the commission of independent expert advice. The impact of this change in estimate is immaterial. Further details will be disclosed in Innovation UK Loans Ltd's statutory accounts later this year.

Interest income is calculated using the effective interest method and is recognised in the Statement of Comprehensive Net Expenditure.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, a loss allowance equal to 12-month expected credit losses (based on the probability of default within the next 12 months) is recognised.

Where credit risk has increased significantly since initial recognition, lifetime expected losses are recognised. In these circumstances, interest revenue is calculated on the gross carrying amount of the asset.

For loans which are assessed to be credit-impaired or defaulted, a lifetime expected credit loss is recognised and interest revenue is calculated on the net carrying amount net of credit allowance.

Innovation loans will be written off at the point when any further recoveries are unlikely or become uneconomical to pursue. At this point, any remaining provision held against a credit-impaired (or defaulted) loan asset will be taken to the Statement of Comprehensive Net Expenditure and the value of the loan written off in the Statement of Financial Position.

Innovation Loans: Innovation Continuity Loans and Convertible Loan Notes

Innovation Continuity Loans and Convertible Loan Notes differ from loans issued under Competitions 1-5 and 6-8 including Future Economy cohorts by including equity conversion features. The inclusion of these features mean that they do not meet the test to show that the IFRS 9 cash flow characteristics are solely payments of principal and interest; these loans have been classified as fair value through profit and loss. No expected credit loss is recognised for these loans consequently, nor any expected credit loss provision for loss against irrevocable commitments (FVTPL).

The approach used to calculate the FV at origination of innovation loans including discount rates is refreshed for the recalculation of the FVs of loans classified as FVTPL at the reporting date. The assumptions for estimating the arm's length commercial interest rate, taking account of an individual borrower's credit rating and the cashflow projections are updated to the position at the reporting date to arrive at a proxy FV at the reporting date. This approach for FVTPL loans at reporting date has been updated from using EU risk guidelines and reference rates to setting a market-based approach for commercial rates - see the comments above for amortised cost loans for the impact of this change.

These loans are outside the scope of IFRS 9 Effective Interest Rate requirements. Interest income accrued is part of the FV calculation. Other income includes the movement of FVTPL loans after the fair value adjustment on initial recognition to the fair value of reporting date, excluding contractual interest receivable.

Innovation Continuity Loans and Convertible Loan Notes will be written-off at the point when any further recoveries are unlikely or become uneconomical to pursue.

Innovation Loans Change of Accounting Estimate

During the financial year, this approach has been updated from using EU risk finance guidelines and reference rates to setting a market-based approach to set commercial interest rates following the commissioning of independent expert advice. This change of accounting estimate under IAS 8 has resulted in a one-off change to new innovation loans classified as amortised cost originated in the current financial year as a reduction of £579 thousand at initial recognition. The impact on FVTPL innovation loans at the 31 March 2024 reporting date is a £804 thousand reduction in carrying value. In line with the accounting treatment of a change in accounting estimates, comparatives have not been adjusted.

NOTE 1.20 Trade and other receivables

Under IFRS 9, trade and other receivables are measured at amortised cost. In line with the FReM, the simplified approach will be adopted and any loss allowances will be recognised at an amount equal to expected lifetime credit losses.

NOTE 1.21 Trade and other payables

Trade and other payables are recognised in the period in which related money, goods or services are received or when a legally enforceable claim against UKRI is established, or when the corresponding assets or expenses are recognised.

NOTE 1.22 Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and other short-term highly liquid investments which, being readily convertible to known amounts of cash, are subject to negligible risk of changes in value, and have an original maturity of three months or less. Any bank overdraft amounts without the right of offset are included within trade payables and other liabilities.

NOTE 1.23 Risks

Due to the non-trading nature of its activities, and the way in which UKRI is financed, UKRI is not exposed to the degree of financial risk faced by non-public sector entities. UKRI has only very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and, with the exception of foreign currency hedges, are not held to change the risks facing UKRI in undertaking its activities.

UKRI is subject to foreign exchange risk through the maintenance of bank accounts in foreign currencies to deal with day-to-day overseas transactions including international subscriptions. This risk is actively managed by UKRI via foreign currency hedges.

Innovation loans are exposed to credit risk. Credit risk is the risk of a customer or a counterparty failing to meet their financial obligations. Credit risk also encompasses refinance risk and concentration risk. Refinance risk is the risk of loss arising when a repayment of loan occurs later than originally anticipated. Concentration risk is the risk of loss arising from insufficient diversification. Further details on credit risk are disclosed in Note 10 in this set of financial statements.

NOTE 1.24 Provisions

Provisions are recognised and measured in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Where the time value of money is material, provisions are discounted to present value using HM Treasury's real discount rates, except in the case of the Institute Laue-Langevin (ILL) decommissioning provision, where the underlying provision that determines UKRI's share of the provision has been calculated using a discount rate of 4.98% (2023: 5.46%), in accordance with the Fifth Protocol to the Intergovernmental Convention, as agreed by the members of ILL.

Irrevocable undrawn commitments to lend are within the scope of IFRS 9 provision requirements. This provision for irrevocable commitments is included within provisions for liabilities and charges in the Statement of Financial Position. These commitments are not recognised in the Statement of Financial Position until the loans are advanced. When the loan commitment is drawn, the provision for irrevocable commitment is released and is replaced by either a FV adjustment and/or ECL provision on the drawn loan.

NOTE 1.25 Leases

Leases are classified in accordance with IFRS 16 as leases when the risks and rewards of ownership are transferred substantially to the lessee; other leases are classified as operating leases.

UKRI has made use of the exemptions to exclude short-term leases (1 year or less), and those where the underlying asset is classified as of "low value", this is deemed to be £10,000 for the group, which is the capitalisation threshold for UKRI.

Finance leases – UKRI as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of UKRI's net investment in the lease. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on UKRI's net investment outstanding in respect of the leases.

Finance leases – UKRI as lessee

Assets and liabilities are recognised at the discounted value of the minimum lease payments (excluding VAT, which is expensed) on a straight-line basis over the term of the lease) and shown as leased assets and lease liabilities within the accounts (asset values also include any prepaid rent, lease incentives and direct costs). In instances where no interest rate is stated within the lease, the HMT discount rate in effect at the commencement of the lease is used.

Lease assets will be depreciated over the life of the lease; where they relate to assets held at fair value (including land and buildings), they will be subject to the same revaluation treatments as other assets within the category.

Lease liabilities are adjusted during the year to reflect both the repayments made and the impact of interest on the balances outstanding. Buildings are recognised as leased assets only if the building itself is leased from the lessor. The value of these assets will include any capital costs incurred in their construction (including lease premiums), and any subsequent improvement works to the building that will belong to the lessor at the end of the lease. The value of such leased building additions, where material, will be disclosed within the PPE note.

In instances where the land has been leased and then constructed-on by UKRI, the land will be included under leased assets and the buildings under freehold.

Where a lease comes to an end and the lease liability has been extinguished, lease assets will also be derecognised as disposals, these normally being of zero net book value at that point (the lives being tied to the lease term). Where a lease is terminated early, the remaining liability will be released via a lease reassessment shown under PPE in the accounts with the related lease assets also being derecognised as disposals (the NBVs having been reduced via the lease reassessment). In both cases any difference between the liability and asset net book values will be recognised under Other operating expenditure in the SoCNE.

All new leases are reviewed to ensure that any requirement to rectify dilapidations is appropriately provided for via provision covering the discounted estimated future costs.

Operating leases – UKRI as lessor

Assets subject to operating leases are recognised in the Statement of Financial Position with rental income plus initial direct costs incurred in arranging the lease, including incentives to the lessee to enter into the lease, recognised on a straight-line basis over the lease term.

Operating leases – UKRI as lessee

Rentals payable under operating leases, including benefits received and receivable as incentives to enter into the leases, are expensed on a straight-line basis over the term of the lease.

NOTE 1.26 Pensions

Retirement benefits to employees of UKRI are generally provided by:

- the Research Councils' Pension Scheme (RCPS);
- the Civil Service Pension Scheme (CSPS);
- the Medical Research Council Pension Scheme (MRCPS);
- United Kingdom Atomic Energy Authority (UKAEA); and
- National Employment Savings Trust (NEST).

RCPS and CSPS members can transfer to the Partnership Pension scheme. Partnership is a Defined Contribution arrangement provided for RCPS by Scottish Widows and Standard Life and by Legal and General for the CSPS.

The RCPS, CSPS and UKAEA are unfunded Defined Benefit pension schemes and the MRCPS is a funded

Defined Benefit pension scheme. The treatment of the different pension schemes is explained below.

NEST is a Defined Contribution workplace pension scheme.

Unfunded Defined Benefit pension schemes

The RCPS, CSPS and UKAEA pension schemes are public sector pension schemes and, as required by the Government Financial Reporting Manual, it is the scheme (rather than the employer) that reports the expected value of future pension payments. Employers whose employees are members of these pension schemes account for the scheme as a defined contribution plan, with employer contributions charged to the Statement of Comprehensive Net Expenditure in the period to which they relate.

Funded Defined Benefit pension schemes

Employer superannuation costs are based on an actuarially-derived calculation under IAS 19: see Note 11. The defined benefit plan requires contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Actuarial gains and losses are recognised in full as income or expense in the Statement of Comprehensive Net Expenditure.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The defined benefit asset (or liability) is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses (not recognised reduced by past service cost not yet recognised) and the fair value of plan assets, out of which the obligations are to be settled directly. If such an aggregate shows a surplus, the asset is measured at the lower of this aggregate, or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits, available in the form of refunds, from the plan or reductions in the future contributions to the plan. The net asset is recognised as UKRI derives benefits from the reduced contributions to the scheme. The critical judgements and assumptions are explained in Note 1.28.

Defined Contribution pension schemes

Contributions are charged to the Statement of Comprehensive Net Expenditure when they become payable. UKRI has no further liabilities in respect of benefits to be paid to members. UKRI pays a nominal contribution to the main schemes for provision of Death in Service benefits for Partnership scheme members (0.5% of pensionable pay for CSPS and 0.8% for RCPS).

NOTE 1.27 Contingent assets and liabilities

Contingent assets and liabilities are disclosed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Where an outflow of economic benefits from a past event is possible but not probable, UKRI discloses a contingent liability. No disclosure is made for those contingencies where crystallisation is considered to be remote or the amounts involved are immaterial.

Where an inflow of economic benefits from a past event is probable, UKRI discloses a contingent asset. No disclosure is made where realisation is considered to be possible, but not probable, or the amounts involved are immaterial.

NOTE 1.28 Judgements, estimates and assumptions

Funded Pension Scheme

The determination of the pension cost and defined benefit obligation (liabilities) of the Medical Research Council Pension Scheme depends on the selection of certain assumptions, which include the discount rate, inflation rate, salary growth, mortality rates and expected rate of return. The pension assets include £351 million of property investments and approximately £698 million of unquoted equity investments, which are estimates and are based on fund manager, and valued by the expert valuation reports as at 31 March 2024. See Note 11 for further details.

Property, Plant and Equipment

A number of judgements have been made around valuation of PPE, useful economic lives, depreciation rates and indices used. These have been more fully explained in Note 1.16 above.

Patents and Royalties

Where patents and royalties are recognised as intangible assets, these are revalued annually by specialists on the basis of future royalty income streams. Management applies the discount rate. Estimates are subject to business uncertainty in terms of sales and the fluctuation of exchange rates. Judgement has been required in assessing the impact of these variables. The policy has been judged to be compliant with IAS 38.

Innovation Loans

The measurement of the expected credit loss under IFRS 9 for the innovation loans made to UK small or medium-sized enterprises is an accounting estimate.

In assessing the expected credit loss provision which management believes is required, the most critical accounting judgements are:

- the approach to applying the staging requirements – identifying significant increases in credit risk and identifying credit impaired loans and the definition of default
- the basis of forward-looking information and multiple economic scenarios and the application of weightings of expected credit loss models for the sensitivity of systemic risk factors

In assessing the fair values of innovation loans, management believes the most critical accounting judgements are:

- the approach of calculating a fair value at origination of an innovation loan including discount rate

- the approach to calculating a fair value at the reporting date for loans classified as FVTPL.

Grant Accruals and Prepayments

Financial statements include a grant accrual for each project (including fellowships, studentships and grants) where it has been determined that there is an unclaimed amount at the year-end that is due to participants.

Given the nature of this estimate and the history of recipients not spending, and therefore not being reimbursed for, their full entitlement, an expected future underspend percentage is calculated based on historic data of underspend against payment profile and applied to the year-end balance.

A No Cost Extension (NCE) arises when a grant recipient moves the end-date of a research or fellowship grant into the future without changing the value of the grant. In prior years NCE's were modelled off system and a prepayment journal was applied to the year-end balances ensuring grant spend was reflective of the current financial year. The process was updated in 2023-24 and NCE's are managed locally with payment profiles being adjusted as required within the system. As part of this process update prior year NCE's have been unwound (£97m in 2023-24) and are offset by the NCE's that have been processed within the system.

Research and Fellowship grants with cash limits above £0.2 million have their payment profile reprofiled via the grant system. Where grants have a cash limit of more than £3 million an Interim Expenditure Statement will be requested and will inform the new profile.

Recognition of Research Grants and Fellowships Expenditure, and payment profiles

Where Research Grant and Fellowship grant payment profiles are linear, as referenced in Note 1.11, and a grant is not subject to NCE, UKRI judges that there is an alignment between the payment profile, the underlying activity it supports, and costs incurred by grant recipients. UKRI makes this judgement because the majority of costs incurred by grant recipients are similarly linear (for example, direct costs of employing researchers, overheads associated with a grant), and therefore sufficiently aligned with the payment profile of the grant such that it is the most reasonable and appropriate basis for recognising expenditure. This judgement means that UKRI therefore recognises expenditure on individual Research Grants and Fellowships when payment is made, except where final payment is withheld awaiting a final statement of expenditure from a grant recipient. Based on historic funding assurance sampling, in the absence of more granular data, UKRI has made a significant assumption that some, 4.5%, is evenly profiled. This assumption is required due to some cost categories potentially following a more variable profile at points during the life of a project. For example, a cost category that may follow a more variable profile would be that of an equipment grant which may be spent at fixed points in a project rather than spread throughout the whole life of the grant. Historic sampling shows on average this type of expenditure equates to 4.5% during a financial year, however as the main grant expenditure types show a consistent even profile and is most of the grant spend UKRI recognises a linear profile. Other alternative profiling has not been considered due to impracticability and the current straight-line policy output being a true and fair reflection of the economic activity being undertaken. The reprofiling of grants on system, as referenced above, also ensures expenditure is captured as incurred and recognised in the appropriate accounting period.

Innovate UK Grant Accrual

The grant accrual is based on participants' forecast of expenditure submitted with their latest claim. For a number of large non-core projects, the Innovate UK Business Connect (IUKBC) and Catapult Centres, Innovate UK contacts the participants directly to obtain further information and assurances on claims due at the year-end date. For those grants that are based on procurements, Innovate UK confirms the accruals based on purchase orders raised for the period. The grant accrual as at 31 March 2024 was £701.7 million (31 March 2023: £673.1 million).

The major sources of uncertainty in the estimate relate to the profiling of incurring and defraying the project costs that create the entitlement to the grant, and the amount of the grant not utilised at the end of the project. The projects funded by Innovate UK are typically collaborations between private businesses and academia; this aspect introduces a degree of interdependency between project partners that may impact on the timing of individual work packages. In addition, projects are typically two to five years long, which permits a degree of flexibility for grant recipients in the scheduling of their project activity. These projects seek to develop new technology-based products and services for future markets and, as such, are inherently uncertain in terms of their success and, related to this, the project duration and activity costs ultimately incurred.

Decommissioning Provisions

Calculation of the decommissioning provision for scientific facilities uses assumptions and estimates to forecast the cost of the work to be undertaken, based on the latest decommissioning plans, technology and any legal requirements. Internal experts provide a profiled estimate of the current cost of the work to be undertaken which is then translated into a provision using discount and inflation rates provided by HMT.

The estimates and assumptions are reviewed annually, any future changes could significantly change the provision.

UKRI has recognised a decommissioning provision of £29.3 million for the ISIS facility at RAL. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site, radioactive waste disposal and clean-up costs and the expected timing of those costs. ISIS is forecast to be decommissioned over 45 years commencing in 2040-41. The decommissioning costs are estimated to total £169 million at current prices. The decommissioning provision for ISIS is sensitive to changes in inflation/discount rates that are provided by HMT. This year the long-term discount rate (11-40 years) increased from 3.51% to 4.72%, and the very-long-term rate (> 40 years) increased from 3% to 4.4%, the inflation rate staying the same at 2%. The ISIS decommissioning provision decreased by £13.5 million due to the change in discount rates (last year the movement due to discount rate changes was a decrease of £69 million).

UKRI has recognised a provision of £105.1 million for its share of the decommissioning costs of the ILL; this has been taken to be its share of the ILL decommissioning provision recognised in the ILL latest accounts. The calculation by the ILL assumes that the ILL will shut down in 2030 and decommissioning will be completed in 2057. The main sources of uncertainty are associated with future developments in waste processing and site rehabilitation technology, and with nuclear and conventional safety constraints and environmental requirements. The value of UKRI provision will also be affected by the EUR:GBP exchange rate.

2 Statement of Operating Expenditure by Operating Segment

Analysis of UKRI information by business segment

2023-24	AHRC £000	BBSRC £000	EPSRC/ UKRI £000	ESRC £000	IUK £000
Total operating income	(1,728)	(3,371)	(13,347)	(6,198)	(480,068)
Staff costs	6,769	9,742	114,928	11,538	84,088
Purchase of Goods and services	1,442	3,799	105,269	1,852	60,056
Depreciation and impairment charges	(10)	13,070	12,888	(182)	13,847
Research and Innovation	139,752	479,691	1,413,912	266,517	1,726,529
Provision expense	–	–	(5)	–	1,638

2023-24	AHRC £000	BBSRC £000	EPSRC/ UKRI £000	ESRC £000	IUK £000
Other operating expenditure	–	(94)	–	–	–
Net expenditure	**146,225**	**502,837**	**1,633,645**	**273,527**	**1,406,090**

2023-24	MRC £000	NERC £000	RE £000	STFC £000	Total £000
Total operating income	(88,938)	(35,062)	(990)	(63,909)	(693,611)
Staff costs	84,131	81,990	5,430	175,392	574,008
Purchase of Goods and services	73,923	58,160	1,854	444,701	751,056
Depreciation and impairment charges	60,060	60,305	35	103,762	263,776

2023-24	MRC £000	NERC £000	RE £000	STFC £000	Total £000
Research and Innovation	879,894	330,087	2,837,854	395,789	8,470,025
Provision expense	129	(6,366)	–	(12,767)	(17,371)
Other operating expenditure	1,744	63	–	13,052	14,765
Net expenditure	**1,010,943**	**489,177**	**2,844,183**	**1,056,021**	**9,362,648**

2022-23	AHRC £000	BBSRC £000	EPSRC/UKRI £000	ESRC £000	IUK £000
Total operating income	(2,059)	(5,552)	(12,052)	(6,584)	(63,478)
Staff costs	6,236	9,930	100,176	10,446	67,943

2022-23	AHRC £000	BBSRC £000	EPSRC/UKRI £000	ESRC £000	IUK £000
Purchase of Goods and services	1,364	3,664	84,757	2,811	52,410
Depreciation and impairment charges	16	12,141	11,671	189	8,666
Research and Innovation	164,013	451,481	1,101,693	261,506	1,565,054
Provision expense	–	–	(3)	–	323
Other operating expenditure	–	(248)	–	–	40
Net expenditure	**169,570**	**471,416**	**1,286,242**	**268,368**	**1,630,958**

2022-23	MRC £000	NERC £000	RE £000	STFC £000	Total £000
Total operating income	(93,217)	(36,343)	(1,522)	(59,776)	(280,583)
Staff costs	93,280	73,767	4,756	155,489	522,023
Purchase of Goods and services	72,825	53,360	2,347	478,829	752,367
Depreciation and impairment charges	40,461	47,864	–	93,725	214,733
Research and Innovation	883,223	318,163	3,022,743	306,677	8,074,553
Provision expense	37	(2,582)	–	(60,940)	(63,165)
Other operating expenditure	2,075	(38)	–	(606)	1,223
Net expenditure	**998,684**	**454,191**	**3,028,324**	**913,398**	**9,221,151**

UKRI reports its expenditure by operating segments in accordance with IFRS 8 Operating Segments.

Operating segments are funding segments about which separate financial information is available that is regularly reviewed by the chief operating decision maker, the UKRI Executive Committee.

3 Total operating income

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Current grants from Central Government	(27,877)	(57,448)	(21,250)	(54,730)
Current grants from European Commission	(9,788)	(9,817)	(17,896)	(18,180)
Capital Grants	(6,925)	(6,925)	(7,176)	(7,176)
Current grants from private sector	(58,116)	(58,116)	(64,033)	(64,033)
Income from other government departments and public sector	(467,366)	(467,704)	(56,810)	(57,167)
Rental income	(10,047)	(10,047)	(9,159)	(9,159)
Sales of goods and services	(33,045)	(33,240)	(29,652)	(30,795)
Other income	(25,674)	(50,314)	(27,769)	(39,343)
	(638,838)	**(693,611)**	**(233,745)**	**(280,583)**

Overall total operating income has increased by £413 million from £280 million to £694 million. The majority of the increase (£410 million) relates to income from other government departments (OGD's) as the Machinery of Government (MoG) changes in reorganising the former sponsoring Department into DSIT, Department for Business and Trade (DBT) and Department for Energy Security and Net Zero (DESNZ) in February 2023 resulted in Innovate UK now having managed programmes with OGD's.

4 Staff costs

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Wages and salaries	416,202	432,725	365,570	381,031
Social security costs	42,098	43,854	32,879	33,065
Other pension costs	94,332	96,731	104,011	106,096
	552,632	573,310	502,460	520,192
Staff severance costs	698	698	1,831	1,831
	553,330	**574,008**	**504,291**	**522,023**

Staff costs have increased by £51 million from £522 million to £573 million. The main increases relate to the rise in staff numbers and back dated pay awards paid in the year, while social security costs contains a £3.8m accrual in regard to UKRI global tax liabilities. More information is provided in the staff related costs note on page 54 of the annual report.

5.1 Purchase of goods and services

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Rentals under operating leases	5,247	5,469	4,497	4,683
Finance, HR, IT and support costs	29,549	29,681	28,166	28,331
Accommodation and office equipment costs	181,964	186,344	168,574	172,506
Consultancy and legal expenditure	567	567	1,989	2,156
Training and other staff costs	6,869	7,098	7,135	7,340
Travel and subsistence costs	22,907	24,467	16,359	17,691
Advertising and publicity	5,495	5,851	4,672	5,344
Professional services	107,422	111,114	75,634	78,975
Auditors' remuneration	533	717	474	670

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Programme management and administration of grants and awards	4,961	8,764	3,625	6,024
Professional and international subscriptions	309,576	309,576	368,130	368,130
Recharges	17,123	17,168	18,888	18,970
Other purchase of goods and services cost	44,104	44,240	41,117	41,547
	736,317	**751,056**	**739,260**	**752,367**

There has been an increase in accommodation and office equipment costs of £14 million from £172 million to £186 million. This increase relates to increased energy prices at sites and spend required to reduce backlog maintenance (at STFC sites).

The majority of the increases in professional services of £32 million from £79 million to £111 million relates to the SHARP programme as a critical stage to implementation was expected in late 2023-24. There was an increase of £6.5 million relating to professional services required to progress NQCC/Quantum and Hartree Centre projects.

The decrease in professional and international subscriptions of £58 million from £368 million to £310 million are driven by the decrease in the international subscriptions held by STFC. There has been an increase in forex and inflation charges (£20 million) as the subscriptions (and payments) are within Europe and a decrease of £70 million in costs relating to ESO where 2022-23 spend included costs for construction, additional funding and payments to cover 2023-2025.

5.2 Depreciation and impairment charges

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Depreciation	205,969	206,311	174,974	175,234
Amortisation of intangible assets	23,054	23,054	22,070	22,070
Impairment of PPE	21,347	21,347	12,784	12,784
Impairment of financial assets	–	588	–	–
Impairment of investment properties	476	476	107	107
Expected Credit Loss	2,801	12,000	1,303	4,538
	253,647	**263,776**	**211,238**	**214,733**

Overall depreciation increased by £31 million and is made up of:

Depreciation of land and buildings has gone up by £1.8 million following significant upward revaluation of the STFC RAL estate in March 2023.

Depreciation of plant, equipment, fixtures and fittings has increased by £14.4 million, and of IT equipment by £2.5 million, in line with the significant transfers into this category as major projects have come online in the last two years (£42.7 million in 2022-23 and £52.4 million in 2023-24 for PMFF and £7.8 million in 2022-23 and £17.0 million in 2023-24 for IT).

Transport depreciation has increased by £12.4 million due to depreciation adjustments following the professional revaluation of the NERC research vessels, specifically those of the RRS **Discovery** and RRS **James Cook.** These adjustments being necessary to better recognise the period over which the benefits from subsequent improvement works are achieved and thus align the net book values of the assets with their current market values.

Amortisation of software intangibles has fallen by £2.2 million in line with a continuing general reduction of in-service intangible assets as UKRI has harmonised its capitalisation criteria and older assets have reached the end of their useful economic lives.

Amortisation of patents has increased by £3.2 million following significant additions and revaluations during the last two years (£21.8 million in 2022-23 and £9.4 million in 2023-24).

Impairment of PPE has increased by £8.6 million following the professional valuation of MRC & STFC Land and buildings (excluding STFC's Rutherford Appleton Laboratory) during 2023-24.

See Note 7 Property, plant & equipment for more details of the various valuation exercises.

5.3 Research and Innovation

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Core Funding	1,314,087	1,315,722	1,190,962	1,190,962
Research England funding	2,461,217	2,461,217	2,522,858	2,522,858
Institutes, Catapults, Centres & Networks	579,356	579,356	558,333	558,333
Knowledge Exchange, Translation and Commercialisation	216,712	216,712	225,661	225,661
COVID-19 Research	4,272	4,272	34,902	34,902
International	20,990	20,990	21,864	21,864
Talent	623,486	623,486	603,746	603,746
Other costs – Core Research	101,395	101,395	(6,303)	(6,303)
Core Research	**5,321,515**	**5,323,150**	**5,152,023**	**5,152,023**
Infrastructure	215,054	215,054	159,425	160,153

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
World Class Labs	466,064	466,064	478,775	478,775
Cross-cutting Funds	150,149	150,149	186,659	186,659
Strategic Themes	23,299	23,299	4,984	4,984
Strength in places fund	66,578	66,578	58,613	58,613
Other costs – Non Core Research	28,078	28,078	15,022	15,022
Non Core Research	**949,222**	**949,222**	**903,478**	**904,206**
Cross-cutting Funds	404,519	404,519	419,459	419,459
Technologies Missions Programme	55,071	55,071	1,118	1,118
Other costs – R&D Other	55,731	55,731	4,672	4,672
R&D Other	**515,321**	**515,321**	**425,249**	**425,249**
Institutes, Catapults, Centres & Networks	347,789	347,789	321,601	321,601
Innovation Policy & Other	228,838	228,838	57,597	66,468

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
International	66,211	66,211	43,662	43,662
SMART	91,171	91,171	104,996	104,996
Biomedical Catalyst	52,833	52,833	31,403	31,403
Fast Start	3,209	3,209	26,665	26,665
DfT Zero emission HGV technologies	15,147	15,147	–	–
Innovation	**805,198**	**805,198**	**585,924**	**594,795**
ODA	60,145	60,145	125,852	125,852
DSIT Managed Programmes	472,030	472,030	439,611	439,611
EU Programmes	344,959	344,959	432,817	432,817
Ringfenced Capital	**877,134**	**877,134**	**998,280**	**998,280**
	8,468,390	**8,470,025**	**8,064,954**	**8,074,553**

Total Research and Innovation grant expenditure increased by £395.5 million in 2023-24. The key movements are explained below:

- Core research – Research England received additional funding from DSIT for the financial year 2023-24. This is in addition to the funding previously issued and is allocated as the Regional Innovation Fund (RIF) of £48 million.
- Non-core research – Strategic theme allocations mainly started in 2023-24. UKRI received and additional funding allocation of £18.3 million.
- R&D other – The Technologies Mission Fund increased funding by £77.7 million which was managed for UKRI across BBSRC, EPSRC & Innovate UK. BBSRC increased funding by £8 million, EPSRC received new funding of £31 million and IUK received new funding of £39 million, mainly in their Quantum programme.
- Innovation – Policy & Other increase from 2022-23 relates predominately to the new Future Economy Review (FER) Domain programmes. These started in late 2022-23 (in that FY we had £1 million assigned to this programme), which then increased substantially to £82 million in 2023-24. We increased significantly DFT's UK Shore projects of which Manufacturing, Materials (MMM) co-funding was the largest segment (Clean Maritime Demonstration Competition (CMDC) for 23/24

CMDC2 was a further £7 million, CMDC3 was £18.5 million, CMDC4 £1 million and ZEVI £19.5 million, a total of £46 million).

- DfT Zero emission HGV technologies – A new programme, the first project started in July 2023 with remaining 3 projects starting in Q4 2023-24.

5.4 Provision expense

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Provision expense – Early retirement	125	125	34	34
Provision expense – Other provisions	(1,949)	(1,949)	844	844
Provision expense – Loan commitments	–	1,638	–	323

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Provision expense – Decommissioning	(17,185)	(17,185)	(64,366)	(64,366)
	(19,009)	**(17,371)**	**(63,488)**	**(63,165)**

The Public Expenditure System paper produced by HM Treasury lays down the discount rates to be used. The very long- term discount rate increased from 3.0% to 4.4%, the long-term rate increased from 3.51% to 4.72%, medium-term rate increased from 3.2% to 4.03% and the short-term rate increased from 3.27% to 4.26%.

The largest element of the provision movement relates to decommissioning. £15.8 million of the provision credit was due to the increase in the discount rates of which £13.5 million (£70.2 million 2022-23) related to the ISIS decommissioning provision.

5.5 Other operating expenditure

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Revaluation – investment property	–	–	40	40
Loss on disposal – assets held for sale	–	–	–	–
Profit on disposal – PPE	(146)	(146)	(178)	(178)
Loss on disposal – PPE	–	–	124	124
Loss/(Profit) on disposal of other investments	–	(69)	–	505
Share of profits on joint venture and associates	–	–	(12,880)	(12,880)
Share of losses on joint venture and associates	14,980	14,980	13,612	13,612
	14,834	**14,765**	**718**	**1,223**

The reduction in profits was due to Harwell Science and Innovation Campus (HSIC) results showing a loss of £2.9 million as opposed to 2022-23 showing a profit of £12.9 million. See Note 9 for details of the losses and profits on joint ventures and associates.

6 Taxation and Deferred Taxation

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Corporation tax				
Taxable profit for the year	54,371	53,378	1,014	1,437
Corporation tax @ 25%	13,593	13,344	193	272
Prior year corporation tax	–	–	(14,262)	(14,262)
Total corporation tax	**13,593**	**13,344**	**(14,069)**	**(13,990)**

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Deferred Tax				
Origination and reversal of temporary differences	(13,368)	(13,368)	83,590	83,590
Adjustments in respect of earlier years	–	–	–	–
Impact of change in UK corporation tax rate to 25% (FY21: 19%)	–	–	–	–
Remeasurement of temporary differences	–	–	–	–
Total deferred tax	**(13,368)**	**(13,368)**	**83,590**	**83,590**
Taxation	**225**	**(24)**	**69,521**	**69,600**

Corporation Tax – current and prior years

Tax charges for current year relate only to corporation tax incurred by UKRI and Innovate UK Loans Limited in the normal course of business. UKRI has recognised an accrual of £7.1 million for 2023-24 based on an initial calculation of the tax liability. This may be subject to change prior to final submission of the UKRI 2023-24 Corporation tax return during 2024-25.

There is a change in the taxation rate applied in 2023-24 of 25%, (2022-23 19%) being the rate defined for this period.

Regarding adjustments for prior years in 2022-23, UKRI recognised an estimated accrued tax charge of £14.5 million for 2021-22 based on an estimate of taxable profits; following completion of the 2021-22 tax return, the charge was settled at £6.5 million leading to £8.0 million adjustment in 2022-23 in respect of 2021-22 and a further £6.3 million adjustment for years prior to 2021-22.

Deferred Taxation

Factors that may affect future tax changes.

All deferred tax assets and liabilities have been calculated using a tax rate of 25%. A corporation tax rate of 25% for profits over £250,000 has been set with effect from 1 April 2023. UKRI has assumed that taxable profits will be above £250,000 in future periods.

Detail of Deferred Tax Assets & Liabilities

Parent

	Deferred Tax (Asset)/Liability recognised in the Statement of Financial Position	Deferred Tax (Asset)/Liability recognised in the Statement of Comprehensive Expenditure
Asset Category	**2023-24 £000**	**2023-24 £000**
Tangible fixed assets	51,723	51,723
Intangible assets	–	–
Investment Property	330	330
Investments in Joint Ventures	–	–
Investment in Associates	–	–
Other Investments	–	–
Pension Reserve	18,194	18,194
Provisions	(25)	(25)
Capital losses	–	–
	70,222	**70,222**

Capital losses relate to the transfer to Government Property Agency of the Polaris House freehold in 2020-21; this leads to a deferred tax asset of £4.775 million which has reduced deferred tax expense in 2023-24.

7 Property Plant and equipment

Consolidated	Land £000	Buildings £000	Plant, equip-ment, fixtures and fittings £000	IT equip-ment £000	Trans-port £000	Assets under con-struction £000	Total £000
Cost or Valuation							
At 1 April 2023	**294,690**	**2,577,062**	**1,576,155**	**186,786**	**450,767**	**509,950**	**5,595,410**
Additions	1,527	14,323	34,806	4,749	6,717	176,127	238,249

Consolidated	Land £000	Buildings £000	Plant, equipment, fixtures and fittings £000	IT equipment £000	Transport £000	Assets under construction £000	Total £000
Disposals	(196)	(588)	(58,439)	(21,382)	(1,336)	(31)	(81,972)
Transfers	(9)	94,579	53,356	17,033	1	(165,738)	(778)
Revaluation	98,406	(36,491)	65,042	(436)	42,796	–	169,317
Lease Remeasurement	–	1,354	–	–	–	–	1,354
Impairment	5,688	(26,386)	(649)	–	–	–	(21,347)
At 31 March 2024	**400,106**	**2,623,853**	**1,670,271**	**186,750**	**498,945**	**520,308**	**5,900,233**

Consolidated	Land	Buildings	Plant, equipment, fixtures and fittings	IT equipment	Transport	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000
Depreciation							
At 1 April 2023	**(31,333)**	**(947,021)**	**(1,019,612)**	**(109,834)**	**(150,339)**	**–**	**(2,258,139)**
Charged in period	(1,048)	(67,491)	(75,003)	(29,419)	(33,350)	–	(206,311)
Disposals	–	434	58,295	21,380	1,335	–	81,444
Transfers	–	290	(296)	203	(4)	–	193
Revaluation	(1,965)	(51,247)	(39,204)	263	(14,839)	–	(106,992)
Impairment	–	–	–	–	–	–	-
At 31 March 2024	**(34,346)**	**(1,065,035)**	**(1,075,820)**	**(117,407)**	**(197,197)**	**–**	**(2,489,805)**

Consolidated	Land	Buildings	Plant, equip-ment, fixtures and fittings	IT equip-ment	Trans-port	Assets under con-struction	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Net book value							
At 31 March 2024	**365,760**	**1,558,818**	**594,451**	**69,343**	**301,748**	**520,308**	**3,410,428**
At 31 March 2023	263,357	1,630,041	556,543	76,952	300,428	509,950	3,337,271
Asset financing: Owned	235,556	1,474,176	594,451	69,343	301,708	520,308	3,195,542
Leased	130,204	84,642	–	–	40	–	214,886
At 31 March 2024	**365,760**	**1,558,818**	**594,451**	**69,343**	**301,748**	**520,308**	**3,410,428**

Consolidated	Land £000	Buildings £000	Plant, equip-ment, fixtures and fittings £000	IT equip-ment £000	Trans-port £000	Assets under con-struc-tion £000	Total £000
Cost or Valuation							
At 1 April 2022	**254,556**	**2,238,430**	**1,408,782**	**185,762**	**416,680**	**558,451**	**5,062,661**
Additions	119	5,867	50,432	7,887	10,020	152,075	226,400
Disposals	(1,375)	(19,070)	(44,718)	(19,104)	(537)	–	(84,804)
Transfers	(1,779)	150,638	42,712	7,825	385	(200,576)	(795)
Revaluation	43,169	211,143	118,947	4,416	26,328	–	404,003
Lease Remeasure-ment	–	730	–	–	–	–	730
Impairment	–	(10,676)	–	–	(2,109)	–	(12,785)

Consolidated	Land	Buildings	Plant, equipment, fixtures and fittings	IT equipment	Transport	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000
At 31 March 2023	**294,690**	**2,577,062**	**1,576,155**	**186,786**	**450,767**	**509,950**	**5,595,410**
Depreciation							
At 1 April 2022	**(29,887)**	**(852,631)**	**(934,074)**	**(99,803)**	**(122,914)**	**–**	**(2,039,309)**
Charged in period	(481)	(66,294)	(60,596)	(26,950)	(20,913)	–	(175,234)
Disposals	1,375	19,062	44,594	19,104	514	–	84,649
Transfers	96	428	(324)	(127)	(73)	–	–
Revaluation	(2,436)	(47,586)	(69,212)	(2,058)	(6,953)	–	(128,245)
Impairment	–	–	–	–	–	–	–

Consoli-dated	**Land** £000	**Buildings** £000	**Plant, equip-ment, fixtures and fittings** £000	**IT equip-ment** £000	**Trans-port** £000	**Assets under con-struc-tion** £000	**Total** £000
At 31 March 2023	**(31,333)**	**(947,021)**	**(1,019,612)**	**(109,834)**	**(150,339)**	**–**	**(2,258,139)**
Net book value							
At 31 March 2023	**263,357**	**1,630,041**	**556,543**	**76,952**	**300,428**	**509,950**	**3,337,271**
At 31 March 2022	224,669	1,385,799	474,708	85,959	293,766	558,451	3,023,352
Asset financing: Owned	200,121	1,541,375	556,543	76,952	300,408	509,950	3,185,349

Consolidated	Land	Buildings	Plant, equipment, fixtures and fittings	IT equipment	Transport	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000
Leased	63,236	88,666	–	–	20	–	151,922
At 31 March 2023	**263,357**	**1,630,041**	**556,543**	**76,952**	**300,428**	**509,950**	**3,337,271**

Land additions include £1.521 million for Right of Use lease assets relating to new leases, the remaining £0.06 million being leasehold improvements.

Building additions include £6.200 million for Right of Use lease assets relating to new leases (including £0.374 million for IUKBC's Harwell site). Additionally £1.627 million of Building additions relate to leasehold improvements.

Transport additions include £0.030 million for Right of Use lease assets relating to new leases.

Depreciation of Buildings charged during the year includes £6.553 million for leasehold assets.

Building disposals include £0.053 million of cost and £0.025 million of accumulated depreciation relating to a lease surrender at NERC's Lancaster site.

Included under transfers are: £76.60 million for STFC's National Satellite Test Facility (NSTF), £70.23 million under Buildings, £0.14 million under IT and £6.23 million under Plant, equipment, fixtures and fittings; £24.89 million for STFC's ISIS Neutron and Muon Source, £0.08 million under Buildings, £1.39 million under Intangibles and £23.42 million under Plant, equipment, fixtures and fittings; and £11.95 million under Buildings for the Biggs Avian Research

Building at BBSRC's strategically supported Pirbright Institute.

Assets under construction additions include:

- £22.68 million (2022-23 £29.98 million) for STFC's National Quantum Computing Centre (NQCC)
- £14.13 million (2022-23 £0.37 million) for STFC's Extreme Photonics Application Centre (EPAC)
- £12.05 million (2022-23 £3.92 million) for STFC's ISIS Neutron and Muon Source
- £23.20 million (2022-23 £3.46 million) for STFC's Supercomputing Centre at Daresbury
- £15.81 million (2022-23 £24.39 million) for the new aircraft for NERC's British Antarctic Survey
- £24.38 million (2022-23 £17.20 million) for NERC's Antarctic Infrastructure Modernisation Programme and other Antarctic projects.

Included in Assets under construction are: £86.37 million (2022-23 £98.32 million) for the Brooksby Building at BBSRC's strategically supported Pirbright Institute; £16.81 million (2022-23 £86.93 million) for STFC's National Satellite Test Facility (NSTF); £57.89 million (2022-23 £44.09 million) for STFC's National Quantum Computing Centre (NQCC); £28.92 million (2022-23 £22.53 million) for STFC's ISIS Neutron and Muon Source; £30.86 million (2022-23 £4.78 million) for STFC's Supercomputing Centre at Daresbury; £53.83 million (2022-23 £37.25 million) for the new aircraft for NERC's British Antarctic Survey; and £105.05 million (2022-23 £81.47 million) for the Antarctic Infrastructure Modernisation Programme and other Antarctic projects.

MRC & STFC Land and buildings (excluding STFC's Rutherford Appleton Laboratory) were professionally revalued during 2023-24, as at 31 December 2023 by Carter Jonas LLP, Chartered Surveyors, an independent valuer. Land and buildings were valued in accordance with the appropriate sections of the current RICS Professional Standards (PS) and the valuation report was prepared in accordance with the appropriate sections of the current RICS Valuation – Global Standards (incorporating the IVSC, International Valuation Standards) and the UK national supplement (the 'Red Book').

STFC Land and buildings at the Rutherford Appleton Laboratory were professionally valued during 2022-23 as at 31 March 2023 by Avison Young Limited, Chartered Surveyors, an independent valuer. Land and buildings were valued in accordance with the relevant HM Treasury guidance, cross-referencing to IFRS 13 subject to variations to meet the specific reporting standards adopted by Government bodies. This effectively provides that assets should be assessed to Fair Value, with non-specialised operational assets valued on the basis of Market Value for Existing Use (the equivalent of Existing Use value) and specialist operational assets assessed according to a Depreciated Replacement Cost approach. Non-operational, surplus and investment assets are valued to their underlying Market Value.

Impairment of land includes £5.740 million (including £3.115 million for leased land) of impairment reversals recognising improvements in the market value of MRC land, as established by professional valuation (see above for details of the valuation exercise), since the last professional valuation, the remaining £0.051 million represents other leased land being impaired to market value.

Impairment of buildings includes a £0.558 million impairment reversal of leased buildings recognising increased depreciated replacement costs of an MRC building, as established by professional valuation. The remaining £26.945 million (which include £6.269 million of leasehold properties) relates to MRC & STFC land & buildings being impaired to their depreciated replacement costs as established by professional valuation.

NERC and EPSRC UK land and buildings were professionally revalued during 2021-22 as at 31 December 2021 by Carter Jonas LLP, Chartered Surveyors, an independent valuer. Land and buildings were valued in accordance with appropriate sections of the current RICS Professional Standards (PS), and in accordance with the appropriate sections of the current RICS Valuation – Global Standards (incorporating the IVSC, International Valuation Standards) and the UK national supplement (the 'Red Book'), and are prepared either on a Market Evidence or a Depreciated Replacement Cost basis. NERC's Antarctic buildings were professionally revalued during 2021-22, as at 31 March 2021 by Powis Hughes Ltd, Chartered Surveyors, an independent valuer. Buildings were valued at Fair Value as defined by the International Accounting Standards Committee (IASC) under IFRS 13 as the basis of value in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 (effective from 31 January 2020) and the UK Supplement (together with the Red Book) on a Depreciated Replacement Cost basis.

The former BBSRC land and buildings were professionally revalued during 2020-21, as at 31 January 2021, by Avison Young Limited, Chartered Surveyors, an independent valuer. Land and buildings were valued in accordance with the Royal Institute of Chartered Surveyors Valuation Standards (8th Edition), the Red Book, and are prepared either on a Market Evidence or a Depreciated Replacement Cost basis.

NERC's research ships (RRS **Sir David Attenborough,** RRS **Discovery,** and RRS **James Cook**) were valued by Clarksons Valuations Limited during 2023-24, as at 31 October 2023. All NERC aircraft were revalued by the International Bureau of Aviation Group Limited in 2023-24 as at 2 November 2023.

Lease Remeasurement costs include £1.147 million reflecting the rent review on NERC's Lancaster site alongside a number of other smaller amounts relating to rent reviews (including £0.056 million for lUKBC's London offices).

Impairments of plant & equipment relate to the need to prematurely decommission an aquarium at NERC's British Antarctic Survey Cambridge site due to faults during the building process resulting in it no longer being deemed fit for purpose, the costs for which cannot be recovered from the contractors due to their insolvency.

The consolidated PPE note includes £1.216 million of cost and £0.601 million of accumulated depreciation under Buildings that relate to Right of Use lease assets and leasehold improvements for the Innovate UK Business Connect; these are excluded from the UKRI PPE number within the Statement of Financial Position.

8 Intangible assets

	Patents and Licences £000	Software Intangibles £000	Assets under development £000	Total £000
Cost or Valuation				
At 1 April 2023	**391,411**	**141,472**	**1,761**	**534,644**
Additions	–	1,772	1,602	3,374
Disposals	–	(70,226)	–	(70,226)
Transfers	–	1,956	(1,178)	778
Revaluation	9,454	–	–	9,454
Impairment	–	–	–	–
At 31 March 2024	**400,865**	**74,974**	**2,185**	**478,024**
Amortisation				
At 1 April 2023	**(311,766)**	**(124,483)**	**–**	**(436,249)**
Charged in period	(16,618)	(6,436)	–	(23,054)
Disposals	–	70,226	–	70,226
Transfers	–	(193)	–	(193)

	Patents and Licences £000	Software Intangibles £000	Assets under development £000	Total £000
Revaluation	–	–	–	–
Impairment	–	–	–	–
At 31 March 2024	**(328,384)**	**(60,886)**	**–**	**(389,270)**
Net book value				
At 31 March 2024	**72,481**	**14,088**	**2,185**	**88,754**
At 1 April 2023	79,645	16,989	1,761	98,395
Cost or Valuation				
At 1 April 2022	**369,659**	**134,991**	**5,498**	**510,148**
Additions	3,633	820	2,499	6,952
Disposals	–	(1,370)	–	(1,370)
Transfers	–	7,031	(6,236)	795
Revaluation	18,119	–	–	18,119
Impairment	–	–	–	–
At 31 March 2023	**391,411**	**141,472**	**1,761**	**534,644**
Amortisation				

	Patents and Licences **£000**	**Software Intangibles** **£000**	**Assets under development** **£000**	**Total** **£000**
At 1 April 2022	**(298,351)**	**(117,198)**	**–**	**(415,549)**
Charged in period	(13,415)	(8,655)	–	(22,070)
Disposals	–	1,370	–	1,370
Transfers	–	–	–	–
Revaluation	–	–	–	–
Impairment	–	–	–	–
At 31 March 2023	**(311,766)**	**(124,483)**	**–**	**(436,249)**
Net book value				
At 31 March 2023	**79,645**	**16,989**	**1,761**	**98,395**
At 31 March 2022	71,307	17,793	5,498	94,598

Disposals of software intangibles are all of zero net book value assets and include £67.7 million of open source software licenses that have reached the end of their lives.

9 Investments in group undertakings

	Notes	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Investments in joint ventures	9.1	832,297	832,297	753,407	753,407
Investments in associates	9.2	9,306	9,306	9,212	9,212
Other investments	9.3	2,151	11,149	2,959	11,571
		843,754	**852,752**	**765,578**	**774,190**

9.1 Investments in joint ventures

	FCI £000	DLSL £000	ILL £000	HSIC £000	Other £000	Total Joint Ventures £000
At 1 April 2023	**316,361**	**319,891**	**48,686**	**67,013**	**1,456**	**753,407**
Additions	–	–	–	–	–	–
Transfers	–	–	–	–	–	–
Revaluation	141,602	(45,704)	(1,934)	–	–	93,964
Impairments	–	–	–	–	–	–
Share of joint venture profit/(loss)	(1,744)	(10,352)	–	(2,925)	(53)	(15,074)
At 31 March 2024	**456,219**	**263,835**	**46,752**	**64,088**	**1,403**	**832,297**
At 1 April 2022	**300,981**	**320,159**	**44,165**	**54,133**	**1,469**	**720,907**
Additions	–	–	–	–	–	–
Transfers	–	–	–	–	–	–
Revaluation	17,331	11,499	4,521	–	–	33,351

	FCI £000	DLSL £000	ILL £000	HSIC £000	Other £000	Total Joint Ventures £000
Impairments	–	–	–	–	–	–
Share of joint venture profit/(loss)	(1,951)	(11,767)	–	12,880	(13)	(851)
At 31 March 2023	**316,361**	**319,891**	**48,686**	**67,013**	**1,456**	**753,407**

The revaluation of investment in ILL relates to the movement in UKRI share of the ILL capital investment reserve. The adjustment is taken to the revaluation reserve.

The revaluation of investment in Diamond Light Source Limited (DLSL) relates to the adjustment required to account for differences in accounting policy between UKRI and DLSL. The adjustment is taken to the revaluation reserve.

The revaluation of investment in the Francis Crick Institute (FCI) relates to the adjustment required to account for differences in accounting policy between UKRI and FCI. The adjustment is taken to the revaluation reserve.

The Francis Crick Institute Limited (FCI)

The FCI is a UK registered charity and limited company formed in partnership with Cancer Research UK, University College London, Kings College London, Imperial College of Science, Technology and Medicine and the Wellcome Trust. The Institute became operational on 1 April 2015. The entity is designed to allow the delivery of the scientific aims of the joint venture.

The FCI's objectives 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 and indirectly, of all aspects of biomedical research and innovation".

The funding of the project was via capital contributions leading to shares. The UKRI investment in the FCI is represented by issued shares. The investment is therefore valued under the equity method in accordance with the arrangements of IFRS 11 Joint Arrangements as a Joint Venture and additional disclosures regarding the investment are made under IFRS 12 Disclosure of Interests in Other Entities. The principal place of business is Midland Road, London. The proportion of share capital of the Francis Crick Institute that the UKRI holds is 41.9%.

Summarised financial information relating to the FCI is presented below:

Summarised financial information	**2023-24 £000**	**2022-23 £000**
Current assets	163,555	155,254
Non-current assets	468,340	482,398
Current liabilities	(79,289)	(80,884)
	552,606	**556,768**
Revenue	216,649	209,983
Profit/(loss) from continuing activities	(4,363)	(9,214)

Other financial information	2023-24 £000	2022-23 £000
Cash and cash equivalents	11,084	11,640
Depreciation and amortisation	(38,465)	(34,918)

Other information	2023-24 £000	2022-23 £000
Capital commitments	5,029	5,029
Grant commitments	–	–

A lease dated 7 June 2012 between the original founders and the FCI grants land at Brill Place, Camden, London (site of the FCI) to the FCI. The lease term is for a period of 55 years at peppercorn rent. The land had been revalued by Carter Jonas, Chartered Surveyors, as at 31 December 2023. The valuation was carried out in accordance with RICS Valuation Manual, as amended in April 2010, known as the revised "Red Book", at Market Value. MRC's interest in the land is recorded at £9.2 million (2020 £6 million) and reflected in the financial statements accordingly.

Diamond Light Source Limited (DLSL)

UKRI has an 86% interest in DLSL, a company incorporated and operating in the UK. DLSL is a synchrotron science facility. Its purpose is to produce intense beams of light to be used in scientific research, and the principal activities are research and experimental development in natural sciences and engineering. The principal place of business is Diamond House, Harwell Science and Innovation Campus, Didcot.

DLSL is a separate structured vehicle under the joint control of UKRI and the Wellcome Trust. UKRI has a residual interest in its net assets. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated accounts using the equity method.

UKRI holds 86% of the ordinary share capital and 100% of the non-voting redeemable shares in DLSL. The purpose of the redeemable shares is to provide for the funding of irrecoverable VAT incurred during the construction and operation of the synchrotron facility.

DLSL is consolidated using the equity method based on UKRI's net share of the ordinary shares and after adjusting DLSL financial statements for differences in accounting policy.

Summarised financial information relating to the DLSL is presented below:

Summarised financial information	2023-24 £000	2022-23 £000
Current assets	36,949	32,547

Summarised financial information	2023-24 £000	2022-23 £000
Non-current assets	291,438	304,842
Current liabilities	(27,906)	(22,177)
Non-current liabilities	(49,721)	(52,415)
	250,760	**262,797**
Revenue	120,457	108,022
Profit/(loss) from continuing activities	(12,036)	(13,298)

Other financial information	2023-24 £000	2022-23 £000
Cash and cash equivalents	22,762	16,787
Depreciation and amortisation	(35,383)	(33,729)

Other information	2023-24 £000	2022-23 £000
Capital commitments	41,309	6,324
Grant commitments	–	7

Institut Laue-Langevin (ILL)

UKRI has a 33% shareholding and 27.5% net interest (31 March 2023: 27.5% net interest) in the ILL; an international research centre for neutron science, incorporated and operating in France. UKRI is the UK representative and, along with the French and German Foreign Ministries, jointly controls the ILL. The ILL is a separate structured vehicle and UKRI has a residual interest in its net assets. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated accounts using the equity method. ILL prepares accounts to 31 December (in euros); they are produced in accordance with French accounting rules and principles. The principal place of business is Paul Langevin Societe Civile 71, Avenue des Martyrs, 38000 Grenoble.

Summarised financial information relating to the ILL is presented below:

Summarised financial information	**2023-24 £000**	**2022-23 £000**
Current assets	100,044	97,590
Non-current assets	539,435	530,462
Current liabilities	(59,280)	(50,926)
Non-current liabilities	(403,189)	(391,688)
	177,010	**185,438**
Revenue	128,360	106,270
Profit/(loss) from continuing activities	–	–

Other financial information	**2023-24 £000**	**2022-23 £000**
Cash and cash equivalents	52,261	46,364
Depreciation and amortisation	(15,102)	(12,866)

Other information	2023-24 £000	2022-23 £000
Capital commitments	–	–
Grant commitments	–	–

Harwell Science and Innovation Campus Public Sector Limited Partnership (HSIC PubSP)

UKRI has a 29% (31 March 2023: 38%) interest in HSIC PubSP, a company incorporated and operating in the UK. Management and control of HSIC PubSP is jointly shared by UKRI and the UKAEA, with financial interests reflecting the relative contributions of the partners; under IFRS 11 the joint arrangement is classified as a joint venture and is equity accounted. The principal activity of HSIC PubSP is to manage and develop the Harwell Campus as a partner in the Harwell Science and Innovation Campus LP alongside the private sector partner, Harwell Oxford Developments Limited. The principal place of business is Royal Observatory Edinburgh, Blackford Hill, Edinburgh.

Summarised financial information relating to HSIC is presented below:

Summarised financial information	2023-24 £000	2022-23 £000
Current assets	24,950	24,255
Non-current assets	121,425	136,672
Current liabilities	(19)	(16)

Summarised financial information	**2023-24 £000**	**2022-23 £000**
Non-current liabilities	–	–
	146,356	**160,911**
Revenue	–	–
Profit/(loss) from continuing activities	(10,048)	33,566

Other financial information	**2023-24 £000**	**2022-23 £000**
Cash and cash equivalents	10,647	24,252
Depreciation and amortisation	–	–

Other information	**2023-24 £000**	**2022-23 £000**
Capital commitments	–	–
Grant commitments	–	–

UK Shared Business Services Ltd (Registered in England)

UKRI holds one Non-Government Department (NGD) £1 share in UK Shared Business Services Ltd. DSIT holds one Government Department (GD) £1 share carrying 51% of the votes. All other stakeholders, including UKRI, each hold 1 NGD share with a combined vote of 49%.

Alan Turing Institute (ATI)

The Alan Turing Institute, headquartered in the British Library, London, was created as the national institute for data science in 2015. In 2017, as a result of a government recommendation, we added artificial intelligence to our remit. ATI was established as a charity by joint venturers UKRI and five founding universities – Cambridge, Edinburgh, Oxford, UCL and Warwick. The charity is registered and is a company limited by guarantee governed by its Articles of Association and a joint venture agreement with the founder members.

9.2 Investments in associates

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Opening balance	9,212	9,212	9,093	9,093
Impairment	–	–	–	–
Transfers	–	–	–	–
Profit/loss	94	94	119	119
	9,306	**9,306**	**9,212**	**9,212**

The UK Innovation & Science Seed Fund LP (UKI2SF)

The UKI2SF is an independently managed capital venture fund, which is backed by government, was established to invest in technologies developed from publicly funded research. UKRI is a limited partner in the fund and has invested £37 million. UKI2SF was previously known as the Rainbow Seed Fund and changed its name on 8 February 2018 www.ukinnovationscienceseedfund.co.uk

Anglia Innovation Partnership (AIP) LLP (formerly Norwich Research Park (NRP) LLP)

BBSRC's investment of £833,000 in AIP LLP is an equal share of a £2.5 million capital investment made by three landowners of the NRP in 2011-12, (BBSRC, John Innes Foundation, and the University of East Anglia). The NRP LLP was formed between the NRP Partners – which consist of the three landowners, the Norfolk and Norwich University Hospital, the John Innes Centre, The Sainsbury Laboratory, and the Earlham Institute – with the aim of transforming the NRP into a world-leading centre for research and innovation in life and environmental science, as well as delivering significant economic benefits and growth in jobs, as a result of the government's £26 million capital investment in the facilities and infrastructure on the NRP www.norwichreserachpark.com

Babraham Research Campus Ltd (BRCL) (formerly Babraham Bioscience Technologies Ltd (BBT))

UKRI currently holds 25% of shares in BRCL, with a nominal value of £6.6 million, with the Babraham Institute holding the remaining 75%. This equity stake in BRCL will ensure that £50 million of government investment to date in the Babraham Research Campus facilities and infrastructure, and in any future developments, will deliver economic growth and job creation. This will be achieved through the creation of an environment where life science businesses can focus on developing their science and building their business in a supportive and highly networked community, helping to create new medicines, jobs and growth, and maximising the impact of UK science. BRCL is incorporated in England and Wales. www.babraham.com

Plant Bioscience Ltd (PBL)

110 ordinary shares at 10p each, representing one third of the issued share capital of PBL, a company incorporated in England and Wales. UKRI holds 110 ordinary shares at 10p each, representing one third of the issued share capital of PBL, with the John Innes Centre and the Sainsbury Laboratory also holding a third each of the shares with the same nominal value. All of the shareholders have therefore equal voting rights. PBL offers an extensive range of technologies for licensing in Life Sciences including those in Agriculture, Food & Nutrition, Microbiology, Biotechnology and related Life Science industries. These technologies have been sourced by PBL from research institutes and universities worldwide. PBL is a company incorporated in England and Wales. www.pbltechnology.com

Rothamsted Enterprises Ltd (REL) (formerly Rothamsted Centre for Research and Enterprise (ROCRE))

UKRI holds one ordinary share at 100p, representing 20% of the issued share capital of REL. Lawes Agricultural Trust and Rothamsted Research each hold two ordinary shares, or 40% of the remaining issued share capital. Government has invested £10.9 million in REL facilities and infrastructure alongside investments from the other shareholders. REL's primary aim is to promote collaboration and innovation through providing the facilities and expertise for start and scale up agricultural technology and food businesses to prosper and establish the Rothamsted Campus as a world class centre for research and innovation in food security, green energy, and climate change. REL is incorporated in England and Wales. www.rothamstedenterprises.com

Leaf Systems International Ltd

UKRI holds 30 ordinary shares at 100p each, representing 30% of the issued share capital (with voting rights) of Leaf Systems International Ltd. Leaf Systems International Ltd is incorporated in England and Wales and was launched in January 2017, following construction of the government-funded £5 million transitional facility at Norwich for producing high-value protein in plants. www.leafexpression systems.co.uk

Aberystwyth Innovation and Enterprise Campus Ltd (AIEC)

UKRI holds 25 ordinary shares in AIEC, valued at £25, representing 25% of the issued share capital. Aberystwyth University holds the remaining 75% of issued share capital. Government has invested £12 million, out of a total investment of £40.5 million, to provide world-leading facilities managed by AIEC at Aberystwyth University's Goggerdan campus. AIEC's primary aims are to support innovation and promote industrial and academic collaboration, within the biotechnology, agri-tech, and food and drink sectors, whilst facilitating the development of spin-out companies and inward investment so as to drive economic growth through the creation of high value-add jobs and thriving knowledge-based companies. AIEC is incorporated in England and Wales. www.aberinnovation.com

9.3 Other investments

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Opening balance	2,959	11,571	5,703	11,996
Additions	–	974	–	100
Revaluation	(808)	(808)	(2,744)	41
Impairments	–	(588)	–	–
Disposals	–	–	–	(566)
	2,151	**11,149**	**2,959**	**11,571**

9.4 Subsidiary Undertakings

STFC Innovations Limited (SIL)

STFC Innovations Limited (SIL), a company registered and operating in the UK, is a wholly owned subsidiary of UKRI. SIL was established to manage and commercially exploit intellectual property owned by UKRI for the benefit of the UK economy in accordance with HM Government policy.

SIL is consolidated in UKRI's financial statements in accordance with IFRS 10. In 2023-24 SIL recorded a loss of £0.5 million. Its net surplus of capital and reserves at 31 March 2023 was £5.7 million.

Innovate UK Loans Limited (IUKLL)

Innovate UK Loans Limited (IUKLL), a company registered and operating in the UK, is a wholly owned subsidiary of UKRI. IUKLL was incorporated on 22 February 2018 to implement a programme of innovation loans for the benefit of the UK economy in accordance with HM Government policy.

IUKLL is consolidated in UKRI's financial statements in accordance with IFRS10. In 2023-24 IUKLL recorded a post tax loss of £1.0 million. Its net deficit of capital and reserves at 31 March 2024 was £1.9 million.

Knowledge Transfer Network (KTN) operating as Innovate UK Business Connect (IUKBC)

Knowledge Transfer Network (KTN) operating as Innovate UK Business Connect (IUKBC), a company limited by guarantee, registered and operating in the UK, is a wholly controlled subsidiary of UKRI.

Innovate UK Business Connect exists to connect innovators with new partners and new opportunities, helping to accelerate ambitious ideas into real-world solutions. Businesses make up the core of its network, but its diverse connections span government, funders, research and the third sector. This overview and connectivity enable it to take partners, clients and communities through the complex landscape of research, development and innovation.

IUKBC is consolidated in UKRI's financial statements in accordance with IFRS10. In 2023-24 IUKBC recorded a surplus of £0.3 million. Its total reserves at 31 March 2024 was £3.4 million.

10 Financial Assets

10.1 Loans

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
At 1 April	**11,399**	**141,090**	**11,399**	**138,326**
Additions	–	22,667	–	19,693
Loans repaid	–	(7,949)	–	(7,106)
Expected credit loss	–	(9,200)	–	(3,235)
Amortisation	–	4,762	–	5,179
Fair value movement – Day 1	–	(3,012)	–	(787)
Fair value movement – FVTPL	–	(12,120)	–	(10,450)
Loans written off	–	(2,400)	–	(530)
At 31 March	**11,399**	**133,838**	**11,399**	**141,090**

10.1.1 Loans analysis

The loans are further spilt between Innovate UK Loans Limited (IUKLL) and a loan to Daresbury SIC LLP (DSIC), which is a joint venture between UKRI and Halton Borough Council. The IUKLL loans receive contractual interest in a range from 3.7% to 7.4%, whilst the DSIC loan's contractual interest rate is 3%.

	UKRI		
	DSIC £000	**IUKLL £000**	**Total £000**
At 1 April 2023	**11,399**	**–**	**11,399**
Additions	–	–	–
Loans repaid	–	–	–
Expected credit loss	–	–	–
Amortisation	–	–	–
Fair value movement – Day 1	–	–	–
Fair value movement – FVTPL	–	–	–
Loans written off	–	–	–

	UKRI		
	DSIC £000	**IUKLL £000**	**Total £000**
At 31 March 2024	**11,399**	**–**	**11,399**
At 1 April 2022	**11,399**	**–**	**11,399**
Additions	–	–	–
Loans repaid	–	–	–
Expected credit loss	–	–	–
Amortisation	–	–	–
Fair value movement – Day 1	–	–	–
Fair value movement – FVTPL	–	–	–
Loans written off	–	–	–
At 31 March 2023	**11,399**	**–**	**11,399**

	Consolidated			
	DSIC Amt cost £000	**IUKLL Amt cost £000**	**IUKLL FVTPL £000**	**Total £000**
At 1 April 2023	**11,399**	**66,973**	**62,718**	**141,090**
Additions	–	22,667	–	22,667
Loans repaid	–	(5,295)	(2,654)	(7,949)
Expected credit loss	–	(9,200)	–	(9,200)
Amortisation	–	2,614	2,148	4,762
Fair value movement – Day 1	–	(3,012)	–	(3,012)
Fair value movement – FVTPL	–	–	(12,120)	(12,120)
Loans written off	–	–	(2,400)	(2,400)
At 31 March 2024	**11,399**	**74,747**	**47,692**	**133,838**
At 1 April 2022	**11,399**	**56,490**	**70,437**	**138,326**
Additions	–	17,578	2,115	19,693
Loans repaid	–	(4,985)	(2,121)	(7,106)
Expected credit loss	–	(3,235)	–	(3,235)

	Consolidated			
	DSIC Amt cost £000	**IUKLL Amt cost £000**	**IUKLL FVTPL £000**	**Total £000**
Amortisation	–	1,912	3,267	5,179
Fair value movement – Day 1	–	(787)	–	(787)
Fair value movement – FVTPL	–	–	(10,450)	(10,450)
Loans written off	–	–	(530)	(530)
At 31 March 2023	**11,399**	**66,973**	**62,718**	**141,090**

Innovation continuity loans (ICLs) are classified as FVTPL following a detailed assessment of an equity conversion clause on the cash flow characteristics of these loans. ICLs were made available to support the continuation of innovation by Innovate UK award recipients who are SMEs or third sector organisations that found themselves facing a sudden shortage or unavailability of funds resulting directly from the COVID-19 pandemic. The intention of the equity conversion feature is defensive, to support the recovery of any outstanding capital and interest.

Maximum credit risk exposure

The maximum credit risk exposure is calculated by adding the balance sheet carrying value of loans advanced (net of expected credit loss provisions) to the irrevocable loan commitments that are not yet advanced (and so are not recognised on the balance sheet), less provisions on these commitments. The maximum credit risk exposure totalled £149.4 million at 31 March 2024 (2023: £157.6 million).

Staging & credit quality (amortised cost loans only)

UKRI's most substantial exposure to credit risk relates to the lending by Its subsidiary Innovate UK Loans Limited (IUKL). More detailed disclosure is available in the published statutory accounts of this subsidiary, which will be approved by the IUKL directors and will be made available on the Companies House website later this year.

The nature of innovation loans is such that this type of lending is expected to have a relatively higher credit risk profile compared to lower-risk commercial lending secured on a range of tangible and intangible assets at the market interest rates that private sector financial institutions typically offer. IUKL adopts robust credit risk management policies designed to recognise and manage the risks arising from the portfolio. At 31 March 2024 there were 26 innovation loans classified as amortised cost with a significant increase of credit risk and 17 loans that were credit impaired (defaults) (at 31 March 2023 there were 17 loans with a significant increase of credit risk and 11 loans with credit impairment (defaults)), as defined by the IUKL's staging transfer criteria, at the end of the financial year.

A consequence of the classification of innovation continuity loans as FVTPL is that these loans are outside the scope of ECL provisions and the provisions for irrevocable commitments, and so provisions cannot be made for these loans, to avoid double counting, as such loans already have fair value adjustments which reflect an assessment of recoverability.

The table below shows the loan balances and provisions for DSIC and amortised cost IUKL innovation loans, by risk grade.

Loan balance and provisions by risk grade

31 March 2024

Amortised cost loans only	**Loan balance**			
Risk grade	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
DSIC non-graded	11,399	–	–	11,399
Strong (AAA to A–)	–	–	–	–
Good (BBB+ to BBB–)	3,917	–	–	3,917
Satisfactory (BB+ to BB–)	22,643	–	–	22,643
Weak (B+ to B–)	35,123	8,230	–	43,353
Bad/financial difficulties (CCC+ and below)	430	13,439	–	13,869
Default/credit-=impaired (D)	–	–	9,231	9,231
Total	**73,512**	**21,669**	**9,231**	**104,412**

Amortised cost loans only	**Provisions**			
Risk grade	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
DSIC non-graded	–	–	–	–
Strong (AAA to A–)	–	–	–	–
Good (BBB+ to BBB–)	25	–	–	25
Satisfactory (BB+ to BB–)	522	–	–	522
Weak (B+ to B–)	2,378	1,245	–	3,623
Bad/financial difficulties (CCC+ and below)	88	4,777	–	4,865
Default/credit-=impaired (D)	–	–	9,231	9,231
Total	**3,013**	**6,022**	**9,231**	**18,266**

Although ICLs are outside the scope of ECL provisions, IUKL manages the credit risks of ICLs on exactly the same basis as other innovation loans and is exposed to the same risks of default. As at 31 March 2024 the additional provisions that would have been made if ICLs had been classified as amortised cost would have been £3.8 million (2023 £4.1 million).

Stage 3 ICL ECLs have not been included in these numbers because this would not disclose additional information as these loans are deemed irrecoverable under both FVTPL and amortised cost methodologies, so are fair valued in the Statement of Financial Position as £Nil.

Innovation Loans: Level 3 unobservable inputs

Level 3 inputs for fair value measurement are those derived from valuation techniques that include inputs for financial assets and liabilities that are not based on observable market data (unobservable inputs). The only Level 3 unobservable inputs into financial assets that are recorded in the Statement of Financial Position are for fair values at origination for amortised cost innovation loans and FVTPL loans measured at fair value at reporting date as per the loan analysis 10.1.1 table above. The market-based unobservable approach used is described in the accounting estimate section above. Further details are published in IUKL's annual accounts.

11 Funded Pension Scheme

The MRC operates a funded pension scheme (MRCPS) providing benefits based on service and final pensionable pay at the normal retirement age of 65. The scheme is a defined benefit scheme that prepares its own scheme statements. Benefits accrue at the rate of 1/80th 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 6.5% pensionable earnings to the Scheme.

Following the transfer of MRC research units and employees to universities, a University section was set up to account for the obligations to individuals that remain in the MRCPS. During the period obligations of £4.6 million were recognised under Section 75 (S.75) of the 1995 Pensions Act in respect of liabilities of transferred employees; the University section, has been set up within MRCPS to manage S.75 liabilities. These costs are reflected in the valuation of the pension scheme.

Under section 222 of the Pensions Act 2004, every scheme (or section of a scheme) is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Employer, and the actuarial review will inform the required MRCPS contribution rate. The Scheme actuary is Aon UK Ltd.

The results of the 2022 valuation were agreed by the Trustee and the Employer in December 2023 and showed that the Principal Section had a surplus of assets over liabilities of £582.6 million, and the Universities Section had a surplus of £24.4 million. A combined surplus of £607.0 million. These surpluses corresponded to funding levels of 148% and 124% for the Principal and Universities Sections respectively.

The present MRCPS employers' contribution rate remained at 16% in 2023-24 (2022-23: 16%).

The contributions due to the scheme are set out in the schedule of contributions for each section. The most recent schedules of contributions were signed on 21 December 2023 and are due to be reviewed following the next actuarial valuation of the scheme, which is due to be carried out as at 31 December 2025.

The following payments are due in 2023-24:

MRC Section

By the members: 6.5% of pensionable pay

By MRC: 16.0% of pensionable pay

By other employers: 16.9% of pensionable pay

The total contribution expected to be paid into the MRC section in 2024-25 is £12 million.

University Section

By the members: 6.5% of pensionable pay

By the universities: 16.9% of pensionable pay

By MRC: 13.3% of pensionable pay

The total contribution expected to be paid into the University section in 2024-25 is £6 million.

On the technical provisions bases, we estimate that the duration on each section's Technical Provisions basis at 31 March 2024 is:

- 14.6 for the MRC section
- 21.4 for the Universities section

The valuation used for IAS 19 disclosures has been based on the data for the most recent actuarial valuations as at 31 December 2019, and updated to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at 31 March 2023. The mortality assumptions included within the figures are that male and female members who retire at typical ages will live to approximately age 87 and 89 respectively.

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. This case may have implications for other defined benefit schemes in the UK, although is subject to appeal in June 2024. The Company are aware of this legal ruling and are assessing whether there is any potential impact, although currently no conclusion has been reached therefore no quantification of any potential impact has been determined.

a. Financial assumptions used to calculate scheme liabilities

	2023-24 %	**2022-23 %**
Rate of increase on pensionable salaries	3.75	3.60
Rate of increase on pension payments	2.75	2.60
Discount rate	4.75	4.65
Inflation rate	2.75	2.60
Expected return on equities	4.75	4.65
Expected return on bonds	4.75	4.65
Expected return on overall fund	4.75	4.65

The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. The table below indicates the approximate effects on the actuarial liability as at 31 March 2024 of changes to the main actuarial assumptions.

Change in assumption			Approximate effect on total liability (£m)
Discount rate	–0.5%	+8.2%	101
Rate of increase in earnings	–0.5%	–0.5%	–6
Rate of increase in pensions	–0.5%	–5.7%	–71
Removing age rate for pensioner mortality one year younger		3.8	47

b. Analysis of Actuarial gain

	2023-24 £000	2022-23 £000
Actual return less expected return on pension scheme assets	36,469	(148,372)
Experience gains arising on the scheme liabilities	(4,289)	(79,207)
Changes in demographic assumptions	7,904	–
Changes in financial assumptions	(3,606)	543,654
Actuarial gain (note 11e)	**36,478**	**316,075**

c. Analysis of actuarial gain expressed as a percentage of the scheme's assets and liabilities at the statement of financial position date

	2023-24 %	**2022-23 %**
Actual return less expected return on pension scheme assets	1.79	(7.59)
Experience (loss)/gain arising on the scheme liabilities	(0.35)	(6.51)
Actuarial gain	2.96	25.98

d. The assets and liabilities in the scheme

Assets	**2023-24 £000**	**2022-23 £000**
Equities	1,060,182	1,124,494
Property	351,223	375,570
Bonds	466,117	393,644
Cash	164,037	60,266
	2,041,559	**1,953,974**
Actuarial value of liability	(1,232,942)	(1,216,560)
	808,617	**737,414**

Equities and bonds contain assets that have a quoted market price in an active market. As at March 2024, the value of those assets within equities is £362 million and £173 million within bonds.

An investment strategy is in place which has been developed by the pension trustee, in consultation with the Employer to mitigate the volatility of liabilities, to diversify investment risk and to manage cash. To this end the majority of assets are invested in growth assets, which in the long term are expected to yield a greater return than would be available for fixed income assets such as bonds and gilts.

e. The movements in the scheme surplus

	2023-24 £000	**2022-23 £000**
Surplus at the start of the period	737,414	420,226
Current service costs net of employee contributions	(18,252)	(34,276)
Employer contributions	21,093	26,541
Past service costs	–	–
Administrative expenses paid from scheme assets	(2,416)	(2,363)
Other finance income (note 11f)	34,300	11,211
Actuarial gain (note 11b)	36,478	316,075
Surplus at end of period	**808,617**	**737,414**

f. Other finance income

	2023-24 £000	2022-23 £000
Expected return on pension scheme assets	89,967	55,574
Interest on pension scheme liabilities	(55,667)	(44,363)
Net return – other finance income (note 11e)	**34,300**	**11,211**

12 Trade and other receivables

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Due within one year Trade receivables	286,883	292,159	116,057	124,366
Other receivables	35,470	35,486	32,745	32,754
Prepayments	270,415	271,423	346,362	347,412
Accrued income	335,119	339,953	83,162	88,792

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Contract assets	9,643	9,643	14,586	14,586
Total receivables	**937,530**	**948,664**	**592,912**	**607,910**
Due after more than one year Other receivables	124,943	–	128,413	–
Prepayments	–	–	–	–
	124,943	**–**	**128,413**	**–**

Overall trade and other receivables due within one year has increased by £340 million from £608 million to £948 million in the year. The majority of the increase lies within trade receivables which has an increase of £170 million and accrued income which has an increase of £251 million. These increases are slightly offset by prepayments decrease of £70 million.

The majority of the increase in trade receivables and accrued income relates to Innovate UK income due from other government organisations. As a result of the Machinery of Government changes in February 2023 IUK invoices other government departments for funded programmes.

Innovate prepayments have seen an increase in year of £45 million relating to a change in funding timescales for catapult spend that now runs to March 2028 rather than March 2023. Changes to accounting for no-cost extensions whereby changes to profile are directly changed on the grants system rather than through journals and the release of previous years rewinds has seen prepayments related to these decrease by £92 million.

13 Cash and cash equivalents

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Balance at 1 April	**143,890**	**157,645**	**290,739**	**299,030**
Net change in cash and cash equivalent balances	559,497	557,401	(146,849)	(141,385)
Balance at 31 March	**703,387**	**715,046**	**143,890**	**157,645**

The following balances at 31 March were held at:

Government Banking Service	667,567	676,148	113,634	117,577
Commercial banks and cash in hand	35,820	38,898	30,256	40,068
Total	**703,387**	**715,046**	**143,890**	**157,645**

14 Trade and other payables

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Amounts falling due within one year: VAT	1,069	1,038	(1,877)	(2,029)
Other taxation and social security	(10,213)	(10,213)	(8,301)	(8,304)
Trade and other payables	(166,810)	(180,319)	(156,644)	(169,427)
Accruals	(214,526)	(216,334)	(233,558)	(244,658)
Grant accruals	(1,057,658)	(1,057,658)	(1,056,396)	(1,056,396)
Deferred income	(48,568)	(54,599)	(41,693)	(48,878)
Lease liability	(2,844)	(3,155)	(2,816)	(3,027)
Contract liabilities	(14,350)	(14,350)	(5,690)	(5,690)
	(1,513,900)	**(1,535,590)**	**(1,506,975)**	**(1,538,409)**

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Amounts falling due after more than one year: Deferred tax	(70,222)	(70,222)	(83,590)	(83,590)
Lease liability	(54,154)	(54,408)	(50,325)	(50,538)
	(124,376)	**(124,630**	**(133,915)**	**(134,128)**
Analysis of lease liability movements Lease Repayments	4,446	4,752	4,866	5,080
Lease Interest	(1,537)	(1,554)	(1,568)	(1,573)
Lease Remeasurements	(1,300)	(1,356)	(730)	(730)
New Leases	(5,467)	(5,840)	(250)	(882)
	(3,858)	**(3,998)**	**2,318**	**1,895**
Analysis of expected timing of cash flows Not later than one year	(2,844)	(3,155)	(2,816)	(3,027)

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Later than one year and not later than five years	(9,732)	(9,987)	(8,532)	(8,745)
Later than five years	(44,422)	(44,421)	(41,793)	(41,792)
Balance at 31 March	**(56,998)**	**(57,563)**	**(53,141)**	**(53,564)**

Further information on deferred tax can be found in note 6.

15 Provisions for liabilities and charges

Consolidated	2023-24 £000	2022-2023 £000
Balance at 1 April	**200,336**	**262,846**
Provided in the period	5,833	10,768
Provisions not required written back	(7,441)	(1,039)
Provisions utilised in the period	(1,537)	(595)

Consolidated	2023-24 £000	2022-2023 £000
Reclassification of ICLs irrevocable commitment reversals	–	–
Change in the discount rate	(15,762)	(72,894)
Unwinding of discount	3,134	1,250
Balance at 31 March	**184,563**	**200,336**
Analysis of expected timing of cash flows Not later than one year	5,198	10,181
Later than one year and not later than five years	19,710	18,380
Later than five years	159,655	171,775
Balance at 31 March	**184,563**	**200,336**
Analysis of provisions Decommissioning		
ISIS	43,148	57,819
ILL	105,141	101,514
Other	32,547	36,075
Early retirement	1,112	1,227

Consolidated	2023-24 £000	2022-2023 £000
Other provisions	2,615	3,701
	184,563	**200,336**

The ILL decommissioning provision of £105.1 million (2022-23: £101.2 million) is UKRI's share of the ILL'S decommissioning provision disclosed in its Financial Statements for the year ended 31 December 2023, produced in accordance with French accounting rules and principles and compatible with IFRS. ILL calculated its provision using a discount rate of 4.98% (2022-23: 5.46%). The main sources of uncertainty are around future developments in waste processing and site rehabilitation technology, changes in nuclear and conventional safety constraints and environmental requirements, future inflation and the EUR:GBP exchange rate.

End of Life (EoL) – no decision has yet been made on the EoL of the ILL facility; the current plan assumes that the reactor will be shut down in 2030 and decommissioning completed in 2057. The timing of the EoL will determine the start date of the decommissioning plan, which will impact the future costs of decommissioning and the discounting of the provision.

Discount rate – if the HM Treasury PES (2023) discount rate of 4.72% for general provisions had been used, the provision would increase by £13.5 million. Exchange rate – a change of 10% in the EUR:GBP exchange rate would result in a movement of £10 million in the provision.

UKRI places reliance on the detailed Decommissioning Feasibility Study that was produced by the ILL in conjunction with the CEA (French Atomic Energy Commission) in 2019 and the subsequent review by the Decommissioning Costs Working Group (DCWG) as to its reasonableness concerning the decommissioning costs and timescale. The DCWG concluded that it was content with the current estimate of the ILL decommissioning costs and the key assumptions used are a reasonable base case.

The membership of the DCWG comprised representatives from the UK, Germany and France with experience in the nuclear industry and nuclear decommissioning.

ISIS decommissioning includes:

£29.3 million (2022-23: £42.2 million) for the decommissioning (and radioactive waste disposal) of the ISIS Spallation Neutron Source facility; decommissioning is expected to begin in 2040 and be completed in 2095.

£13.8 million (2022-23 £15.6 million) for construction of a Waste Separation Facility (WSF) to handle the higher activity waste (HAW) produced by the ISIS facility. A significant proportion of ISIS waste is HAW, which is the most expensive and difficult to prepare for disposal. The WSF will handle and segregate the waste to minimise the cost for transportation and disposal. Construction is forecast to be completed in 2028-29.

Decommissioning provisions have been discounted to present value using discount (and inflation) rates provided by HM Treasury.

16 Adjustments for non-cash transactions

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Depreciation and impairment charges	250,846	263,776	209,935	210,196
Other operating expenditure	9,156	18,665	247	9,001
IAS19 Pension costs	(30,992)	(30,992)	2,916	2,916
Employer contributions to Pensions	21,093	21,093	26,541	26,541
	250,103	**272,542**	**239,639**	**248,654**

17 Commitments

Consolidated

17.1 Capital commitments

	2023-24 £000	2022-23 £000
Contracted capital commitments at 31 March 2024 not otherwise included in these accounts		
Property, plant and equipment	373,296	283,344
Intangible assets	–	86
	373,296	**283,430**

Capital commitments by year

As represented by UKRI Entity	Not later than one year £000	Later than one year but not later than five years £000	Later than five years £000	Total £000
BBSRC	52,107	200,633	49,949	302,689
MRC	5,887	1,013		6,900
NERC	7,696	11,050		18,746
STFC	44,961	–		44,961
	110,651	**212,696**	**49,949**	**373,296**

The commitments comprise the following material items:

- a Capital commitment of £90 million over a 5 year period to the Institute Strategic Cases-IGP Programme.

- a Capital commitment of £60 million over a 5 year period to the Institute Estates Cases-EIP Programme.
- a Capital commitment of £126.5 million over a 5 year period to the ALERT Programme.

17.2a Grant commitments

	2023-24 £000	**2022-23 £000**
Not later than one year	5,300,148	4,345,185
Later than one year but not later than five years	7,075,410	5,033,911
Later than five years	149,105	132,128
	12,524,663	**9,511,224**

UKRI have multi-year contractual obligations for grants. These are legal commitments that are not captured in the comprehensive statement of financial position but will become an expense at a future date.

UKRI group grant commitments include:

- £669 million over a 4 year period to the High Value Manufacturing Catapult Core Delivery Programme.
- £293 million over a 5 year period to the Francis Crick Institute (FCI), See note 9 for further details of the FCI.
- £105 million over a four year period to the UK Dementia Research Institute (DRI), which was established in 2017, by MRC, and Alzheimer's Research UK to bring together research into dementia.
- £104 million over a 4 year period to the Connected Places Catapult.

17.2b Grant agreements

	2023-24 £000	**2022-23 £000**
Not later than one year	–	290,200
Later than one year but not later than five years	–	1,304,000
	–	**1,594,200**

In 2022-23 there were ongoing discussions to finalise investment of up to £1.6 billion into the Catapult Network for five years, these are now on the IUK-UKRI Grant system.

17.3 International subscriptions

UKRI had the following commitments in respect of membership of international collaborations

2023-24	Within one year £000	Between one year and five years £000	After five years £000	Total £000
Organisation				
European Organization for Nuclear Research (CERN)	170,732	99,866	–	270,598
Institut Laue-Langevin (ILL)	20,355	84,094	38,896	143,345

2023-24	Within one year £000	Between one year and five years £000	After five years £000	Total £000
European Synchrotron Radiation Facility (ESRF)	9,024	35,692	–	44,716
European Molecular Biology Laboratory (EMBL)	21,708	23,845	–	45,553
European Organisation for Astronomical Research in the Southern Hemisphere (ESO)	30,600	15,298	–	45,898
European X-Ray Free-Electron Laser Facility GMBH (XFEL)	7,407	46,617	34,236	88,260
Square Kilometre Array (SKA)	28,512	56,668	19,433	104,613
Other	2,923	1,725	–	4,648
	291,261	**363,805**	**92,565**	**747,631**

2022-23	**Within one year** £000	**Between one year and five years** £000	**After five years** £000	**Total** £000
Organisation European Organization for Nuclear Research (CERN)	167,440	104,295	–	271,735
European Spallation Source (ESS)	14,389	27,364	–	41,753
Institut Laue-Langevin (ILL)	20,905	59,899	–	80,804
European Synchrotron Radiation Facility (ESRF)	9,049	25,164	–	34,213
European Molecular Biology Laboratory (EMBL)	18,519	20,341	–	38,860
European Organisation for Astronomical Research in the Southern Hemisphere (ESO)	32,945	17,000	–	49,945

2022-23	Within one year £000	Between one year and five years £000	After five years £000	Total £000
European X-Ray Free-Electron Laser Facility GMBH (XFEL)	2,744	18,204	–	20,948
Square Kilometre Array (SKA)	36,633	69,954	27,565	134,152
Other	11,817	13,305	139	25,261
	314,441	**355,526**	**27,704**	**697,671**

18 Contingent liabilities

UKRI recognises a contingent liability for its share of Institut Laue-Langevin (ILL) staff related commitments that will arise on the closure of the facility. The contingent liability will become a provision when a detailed closure plan has been documented and communicated to all those affected.

UKRI recognises a contingent liability against operations linked to global fiscal obligations. We are continuing to investigate historic activity and to ensure future compliance across all operational sites.

19 Related party transactions

UKRI is a non-departmental public body sponsored by DSIT. For the purposes of International Accounting Standard 24, DSIT is regarded as a related party. During the year UKRI had various material transactions with DSIT and DESNZ, namely UK Space Agency and UK Atomic Energy Authority. In addition, UKRI also had a number of related transactions with UK SBS Limited.

The accounts provide disclosure of all material transactions with those who are recognised as key management personnel as per IAS 24 'Related Parties'. This is taken to be those members of staff who are included under Executive Directors' remuneration in the Remuneration Report and all UKRI Board members.

During the year, UKRI had transactions with other government departments and with other central government bodies, such as: Department for Business and Trade; Intellectual Property Office; the Foreign, Commonwealth and Development Office; the Department for Environment, Food and Rural Affairs; the Department of Health and Social Care; the Department for Transport and the Ministry of Defence. UKRI also had transactions with devolved administrations, such as the Scottish Government and the Welsh Government.

During the year UKRI entered into no new awards or contracts funded by UKRI where UKRI Board members or Executive Directors are the principal investigator.

The following aggregated payments were made by UKRI in respect of funded awards or contracts to Institutions where Executive Directors, Board members or their close family members were employed during the year:

Organisation	Board Member or Director* (Relationship where involvement is not direct)	Position	Amount awarded (£)
Courtauld Institute of Art	Professor Julia Black	Board Member and Trustee	5,263,999
DEFRA	Professor Sir Anthony Finkelstein (Sibling)	Permanent Secretary	76,760
Diamond Light Source Ltd	Professor Mark Thomson	Board Member	98,292,099
Digital Catapult Services Ltd	Priya Guha	Senior Independent Director	61,217
Dynamic Earth Enterprises Ltd	Professor Miles Padgett (Partner)	Board Member	29,508
Fera Science Limited	Sir Ian Boyd	Non-executive Director	515,411
Foundation For Science & Technology	Lord David Willetts	Chair	4,800
	Isobel Stephen	Trustee	

Organisation	**Board Member or Director* (Relationship where involvement is not direct)**	**Position**	**Amount awarded (£)**
Future Planet Capital (Ventures) Ltd	Priya Guha	Member and Venture Partner	1,050
Gonville & Caius College, Cambridge	Professor Patrick Chinnery	Director	9,111
Intrinsic Semiconductor Technologies Ltd	Nigel Toon	Board Member	115,992
Lancaster University	Professor Louise Heathwaite	Pro-Vice Chancellor	76,623,503
London School of Economics and Political Science	Professor Julia Black	Director	43,787,817
Muscular Dystrophy UK	Professor Patrick Chinnery	Vice President	3,166
National Oceanography Centre	Sir Ian Boyd	Trustee	66,776,795
Priya Guha Ltd	Priya Guha	Director	2,750

Organisation	Board Member or Director* (Relationship where involvement is not direct)	Position	Amount awarded (£)
Queen's University Belfast	Professor Nola Hewitt-Dundas	Pro-Vice Chancellor	37,020,710
Shell UK Limited	Sir Andrew Mackenzie	Chair	2,298,605
SKA Observatory	Professor Mark Thomson	Board Member	37,095,097
The Financial Reporting Council Ltd	Ruwan Weerasekera	Board Member	18,118
The Royal Society	Professor Miles Padgett	Chair	24,201
The Royal Society of Biology	Sir Ian Boyd	President	52,902
UK Research Integrity Office	Sir Ian Boyd	Chair	32,487
UK Space Agency	Lord David Willetts	Chair	800,240
University of Cambridge	Professor Dame Ottoline Leyser	Regius Professor	377,084,487
University of Exeter	Professor Miles Padgett	Chair	103,318,520
University of Leicester	Lord David Willetts	Chancellor	59,739,771

Organisation	Board Member or Director* (Relationship where involvement is not direct)	Position	Amount awarded (£)
University of London	Professor Sir Anthony Finkelstein	President	20,612,471
University of Oxford	Professor Charlotte Deane	Co-Director	433,009,100
University of Reading	Tim Bianek (Partner)	Academic	41,553,505
University of Southampton	Professor Guy Poppy (Partner)	Employee	74,923,461
Verditek plc	Lord David Willetts	Chair	4,557

UKRI also has related party transactions with its joint ventures; the Crick, DLSL, Daresbury SIC LLP, HSIC PubSP and HSIC LP. These are disclosed in the table:

Joint Venture	Type of transaction	Transaction amount Expense/(Income) £000	Balance Debtor/ (Creditor) £000
Crick	Operations funding	65,495	(2,907)
	Sale of goods and services	6	–
DLS	Sale of goods and services	(1,328)	–
	Purchase of goods and services	696	–
	Operations funding	95,605	(7,316)
Institute Laue-Langevin	Operations funding	20,803	–
	Purchase of goods and services	20	–
Daresbury SIC LLP	Purchase of goods and services	583	–
	Sale of goods and services	(88)	–

Joint Venture	Type of transaction	Transaction amount Expense/(Income) £000	Balance Debtor/ (Creditor) £000
HSIC PubSP	Purchase of goods and services	1,745	–
	Sale of goods and services	(40)	–
Alan Turing Institute	Operations funding	15,403	3,598
	Sale of goods and services	(300)	–

UKRI sponsors nine research institutes, which conduct long-term, mission-orientated research using specialist facilities that are in line with UKRI's priorities. UKRI provides Strategic Programme Grants to the institutes to fund specific research programmes. The sponsored institutes have separate charitable status, and an independent governing body oversees the institutes' activities.

	Type of transaction	Transaction amount Expense/(Income) £000	Balance Debtor/ (Creditor) £000
Transactions with UKRI-sponsored Institutes Babraham Institute	Purchase of goods and services	18,357	(1,439)
The Pirbright Institute	Purchase of goods and services	29,682	(1,101)
Quadram Institute Bioscience	Purchase of goods and services	17,414	–
John Innes Centre	Purchase of goods and services	54,823	(964)
Rothamstead Research	Purchase of goods and services	28,925/(1)	(2,529)
The Earlham Institute	Purchase of goods and services	12,176	(1,297)

	Type of transaction	Transaction amount Expense/(Income) £000	Balance Debtor/ (Creditor) £000
UK Biobank Limited	Sale and Purchase of goods and services	13	–
	Operations funding	43,530	–
UK Dementia Research Institute	Sale and Purchase of goods and services	(136)	–
	Operations funding	27,960	–
Health Data Research UK	Operations funding	16,917	(827)
Transactions with other related parties			
LifeArc Limited	Operations funding	3,317	(1,253)
Babraham Research Campus Ltd	Sale and Purchase of goods and services	63/(713)	(44)
Anglia Innovation Partners LLP	Operations funding	1,591	(364)

	Type of transaction	Transaction amount Expense/(Income) £000	Balance Debtor/ (Creditor) £000
Aberystwyth Innovation and Enterprise Campus Ltd	Purchase of goods and services	226	(40)
Rothamsted Enterprises Ltd	Purchase of goods and services	355	–
Leaf Systems International Ltd	Operations funding	–	(6)

20 Financial instruments and derivatives

IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks that UKRI faces in undertaking its activities. Specifically: (a) the significance of financial instruments affecting financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which it is exposed. As a result of the largely non-trading nature of its activities and the way it is financed, UKRI is not exposed to the degree of financial risk faced by businesses.

Moreover, financial instruments play a limited role in creating or changing risk around its operational activities.

Liquidity risk

UKRI's net revenue resource requirements are largely funded by the grant-in-aid from its sponsor department. The capital expenditure is also financed through the grant-in-aid. UKRI is therefore not exposed to significant liquidity risks.

Market risk

The assets most exposed to market risk are the funded pension. An investment strategy is in place which has been developed by the pension trustee, in consultation with the Employer to mitigate the volatility of assets, to diversify investment risk and to manage cash. To this end the majority of assets are invested in growth assets, which in the long term are expected to yield a greater return than would be available for fixed income assets such as bonds and gilts.

Interest rate risk

UKRI has a low level of exposure to interest rate fluctuations; it does not actively seek to invest cash in money markets. Any excess funds held outside of the Government Banking Systems banking framework, which could attract interest, are maintained in low-level current accounting arrangements, as part of its banking arrangements with Lloyds Banking Group.

Foreign currency risk

UKRI maintains US Dollar, Euro and Swiss Francs bank accounts in order to deal with day-to-day transactions.

Foreign currency risk arises when UKRI enters into transactions denominated in a foreign currency. UKRI makes payments in Euros and Swiss Francs for the UK's membership to the international collaborations of CERN, ESO, ESRF and ILL. To minimise the currency risk, UKRI policy is to take out forward contracts arranged by the Bank of England to cover up to 90% of its annual international subscriptions due over the course of the current spending review period.

Execution of this policy is subject to DSIT approval. DSIT may consider other aspects beyond UKRI's immediate financial considerations in evaluating the business case for hedging, e.g., sector reform and related budgetary uncertainty, and potential to manage risks across the department.

Receivables and creditor risk

Financial assets and liabilities are held at fair value and changes in values are recognised in the Statement of Comprehensive Net Expenditure. The fair value of UKRI's financial assets and liabilities are equivalent to the carrying amount unless stated above. UKRI has limited powers to borrow or invest funds; financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the council in undertaking its activities. Of current outstanding trade debt, 32% is more than 30 days old.

Credit risk

Innovation loans are exposed to credit risk, which is the risk of a customer or a counterparty failing to meet their financial obligations. Credit risk also encompasses refinance risk and concentration risk. Refinance risk is the risk of loss arising when a repayment of a loan occurs later than originally anticipated. Concentration risk is the risk of loss arising from insufficient diversification. Further details on credit risk are disclosed in Note 10 in this set of financial statements.

21 Events after the reporting period

In accordance with the requirements of IAS 10 Events after the Reporting Period, events after the Statement of Financial Position are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General.

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