Volume 2 of 2

UK Research and Innovation Annual Report and Accounts 2024-25

Transforming tomorrow together

HC 1076

UK Research and Innovation Annual Report and Accounts 2024-25

Annual Report and Accounts 2024-25

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Contents

Salary and Allowances, Benefits in Kind and Bonuses

Salary paid in 2024-25 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 2024-25 (Nil in 2023-24).

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 2024-25 performance will be paid in 2025-26, 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 (see fair pay disclosure below).

Compensation on early retirement or loss of office for senior staff

Compensation for loss of office of £32,283 was paid during 2024-25. Individual payments are not disclosed as doing so would conflict with UKRI's legal obligation under the Data Protection Act 2018.

Senior Staff Pension Table – Audited Information

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2025 and related lump sum	Real increase in pension and related lump sum at pension age	CETVat 31 March 2025	CETVat 31 March 2024	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Siobhan Peters – Chief Finance Officer	80-85 plus a lump sum of 40-45	5-7.5 plus a lump sum of 0-2.5	1,596	1,419	109	-
Christine Ashton – Chief Information Officer	0-5	2.5-5	72	11	49	-

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2025 and related lump sum	Real increase in pension and related lump sum at pension age	CETVat 31 March 2025	CETVat 31 March 2024	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Emma Lindsell – Executive Director of Strategy, Performance & Engagement (job share)	35-40 plus a lump sum of 100-105	0-2.5 plus a lump sum of 0	829	800	-1	-
Isobel Stephen – Executive Director of Strategy, Performance & Engagement (job share)	35-40 plus a lump sum of 95-100	0-2.5 plus a lump sum of 0	797	766	1	-

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2025 and related lump sum	Real increase in pension and related lump sum at pension age	CETVat 31 March 2025	CETVat 31 March 2024	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Daniel Shah – Chief of Investment Planning and Strategy (job share)	15-20	2.5-5	224	170	40	-
Hugh Harris – Chief of Investment Planning and Strategy (job share)	45-50	0-2.5	850	810	38	-

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2025 and related lump sum	Real increase in pension and related lump sum at pension age	CETVat 31 March 2025	CETVat 31 March 2024	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Poli Stuart-Lacey – Chief of External Affairs and Communication	5-10	2.5-5	117	79	30	-
Tim Bianek – Chief Operating Officer	50-55	7.5-10	1,038	862	169	-
Professor Melanie Welham – BBSRC Executive Chair	-	-	-	-	-	

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2025 and related lump sum	Real increase in pension and related lump sum at pension age	CETVat 31 March 2025	CETVat 31 March 2024	Real increase in CETV	Employer contribution to partnership pension account
	£000	**£000**	**£000**	**£000**	**£000**	**Nearest £100**
Professor Anne Ferguson-Smith – BBSRC Executive Chair	0-5	0-2.5	41	0	33	-
Professor Alison Park – ESRC Executive Chair	15-20	0-2.5	275	219	29	-
Stian Westlake – ESRC Executive Chair	5-10	2.5-5	73	31	30	-
Indro Mukerjee – IUK CEO[2]	-	-	-	-	-	14,800

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2025 and related lump sum	Real increase in pension and related lump sum at pension age	CETVat 31 March 2025	CETVat 31 March 2024	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Stella Peace – Interim IUK Executive Chair	-	-	-	-	-	14,200
Professor Sir Duncan Wingham – NERC Executive Chair	-	-	-	-	-	-
Professor Dame Jessica Corner – Research England Executive Chair	5-10	2.5-5	168	95	52	-

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2024 and related lump sum	Real increase in pension and related lump sum at pension age	CETVat 31 March 2024	CETVat 31 March 2023	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Siobhan Peters – Chief Finance Officer	70-75 plus a lump sum of 35-40	5-7.5 plus a lump sum of 0-2.5	1,419	1,216	83	-
Christine Ashton – Chief Information Officer	0-5	0-2.5	11	0	9	-
Emma Lindsell – Executive Director of Strategy, Performance & Engagement (job share)	35-40 plus a lump sum of 100-105	0-2.5 plus a lump sum of 0	800	720	13	-

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2024 and related lump sum	Real increase in pension and related lump sum at pension age	CETVat 31 March 2024	CETVat 31 March 2023	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Isobel Stephen – Executive Director of Strategy, Performance & Engagement (job share)	35-40 plus a lump sum of 95-100	0-2.5 plus a lump sum of 0	766	690	12	-
Daniel Shah – Chief of Investment Planning and Strategy (job share)	-	-	-	-	-	-

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2024 and related lump sum	Real increase in pension and related lump sum at pension age	CETVat 31 March 2024	CETVat 31 March 2023	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Hugh Harris – Chief of Investment Planning and Strategy (job share)	-	-	-	-	-	-
Poli Stuart-Lacey – Chief of External Affairs and Communication	-	-	-	-	-	-

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2024 and related lump sum	Real increase in pension and related lump sum at pension age	CETVat 31 March 2024	CETVat 31 March 2023	Real increase in CETV	Employer contribution to partnership pension account
	£000	**£000**	**£000**	**£000**	**£000**	**Nearest £100**
Tim Bianek – Chief Operating Officer	40-45	2.5-5	862	743	45	-
Professor Melanie Welham – BBSRC Executive Chair	35-40	0-2.5	632	594	16	-
Professor Anne Ferguson-Smith – BBSRC Executive Chair	-	-	-	-	-	-

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2024 and related lump sum	Real increase in pension and related lump sum at pension age	CETVat 31 March 2024	CETVat 31 March 2023	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Professor Alison Park – ESRC Executive Chair	10-15	0-2.5	219	162	30	-
Stian Westlake – ESRC Executive Chair	0-5	0-2.5	31	-	23	-
Indro Mukerjee – IUK CEO[2]	-	-	-	-	-	28,500
Stella Peace – Interim IUK Executive Chair	-	-	-	-	-	-

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2024 and related lump sum	Real increase in pension and related lump sum at pension age	CETVat 31 March 2024	CETVat 31 March 2023	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Professor Sir Duncan Wingham – NERC Executive Chair	40-45	0-2.5	820	777	29	-
Professor Dame Jessica Corner – Research England Executive Chair	5-10	2.5-5	95	29	50	-

Notes

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

2. Member of partnership pension scheme.

3. Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period, and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

Fair Pay Disclosure – Audited Information

Including an allowance component of £14,000 the banded remuneration of the highest-paid director in UKRI in the financial year 2024-25 was £260,000-£265,000. This is a 8.25% increase on last year's band of £240,000-£245,000. This was 5.77 times the median remuneration of the workforce. This is a slight increase from last year (2023-24 ratio of median salary was 5.68). The change to the ratio from 2023-24 to 2024-25 is a result of non-consolidated sum payment in addition to the CEO's Bonus, although the pay award was slightly smaller than the average pay award of other staff.

In 2024-25 no employees received remuneration in excess of the highest-paid Director. Remuneration ranged from £12,314 to £262,500. The salary only increase for CEO was 2% representing an increase in basic pay rates in line with the 2024-25 pay award (£236,742 in 24/25 rising from £232,100 in 23/24). The CEO only received an in-year bonus and no allowances. The bonus for this year was £14,000. representing an increase of 14.29 per cent. A non-consolidated payment of £11,837 was not included in the Hutton fair pay disclosure calculation as this was neither a bonus nor Performance related payment.

Excluding the highest paid Director, the average full time equivalent salary has increased by £2,381.78 from £47,146.19 to £49,527.97 an increase of 5.05%. This is the result of the 2024 pay award of 5%. Including the highest paid director the average full-time equivalent salary has increased by £2,406.71 from £47,146.19 to £49,552.90, an increase of 5.10%. This is the result of the 2024 pay award of 5%.

UKRI pay is awarded in line with the pay framework agreed with DSIT and consistent with Civil Service Pay Remit Guidance. Salaries are bound by grade banding and governed by policy and processes. The median pay ratio of 24/25 is therefore consistent with the pay, reward and progression policies for UKRI employees as a whole. Although the mean and all median points rose, the minimum paid salary fell due to an employee who is part of South Oxfordshire Food and Education Academy (SOFEA) and on a pre-apprentice scheme that is remunerated outside of the standard UKRI grade structure and pay scales (recorded as grade ‘UKRI – N’). This workers salary will increase from 1 April 2025 when the national minimum wage for 16-year-olds increases.

The 2024 pay remit agreed with DSIT is in line with the Civil Service Pay Remit Guidance, 2024-25. We have taken the decision not to seek permission for increases beyond the guidance in 2024.

Fair Pay Disclosure – Audited Information

	2024-25			
UKRI	**Total renumeration**	**Pay Ratio**	**Salary component**	**Allowance component**
Highest Paid Director*	£262,500.00	-	£235,000.00	£25,000.00
Minimum	£ 12,313.60	21.32	£ 12,313.60	-
25th Percentile	£ 36,825.00	7.13	£ 36,825.00	-
Median	£ 45,487.00	5.77	£ 45,487.00	-
75th Percentile	£ 57,015.00	4.60	£ 57,015.00	-
*mid-point of banded remuneration (to nearest £5,000 banding applied to salary and allowance component).				

	2023-24			
UKRI	**Total renumeration**	**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	£54,133.00	-
*mid-point of banded remuneration (to nearest £5,000 banding applied to salary and allowance component).				

Total Pay and Benefits	**2024-25**				
	Highest Paid Director*	Minimum	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)
Renumeration	£262,500.00	£12,313.60	£36,825.00	£45,487.00	£57,015.00
Ratio	-	21.32	7.13	5.77	4.60

Total Pay and Benefits	**2023-24**				
	Highest Paid Director*	Minimum	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)
Renumeration	£245,000.00	£13,470.00	£34,905.00	£43,116.00	£54,133.00
Ratio	-	18.19	7.02	5.68	4.53

Salary Only	**2024-25**				
	Highest Paid Director*	Minimum	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)
Renumeration	£235,000.00	£12,313.60	£36,825.00	£45,487.00	£57,015.00
Ratio	-	19.09	6.38	5.17	4.12
* mid-point of banded remuneration (to nearest £5,000 banding applied to salary and allowance component)					

Salary Only	**2023-24**				
	Highest Paid Director*	Minimum	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)
Renumeration	£230,000.00	£13,470.00	£34,905.00	£43,116.00	£54,133.00
Ratio	-	17.07	6.59	5.33	4.27
* 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 pay ratios and highest paid Directors are presented separately below:

IUKBC	Salary £	Pay Ratio	Salary component £	Allowance component
Highest Paid Director *	145,000	1.0	145,000	Nil
Minimum	24,150	6.0	24,150	Nil
25th Percentile	40,000	3.63	40,000	Nil
Median	50,364	2.88	50,364	Nil
75th Percentile	63,000	2.30	63,000	Nil

* 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 2025

RCPS	2,777
MRCP	1,112
CSPS	4,183

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 2024-25

Annualised Pensionable Earnings	Normal Member Contribution Rate (%)
Up to £34,199	4.60
£34,200 - £56,000	5.45
£56,001 - £150,000	7.35
£150,001 and above	8.05

The employer's contribution to the RCPS for 2024-25 was £35.4 million (2023-24: £39.8 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 the scheme actuary, the Government Actuary's Department (GAD) to undertake a new actuarial valuation as at 31 March 2022. The valuation reflects HMT 2023 Valuation Directions, including changes to the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate announced in the Spring 2023 Budget, and demographic assumptions based on Office for National Statistics (ONS) mortality and population projections as well as scheme specific factors and assumptions proposed by GAD and approved by the RCPS Management Board. GAD completed the valuation in 2024 and the RCPS Management Board agreed that the current employer contribution rate of 26.0% shall be maintained

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 2024-25 was £1,164,670 (2023-24: £835,954). The employer's 0.8% death in service Partnership contribution for 2024-25 was £14,454 (2023-24: £15,048).

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 member's 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 2024-25

Annualised Pensionable Earnings	Normal Member Contribution Rate (%)
Up to £34,199	4.60
£34,200 - £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 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 employee 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 2024-25, employer contributions of £48,490,435 (2023-24: £42,948,552) were payable to the Scheme at one of four rates up to 28.97% of pensionable earnings, based on salary bands.

Other Pension Schemes

UKRI also paid contributions during the year to five 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) (2 employees)
- The National Employment Saving Trust (NEST), the Government's workplace pension scheme (79 employees)

- RCPS Partnership Scottish Widows (27 employees)
- RCPS Partnership Standard Life (10 employees)
- CSPS Partnership Legal & General (97 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 (27 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 from 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 in the senior staff pension table 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.

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 2025 – Audited information

UKRI	2024-25		2023-24	
	Headcount	FTE	Headcount	FTE
Permanent & fixed-term employees	8,542	8,244	8,361	8,063
Temporary & contract staff	412	384	407	376
Secondments	47	35	31	19
Total number of staff	**9,001**	**8,663**	**8,799**	**8,458**

Permanent staff headcount and FTE increased compared to last year. This increase was predominantly among permanent and fixed-term employees, although there were increases in other staff categories. The notable increase in secondments was driven mostly by increases in the Particle Physics and Hartree Centre areas of STFC. Continued reductions in operational staff expenditure, which closed the year at 2,580 permanent & fixed term FTE compared to 2,686 in 23/24, 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. Outside of OpEx FTE, total FTE grew by 3%, (combined total of 5877 in 23/24 rising to 6082 in 24/25). reflecting increases in managed programmes delivered on behalf of government and in direct science facing institutes such as National Environment Research Council (NERC), British Antarctic Survey (BAS) and British Geological Survey (BGS), Science Technology and Facilities Council (STFC) and Medical Research Council, collectively increasing headcount in direct science research-facing areas.

As a separate employer IUKBC information is provided below:

IUKBC	2024-25		2023-24	
	Headcount	FTE	Headcount	FTE
Permanent & fixed-term employees	282	276	279	272.63
Temporary & contract staff	17	15	14	13.3
Secondments	1	1	2	2
Total number of staff	**300**	**292**	**295**	**287.93**

Headcount – permanent and fixed term employees during 2024/25 includes 10.5 FTEs delivering Programmes managed on behalf of other government departments and 1.4 FTE staff seconded to Innovate UK.

Staff related Costs – Audited Information

UKRI	2024-25			2023-24
	Permanently employed Staff £000	Temporary staff £000	Total £000	Total £000
Wages and salaries	408,134	43,286	451,420	432,074
Social security costs	49,908	0	49,908	43,854
Other pension costs	108,547	-	108,547	96,731
Sub total	566,589	43,286	609,875	572,658
Less recoveries in respect of outward secondments	(751)	-	(751)	(419)
Total	**565,838**	**43,286**	**609,124**	**572,239**

Staff related costs covers UKRI's total pay bill, which encompasses relevant expenditure for research facing and professional support staff, including staff costs at Innovate UK Business Connect added to the group in 2023−24. 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 support FTE. These costs are themselves a sub-set of our Staff related costs.

Sickness Absence

Sickness absence	2024-25		2023-24	
	Days	Working days	Days	Working days
Total days of absence	60,864	50,603	57,436	47,051
Frequency of absences lasting longer than 28 Days	389	389	352	352
Total days of long-term absence	23,872	-	102,702	96,731
Average days of sick absence per person in UKRI	7.3	6.0	6.7	5.4

UKRI's HR and management monitor employee sick absences continuously, with sickness absence followed up by a return-to-work interview in line with UKRI's sickness absence policy. Short-term and long-term absences are managed on a case-by-case basis, with appropriate support from an occupational health assessor based on referrals to Orchid Live. This is also supported by HR advice from the central team. At the end of March 2025, of the 236 open cases being supported by Central HR, 54 are principally related to an Occupational Health Referral. Across 2024-25, a total of 364 casework files were opened; of these 65 included an occupational health referral .

Following the end of 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 2023-24 and across 2024-25 they were comparable to pre-pandemic averages overall, although absence types show some variation compared to historical norms.

Although they have reduced significantly from highs in 2021-2022, COVID-19 accounts for 2% of all sickness absences across UKRI.

In 2024-25 the top three causes of sickness absence are as follows:

1. Minor Illness
2. Stress & Mental Ill-Health
3. Back Pain and Musculoskeletal injuries

Following a sustained period of lower rates in previous years, on average, staff lost 1.9 days to ‘Minor Illness’. This is an increase of 0.3 average working days lost (AWDL) or 19% compared to 2023-24.

Stress & Mental ill-health is the second most common reason for sickness absence. This has also risen, but by a much smaller proportion than ‘Minor Illness’, from 1.1 to 1.2 AWDL (8% increase).

The rate of sickness for Back Pain and Musculoskeletal injuries is roughly equal to 2023-24 with 0.6 AWDL in both years.

UKRI recorded a number of COVID-19 instances across 24/25, but these accounted for only 2% of all UKRI sickness absences and were on a further downward trend towards the end of 2024-25.

Staff numbers by sex

UKRI	Headcount			
Pay bands	**Male**	**Female**	**Unknown**	**Total**
Directors (X&Y)	76	57		**133**
Senior managers (G&H)	351	247		**598**
Other employees (A-F)	4,387	3,744	139	**8,270**
Total	**4,814**	**4,048**	**139**	**9,001**

UKRI	FTE			
Pay bands	**Male**	**Female**	**Unknown**	**Total**
Directors (X&Y)	73	54		**127**
Senior managers (G&H)	337	238		**575**
Other employees (A-F)	4,286	3,540	135	**7,961**
Total	**4,696**	**3,832**	**135**	**8,663**

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

IUKBC	**Headcount**			
Pay bands	**Male**	**Female**	**Unknown**	**Total**
Directors (X&Y)	5	2	0	**7**
Senior managers (G&H)	13	14	2	**29**
Other employees (A-F)	109	138	24	**271**
Total	**127**	**154**	**26**	**307**

IUKBC	**FTE**			
Pay bands	**Male**	**Female**	**Unknown**	**Total**
Directors (X&Y)	5	2	0	**7**
Senior managers (G&H)	13	13.4	2	**28.4**
Other employees (A-F)	106.2	136.7	21.8	**264.7**
Total	**124.2**	**152.1**	**23.8**	**300.1**

IUKBC employees are in the process of updating personal fields into their HR Information System.

Staff numbers by ethnicity

As at 31st March 2025, 5,173 (57%) staff members shared their ethnicity information (including those indicating that 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	520	6%
White	4,271	47%
Ethnicity Withheld	382	4%
Ethnicity not reported	3,828	43%
Total	**9,001**	**-**

Distribution of Staff Sharing Ethnicity Details

To be consistent with the Higher Education Statistical Authority (HESA, the body responsible for the analysis of higher education in the UK and a useful comparator/benchmark for UKRI), census categories and other public bodies, UKRI uses the term, ‘black, Asian, mixed and minority ethnic’ when presenting summary data rather than using the specific categories of data collected.

7% Ethnicity withheld
10% Black, Asian, Mixed and Minority Ethnic
83% White

Staff numbers by disability

As at 31 March 2025, 2,249 (25%) staff members shared their disability identity on our central people and payroll systems.

Disability	Year end staff	Percentage
Yes	279	3%
No	1,956	22%
Disability withheld	14	0%
Disability not reported	6,752	75%
Total	**9,001**	**-**

Distribution of Staff Sharing Disability Details

1% Disability withheld
11% Yes
89% No

Staff turnover

Turnover	2024-25	2023-24
All staff turnover	13.5%	13.8%
Employee turnover	10.4%	10.4%
Resignation rate	**4.8%**	**6.8%**

Turnover in 2024-25 was very similar overall compared to 2023-24, with changes to historical patterns of exits in science-facing areas being sustained for a second year and turnover rates now consistently 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. UKRI has 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.

In 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.

Given the challenges in recruiting ‘science’ staff we would consider all turnover in these areas to be ‘high’, 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.

Conversely in professional support areas, 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.

Turnover is highest in ‘Other’ grades which are comprised of contingent labour and other temporary non-standard contracts (such as NERC Mariners). The short duration of these contracts and the points at which they are retained mean that turnover in specific areas can exceed 100% in a year. Although this means the turnover rate is high, these are largely planned exits to project timetables and no specific action is being undertaken to change these rates.

Reporting of civil service and other comprehensive schemes – exit packages

Audited Information

	Number of compulsory redundancies		Number of other departures agreed		Total no. of exit packages by cost band	
Exit package cost band	**2024-25**	**2023-24**	**2024-25**	**2023-24**	**2024-25**	**2023-24**
<£10k	0	2	13	9	13	11
£10k - £25k	1	3	36	12	37	15
£25k - £50k	3	4	32	5	35	9
£50k - £100k	1	0	51	3	52	3
£100k - £150k	0	0	3	0	3	0
£150k+	0	0	1	0	1	0

	Number of compulsory redundancies		**Number of other departures agreed**		**Total no. of exit packages by cost band**	
Exit package cost band	**2024-25**	**2023-24**	**2024-25**	**2023-24**	**2024-25**	**2023-24**
Total no. by type	5	9	136	29	141	38
Total value of exit packages accounted for in year (£)	**187,835**	**205,704**	**6,381,604**	**623,862**	**6,569,439**	**829,567**

Exit 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.

Cabinet Office approval was granted to run a voluntary exit scheme in 2024-25 and this was launched in May 2024. The scheme was designed to support UKRI's reshape and realignment following a period of contraction in Operational Expenditure FTE across the Civil Service 2020 Spending Review period. Occupants of roles identified as in scope were contacted directly and supported to make application decisions ahead of an application closing date of 5 June. This first phase exited 50 staff from a pool of around 300 roles in Q3 & Q4 of 2024-25. Following this, a second phase was launched which approved exits for an additional 27 staff who exited on 31 March 2025. 2023-24 figures have been updated to take into account an exit package that was omitted.

Health and Safety

We work together in innovative ways to deliver an ambitious agenda, drawing on our great depth and breadth of expertise and the enormous diversity of our portfolio. We strive to maintain the highest levels of Health, Safety and Wellbeing for our employees and all who work with us.

Performance – Health & Safety

The organisation, especially for office-based staff, has seen a shift in working styles to a more agile and hybrid approach, and the H&S teams 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 Patrons Award in 2024 for 25 years of high standards from the Royal Society for the Prevention of Accidents (RoSPA) in Research and Development, following previous wins and highly commended awards. Within the Natural Environment Research Council, the British Antarctic Survey and British Geological Survey have continued to be 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, and oversaw 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 increased slightly this Financial Year (FY). This translates to the average injury incident rate being 29.1 per 1,000 staff and non-injury rate of 142 per 1000 staff. Most incidents are of a minor nature. Seven injury and illness incidents were reported to the Health and Safety Executive (HSE), and one incident was reported to the Marine Accident Investigation Branch (MAIB) which is lower than FY 2023/24 and the former is below the HSE's published national figure. Whilst no enforcement action was taken during the year to 31 March 2025, a HSE Improvement Notice was received shortly after the year end in respect of exposure to metal working fluid under The Control of Substances Hazardous to Health Regulations 2002, Regulation 7 (1); an action plan is now in place to respond to the Improvement Notice.

Expenditure on consultancy

Expenditure on consultancy in 2024-25 was £105,659 (2023-24: £59,359).

Expenditure on contingent labour

Expenditure on contingent labour in 2024-25 was £43.6 million (2023-24: £49.9 million). Consultancy spend largely relates to support for the UKRI transformation agenda including Simpler Better Funding and SHARP.

Off payroll engagements (more than £245 per day and longer than six 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.

Seven workers were identified as being subject to this circumstance in 2024-25 all of which were paid more than £245 per day and were still retained on 31st March 2025. All workers identified were subject to off-payroll legislation.

Table 1: Highly paid off-payroll worker engagements as at 31 March 2025, earning £245 per day or greater

	UKRI
No. of existing engagements as of 31 March 2025	231
Of which	
No. that have existed for less than one year at time of reporting.	66
No. that have existed for between one and two years at time of reporting.	53
No. that have existed for between two and three years at time of reporting.	51
No. that have existed for between three and four years at time of reporting.	27
No. that have existed for four or more years at time of reporting.	34

Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2025, earning £245 per day or greater.

	UKRI – ALB
No. of temporary off-payroll workers engaged during the year ended 31 March 2025	398
Of which	
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	391
Subject to off-payroll legislation and determined as out-of-scope of IR35	7
No. of engagements reassessed for compliance or assurance purposes during the year	118
Of which: no. of engagements that saw a change to IR35 status following review.	5

Table 3: Off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025

	UKRI – ALB
No. of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year.	9
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.	25

The senior leaders with significant financial responsibility have been restricted to ExCo members (these are 15 individuals – including the ChiPS job share) and 10 Board members.

Of the 15 ExCo Members, seven are off-payroll. Professor Dame Ottoline Leyser, Professor Patrick Chinnery, and Professor Mark Thomson are seconded into UKRI from the University of

Cambridge. Professor Christopher Smith is seconded from the University of St Andrews, Professor Charlotte Deane is seconded from the University of Oxford, Professor Louise Haithwaite is seconded from the University of Lancaster and Professor Michele Dougherty is seconded from Imperial College. All are on their respective employers' payrolls with costs recovered from UKRI. These secondment arrangements are necessary due to UKRI's nature of business need for specific expertise experience required, and is critical for time sensitive projects and to ensure continuity over the course of these programmes necessitating extension of such off-payroll arrangements.

In addition to Exco members seconded into UKRI, Chris Ball was appointed as Chief People Office in March 2022 following the departure of the previous post holder and was retained on an interim basis and paid on an invoice basis via PSR until end of January 2025. He was replaced by Angela Paradise who is also retained on interim basis from January 2025 and paid on an invoice basis via PSR.

Employee Engagement

People are central to the success of UKRI, and the organisation is 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, 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 UKRI-wide 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 among UKRI staff.

People Survey

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

Through an independent market research company, DJS, UKRI ran the 2024 People Survey, and Psychological Safety pulse survey, these surveys provide an opportunity for understanding what our staff think of working at UKRI.

Participation in 2024 increased compared to 2023,. overall, the results are more positive, with significant gains in areas like pay and benefits. Of the 18 key themes within the survey 9 showed improvements over 2023. The remainder were unchanged or were changed slightly and no longer directly comparable to 2023. UKRI's Engagement Index, which measures emotional investment and commitment to UKRI, also rose.
UKRI not only maintained strengths from last year but also made improvements in Leadership, My Work, and Health, Safety, and Wellbeing. Scores for Objectives and Purpose at both UKRI and council levels, as well as for Senior Leadership, have also improved.

Managing Change saw a slight increase in scores, though it remains one of the lowest-scoring areas. More people believe action was taken on last year’s results and expect action on this year’s results. As in previous years, there are significant variations in responses at the local council level, which will be explored further when the full data sets are available.

Local areas across UKRI developed o action plans in response to the 2024 people survey with deadlines for development of action plans being extended in August and published in November 2024 following endorsement by ExCo.

Average scores per survey theme (1)

Engagement index (UKRI)	Engagement index (council/area)	My work	Objectives and purpose	My manager
58 Difference to: UKRI 2023: +2 Civil Service: -2	**66** Difference to: UKRI 2023: n/a	**75** Difference to: UKRI 2023: +1	**62** Difference to: UKRI 2023: 0	**79**Difference to UKRI 2023: n/a

Support for managers	My team	Learning and personal development	Pay and benefits	Resources and workload
73 Difference to: UKRI 2023: +1	**80** Difference to: UKRI 2023: n/a	**57** Difference to: UKRI 2023: +2	**46** Difference to UKRI 2023: +13	**67** Difference to UKRI 2023: +1

Average scores per survey theme (2)

Inclusion and fair treatment	**Senior leadership within UKRI**	**Senior leadership within Council**	**Health, safety and wellbeing***
73 Difference to: UKRI 2023: +1	**55** Difference to: UKRI 2023: +2	**60** Difference to: UKRI 2023: n/a	**67** Difference to: UKRI 2023: +1

Managing change	**Organisational culture**	**Experienced discrimination**	**Experienced bullying or harassment**
54 Difference to: UKRI 2023: n/a	**73** Difference to: UKRI 2023: n/a	**5%** Difference to: UKRI 2023: 0 Approx. 470 colleagues	**7%** Difference to UKRI 2023: 0 Approx. 610 colleagues

* What contributes to the health, safety and wellbeing score? For this score, a higher number represents a greater sense of health, safety and wellbeing among colleagues.

Staff Policies

Policies are being reviewed and updated to reflect best practice and improve clarity of language. They incorporate feedback from staff, staff networks, HR and Trade Unions.

Learning and Development

Learning and development (L&D) 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 L&D team. The team implemented a range of activities and signposted line managers to them. These activities, supported line managers as individuals, as well as providing team and self-directed support.

Leadership training programmes have been a particular focus in UKRI in 2024-25

They included follow ups to the 2023-24 launches of Leadership Through Change Phase 2 &

conclusion of Emerging Leadership Programme (ELP) and Inspirational Leadership Programme (ILP) pilots, with additional schemes being run based on findings from the 2023-24 pilots. These initiatives are a suite of leadership development programmes connected with the purpose of equipping leaders throughout UKRI to drive the changes required to achieve our vision of fostering an outstanding research and innovation system in the UK.

Analysis of the 2024-25 scheme indicates that the leadership training positively affects promotion with the increase in promotion from Internal moves and Intra-area moves. Additionally, there is a high proportion of level transfer from both internal move and intra-area moves, showing a correlation between staff mobility and these programmes.

Wellbeing

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

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

UKRI has increased coverage of 'wellbeing champions' throughout 2024-25. These champions encourage a clear and consistent approach to wellbeing across UKRI, enabling activity to be aligned to the needs of both the organisation and those of our employees.

This approach enables local areas to structure their wellbeing provision, to be consistent and to measure the impact of wellbeing interventions across UKRI.

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

Equality, diversity and inclusion (EDI)

Our Workforce equality, diversity and inclusion plan sets out how we will build a more inclusive culture at UKRI, with opportunity for all, and the diversity of ideas, approaches and experience 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, where everyone feels able to contribute their ideas and listen to those of others.

UK Research and Innovation (UKRI) is a Disability Confident employer, committed to supporting disabled applicants and staff. UKRI is part of the Disability Confident scheme, which encourages employers to improve how they recruit, retain, and develop disabled people. UKRI offers an interview to disabled applicants who meet the essential criteria for a role, demonstrating their commitment to inclusivity.

Trade Unions

UKRI has a recognition agreement with the following Trade Unions: the British Medical Association (BMA), the FDA, Prospect, the Public and Commercial Services Union (PCS), Unite the Union (Unite), The University and College Union (UCU), Nautilus International (Nautilus), and The Rail, Maritime and Transport Union (RMT) for the purposes of collective bargaining. UKRI also recognises the Independent Pilots' Union (IPA) for collective bargaining with the BAS pilots. UKRI engages with unions through a Joint Negotiation and Consultative Committee at an organisational level, Local Joint Consultative Committees at some sites, and Joint Council Consultative Committees at Council level.

34 UKRI employees by headcount (33 FTE) spent a portion of their working hours on facility time in 2024-25. No employees spent more than 50% of their time on facility time. Of the employees who dedicated time to facility time activities the average contribution was 4.1% and amounted to less than 0.01% of all employee activity.

As UKRI has increased in size, so have the number of TU representatives. These representatives are spending less time each on average, but more time in total is attributed to TU facility time. Among these representatives a small cohort has been undertaking consultation work on our Voluntary Exit Scheme activity and in relation to deployment of SHARP. This has resulted in an increase in facility time cost in 2024-25 when compared to 2023-24.

Table 1 Relevant Trade Union officials

No. of employees	FT equivalent
34	33

Table 2 Percentage of time spent on facility time

% time	Number of employees
0-0.9 %	14
1-50 %	20
51-99 %	0
100%	0
Total	**34**

Table 3 Facility time cost

Total cost of facility time £	£66,326
Total pay bill £	
% of total pay bill	

Table 4 Facility time as % of total time

(Total facility time hours / total hours of TU officials) x 100	4.1%

Senior civil servant* pay structure

Minimum (£)	Maximum (£)	Number of staff*	On payroll	Off payroll
£70,001	£80,000	-	-	-
£80,001	£90,000	9	9	-
£90,001	£100,000	34	33	1
£100,001	£110,000	38	36	2
£110,000	£120,000	12	11	1
£120,001	£130,000	21	21	-
£130,001	£140,000	8	8	-
£140,001	£150,000	9	8	1
£150,001	£160,000	2	1	1
£160,001	£170,000	4	3	1
£170,001	£180,000	2	-	2
£180,001	£190,000	1	1	-
£190,001	£200,000	0	-	-
£200,001	-	2	-	2

* Based on full time equivalent salary as at 31 March 2025 not pro-rata amount. SCS’s are 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

The Parliamentary Accountability and Audit Report brings together key accountability documents including:

- Parliamentary accountability disclosures
- The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Regularity of expenditure

UKRI expenditure is compliant with the framework of authorities against which we are audited. This includes any relevant legislation, legal principles, such as subsidy control, procurement law or other legal requirements and HM Treasury consent where required.

Losses and Special Payments – Audited Information

The total losses and special payments incurred by UKRI in the year were £416,947 (2023-24: £556,910). This includes 10 special payments (of which two were compensation payments) made during 2024-25. There were no individual losses or special payments above £300,000.

Gifts

There were no gifts made by UKRI 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 2025.

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 the European Organisation for Nuclear Research (CERN) and the 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 £548,000 (2023-24: £528,000), the statutory audit fee for STFC Innovations Ltd (SIL) was £17,500 (2023-24: £10,400), the statutory audit fee for Innovate UK Loans Limited (IUKLL) was £147,000 of which £22,000 relates to extra audit work undertaken in 2023-24 (2023-24: £137,500) and the statutory audit fee for Innovate UK Business Connect (IUKBC) was £29,750 (2032-24 £27,250). During the year, £5,000 has been accrued for the statutory audit of one predecessor body not closed at 31 March 2025. 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 £3,500 (2023-24 £3,250) for IUKBC's external auditors and £6,000 (2023-24 £11,925) for SIL's external auditors for non-audit work carried out for IUKBC and SIL 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 £48,681,045 material items to which disclosure requirements apply in 2024-25.

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 the 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	£29,623,785	Charged for facilities and goods and services
Innovate UK – programme delivery recharge	£19,057,260	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 maintains 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.

Siobhan Peters
UKRI Interim Accounting Officer
8 July 2025

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 2025 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 2025;
- 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 2025 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 there under.

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 (2024). 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 2024. 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 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 the parts of the Remuneration and Staff Report to be audited are 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 2017 and 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 relevant 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 and 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 relevant component audit teams and remained alert to any indications of fraud or non-compliance 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   Date: 11 July 2025
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

4. Financial Statements

Corporate Governance Report

Example Project:
Researchers at Imperial College London are developing a quantum sensor to accurately pinpoint locations underground and underwater, where satellite signals are blocked. Tested on the London Underground, this project aims to create a reliable, standalone navigation tool, backed by UKRI as part of the UK National Quantum Technologies Programme.

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2025

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Total operating income	3	(868,770)	(925,187)	(638,838)	(693,611)
Staff costs	4	594,851	616,687	553,330	574,008
Purchase of Goods and services	5.1	750,426	765,680	736,317	751,056
Depreciation and impairment charges	5.2	225,067	236,258	253,647	263,776
Research and Innovation	5.3	9,202,306	9,208,247	8,468,390	8,470,025

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Provision expense	5.4	12,858	13,027	(19,009)	(17,371)
Other operating expenditure	5.5	(36,461)	(36,397)	14,834	14,765
		10,749,047	10,803,502	10,007,509	10,056,259
Net operating expenditure		**9,880,277**	**9,878,315**	**9,368,671**	**9,362,648**
Taxation	6	9,232	9,196	225	(24)
Finance income		(1,623)	(6,423)	(686)	3,232
Finance expenditure		(29,054)	(21,836)	(28,061)	(24,538)

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Net expenditure for the period		**9,858,832**	**9,859,252**	**9,340,149**	**9,341,318**
Other comprehensive expenditure					
Net (gain)/loss on revaluation of property, plant and equipment		(49,986)	(49,986)	(62,325)	(62,325)
Net loss/(gain) on revaluation of intangible assets		(84,572)	(84,572)	(9,454)	(9,454)

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Net (gain)/loss on revaluation of investments		5,679	7,830	(93,156)	(93,156)
Actuarial (gain)/ loss on defined benefit pension plan		(48,984)	(48,984)	(36,478)	(36,478)
Total comprehensive net expenditure for the period		**9,680,969**	**9,683,540**	**9,138,736**	**9,139,905**

The notes on pages 129-326 form part of these accounts

Consolidated Statement of Financial Position for the year ended 31 March 2025

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Non-current assets					
Property, plant and equipment	7	3,455,652	3,456,107	3,409,813	3,410,428
Intangible assets	8	168,103	168,103	88,754	88,754
Investment property		5,695	5,695	5,560	5,560

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Investments in group undertakings	9	874,232	881,115	843,754	852,752
Financial assets	10	11,399	131,322	11,399	133,838
Pension asset	11	893,838	893,838	808,617	808,617
Trade and other receivables	12	127,079	-	124,943	-
		5,535,998	**5,536,180**	**5,292,840**	**5,299,949**

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Current assets					
Assets held for sale		282	282	-	-
Trade and other receivables	12	1,028,039	1,034,496	937,530	948,664
Cash and cash equivalents	13	508,770	529,812	703,387	715,046
		1,537,091	**1,564,589**	**1,640,917**	**1,663,710**

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Total assets		**7,073,089**	**7,100,770**	**6,933,757**	**6,963,659**
Current liabilities					
Trade and other payables	14	(1,626,247)	(1,648,109)	(1,513,900)	(1,535,590)
Derivatives		(4,858)	(4,858)	(6,879)	(6,879)
Provisions	15	(18,317)	(21,034)	(2,648)	(5,198)

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
		(1,649,422)	(1,674,001)	(1,523,427)	(1,547,667)
Total assets less current liabilities		**5,423,667**	**5,426,769**	**5,410,330**	**5,415,992**
Non-current liabilities					
Trade and other payables	14	(125,802)	(126,084)	(124,376)	(124,630)
Derivatives		-	-	-	-

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Provisions	15	(179,361)	(179,361)	(179,365)	(179,365)
		(305,163)	(305,445)	(303,741)	(303,995)
Total assets less total liabilities		**5,118,504**	**5,121,324**	**5,106,589**	**5,111,997**
Taxpayers' equity and other reserves					
General fund		(2,549,998)	(2,550,456)	(2,676,071)	(2,676,966)

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Revaluation reserve		(1,532,626)	(1,534,988)	(1,549,401)	(1,553,914)
Intellectual property reserve		(142,042)	(142,042)	(72,500)	(72,500)
Pension reserve		(893,838)	(893,838)	(808,617)	(808,617)
Total reserves		**(5,118,504)**	**(5,121,324)**	**(5,106,589)**	**(5,111,997)**

The notes on pages 129-326 form part of these accounts

Siobhan Peters
UKRI Interim Accounting Officer 8 July 2025

Consolidated Statement of Cash Flows for the year ended 31 March 2025

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Cash flows from operating activities					
Net expenditure for the period	SoCNE	(9,858,832)	(9,859,252)	(9,340,149)	(9,341,318)
Adjustments for non-cash transactions	16	177,043	196,324	250,103	272,542

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Supply Payable to Consolidated Fund		-	-	123,548	123,548
Payments to Consolidated Fund		-	-	(123,548)	(123,548)
Employer contributions to Pensions		(19,288)	(19,288)	(21,093)	(21,093)
Decrease/ (Increase) in trade and other receivables	12	(92,645)	(85,832)	(341,147)	(340,754)

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Increase in trade and other payables	14	118,906	119,499	1,833	(7,567)
Increase in derivatives		-	-	4,603	4,603
(Decrease)/ Increase in provisions	15	15,665	15,832	(17,412)	(15,773)
Net cash outflow from operating activities		**(9,659,151)**	**(9,632,717)**	**(9,463,262)**	**(9,449,360)**

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Cash flows from investing activities					
Purchase of property, plant and equipment	7	(205,112)	(205,380)	(238,249)	(238,249)
Purchase of intangible assets	8	(13,604)	(13,604)	(3,374)	(3,374)
Purchase of investment property		-	-	-	-
Investment in joint ventures	9.1	-	-	-	-

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Other investments	9.3	-	(100)	-	(974)
Investment in Loans	10.1	-	(16,290)	-	(14,718)
Proceeds of disposal of investments		-	-	-	-
Proceeds of disposal of assets held for sale		-	-	-	-
Proceeds of disposal of property, plant and equipment		774	774	774	774

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Net cash outflow from investing activities		**(217,942)**	**(234,600)**	**(240,849)**	**(256,541)**
Net cash outflow before financing activities		**(9,877,093)**	**(9,867,317)**	**(9,704,111)**	**(9,705,901)**
Cash flows from financing activities					

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Grant-in-aid received from DSIT		9,687,609	9,687,609	10,268,054	10,268,054
Lease repayments		(5,133)	(5,526)	(4,446)	(4,752)
Net cash inflows from financing activities		**9,682,476**	**9,682,083**	**10,263,608**	**10,263,302**
Net increase/ (decrease) in cash and cash equivalents		**(194,617)**	**(185,234)**	**559,497**	**557,401**

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Cash and cash equivalents at the beginning of the period		703,387	715,046	143,890	157,645
Cash and cash equivalents at the end of the period		**508,770**	**529,812**	**703,387**	**715,046**

The notes on pages 129-326 form part of these accounts

Consolidated Statement of Changes in Total Equity
for the year ended 31 March 2025

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Consolidated						
Balance at 1 April 2024		**(2,676,966)**	**(1,553,914)**	**(808,617)**	**(72,500)**	**(5,111,997)**
Retained surplus b/ fwd from Subsidiary		17	-	-	-	**17**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Grant-in-aid from DSIT		(9,687,609)	-	-	-	**(9,687,609)**
Net expenditure for the period		9,859,252	-	-	-	**9,859,252**
Movements in reserves:						
Net gain on revaluation of property, plant and equipment	7	-	(49,986)	-	-	**(49,986)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Net gain on revaluation of intangible assets	8	-	-	-	(84,572)	**(84,572)**
Net loss on revaluation of investments	9	-	7,830	-	-	**7,830**
Cash flow hedge		-	(2,021)	-	-	**(2,021)**
Actuarial gain in the pension scheme	11	-	-	(48,984)	-	**(48,984)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Contributions from other employers in the pension scheme		-	-	(3,254)	-	**(3,254)**
Transfers between reserves		(45,150)	63,103	(32,983)	15,030	-
Balance at 31 March 2025		**(2,550,456)**	**(1,534,988)**	**(893,838)**	**(142,042)**	**(5,121,324)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Parent						
Balance at 1 April 2024		**(2,676,071)**	**(1,549,401)**	**(808,617)**	**(72,500)**	**(5,106,589)**
Retained surplus b/fwd from Subsidiary		-	-	-	-	-
Grant-in-aid from DSIT		(9,687,609)	-	-	-	**(9,687,609)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Net expenditure for the period		9,858,832	-	-	-	**9,858,832**
Movements in reserves:						
Net gain on revaluation of property, plant and equipment	7	-	(49,986)	-	-	**(49,986)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Net gain on revaluation of intangible assets	8	-	-	-	(84,572)	**(84,572)**
Net loss on revaluation of investments	9	-	5,679	-	-	**5,679**
Cash flow hedge		-	(2,021)	-	-	**(2,021)**
Actuarial gain in the pension scheme	11	-	-	(48,984)	-	**(48,984)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Contributions from other employers in the pension scheme		-	-	(3,254)	-	**(3,254)**
Transfers between reserves		(45,150)	63,103	(32,983)	15,030	-
Balance at 31 March 2025		**(2,549,998)**	**(1,532,626)**	**(893,838)**	**(142,042)**	**(5,118,504)**

The notes on pages 129-326 form part of these accounts

Consolidated Statement of Changes in Total Equity for the year ended 31 March 2024

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Consolidated						
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		(57,716)	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						
Balance at 1 April 2023		**(1,690,450)**	**(1,470,612)**	**(737,414)**	**(79,665)**	**(3,978,141)**
Retained surplus b/fwd from Subsidiary		-	-	-	-	-

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Grant-in-aid from DSIT		(10,268,054)				**(10,268,054)**
Net expenditure for the period		9,340,149	-	-	-	**9,340,149**
Movements in reserves:						
Net gain on revaluation of property, plant and equipment	7	-	(62,325)	-	-	**(62,325)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Net gain on revaluation of intangible assets	8	-	-	-	(9,454)	**(9,454)**
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)**

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Contributions from other employers in the pension scheme		-	-	(3,733)	-	**(3,733)**
Transfers between reserves		(57,716)	72,089	(30,992)	16,619	-
Balance at 31 March 2024		**(2,676,071)**	**(1,549,401)**	**(808,617)**	**(72,500)**	**(5,106,589)**

The notes on pages 129-326 form part of these accounts

Notes to the Accounts

The notes on pages 129-326 form part of these 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 Business, Energy and Industrial Strategy, 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 2024-25 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 2024-2025. DSIT published details of research and development allocations for 2025−2026 on 4th April 2025, including allocation plans for UKRI totalling £8.8 billion over that period. UKRI will work with DSIT during 2025-2026 as we enter a new spending review period covering 2026-2027 to 2029-2030.

It has been considered appropriate to adopt a going concern basis for 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. 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 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 2024-25.

NOTE 1.6 Future accounting standards

IFRS 17: Insurance Contracts replaces IFRS 4: Insurance Contracts and is to be included in the FReM for mandatory implementation from 2025-

26. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this Standard. IFRS 17 requires insurance contracts, including reinsurance contracts, to be recognised on the statement of financial position as the total of the fulfilment cashflows and the contractual service margin (CSM). The fulfilment cashflows consist of the present value of future cash flows calculated using best estimate assumptions with an explicit risk adjustment for non-financial risk. The risk adjustment is released to the SoCNE as risk expires. The CSM is the unearned profit on insurance contracts and is released to the SoCNE over the insurance contract period as insurance services are provided. Where an insurance contract is onerous, it will have no CSM and the onerous element of the insurance contract will be recognised immediately in the SoCNE. The financial impact of applying IFRS 17 is not yet known but is not expected to be material for UKRI.

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The Public Sector implementation date is not yet confirmed. The impact of IFRS 18 on the Public Sector is still being assessed.

IFRS 19 Subsidiaries without Public Accountability is effective for periods beginning on or after 1 January 2027. This is not expected to be material to UKRI. No date has been issued regarding adoption by the FReM as yet.

FReM update – Non-Investment asset valuations: In December 2023 HM Treasury released an exposure draft on potential changes to make to valuing and accounting for non-investment assets (e.g. PPE, intangible assets). The following changes to the valuation and accounting of non-investment assets is to be included in the 2025-26 FReM for mandatory implementation:

References to assets being held for their ‘service potential’ and the terms ‘specialised/non-specialised’ assets are being removed from the FReM. Non-investment assets are instead described as assets held for their ‘operational capacity’. This change has no impact on the valuation basis of non-investment assets, which remains Existing Use Value (EUV).

An adaptation to IAS 16 will be introduced to withdraw the requirement to revalue an asset where its fair value materially differs from its carrying value. Assets are now valued using the one of the following processes:

- a quinquennial revaluation supplemented by annual indexation
- a rolling programme of valuations over a five-year cycle, with annual indexation applied to assets during the four intervening years
- for non-property assets only, appropriate indices
- in rare circumstances where an index is not available, a quinquennial revaluation supplemented by a desktop revaluation in year three

The option to measure intangible assets using the revaluation model is withdrawn. The carrying values of intangible assets at 31 March 2025 will be considered the historical cost at 1 April 2025.

FReM update – Social Benefits: The 2025-26 FReM will include new guidance on accounting for social benefits. The 2025-26 FReM will define social benefits as ‘current transfers received by households (including individuals) intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education, or family circumstances.’

The 2025-26 FReM clarifies that expenditure in respect of social benefit payments should be recognised at the point at which the social benefit claimant meets the eligibility requirements to receive the benefit. Only the expenditure for the period of entitlement that falls within the accounting year should be recognised.

The UKRI capitalisation threshold is to be updated in 2025-26 to £25,000 an uplift from the current £10,000.

NOTE 1.7 Grant-in-aid

In line with the FReM, grant-in-aid for revenue purposes is 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 is recognised when there is reasonable assurance that there are no conditions attached, or that any such conditions have been complied with and there is reasonable assurance the grant will be received. Grant income receivable and funding for collaborative projects are recognised as income over the period in which the related costs are recognised for which the grant or funding is intended to compensate in accordance with IAS 20.

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. The performance obligations are typically satisfied at a point in time (typically for the transfer of goods) or over time (typically for the transfer of services) in accordance with the contractually defined timescales. The payment terms for the invoices are typically 30 days. Commercial income includes royalties, rental of facilities for use by third parties, property rental or canteen/ restaurant revenue.

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, in line with the approved grant agreement. 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 Strength in Places Fund, 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)
Decommissioning 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. If there are indications of impairment, in line with IAS 36, an impairment review would be undertaken.

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). In the previous financial year, this approach was 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 were disclosed in Innovation UK Loans Ltd's 2023-24 statutory accounts.

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 (FVTPL). No expected credit loss is recognised for these loans consequently, nor any expected credit loss provision for loss against irrevocable commitments.

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.

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 previous financial year, this approach was 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 resulted in a one-off change to new innovation loans classified as amortised cost originated in the 2023/24 comparative financial year as a reduction of £0.58 million at initial recognition. The impact on FVTPL innovation loans at the 31 March 2024 reporting date was a £0.8 million reduction in carrying value.

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 Institut 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 4.78% (2024: 4.98%), 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

UKRI as lessee

Per IFRS 16, at the inception of a lease contract, 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.

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. Leases subject to the exemptions are recognised in the Statement of Comprehensive Net Expenditure 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

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 the 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 willl 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.

UKRI as lessor

Assets subject to operating leases are recognised in the Consolidated Statement of Comprehensive Net Expenditure, 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.

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 £360 million of property investments and £351 million of unquoted equities, which are estimates and are based on fund manager’s estimates, and valued by the expert valuation reports as at 31 March 2025. 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 to require 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 NCEs 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 NCEs are managed locally with payment profiles being adjusted as required within the system. As part of this process update prior year NCSs have been unwound (£55 million in 2024-25) and are offset by the NCEs 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

UKRI judges that there is an alignment between the payment profile, the underlying activity it supports, and costs incurred by grant recipients, as referenced in Note 1.11. UKRI makes this judgement because the majority of costs incurred by grant recipients are similarly linear (for example, direct costs of employing researchers and 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.

Based on detailed analysis of the full UKRI Research and Fellowship Grants portfolio, it has been established that any non-standard profiled grants following a more variable profile during the life of a project, e.g. due to specified milestones within the approved grant agreement, are limited to less than 4.5% of total UKRI grant expenditure.

It remains in line with historic sampling results which consistently show this average for these research council grant types within the overall portfolio year-on-year.

The current grant profiling policy output represents a true and fair reflection of the economic activity being undertaken, as supported by the update of grant activities through ongoing submissions from research organisations, in line with UKRI terms and conditions. This results in the reprofiling of grants on system, ensuring that 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 2025 was £779.1 million (31 March 2024: £701.7 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 4.72% to 4.81%, and the very-long-term rate (> 40 years) increased from 4.4% to 4.55%, the inflation rate staying the same at 2%. The ISIS decommissioning provision decreased by £0.6 million due to the change in discount rates (last year the movement due to discount rate changes was a decrease of £13.5 million).

UKRI has recognised a provision of £108.8 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

2024-25	AHRC £000	BBSRC £000	EPSRC/ UKRI £000	ESRC £000	IUK £000
Total operating income	(1,329)	(6,248)	(17,693)	(7,691)	(661,334)
Staff costs	7,291	10,765	109,378	13,041	91,446
Purchase of Goods and services	2,194	2,032	96,131	1,893	60,205
Depreciation and impairment charges	34	13,603	12,804	33	13,683
Research and Innovation	162,559	525,143	1,575,928	275,198	2,026,709

2024-25	AHRC £000	BBSRC £000	EPSRC/ UKRI £000	ESRC £000	IUK £000
Provision expense	0	270	10,286	0	169
Other operating expenditure	0	(758)	0	0	(135)
Net expenditure	**170,748**	**544,807**	**1,786,835**	**282,474**	**1,530,742**

2024-25	MRC £000	NERC £000	RE £000	STFC £000	Total £000
Total operating income	(102,203)	(43,584)	(1,313)	(83,793)	(925,187)
Staff costs	89,234	91,018	6,710	197,805	616,687
Purchase of Goods and services	81,844	59,861	1,709	459,811	765,680

2024-25	MRC £000	NERC £000	RE £000	STFC £000	Total £000
Depreciation and impairment charges	37,209	53,724	46	105,123	236,258
Research and Innovation	890,169	335,282	2,889,976	527,283	9,208,247
Provision expense	100	1,033	0	1,169	13,027
Other operating expenditure	(1,197)	(253)	0	(34,053)	(36,397)
Net expenditure	**995,155**	**497,081**	**2,897,128**	**1,173,345**	**9,878,315**

2023-24	AHRC £000	BBSRC £00	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

2023-24	AHRC £000	BBSRC £00	EPSRC/ UKRI £000	ESRC £000	IUK £000
Provision expense	-	-	(5)	-	1,638
Other operating expenditure	-	(94)	-	-	-
Net expenditure	**146,225**	**502,837**	**1,633,645**	**273,527**	**1,406,090**

2024-25	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

2024-25	MRC £000	NERC £000	RE £000	STFC £000	Total £000
Depreciation and impairment charges	60,060	60,305	35	103,763	263,776
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**

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

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Current grants from Central Government	(49,388)	(85,138)	(27,877)	(57,448)
Current grants from European Commission	(4,476)	(4,483)	(9,788)	(9,817)
Capital Grants	-	-	(6,925)	(6,925)

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Current grants from private sector	(69,131)	(69,131)	(58,116)	(58,116)
Income from other government departments and public sector	(645,786)	(645,924)	(467,366)	(467,704)
Rental income	(14,252)	(14,252)	(10,047)	(10,047)
Sales of goods and services	(34,395)	(34,675)	(33,045)	(33,240)
Other income	(51,342)	(71,584)	(25,674)	(50,314)
	(868,770)	**(925,187)**	**(638,838)**	**(693,611)**

Overall operating income rose by £231 million from £693 million in 2023-24 to £925 million in 2024-25. The main drivers for this increase were an increase of £27 million in current grants from central government, an increase in income from other government departments of £178 million and an increase in other income of £21 million.

The main reasons for the increase in government grants were a number of new programmes commencing in 2024-25, notably funding for UK Dementia Research Institute of £5 million, funding for Cancer Immunotherapy Research Platform of £4 million, Jet Zero – aviation's non-CO2 impacts on the climate of £4 million, funding for Centres of Excellence for Regulatory Science and Innovation (CERSI) of £3 million, maximising UK adaptation to climate change of £2 million and funding for the MND Accelerator of £2 million.

The increase in income from other government departments of £178 million is predominantly due to the Machinery of Government (MoG) changes which reorganised the former sponsoring Department into DSIT, Department for Business and Trade (DBT) and Department for Energy Security and Net Zero (DESNZ) in February 2023. This has resulted in Innovate UK now having a larger portfolio of managed programmes with other government departments.

The increase in other income largely comes from £7 million more effective cost recovery from IUK managed programmes and £10 million from additional ISIS and NQCC funding.

4 Staff costs

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Wages and salaries	433,177	451,420	416,202	432,725
Social security costs	48,102	49,908	42,098	43,854
Other pension costs	106,760	108,547	94,332	96,731
	588,039	609,875	552,632	573,310
Staff severance costs	6,812	6,812	698	698
	594,851	**616,687**	**553,330**	**574,008**

Staff costs increased in the year by £42 million from £574 million in 2023-24 to £617 million in 2024-25.

The wages and salaries increase of £19 million of this was broadly in line with an increased pay offer of approximately 5% on average across all pay bands. Other pension costs include an accrual of £468k to cover outstanding employer pensions contributions on a small subsection of payroll allowances.

The increase of £6 million across staff severance costs was due to UKRI undertaking a voluntary redundancy exercise that resulted in a number of additional staff leaving the organisation.

5.1 Purchase of goods and services

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Rentals under operating leases	8,467	8,549	5,247	5,469

	2024-25 UKRI £000	**2024-25 Consolidated £000**	**2023-24 UKRI £000**	**2023-24 Consolidated £000**
Finance, HR, IT and support costs	29,349	29,604	29,549	29,681
Accommodation and office equipment costs	192,854	198,081	181,964	186,344
Consultancy and legal expenditure	106	106	567	567
Training and other staff costs	7,311	7,466	6,869	7,098
Travel and subsistence costs	21,977	23,703	22,907	24,467
Advertising and publicity	4,525	4,308	5,495	5,851
Professional services	96,435	99,452	107,422	111,114

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Auditors' remuneration	553	747	533	717
Programme management and administration of grants and awards	6,314	10,895	4,961	8,764
Professional and international subscriptions	320,011	320,011	309,576	309,576
Recharges	14,047	14,128	17,123	17,168
Other purchase of goods and services cost	48,477	48,630	44,104	44,240
	750,426	**765,680**	**736,317**	**751,056**

Purchases of goods and services increased by £15 million from £751 million in 2023-24 to £766 million in 2024-25.

Accommodation and equipment costs increased by £12 million driven by a £7 million increase in the cost of gas and electricity. There was also £1.6 million incurred for rates on two new properties in 2024-25, and £1.2 million incurred for asbestos removal in Gambia.

Professional services decreased by £12 million driven primarily by an £8 million decrease due to reduced activity on the Simpler and Better Funding programme.

Professional and international subscriptions increased driven by an increase in funding to the Square Kilometre Array Observatory.

5.2 Depreciation and impairment charges

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Depreciation	201,270	201,697	205,969	206,311
Amortisation of intangible assets	21,429	21,429	23,054	23,054
Impairment of PPE	11	11	21,347	21,347
Impairment of financial assets	-	-	-	588
Impairment of investment properties	-	-	476	476
Expected Credit Loss	2,357	13,121	2,801	12,000
	225,067	**236,258**	**253,647**	**263,776**

Overall depreciation decreased by £4.6 million and is made up of:

Depreciation of land and buildings has decreased by £1.1 million following the significant downward revaluation of the MRC and STFC (excluding RAL) estate in March 2024.

Depreciation of plant, equipment, fixtures and fittings (PEFF) has increased by £4.3 million, and of IT equipment by £1.8 million, in line with the significant transfers into this category as major projects have come online in the last two years (£53.4 million in 2023-24 and £71.2 million in 2024-25 for PEFF, and £17.0 million in 2023-24 and £18.5 million in 2024-25 for IT).

Transport depreciation has decreased by £9.6 million in 2024-25 compared to 2023-24. Prior year transport depreciation included one-off upward adjustments following the professional revaluation of NERC research vessels.

Amortisation of patents has decreased by £1.6 million following additions and revaluations during the last two years £9.4 million in 2023-24 and £84.6 million in 2024-25.

Impairment of PPE has decreased by £21.3 million as the 2023-24 accounts included impairments following the professional valuation of the MRC & STFC Land and buildings (excluding STFC's Rutherford Appleton Laboratory).

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

5.3 Research and Innovation

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Core Funding	1,336,235	1,341,500	1,314,087	1,315,722
Research England funding	2,500,727	2,500,727	2,461,217	2,461,217
Institutes, Catapults, Centres & Networks	557,747	558,423	579,356	579,356

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Knowledge Exchange, Translation and Commercialisation	221,631	221,631	216,712	216,712
COVID-19 Research	(1,005)	(1,005)	4,272	4,272
International	35,808	35,808	20,990	20,990
Talent	682,592	682,592	623,486	623,486
Other costs – Core Research	57,988	57,988	101,395	101,395
Core Research	**5,391,724**	**5,397,665**	**5,321,515**	**5,323,150**
Infrastructure	387,081	387,081	215,054	215,054
World Class Labs	490,613	490,613	466,064	466,064
Cross-cutting Funds	94,107	94,107	150,149	150,149

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Strategic Themes	74,330	74,330	23,299	23,299
Strength in places fund	55,446	55,446	66,578	66,578
Other costs – Non Core Research	1,473	1,473	28,078	28,078
Non Core Research	**1,103,050**	**1,103,050**	**949,222**	**949,222**
Cross-cutting Funds	225,024	225,024	404,519	404,519
Technologies Missions Programme	214,552	214,552	55,071	55,071
Other costs – R&D Other	62,913	62,913	55,731	55,731
R&D Other	**502,489**	**502,489**	**515,321**	**515,321**

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Institutes, Catapults, Centres & Networks	350,877	350,877	347,789	347,789
Innovation Policy & Other	453,725	453,725	228,838	228,838
International	88,659	88,659	66,211	66,211
SMART	55,282	55,282	91,171	91,171
Biomedical Catalyst	49,290	49,290	52,833	52,833
Fast Start	609	609	3,209	3,209
DfT Zero emission HGV technologies	107,366	107,366	15,147	15,147
Innovation	**1,105,808**	**1,105,808**	**805,198**	**805,198**
ODA	57,049	57,049	60,145	60,145

	2024-25 UKRI £000	**2024-25 Consolidated £000**	**2023-24 UKRI £000**	**2023-24 Consolidated £000**
DSIT Managed Programmes	597,215	597,215	472,030	472,030
EU Programmes	444,971	444,971	344,959	344,959
Ringfenced Capital	**1,099,235**	**1,099,235**	**877,134**	**877,134**
	9,202,306	**9,208,247**	**8,468,390**	**8,470,025**

Research and innovation spend increased in 2024-25 by £738 million from £8,470 million to £9,208 million.

The main drivers of this increase in expenditure were:

- infrastructure in non-core research of £172 million. Of the infrastructure expenditure increase, £60 million was an increase in UK Research Partnership Investment Fund (RPIF), £10 million was new spend on the Nuclear Magnetic Resonance (NMR) spectrometer, £17 million expenditure on the John Innes Centre for the Sainsbury Laboratory, £10 million on the airborne laboratory infrastructure and £50 million on the Diamond Light Source capital funding.

- in R & D other, whilst cross cutting funds decreased by £179 million, the technologies mission programme increased by £159 million. There was a £133 million reduction as the ISCF wave 2 & 3 programmes wound down along with a £45 million reduction in the faraday batteries challenge also wound down in the cross cutting funds. Across the technology mission programme there was an increase of £47 million in future telecoms, £45 million in artificial intelligence and £50 million across UKRI technologies missions.
- in the innovation section, innovation policy and other expenditure increased by £225 million and Dft zero emissions spend went up by £92 million. In relation to innovation policy expenditure, there were increases to the manufacturing, materials and mobility programme of £97 million, net zero programme of £47 million, health and life science programme of £39 million, and digital and technology programme of £18 million. Whilst the zero-emission programme increased by £92 million as planned in the SR period.

- in the ring-fenced capital section, DSIT managed programmes increased by £125 million and the Horizon Europe guarantee increased by £100 million. Of the DSIT managed programmes, £66 million was increased expenditure on the artificial intelligence research resource (AIRR) in line with government policy, £27 million increased spending on ISPF, and £14 million increased spending on ISPF ODA.

5.4 Provision expense

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Provision expense – Early retirement	86	86	125	125
Provision expense – Other provisions	10,570	10,570	(1,949)	(1,949)
Provision expense – Loan commitments	-	169	-	1,638
Provision expense – Decommissioning	2,202	2,202	(17,185)	(17,185)
	12,858	**13,027**	**(19,009)**	**(17,371)**

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 4.4% to 4.55%, the long-term rate increased from 4.72% to 4.81%, medium-term rate increased from 4.03% to 4.07% and the short-term rate decreased from 4.26% to 4.03%.

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 related to the ISIS decommissioning provision.

5.5 Other operating expenditure

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Revaluation – investment property	(135)	(135)	-	-
Loss on disposal – assets held for sale	-	-	-	-
Profit on disposal – PPE	(238)	(238)	(146)	(146)
Loss on disposal – PPE	69	69	-	-
Loss/(Profit) on disposal of other investments	-	64	-	(69)
Share of (profit)/loss on joint venture and associates	(36,157)	(36,157)	14,980	14,980
	(36,461)	**(36,397)**	**14,834**	**14,765**

Most of the movement in other operating expenditure is explained by the profit or loss on Diamond Light Source (DLS), £44 million of the movement of £51 million. In 2024-25 the share of the profit was £34 million as opposed to a loss for 2023-24 of £10 million.

6 Taxation and Deferred Taxation

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Corporation tax				
Taxable profit for the year	19,080	18,936	54,371	53,378
Corporation tax @ 25%	4,770	4,734	13,593	13,344
Prior year corporation tax	-	-	-	-
Total corporation tax	**4,770**	**4,734**	**13,593**	**13,344**

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Deferred Tax				
Origination and reversal of temporary differences	4,462	4,462	(13,368)	(13,368)
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	4,462	4,462	**(13,368)**	**(13,368)**
Taxation	**9,232**	**9,196**	**225**	**(24)**

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 £4.7 million for 2024-25 based on an initial calculation of the tax liability. This may be subject to change prior to final submission of the UKRI 2024-25 Corporation tax return during 2025-26.

A taxation rate of 25% is defined for the 2024-25 period (2023-24: 25%).

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 £0.25 million has been set with effect from 1 April 2023. UKRI has assumed that taxable profits will be above £0.25 million 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	**2024-25 £000**	**2024-25 £000**
Tangible fixed assets	54,231	54,231
Intangible assets	-	-
Investment Property	364	364
Investments in Joint Ventures	-	-
Investment in Associates	-	-
Other Investments	-	-

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	**2024-25 £000**	**2024-25 £000**
Pension Reserve	20,111	20,111
Provisions	(22)	(22)
Capital losses	-	-
	74,684	**74,684**

7. Property Plant and equipment

Consolidated	**Land £000**	**Buildings £000**	**Plant, equipment, fixtures and fittings £000**	**IT equipment £000**
Cost or Valuation				
At 1 April 2024	400,106	2,623,853	1,670,271	186,750
Additions	15	20,303	41,667	8,558
Disposals	(151)	(4,026)	(69,249)	(19,947)
Transfers	(107)	141,834	71,234	18,484
Revaluation	8,275	51,671	4,781	2,725

Consolidated	Land £000	Buildings £000	Plant, equipment, fixtures and fittings £000	IT equipment £000
Lease Remeasurement	-	(4,490)	-	-
Impairment	-	-	(11)	-
At 31 March 2025	**408,138**	**2,829,145**	**1,718,693**	**196,570**
Depreciation				
At 1 April 2024	(34,346)	(1,065,035)	(1,075,820)	(117,407)
Charged in period	(1,531)	(65,882)	(79,349)	(31,170)

Consolidated	**Land £000**	**Buildings £000**	**Plant, equipment, fixtures and fittings £000**	**IT equipment £000**
Disposals	-	3,756	69,059	19,947
Transfers	-	507	(503)	-
Revaluation	(875)	(14,163)	(2,746)	(1,670)
Impairment	-	-	-	-
At 31 March 2025	**(36,752)**	**(1,140,817)**	**(1,089,359)**	**(130,300)**
Net book value				
At 31 March 2025	**371,386**	**1,688,328**	**629,334**	**66,270**

Consolidated	Land £000	Buildings £000	Plant, equipment, fixtures and fittings £000	IT equipment £000
At 31 March 2024	365,760	1,558,818	594,451	69,343
Asset financing				
Owned	239,735	1,603,861	629,334	66,270
Leased	131,651	84,467	-	-
At 31 March 2025	**371,386**	**1,688,328**	**629,334**	**66,270**

Consolidated	**Land £000**	**Buildings £000**	**Plant, equipment, fixtures and fittings £000**	**IT equipment £000**
Cost or Valuation				
At 1 April 2023	**294,690**	**2,577,062**	**1,576,155**	**186,786**
Additions	1,527	14,323	34,806	4,749
Disposals	(196)	(588)	(58,439)	(21,382)
Transfers	(9)	94,579	53,356	17,033
Revaluation	98,406	(36,491)	65,042	(436)
Lease Remeasurement	-	1,354	-	-

Consolidated	**Land £000**	**Buildings £000**	**Plant, equipment, fixtures and fittings £000**	**IT equipment £000**
Impairment	5,688	(26,386)	(649)	-
At 31 March 2024	**400,106**	**2,623,853**	**1,670,271**	**186,750**
Depreciation				
At 1 April 2023	**(31,333)**	**(947,021)**	**(1,019,612)**	**(109,834)**
Charged in period	(1,048)	(67,491)	(75,003)	(29,419)
Disposals	-	434	58,295	21,380

Consolidated	**Land £000**	**Buildings £000**	**Plant, equipment, fixtures and fittings £000**	**IT equipment £000**
Transfers	-	290	(296)	203
Revaluation	(1,965)	(51,247)	(39,204)	263
Impairment	-	-	-	-
At 31 March 2024	**(34,346)**	**(1,065,035)**	**(1,075,820)**	**(117,407)**
Net book value				
At 31 March 2024	**365,760**	**1,558,818**	**594,451**	**69,343**
At 31 March 2023	263,357	1,630,041	556,543	76,952

Consolidated	Land £000	Buildings £000	Plant, equipment, fixtures and fittings £000	IT equipment £000
Asset financing				
Owned	235,556	1,474,176	594,451	69,343
Leased	130,204	84,642	-	-
At 31 March 2024	**365,760**	**1,558,818**	**594,451**	**69,343**

Consolidated	**Transport £000**	**Assets under construction £000**	**Total £000**
Cost or Valuation			
At 1 April 2024	498,945	520,308	5,900,233
Additions	4,998	129,839	205,380
Disposals	(619)	31	(93,961)
Transfers	1,062	(235,426)	(2,919)
Revaluation	4,396	-	71,848
Lease Remeasurement	-	-	(4,490)
Impairment	-	-	(11)
At 31 March 2025	**508,782**	**414,752**	**6,076,080**

Consolidated	Transport £000	Assets under construction £000	Total £000
Depreciation			
At 1 April 2024	(197,197)	-	(2,489,805)
Charged in period	(23,765)	-	(201,697)
Disposals	594	-	93,356
Transfers	31	-	35
Revaluation	(2,408)	-	(21,862)
Impairment	-	-	-
At 31 March 2025	**(222,745)**	**-**	**(2,619,973)**
Net book value			
At 31 March 2025	**286,037**	**414,752**	**3,456,107**
At 31 March 2024	301,748	520,308	3,410,428

Consolidated	**Transport £000**	**Assets under construction £000**	**Total £000**
Asset financing			
Owned	285,993	414,752	3,239,945
Leased	44	-	216,162
At 31 March 2025	**286,037**	**414,752**	**3,456,107**
Cost or Valuation			
At 1 April 2023	**450,767**	**509,950**	**5,595,410**
Additions	6,717	176,127	238,249
Disposals	(1,336)	(31)	(81,972)
Transfers	1	(165,738)	(778)
Revaluation	42,796	-	169,317

Consolidated	**Transport £000**	**Assets under construction £000**	**Total £000**
Lease Remeasurement	-	-	1,354
Impairment	-	-	(21,347)
At 31 March 2024	**498,945**	**520,308**	**5,900,233**
Depreciation			
At 1 April 2023	**(150,339)**	**-**	**(2,258,139)**
Charged in period	(33,350)	-	(206,311)
Disposals	1,335	-	81,444
Transfers	(4)	-	193
Revaluation	(14,839)	-	(106,992)
Impairment	-	-	-

Consolidated	**Transport £000**	**Assets under construction £000**	**Total £000**
At 31 March 2024	**(197,197)**	**-**	**(2,489,805)**
Net book value			
At 31 March 2024	**301,748**	**520,308**	**3,410,428**
At 31 March 2023	300,428	509,950	3,337,271
Asset financing			
Owned	301,708	520,308	3,195,542
Leased	40	-	214,886
At 31 March 2024	**301,748**	**520,308**	**3,410,428**

Land additions are for a new Right of Use lease asset relating to a new lease.

Building additions include £5.589 million for Right of Use lease assets relating to new leases (including £3.381million for the new Biosecurity Warehouse at NERC's British Antarctic Survey, £1.905 million for the conversion to a lease of the occupation agreement for UKRI's London office, and £0.251 million for IUKBC's Edinburgh site). Additionally, £0.424 million of Building additions relate to leasehold improvements.

Transport additions include £0.018 million for Right of Use lease assets relating to new leases.

Depreciation of Buildings charged during the year includes £5.881 million for leasehold assets.

Building disposals include £2.181 million of cost and accumulated depreciation relating to lease surrenders at MRC's London Laboratory of Medical Sciences.

Disposals included £19.492 million under Plant, equipment, fixtures and fittings, £10.438 million under IT, £0.301 million under transport, and £0.305 million under Software Intangibles, for 2,653 zero net book asset with an original cost of less than £25,000 retired as part of data cleansing ahead of migration to the new UKRI Finance system implemented under the SHARP project. £25,000 was chosen, as from 2025-26 this will be the new capitalisation threshold for UKRI.

Included under transfers are:

- £86.375 million for the Brooksby High-Biological Containment Science Building at BBSRC's strategically supported Pirbright Institute (all under buildings)
- £15.880 million for STFC's ISIS Neutron and Muon Source, £11.288 million under Buildings, and £4.592 million under Plant, equipment, fixtures and fittings
- £51.421 million for STFC's National Quantum Computing Centre (NQCC), £36.470 million under Buildings, £0.562 million under IT, £14.261 million under Plant, equipment, fixtures and fittings, and £0.128 million under Intangibles
- £13.436 million for STFC's National Satellite Test Facility (NSTF) (all under Plant, equipment, fixtures and fittings)
- £18.152 million for NERC institute, the British Geological Survey's UK Geoenergy Observatory site in Cheshire (all under Plant, equipment, fixtures and fittings)

Assets under construction additions include:

- £15.910 million (2023-24 nil) for STFC's Hartree National Centre for Digital Innovation
- £8.690 million (2023-24 £12.050 million) for STFC's ISIS Neutron and Muon Source
- £8.514 million (2023-24 £22.680 million) for STFC's National Quantum Computing Centre (NQCC)
- £6.188 million (2023-24 £23.200 million) for STFC's Supercomputing Centre at Daresbury
- £1.841million (2023-24 £15.810 million) for the new aircraft for NERC's British Antarctic Survey
- £26.738 million (2023-24 £24.380 million) for NERC's Antarctic Infrastructure Modernisation Programme
  and other Antarctic projects

Included in Assets under construction are:

- £19.773 million (2023-24 £28.920 million) for STFC's ISIS Neutron and Muon Source
- £10.498 million (2023-24 £57.890 million) for STFC's National Quantum Computing Centre (NQCC)
- £36.717 million (2023-24 £30.860 million) for STFC's Supercomputing Centre at Daresbury

- £55.685 million (2023-24 £53.830 million) for the new aircraft for NERC’s British Antarctic Survey
- £131.693 million (2023-24 £105.050 million) for NERC’s 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.

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 31st October 2023. All NERC aircraft were revalued by the International Bureau of Aviation Group Limited in 2023-24 as at 2nd November 2023.

Lease Remeasurement costs include -£5.009 million reflecting UKRI's reduced occupation of its headquarters at Polaris House, Swindon, alongside a number of other smaller amounts relating to rent reviews (including £0.016 million for

IUKBC's London and Harwell offices).

Impairments of plant & equipment relate to the final elements of the premature decommissioning of 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 (£0.649 million being recognised in 2023-24), the costs for which cannot be recovered from the contractors due to their insolvency.

The consolidated PPE note includes £1.483 million of cost and £1.028 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 2024	**400,865**	**74,974**	**2,185**	**478,024**
Additions	73,418	10,750	2,854	87,022
Disposals	-	(488)	-	(488)
Transfers	-	3,444	(842)	2,602
Revaluation	11,154	-	-	11,154
Impairment	-	-	-	-
At 31 March 2025	**485,437**	**88,680**	**4,197**	**578,314**
Amortisation				

	Patents and Licences £000	Software Intangibles £000	Assets under development £000	Total £000
At 1 April 2024	**(328,384)**	**(60,886)**	**-**	**(389,270)**
Charged in period	(15,030)	(6,399)	-	(21,429)
Disposals	-	488	-	488
Transfers	-	-	-	-
Revaluation	-	-	-	-
Impairment	-	-	-	-
At 31 March 2025	**(343,414)**	**(66,797)**	**-**	**(410,211)**
Net book value				
At 31 March 2025	**142,023**	**21,883**	**4,197**	**168,103**
At 1 April 2024	72,481	14,088	2,185	88,754
Cost or Valuation				

	Patents and Licences £000	**Software Intangibles £000**	**Assets under development £000**	**Total £000**
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

	Patents and Licences £000	Software Intangibles £000	Assets under development £000	Total £000
Transfers	-	(193)	-	(193)
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 31 March 2023	79,645	16,988	1,761	98,395

Patent additions relate to the granting to MRC of a patent for a drug used in the treatment of eczema.

9. Investments in group undertakings

	Notes	2025 UKRI £000	2024 UKRI £000	2024 Consolidated £000
Investments in joint ventures	9.1	862,486	832,297	832,297
Investments in associates	9.2	10,064	9,306	9,306
Other investments	9.3	1,682	2,151	11,149
		874,232	**843,754**	**852,752**

9.1 Investments in joint ventures

	FCI £000	DLSL £000	ILL £000	HSIC £000	Other £000	Total Joint Ventures £000
At 1 April 2024	**456,219**	**263,835**	**46,752**	**64,088**	**1,403**	**832,297**
Additions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Revaluation	5,129	(8,900)	(1,439)	-	-	(5,210)
Impairments	-	-	-	-	-	-
Share of joint venture profit/(loss)	1,266	34,133	-	-	-	35,399
At 31 March 2025	**462,614**	**289,068**	**45,313**	**64,088**	**1,403**	**862,486**

	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**

HSIC shows no movement for 2024-25 due to over accounting of the surplus from prior years.

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	**2024-2025 £000**	**2023-2024 £000**
Current assets	191,258	163,555
Non-current assets	455,175	468,340
Current liabilities	(90,805)	(79,289)
	555,628	**552,606**
Revenue	230,712	216,649
Profit/(loss) from continuing activities	(10,243)	(4,363)

Other financial information	2024-2025 £000	2023-2024 £000
Cash and cash equivalents	26,785	11,084
Depreciation and amortisation	(41,827)	(38,465)

Other information	2024-2025 £000	2023-2024 £000
Capital commitments	6,803	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.

The 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	**2024-2025 £000**	**2023-2024 £000**
Current assets	46,394	36,949
Non-current assets	329,859	291,438
Current liabilities	(37,776)	(27,906)
Non-current liabilities	(48,026)	(49,721)
	290,451	**250,760**
Revenue	164,292	120,457
Profit/(loss) from continuing activities	69,690	(12,036)

Other financial information	**2024-2025 £000**	**2023-2024 £000**
Cash and cash equivalents	24,319	22,762
Depreciation and amortisation	(36,320)	(35,383)

Other information	**2024-2025 £000**	**2023-2024 £000**
Capital commitments	63,611	41,309
Grant commitments	-	-

Institut Laue-Langevin (ILL)

UKRI has a 33% shareholding and 27.5% net interest (31 March 2024: 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	**2024-2025 £000**	**2023-2024 £000**
Current assets	104,655	100,044
Non-current assets	549,668	539,435
Current liabilities	(65,584)	(59,280)
Non-current liabilities	(418,584)	(403,189)
	170,155	**177,010**
Revenue	115,144	128,360
Profit/(loss) from continuing activities	-	-

Other financial information	2024-2025 £000	2023-2024 £000
Cash and cash equivalents	61,862	52,261
Depreciation and amortisation	(15,114)	(15,102)

Other information	2024-2025 £000	2023-2024 £000
Capital commitments	-	-
Grant commitments	-	-

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

UKRI has a 29% (31 March 2024: 29%) interest in HSIC PubSP, a company incorporated and operating in the UK. Management and control of 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	**2024-2025 £000**	**2023-2024 £000**
Current assets	26,231	24,950
Non-current assets	171,590	121,425
Current liabilities	(25)	(19)
Non-current liabilities	-	-
	197,796	**146,356**
Revenue	-	-
Profit/(loss) from continuing activities	51,440	(10,048)

Other financial information	**2024-2025 £000**	**2023-2024 £000**
Cash and cash equivalents	26,230	10,647
Depreciation and amortisation	-	-

Other information	**2024-2025 £000**	**2023-2024 £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, there was a government recommendation that UKRI added artificial intelligence to its 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

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Opening balance	9,306	9,306	9,212	9,212
Impairment	-	-	-	-
Transfers	-	-	-	-
Profit/loss	758	758	94	94
	10,064	**10,064**	**9,306**	**9,306**

The UK Innovation & Science Seed Fund LP (UKI2SF)

The UKI2S 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. UKI2S 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.norwichresearchpark.com. Its registered address is Cetrum, Norwich Research Park, Norwich, Norfolk NR4 7UG.

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**. Its registered address is Babraham Hall, Babraham, Cambridge, Cambidgeshire CB22 3AT.

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. **www.pbltechnology.com** 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. Its registered address is John Innes Centre, Norwich Research Park, Colney Lane, Norwich, NR4 7UH.

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**. Its registered address is Rothampstead Research, West Common, Harpenden, Hertfordshire, AL5 2JQ.

Leaf Systems International Ltd

30 ordinary shares at 100p each, representing 30 per cent 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.leafexpressionsystems.co.uk**. Its registered address is Norwich Research Park, c/o PBL, Colney Lane, Colney, Norwich, Norfolk NR4 7UH.

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**. Its registered address is Aiec Office Block, Gogerddan, Penrhyncoch, Aberystwyth, Ceredigion, SY23 3EE.

9.3 Other Investments

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Opening balance	2,151	11,149	2,959	11,571
Additions	-	100	-	974
Revaluation	(469)	(2,620)	(808)	(808)
Impairments	-	-	-	(588)
Disposals	-	(64)	-	-
	1,682	**8,565**	**2,151**	**11,149**

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. It’s registered address is R71 Rutherford Appleton Laboratory, Harwell Science and Innovation Campus, Didcot OX11 0QX.

SIL is consolidated in UKRI’s financial statements in accordance with IFRS 10. In 2024-25 SIL recorded a loss of £0.5 million. Its net surplus of capital and reserves at 31 March 2025 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. It’s registered office is Polaris House, North Star Avenue, Swindon, Wiltshire SN2 1FL.

IUKLL is consolidated in UKRI’s financial statements in accordance with IFRS10. In 2024-25 IUKLL recorded a post tax loss of £0.2 million. Its total reported retained losses at 31 March 2025 was £2.2 million.

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

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. It's registered address is Suite 218, Business Design Centre, 52 Upper Street, Islington, London N1 0QH.

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 2024-25 IUKBC recorded a surplus of £0.3 million. Its total reserves at 31 March 2025 was £3.4 million.

10 Financial Assets

10.1 Loans

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Opening balance	11,399	133,838	11,399	141,090
Additions	-	30,625	-	22,667
Loans repaid	-	(14,335)	-	(7,949)
Expected credit loss	-	(10,744)	-	(9,200)
Amortisation	-	3,841	-	4,762

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Fair value movement – Day 1	-	(5,157)	-	(3,012)
Fair value movement – FVTPL	-	(6,746)	-	(12,120)
Loans written off	-	-	-	(2,400)
	11,399	**131,322**	**11,399**	**133,838**

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			**Consolidated**			
	DSIC £000	**IUKLL £000**	**Total £000**	**DSIC Amt cost £000**	**IUKLL Amt cost £000**	**IUKLL FVTPL**	**Total**
At 1 April 2024	**11,399**	**-**	**11,399**	**11,399**	**74,747**	**47,692**	**133,838**
Additions	-	-	-	-	30,625	-	30,625
Loans repaid	-	-	-	-	(8,261)	(6,074)	(14,335)
Expected credit loss	-	-	-	-	(10,744)	-	(10,744)

	UKRI			Consolidated			
	DSIC £000	**IUKLL £000**	**Total £000**	**DSIC Amt cost £000**	**IUKLL Amt cost £000**	**IUKLL FVTPL**	**Total**
Amortisation	-	-	-	-	3,841	-	3,841
Fair value movement – Day 1	-	-	-	-	(5,157)	-	(5,157)
Fair value movement – FVTPL	-	-	-	-	-	(6,746)	(6,746)
At 31 March 2025	**11,399**	**-**	**11,399**	**11,399**	**85,051**	**34,872**	**131,322**
At 1 April 2023	**11,399**	**-**	**11,399**	**11,399**	**66,973**	**62,718**	**141,090**

	UKRI			Consolidated			
	DSIC £000	**IUKLL £000**	**Total £000**	**DSIC Amt cost £000**	**IUKLL Amt cost £000**	**IUKLL FVTPL**	**Total**
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)

	UKRI			Consolidated			
	DSIC £000	**IUKLL £000**	**Total £000**	**DSIC Amt cost £000**	**IUKLL Amt cost £000**	**IUKLL FVTPL**	**Total**
Fair value movement – FVTPL	-	-	-	-	-	(12,120)	(12,120)
Loans written off	-	-	-	-	-	(2,400)	(2,400)
At 31 March 2024	**11,399**	**-**	**11,399**	**11,399**	**74,747**	**47,692**	**133,838**

Innovation continuit 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 £145.6 million at 31 March 2025 (2024: £149.4 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 2025 there were 40 innovation loans classified as amortised cost with a significant increase of credit risk and 29 loans that were credit impaired (defaults) (at 31 March 2024 there were 26 loans with a significant increase of credit risk and 17 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 2025

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-)	3,958	-	-	3,958
Satisfactory (BB+ to BB-)	24,880	-	-	24,880
Weak (B+ to B-)	29,918	15,803	-	45,721
Bad/financial difficulties (CCC+ and below)	2,055	20,858	-	22,913

Amortised cost loans only	Loan balance			
Risk grade	**Stage 1 £000**	**Stage 2 £000**	**Stage 3 £000**	**Total £000**
Default/credit-=impaired (D)	-	-	15,428	15,428
Total	**72,210**	**36,661**	**15,428**	**124,299**

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-)	24	-	-	24
Satisfactory (BB+ to BB-)	539	-	-	539

Amortised cost loans only	**Provisions**			
Risk grade	**Stage 1 £000**	**Stage 2 £000**	**Stage 3 £000**	**Total £000**
Weak (B+ to B-)	1,650	2,391	-	4,041
Bad/financial difficulties (CCC+ and below)	414	7,403	-	7,817
Default/credit-=impaired (D)	-	-	15,428	15,428
Total	**2,627**	**9,794**	**15,428**	**27,849**

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.

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 £2.1 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 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 2024-25 (2023-24: 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 2025-26:

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 £13 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 2025 is 14.5 years for the scheme as a whole.

The valuation used for IAS 19 disclosures has been based on the data for the most recent actuarial valuations as at 31 December 2022, 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.

The Scheme continues to consider the potential impact of the High Court & Court of Appeal judgements in the Virgin Media (VM) litigation.

The VM litigation relates to amendments made to private sector and not public sector schemes and as a result it does not expressly deal with whether s 37 confirmations are required for relevant amendments made to public sector schemes.

Public Service Scheme amendments during the relevant period would have been made by legislation (i.e. by primary legislation or regulations). The general position in public law is that legislation remains valid law until it is revoked or repealed by subsequent legislation or in the case of regulations specifically declared void by a court. The Scheme therefore continues to administer benefits and recognise liabilities in accordance with the relevant scheme regulations currently in force.

a. Financial assumptions used to calculate scheme liabilities

	2024-2025 %	2023-2024 %
Rate of increase on pensionable salaries	3.70	3.75
Rate of increase on pension payments	2.70	2.75

	2024-2025 %	2023-2024 %
Discount rate	5.65	4.75
Inflation rate	2.70	2.75
Expected return on equities	5.65	4.75
Expected return on overall fund	5.65	4.75

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 2025 of changes to the main actuarial assumptions.

Change in assumption		Approximate effect on total liability %	Approximate effect on total liability (£m)
Discount rate	-0.5% a year	+7.0%	77
Rate of increase in earnings	-0.5% a year	-0.7%	-8
Rate of increase in pensions	-0.5% a year	-5.2%	-57
Member’s experience mortality one year younger		3.4	37

b. Analysis of Actuarial gain

	2024-2025 £000	2023-2024 £000
Actual return less expected return on pension scheme assets	(101,939)	36,469
Experience gains arising on the scheme liabilities	(7,548)	(4,289)
Changes in demographic assumptions	3,406	7,904
Changes in financial assumptions	155,065	(3,606)
Actuarial gain (note 11e)	**48,984**	**36,478**

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

	2024-2025 %	**2023-2024 %**
Actual return less expected return on pension scheme assets	(5.12)	1.79
Experience (loss)/gain arising on the scheme liabilities	(0.69)	(0.35)
Actuarial gain	4.46	2.96

d. The assets and liabilities in the scheme

Assets	**2024-2025 £000**	**2023-2024 £000**
Equities	551,668	1,060,182
Property	360,159	351,223
Bonds	816,484	466,117
Cash	263,854	164,037
	1,992,165	**2,041,559**
Actuarial value of liability	(1,098,327)	(1,232,942)
	893,838	**808,617**

Bonds contain assets that have a quoted market price in an active market. As at March 2025, the value of those assets are £786 million.

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

	2024-2025 £000	**2023-2024 £000**
Surplus at the start of the period	808,617	737,414
Current service costs net of employee contributions	(18,278)	(18,252)
Employer contributions	19,288	21,093
Past service costs	-	-

	2024-2025 £000	2023-2024 £000
Administrative expenses paid from scheme assets	(3,132)	(2,416)
Other finance income (note 11f)	38,359	34,300
Actuarial gain (note 11b)	48,984	36,478
Surplus at end of period	**893,838**	**808,617**

f. Other finance income

	2024-2025 £000	2023-2024 £000
Expected return on pension scheme assets	95,955	89,967
Interest on pension scheme liabilities	(57,596)	(55,667)

	2024-2025 £000	2023-2024 £000
Net return – other finance income (note 11e)	**38,359**	**34,300**

12 Trade and other receivables

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Due within one year				
Trade receivables	271,616	273,645	286,883	292,159
Other receivables	26,346	26,360	35,470	35,486
Prepayments	212,782	213,865	270,415	271,423

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Accrued income	506,044	509,375	335,119	339,953
Contract assets	11,251	11,251	9,643	9,643
Total receivables	**1,028,039**	**1,034,496**	**937,530**	**948,664**
Due after more than one year				
Other receivables	127,079	-	124,943	-
Prepayments	-	-	-	-
	127,079	**-**	**124,943**	**-**

Trade and other receivables due within one year have increased by £86 million from £948 million to £1,034 million. The majority of the increase lies within accrued income which has an increase of £169 million and this is reduced by a decrease of £58 million in prepayments and a decrease of £18 million in trade receivables.

The increase in accrued income relates to IUK programmes with other government bodies to deliver the zero emissions demonstration programme, zero emissions vessels and infrastructure, automative technology, clean maritime demonstration programme and farming innovation programmes. Since the Machinery of Government changes in February 2023, IUK invoices during the year or accrues income at year end from other government bodies for the funded programmes.

The decrease in prepayments relates 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 is £55 million.

13 Cash and cash equivalents

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Balance at 1 April	**703,387**	**715,046**	**143,890**	**157,645**
Net change in cash and cash equivalent balances	(194,617)	(185,234)	559,497	557,401
Balance at 31 March	**508,770**	**529,812**	**703,387**	**715,046**
The following balances at 31 March were held at:				
Government Banking Service	455,492	471,052	667,567	676,148
Commercial banks and cash in hand	53,278	58,761	35,820	38,898
Total	**508,770**	**529,812**	**703,387**	**715,046**

14 Trade and other payables

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Amounts falling due within one year:				
VAT	(4,959)	(4,969)	1,069	1,038
Other taxation and social security	(11,485)	(11,485)	(10,213)	(10,213)
Trade and other payables	(142,446)	(157,731)	(166,810)	(180,319)
Accruals	(199,504)	(202,089)	(214,526)	(216,334)
Grant accruals	(1,203,839)	(1,203,839)	(1,057,658)	(1,057,658)
Deferred income	(56,497)	(60,295)	(48,568)	(54,599)

	2025 UKRI £000	**2025 Consolidated £000**	**2024 UKRI £000**	**2024 Consolidated £000**
Lease liability	(3,207)	(3,391)	(2,844)	(3,155)
Contract liabilities	(4,310)	(4,310)	(14,350)	(14,350)
	(1,626,247)	**(1,648,109)**	**(1,513,900)**	**(1,535,590)**
Amounts falling due after more than one year:				
Deferred tax	(74,684)	(74,684)	(70,222)	(70,222)
Grant Accrual	-	-	-	-
Lease liability	(51,118)	(51,400)	(54,154)	(54,408)
	(125,802)	**(126,084)**	**(124,376)**	**(124,630)**

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Analysis of lease liability movements				
Lease Repayments	5,133	5,526	4,446	4,752
Lease Interest	(1,600)	(1,627)	(1,537)	(1,554)
Lease Remeasurements	4,506	4,490	(1,300)	(1,356)
New Leases	(5,367)	(5,617)	(5,467)	(5,840)
	2,673	**2,772**	**(3,858)**	**(3,998)**
Analysis of expected timing of lease liability cash flows				

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Not later than one year	(3,207)	(3,391)	(2,844)	(3,155)
Later than one year and not later than five years	(10,199)	(10,542)	(9,732)	(9,987)
Later than five years	(40,919)	(40,858)	(44,422)	(44,421)
Balance at 31 March	**(54,325)**	**(54,791)**	**(56,998)**	**(57,563)**

Overall, trade and other payables due in one year have increased by £113 million from £1,536 million to £1,649 million. The majority of this lies within grant accruals which has had an increase of £129 million.

This increase is due a new grant accrual creditor of £60 million in relation to investment in new AI Research Resource (AIRR) to deliver dedicated AIRR following the announcement of £300 million investment into first phase in November 2023. There is also an increase in spend in IUK programmes relating to zero emissions transport in line with an increase in budget allocation (£14.7 million 23-24 compared to £80 million 24-25) for DfT zero emission HGV technologies of £33 million. There was also an increase in the system generated grant accrual calculation of £79 million.

15 Provisions for liabilities and charges

Consolidated	2024-2025 £000	2023-2024 £000
Balance at 1 April	**184,563**	**200,336**
Provided in the period	14,860	5,833
Provisions not required written back	(2,809)	(7,441)
Provisions utilised in the period	(590)	(1,537)
Reclassification of ICLs irrevocable commitment reversals	-	-
Change in the discount rate	975	(15,762)
Unwinding of discount	3,396	3,134
Balance at 31 March	**200,395**	**184,563**
Analysis of expected timing of cash flows		

Consolidated	**2024-2025 £000**	**2023-2024 £000**
Not later than one year	21,034	5,198
Later than one year and not later than five years	12,645	19,710
Later than five years	166,716	159,655
Balance at 31 March	**200,395**	**184,563**
Analysis of provisions		
Decommissioning		
ISIS	42,421	43,148
ILL	108,763	105,141
Other	34,863	32,547
Early retirement	995	1,112
Other provisions	13,353	2,615
	200,395	**184,563**

The ILL decommissioning provision of £108.8 million (2023−24: £105.1 million) is UKRI's share of the ILL's decommissioning provision disclosed in its Financial Statements for the year ended 31 December 2024, produced in accordance with French accounting rules and principles and compatible with IFRS. ILL calculated its provision using a discount rate of 4.78% (2023−24: 4.98%). 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 (2024) discount rate of 4.81% for general provisions had been used, the provision would increase by £2 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 (2023−24: £29.3 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.
- £13.2 million (2023−24 £13.8 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

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Depreciation and impairment charges	222,710	223,137	250,846	263,776
Other operating expenditure	(36,462)	(36,399)	9,156	18,665
Non-cash movements in Loans	-	18,806	-	-
Non-cash movements in Right of Use assets	4,490	4,490	-	-
Non-cash movements in Subsidiary Gen Fund	-	(15)	-	-

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
IAS19 Pension costs	(32,983)	(32,983)	(30,992)	(30,992)
Employer contributions to Pensions	19,288	19,288	21,093	21,093
	177,043	**196,324**	**250,103**	**272,542**

17 Commitments

Consolidated

17.1 Capital commitments

	2024-2025 £000	2023-2024 £000
Contracted capital commitments at 31 March 2023 not otherwise included in these accounts		
Property, plant and equipment	549,975	283,344
Intangible assets	-	86
	549,975	**283,430**

Capital commitments by year

As represented by UKRI Entity	Later than one year but not later than five years £000	Later than five years £000	Total £000
BBSRC	359,125	-	492,668
MRC	-	-	-
NERC	12,033	-	28,734
STFC	4,522	-	28,574
	375,680	**-**	**549,975**

The commitments comprise the following material items:

- a Capital commitment of £274 million over a 5 year period to the Infrastructure Fund: Wave 1-Full project-John Innes Centre/The Sainsbury Laboratory (JIC/TSL)
- a Capital commitment of £68 million over a 5 year period to the Infrastructure Fund: Wave 2-Full project-EMBL-EBI: Data Resources for the Life Sciences P2 Programme
- a Capital commitment of £45 million over a 3 year period to the Institute Maintenance Development (World Class Labs) Programme

17.2 Grant commitments

	2024-2025 £000	**2023-2024 £000**
Not later than one year	4,956,030	5,300,148
Later than one year but not later than five years	6,731,552	7,075,410
Later than five years	399,277	149,105
	12,086,859	**12,524,663**

UKRI have multi-year contractual obligations for grants. These are legal contracts 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:

- a commitment of £449 million over a three year period to the High Value Manufacturing Catapult Core Delivery Programme
- a commitments of £236 million over a four year period to the Francis Crick Institute (FCI). See note 9 for further details of the FCI
- a commitment of £105 million over a five year period to the University of Bristol, to the Artificial Intelligence Research Resource (AIRR) Programme

17.3 International subscriptions

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

2024-25	Within one year £000	Between one year and five years £000	After five years £000	Total £000
Organisation				
European Organization for Nuclear Research (CERN)	170,708	99,236	-	269,944
Institut Laue-Langevin (ILL)	19,481	81,147	81,701	182,329
European Synchrotron Radiation Facility (ESRF)	8,901	25,130	-	34,031
European Molecular Biology Laboratory (EMBL)	23,845	24,586	-	48,431

2024-25	Within one year £000	Between one year and five years £000	After five years £000	Total £000
European Organisation for Astronomical Research in the Southern Hemisphere (ESO)	30,887	15,554	-	46,441
European X-Ray Free-Electron Laser Facility GMBH (XFEL)	6,708	28,200	13,043	47,951
Square Kilometre Array (SKA)	18,895	48,882	6,487	74,264
Other	702	41,468	-	42,170
	280,127	**364,203**	**101,231**	**745,561**

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
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

2023-24	**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)	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**

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, including the 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 (£)
CERN (European Organization For Nuclear Research)	Professor Mark Thomson	Director General Elect	175,127,699
City, University of London	Professor Sir Anthony Finkelstein	President	24,139,249
Data for Policy	Professor Sir Anthony Finkelstein	Trustee	2,500
DEFRA	Professor Louise Heathwaite	Chair	2,602,812
	Professor Sir Anthony Finkelstein (Sibling)	Permanent Secretary	

Organisation	‘Board Member or Director* (Relationship where involvement is not direct)’	Position	Amount awarded (£)
Digilab Solutions Ltd	Nigel Toon	Board Member	299,957
Digital Catapult Services Ltd	Priya Guha	Senior Independent Director	27,415,284
Ebsco International Inc	Annie Callanan	President	10,349
Fera Science Ltd (FERA)	Professor Sir Ian Boyd	Non-Executive Director	447,843
Foundation for Science & Technology	Daniel Shah	Trustee	6,000

Organisation	'Board Member or Director* (Relationship where involvement is not direct)'	Position	Amount awarded (£)
Gonville & Caius College, Cambridge	Professor Patrick Chinnery	Director	18,969
LabGenius	Professor Charlotte Deane	Board Member	133,548
Lancaster University	Professor Louise Heathwaite	Pro Vice-Chancellor	53,495,253
Muscular Dystrophy UK	Professor Patrick Chinnery	Vice President	4,026
National Foundation for Education Research	Karen Kroger	Non-Executive Board Member	213,559

Organisation	‘Board Member or Director* (Relationship where involvement is not direct)’	Position	Amount awarded (£)
National Oceanography Centre	Professor Sir Ian Boyd	Trustee	69,802,796
Priya Guha Ltd	Priya Guha	Director	2,400
Queen Mary University of London	Karen Kroger	CFO	100,844,406
Queen's University Belfast	Professor Nola Hewitt-Dundas	Pro Vice-Chancellor	12,666,223
Seagate Technology Ltd	Professor Nola Hewitt-Dundas	Co-Investigator	7,107,945
Shell UK Limited	Sir Andrew Mackenzie	Chair	783,387

Organisation	‘Board Member or Director* (Relationship where involvement is not direct)’	Position	Amount awarded (£)
The Royal Society of Biology	Professor Sir Ian Boyd	President	49,078
UK Atomic Energy Authority	Professor Sir Ian Chapman	CEO	9,311,728
UK Research Integrity Office	Professor Sir Ian Boyd	Chair	41,625
University of Cambridge	Professor Anne Ferguson-Smith	Arthur Balfour Professor	386,194,653
	Professor Dame Ottoline Leyser	Regius Professor	
University of Lincoln	Russel Schofield Bezer	Chair and Board Member	22,321,464

Organisation	‘Board Member or Director* (Relationship where involvement is not direct)’	Position	Amount awarded (£)
University of Nottingham	Professor Jane Norman	President and Vice Chancellor	176,763,900
University of Oxford	Professor Charlotte Deane	Co-Director	358,434,021
University of Plymouth	Alison Jarvis	CFO	23,878,974
University of Southampton	Alison Jarvis	Executive Director	165,010,050
	Philip Greenish	Pro Chancellor	

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 below:

Joint Venture	Type of transaction	Transaction amount Expense/ (Income) £000	Balance Debtor/ (Creditor) £000
Crick	Operations funding	67,931	7,139
	Sale of goods and services	(10)	2
DLS	Sale of goods and services	(1,322)	441
	Purchase of goods and services	532	(92)
	Operations funding	134,086	(10,505)

Joint Venture	Type of transaction	Transaction amount Expense/ (Income) £000	Balance Debtor/ (Creditor) £000
Institute Laue-Langevin	Operations funding	20,060	-
	Purchase of goods and services	14	(7)
Daresbury SIC LLP	Purchase of goods and services	616	(20)
	Loan note interest	343	-
	Sale of goods and services	(97)	-
HSIC PubSP	Purchase of goods and services	1,782	-
	Sale of goods and services	(447)	6

Joint Venture	Type of transaction	Transaction amount Expense/ (Income) £000	Balance Debtor/ (Creditor) £000
Alan Turing Institute	Operations funding	28,315/(51)	(6,056)
	Sale of goods and services	(28)	-

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.

Transactions with UKRI-sponsored Institutes	**Type of transaction**	**Transaction amount Expense/ (Income) £000**	**Balance Debtor/ (Creditor) £000**
Babraham Institute	Operations funding	18,906	627
The Pirbright Institute	Operations funding	32,425	(540)
Quadram Institute Bioscience	Operations funding	15,562/(43)	(533)
John Innes Centre	Operations funding	62,383/(149)	(5,121)
Rothamstead Research	Operations funding	17,328	1,248
The Earlham Institute	Operations funding	9,702	883

Transactions with UKRI-sponsored Institutes	Type of transaction	Transaction amount Expense/ (Income) £000	Balance Debtor/ (Creditor) £000
UK Biobank Limited	Sale and Purchase of goods and services	(1)	-
	Operations funding	27,277	297
UK Dementia Research Institute	Sale and Purchase of goods and services	(88)	-
	Operations funding	29,088	254
Health Data Research UK	Operations funding	28,061	2,893

Transactions with UKRI-sponsored Institutes	**Type of transaction**	**Transaction amount Expense/ (Income) £000**	**Balance Debtor/ (Creditor) £000**
Transactions with other related parties			
Babraham Research Campus Ltd	Operations funding	1,259/(1,188)	(116)
Anglia Innovation Partners LLP	Operations funding	2,284	(1,918)
Aberystwyth Innovation and Enterprise Campus Ltd	Operations funding	222	40
Rothamsted Enterprises Ltd	Operations funding	208	-
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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