



CABI Annual Report & Financial Statements

31 December 2021



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Mission Statement

CABI is an international, inter-governmental, not-for-profit organisation that improves people's lives worldwide by providing information and applying scientific expertise in agriculture and the environment. We are committed to playing our part in helping the world reach the Sustainable Development Goals.

Our approach involves putting information, skills and tools into people's hands. CABI's 49 Member Countries guide and influence our work which is delivered by scientific staff based in our global network of centres.

By sharing knowledge and science, we tackle global issues such as poverty, hunger, education, equality, sustainability, climate change and biodiversity. We do this by helping farmers grow more and lose less of what they produce, combatting threats to agriculture and the environment from pests and diseases, protecting natural habitats from invasive species, and improving access to scientific knowledge.

For more information go to www.cabi.org

Board Members

Mr Roger Horton ^{2,3} (Chair)
Dr Daniel Elger
Mr Andrew Jack²
Prof Ruth Oniang'o² (retired February 2022)
Ann Tutwiler (appointed March 2022)
Mr Prem Warrior³ (retired February 2022)

Dr Lutz-Peter Berg^{2,4}
Dame Anne Glover¹ (retired April 2022)
Mr Akhter Mateen¹
Mr Robert Sloley
Mr Paulus Verschuren¹

Board Observers

Mr Duncan Barker (UK)
Mr Jakaria Huq (Bangladesh)

HE Ellison E. Greenslade QPM (the Bahamas)

Notes:

1. Member of Audit and Risk Committee
2. Member of Nominations and Governance Committee
3. Member of Remuneration Committee
4. Chair of Executive Council, ex officio

With the exception of Dr Daniel Elger and Mr Robert Sloley all Board members are independent non-executives.

Executive Management Team

Dr Daniel Elger (Chief Executive Officer)
Dr Ulrich Kuhlmann (Global Operations)
Ms Carol McNamara (Commercial)
Dr Andrew Robinson (Knowledge Business)

Mrs Linda Copsey (Information Technology)
Mr Neil MacIntosh (Human Resources)
Dr Dennis Rangi (International Development)
Mr Robert Sloley (Chief Financial Officer)

Principal Professional Advisers

CABI's principal professional advisers include the following:

Principal clearing bankers: Barclays, 4th Floor Bridgewater House, Finzels Reach, Counterslip, Bristol BS1 6BX

Independent auditors: Crowe UK LLP, 55 Ludgate Hill, London EC4M 7JW

Head Office

CABI
Nosworthy Way
Wallingford
Oxfordshire
OX10 8DE

Report of the Board

Financial report

Summary

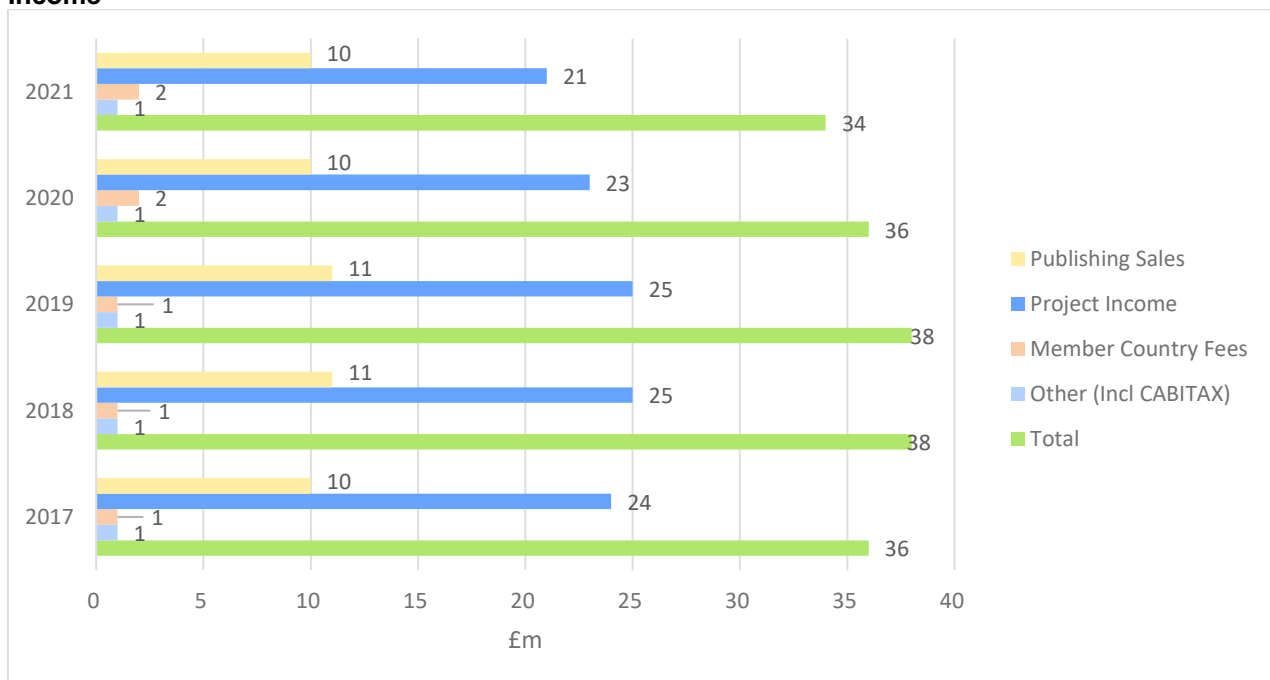
2021 was another successful year for CABI financially despite the prolonged disruption arising from the Covid-19 pandemic. The Operating Surplus of £532k before the transfers to the Designated and Investment Funds compares favourably with the prior year (2020: £296k). The performance was driven by a combination of cost savings and a sustained performance in publishing sales.

CABI's total income at £34.3m in 2021 represents a 4.6% decline on the prior year (2020: £35.9m) caused by reductions in revenue recognised from project work driven again by the Covid-19 related disruption. Although CABI was still able to continue implementation of projects and programmes to a significant extent through desk-based work, greater use of in-country partners, and digital-based methodologies, the prolonged impact of Covid-19 limited in-country activity by both CABI staff and those local partners. Publishing sales remained resilient, however, performing ahead of expectations albeit showing a decline of 1.4% to £10,319k (2020: £10,462k) with the growth in book sales of 9% a particular highlight. Total costs before the Designated Fund declined further in 2021 from £35,648k to £33,768k as a result of reductions in both direct project costs and indirect costs.

In April 2017, the charity SciDev.Net was acquired by CABI and the acquisition has created opportunities for CABI to grow and develop capabilities in the development communications sector. In 2021, SciDev.Net income reduced to £1,079k (2020: £1,183k), because of the continuing impact of Covid-19, with the surplus dropping slightly to £71k (2020: £74k).

The CABI Designated Fund was created to allow CABI to formally co-fund projects where external funding was insufficient. In 2021, the CABI Board approved the creation of the CABI Investment Fund. This sits alongside the Designated Fund with the purpose of providing initial funding for the development and implementation of products, systems and processes to generate profitable income in the future. In 2021, a total of £350k was transferred into the Investment Fund. The operating surplus for the year (before the exceptional items), including the Designated Fund costs of £75k (2020: £75k), was £457k (2020: £221k). The end of year total cash balance, at £12,688k (2020: £12,886k) remained relatively flat over the year having increased substantially in 2019 (from the receipt of sales proceeds from the sale of CABI's land at Wallingford).

Income

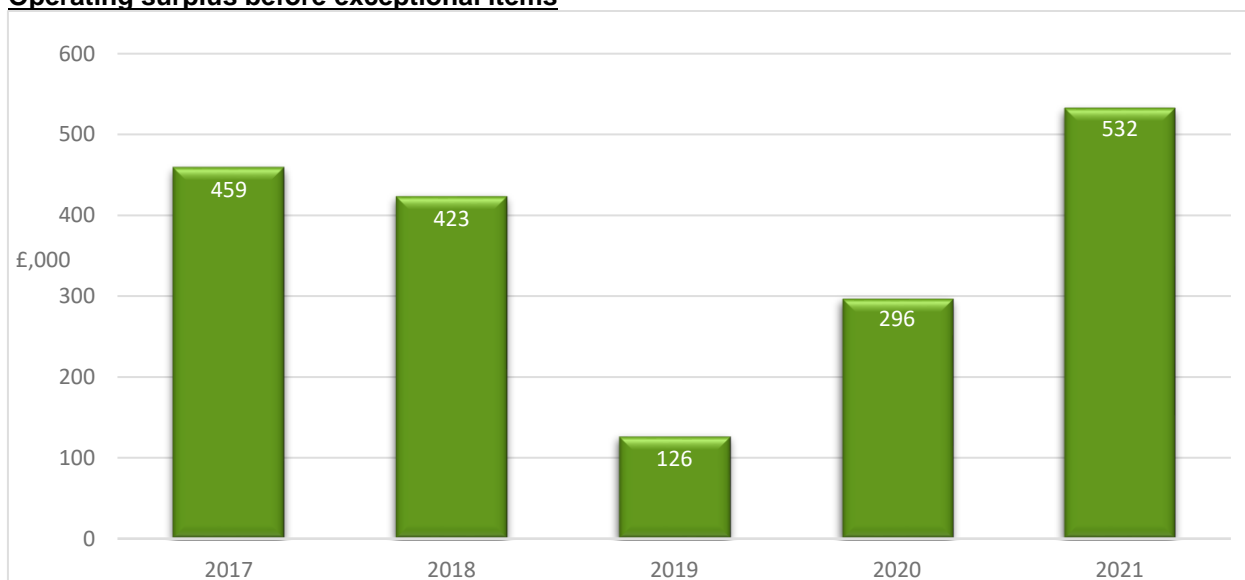


Report of the Board

Financial report

Total income at £34,298k (2020: £35,940k) declined during the year primarily due to the delays in project implementation arising from the Covid-19 restrictions. There was a reduction in publishing revenue of 1.4% driven mainly by print based database products but there was growth in sales of books (print and e-books) of 9%. Other income from Member Country Contributions, CABITAX recovery and miscellaneous income were broadly in line with 2020.

Operating surplus before exceptional items



Operating surplus before the Designated Fund and exceptional items increased by £236k to £532k in 2021 driven by the reduction in total expenditure of £1,880k to £33,768k (2020: £35,648k). The principal drivers of that decrease were a reduction in direct project costs, from the decline in project related revenue, and a decrease in indirect costs especially staff and restructuring costs due in part to some staff redundancies in 2020. Following a strong performance in 2020, Conidia (a CABI spin out company in which CABI has a 30% share) encountered more challenging trading conditions in 2021 which resulted in a significant adverse movement in Associated Company (loss) /profit from £609k to £(165)k

Total headcount at 442 (based on a monthly average) is a decrease on the prior year figure of 477.

Other comprehensive surplus/(deficit)

The value of 'other comprehensive surplus/(deficit)' is likely to fluctuate widely from year-to-year depending on external factors such as exchange rates, bond yields and inflation rates which drive the movement in the UK defined benefit pension liability, reflected in the other gains/(losses) on the defined benefit pension scheme, but which have no realised impact on operating performance or cash. This Scheme has been closed to new members since 2007 and in March 2016 it was also closed to future accrual for all active members.

In 2021, at £10,498k, the other comprehensive surplus before the Designated and Investment Funds was driven largely by a decrease in the net liability on the UK defined benefit pension scheme. This reduction in the liability was driven by the growth in contributions to the Scheme from CABI and Member Countries (including a total of £12m in payments into the Scheme from the UK Foreign, Commonwealth and Development Office (FCDO) and an increase in bond yields from their relative low of December 2020. The full value of the pension deficit of £101,042k (2020: £112,216k) is disclosed in the statement of financial position.

The triennial actuarial valuation of the UK defined benefit pension scheme deficit at 31 December 2020 and the resulting deficit reduction plan was agreed with the Scheme Trustee and submitted to the Pensions

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Regulator on 14th March 2022. In total, the funding shortfall (liabilities valued under 'technical provisions' less the value of assets) was £83.6m.

As an outcome of the 2020 valuation process, a new recovery plan was agreed between the Scheme Trustee and CABI. As part of the now 32-year recovery plan (to 2054) CABI has agreed to the following key financial conditions:

- to continue to increase the annual 'deficit contributions' from £1.746m in 2018 by 5.2% per annum until the annual deficit contributions reaches £2.5m pa then increase by the Consumer Price Index (CPI) thereafter
- an additional contribution of £0.5m per annum from the increased member fees
- a cash-contribution of £1m in 2023 to be met from the proceeds of a partial sale of the Egham site
- to contribute £100k per annum to the Pension Protection Fund (PPF)
- the grant of a legal charge over the Wallingford property

In 2019, CABI Member Countries formally agreed to increase annual membership fees to provide additional funding to the Scheme and the UK FCDO approved a one-off payment of £12m for the Scheme payable in tranches from 2020-22. In total, deficit recovery contributions from CABI and Member Countries (including FCDO) amounted to £4.8m in 2021 (2020: £11.3m)

Statement of financial position and cash flow

The total cash balance decreased slightly to £12,688k from £12,886k due to an increase in working capital but was still double the 2019 figure of £5,933k.

The UK Defined Benefit Pension Scheme deficit results in a total accumulated deficit for CABI of £83,530k in the statement of financial position (2020: £94,811k). However, despite the deficit, the CABI Board remains strongly of the view that CABI is a going concern for the following reasons:

- the deficit is driven solely by the UK Defined Benefit Pension Scheme, which is a long-term liability subject to actuarial estimates. As previously described, actions have been taken to mitigate the pension risk
- CABI has the backing and support of its 49 Member Countries as evidenced by the increase in membership fees and the FCDO lump sum(s) commitment to funding of the Defined Benefit Pension Scheme of £12m.
- As a product of those additional Member Country undertakings, in 2021, a total of £4.8m was paid into the Scheme following a total of £11.3m deficit recovery contributions in 2020. This represents a substantial increase on prior years (in 2019 £1.7m was paid into the Scheme).
- the publishing products (databases and books) continue to be strong generators of cash and the project pipeline, and the donor funding that supports it, remains solid. Multi-year contracts have been agreed with a number of major donors which provide some security of funding
- the underlying operating performance and the overall cash position remain positive

Strategic outlook

The strategic framework for the period 2020–22 has been laid out in the CABI Medium Term Strategy (MTS) which was approved by the Executive Council in March 2020 and has been made public on the CABI website. By implementing this strategy, CABI aims to bring about sustainable economic development, improved livelihoods and better nutrition through greater market access for climate-resilient agriculture in healthy ecosystems. CABI has a long-term vision of being the number one 'go to place' for insightful and practical science-based knowledge about agriculture and the environment. There are four key objectives:

1. improve market access for smallholders to sustainable value chains
2. improve capacity for the delivery of climate-resilient food and nutrition security
3. help women and young people gain new opportunities from access to targeted, context-specific agricultural information and technology
4. promote balanced utilisation and conservation of biodiversity and ecosystems

The implementation of plans required to meet these objectives requires key underlying operational and financial objectives to be met. These are:

Report of the Board

Financial report

- to deliver PlantwisePlus and related projects
- to extend the breadth and depth of donor support in International Development
- to implement the revised recovery plan for the UK Defined Benefit Pension Scheme arising from the 2020 valuation, reflecting as it does the increased financial support from Member Countries.
- to progress the property plan for the Egham site
- to maintain and seek opportunities for growth in the levels of income and profitability from the existing Publishing portfolio
- to develop new income streams through better management and commercialisation of CABI's expertise and content

In July 2021, a comprehensive new Equality, Diversity and Inclusion (EDI) policy was published after wide engagement with stakeholders across CABI. A series of EDI key actions were also shared with staff that included targets to track progress. Across CABI, 43% of staff are female (2020:42%); 22% of the Executive Management Team (2020: 22%) and 30% of Senior Managers (2020: 26%). The trend is broadly neutral over three years. In CABI's 2020 Staff Survey 83% of staff believed that CABI values diversity (82% in the previous 2018 survey). Where gender was volunteered, 41% of job applicants (2020: 20%), 67% of interviewees (2020: 52%), and 68% of appointees (2020: 50%) were female. Over a three-year period the number of female applicants, interviewees and appointees has increased.

Environmental impact management, including carbon usage, is important to CABI and its stakeholders and relevant metrics have been incorporated into the ongoing Key Performance Indicators. CABI measures carbon performance against targets for reduction for those areas of our international operations where it is currently possible to collect reliable data. In 2021, 'per capita emissions' decreased by a further 32% from 2020 driven by the Covid-19 related reduction in air miles and the move to a more energy efficient Headquarters building at Wallingford in the UK. Overall, per capita carbon emissions were 73% lower in 2021 than the 2016 baseline level. A Climate Change manager was recruited in 2019 to ensure a deeper integration of climate change related objectives into CABI's Programmes and Projects. The environment strategies, together with the 2020 annual carbon report, are publicly available on our website at <http://www.cabi.org/about-cabi/business-policies/>

We are also well aware of CABI's responsibilities under the UK Modern Slavery Act 2015 as well as the UK-GDPR and the GDPR (General Data Protection Regulation), and the UK Data Protection Act 2018. CABI has a Safeguarding policy in place and responsibilities for safeguarding are incorporated within a Management Code of Conduct. Policies and procedures are updated regularly to ensure the requirements of new legislation and evolving best practices are fully incorporated into the relevant CABI processes.

Outlook 2022

Following the Covid-related disruption of the past couple of years there is now a realistic expectation that in 2022 there will be some catch-up on the implementation of projects that experienced delays in 2020-21 because of the pandemic. With funding secured for most of the major projects, in-country execution is the priority for CABI's international development and research work. Publishing (Database, Book and Compendia) continue to prove relatively resilient and CABI continues to invest in a new platform and products to enhance and extend what is offered to our customers. The CABI Investment Fund has been created to ensure those enhancements are sufficiently funded. Management of costs, always an area of focus, will remain particularly important especially given the increasing levels of price inflation which are having an impact across a range of CABI's activities globally.

The specific financial risks to the financial plan for 2022 and measures to mitigate those risks, are outlined as follows:

1. *The pressure on subscription database renewals and new business as university library budgets come under pressure.* The mitigation strategy includes deepening the understanding of our customer priorities and needs to demonstrate the continuing importance of CABI's products to the academic sector as well as prioritising early renewal of database sales. CABI continues to invest in systems and products to ensure our relevance to our customers is retained. As in prior years, CABI has a high level of revenue secured which should underpin the financial performance for CABI's publishing business in 2022.

Report of the Board

Financial report

2. *A delay in the implementation of CABI's science-based agricultural projects and programmes around the world as a result of continuing Covid-related restrictions and disruption in travel and working patterns and reductions in donor funding.* Although Covid-related restrictions remain in many countries, overall there has been some easing of those restrictions making implementation of projects more straightforward than has been the case in the previous two years. In any case, CABI retains the option of using digital and information management capabilities to perform project work remotely where that is appropriate and is increasingly using in-country partners to deliver project objectives on the ground. Notwithstanding the general uncertainty with respect to donor funding, agriculture and related activity have remained an understandable priority for many countries and there remains a relatively high level of programme and project revenue secured for 2022. However, the existing contract with the UK FCDO is due for renewal in 2022 and we are therefore in discussions with this key donor to ensure continuity of funding in areas of common interest.
3. *Increases in expenditure arising from significant increases in price inflation.* CABI's ability to pass on the full impact of price inflation to customers and donors is constrained and so risk mitigation will focus on cost management and seeking areas to reduce expenditure where it is possible to do so.

In sum the actions taken to manage financial risk, whether arising from the Covid-19 pandemic or not, mean that CABI was able to exceed expectations in both 2020 and 2021 and is reasonably well placed in 2022 to meet the continuing challenges. The total cash balance for CABI at the end of 2021 was £12.7m, similar to 2020 and double the prior year balance, which should be sufficient to manage any uncertainty in the year ahead and forecasts for the 12 months to June 2023 confirm that CABI is a going concern.

Further information on CABI's activities and achievements in 2021 can be found in 'CABI in review' at <http://www.cabi.org/about-cabi/annual-reviews-and-financials>

Report of the Board

Governance and accountability statement

CABI is a not-for-profit organisation that was set up by a United Nations treaty-level agreement between its Member Countries. Any country is entitled to join CABI and applications are made by invitation from the existing membership, with approval from the Executive Council. All Member Countries have an equal role in the organisation's governance, policies and strategic direction.

The CABI Review Conference of Member Countries reviews CABI's work programmes and determines its broad policies and strategies. The latest Review Conference was held in Runnymede UK, in September 2019 where the CABI Medium Term Strategy 2020–22 was agreed and the next Review Conference is due to take place in September 2022.

The Executive Council, comprising London-based representatives from each Member Country, meets at least once each year to monitor CABI's affairs and the implementation of the Review Conference resolutions. The Executive Council is responsible for the appointment of Board members and the auditors, for the approval of annual financial statements and budgets, and for the completion of major agreements. In 2020, a Finance and Risk Sub-Committee of Executive Council was formed with the purpose of providing additional oversight in financial matters on behalf of Executive Council especially as they relate to membership fees and the pension deficit on the legacy UK Defined Benefit Scheme. The first meeting was on the 4th February 2021 and the Sub-Committee will meet at least twice a year.

The Executive Council has appointed a Board, principally comprising independent members, together with the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), to direct the development and implementation of the strategy of the organisation. The Board usually meets 4 times annually (with up to 3 observers from Member Countries in attendance) and regularly monitors the progress and performance of the organisation. The Board approves recommendations on issues which are to be put to Executive Council, in addition to the mandatory approval of Financial Statements and annual budget. Day-to-day management of the organisation is the responsibility of the Executive Management Team, led by the CEO, which meets monthly. Names of the members of the Executive Management Team and Board are shown in the Corporate Directory (page 1).

Risk management of the organisation is the responsibility of the Executive Management Team. The process is led by the CFO and is reviewed regularly by the Executive Management Team, with oversight by the Board through the Audit and Risk Committee. As part of its risk management strategy, the Executive Management Team and Board identify and seek to mitigate the key strategic risks to the organisation.

Those key strategic risks for CABI are as follows:

- pension deficit: there is a significant long-term liability which needs to be managed responsibly
- staff security, succession, retention and motivation: the risks to health (including the impact of the Covid-19 pandemic), physical security of employees as well as the intellectual capital of CABI that needs to be constantly renewed through the retention and recruitment of staff of the highest calibre
- loss of Publishing revenue: the sales generated from the Publishing business, along with donor funding, are critical to the financial health of CABI
- long-term sustainability of PlantwisePlus and related Programmes: the critical success factor for these Programmes is that the plant health system improvements created within countries are embedded for the long term
- loss of donor income: it is recognised that CABI's expertise in agriculture-related applied science needs to remain relevant to our stakeholders
- property redevelopment: the built environment of CABI needs to be enhanced whilst minimising the exposure to financial loss
- information governance and cyber security: risks to Information Technology and data arising from external threats
- loss of reputation: this covers a number of areas including the maintenance and enhancement of scientific and financial credibility

For each element of risk, a mitigation strategy has been defined with specific actions, accountabilities and timelines assigned. The strategic risks and the mitigation strategy are reviewed in some detail by the Audit and Risk Committee which meets at least three times a year.

Report of the Board

Governance and accountability statement

There are three sub-committees of the Board. Membership of the three committees is shown in the CABI Corporate Directory at the front of this report. The Audit and Risk Committee has responsibility for oversight of risk management and financial control procedures, including audit, accounting policies and procedures. The Audit and Risk Committee also approved the appointment of KPMG as internal auditors in 2016 and they perform an annual programme of audit work and report back formally to the Audit and Risk Committee. At the beginning of 2020 KPMG performed a Governance Review of CABI. The report concluded that 'Overall we have found that CABI has a strong approach to governance across Corporate functions and meets the vast majority of the elements within the (UK Corporate Governance) Code'. The report also produced recommendations to enhance governance, including the creation of an Executive Council Sub-Committee on Finance and Risk, which have now been implemented. The Remuneration Committee has delegated authority to develop policy on executive remuneration and to set the remuneration packages of the Executive Management Team and individual Board Members. The Nominations and Governance Committee has delegated authority to lead the process for Board Member appointments. The Nominations and Governance Committee also makes recommendations to the Board with respect to standards of performance.

Board responsibilities statement

The Board is responsible for preparing the Annual Report and Financial Statements in accordance with the accounting convention and accounting policies in note 2 to comply with the CAB International Agreement. The Board must not approve the financial statements unless it is satisfied that they have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 2 to the financial statements. In preparing the financial statements, the Board is responsible for:

- selecting suitable accounting policies and then applying them consistently
- making judgements and accounting estimates that are reasonable and prudent
- stating the basis of preparation and accounting policies applied
- preparing the Financial Statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in business

The Board confirms that it has complied with the above responsibilities in preparing the Financial Statements. Having taken advice from the Audit and Risk Committee, the Board Members consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides information necessary for stakeholders to assess the organisation's performance, business model and strategy. Each of the Board Members, whose names are listed in the CABI Corporate Directory on page 1, confirms that, to the best of each person's knowledge and belief:

- the Financial Statements, prepared in accordance with accounting convention and accounting policies as stated in note 2, give a true and fair view of the assets, liabilities, statement of comprehensive income and financial position of the organisation
- the report of the Board contained in the annual report includes a fair review of the development and performance of the organisation together with a description of the principal risks and uncertainties that they face
- there is no relevant audit information of which the organisation's auditor has not been made aware
- she/he has taken all the steps that she/he ought to have taken, as a Board Member, in order to establish that the organisation's auditor is aware of that information

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the organisation's transactions and disclose with reasonable accuracy at any time the financial position of the organisation. It is also responsible for safeguarding the assets of the organisation and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board,

A handwritten signature in black ink, appearing to read 'R Sloley'.

Mr Robert Sloley, CFO

15th June 2022

Independent auditors' report to the members of CAB International (CABI)

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of CAB International for the year ended 31 December 2021 which comprise the statement of comprehensive income the statement of financial position, the statement of cash flows and the statement of changes in equity for the year then ended; and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements of CAB International for the year ended December 31, 2021 are prepared, in all material respects, in accordance with the basis of preparation in note 2(i) and accounting policies in note 2 to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), including ISA (UK) 800, and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2(i) to the financial statements which describes the basis of preparation, and in particular, the fact that the accounting policies used and disclosures made comply with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom and European Union except in regards to certain provisions of IAS 1, IAS 16 and IAS 19 (R) as disclosed in note 2(i) to these financial statements. Note 2(i) of the financial statements describes the basis of preparation, and in particular, the fact that the accounting policies used and disclosures made are not intended to, and do not, comply in full with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom and European Union. The financial statements are prepared in accordance with a special purpose framework for the members for the specific purpose as described in the Use of this report paragraph below. As a result, the financial statements may not be suitable for another purpose.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the organisation'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.

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise

Independent auditors' report to the members of CAB International (CABI)

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

We have nothing to report in this regard.

Responsibilities of the Board

As explained more fully in the Board Responsibilities Statement set out on page 9, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the organisation'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 Board either intends to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the organisation operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the CAB International Agreement together with ISAs (UK). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the organisation's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the organisation for fraud. The laws and regulations we considered in this context for the UK operations were anti-fraud, bribery and corruption legislation, employment legislation and taxation legislation. We also considered compliance with local legislation for the organisation's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

Independent auditors' report to the members of CAB International (CABI)

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of project and programme income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal auditors, and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing correspondence with the pension regulator, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor
London

30th June 2022

Statement of comprehensive income

For the year ended 31 December 2021

		CABI	Designated	Investment	Total	Total
		2021	Fund	Fund	2021	2020
	Note	£'000	£'000	£'000	£'000	£'000
Income						
Sales and project income	3	30,558	-	-	30,558	32,212
Member Country contributions	4	2,347	-	-	2,347	2,343
CABITAX recovery		1,288	-	-	1,288	1,291
Miscellaneous income		105	-	-	105	94
		34,298	-	-	34,298	35,940
Expenditure						
Staff costs	5	(9,953)	-	-	(9,953)	(10,593)
Direct project costs	7	(16,741)	-	-	(16,741)	(17,670)
Production		(2,912)	-	-	(2,912)	(2,970)
Facilities and maintenance		(1,389)	-	-	(1,389)	(1,360)
Sales and distribution		(344)	-	-	(344)	(370)
Travel		(48)	-	-	(48)	(99)
Depreciation and leasehold amortisation	8	(768)	-	-	(768)	(823)
Impairment loss	8	-	-	-	-	(233)
Consultants and freelancers		(503)	-	-	(503)	(515)
Restructuring costs	5	(254)	-	-	(254)	(630)
Expected credit losses from Member Country contributions	4	(351)	-	-	(351)	(499)
Associated company (loss)/profit	9	(165)	-	-	(165)	609
Profit on foreign currency exchange		166	-	-	166	220
Other costs		(506)	(75)	-	(581)	(790)
		(33,768)	(75)	-	(33,843)	(35,723)
Operating surplus / (deficit) before interest	10	530	(75)	-	455	217
Interest receivable		2	-	-	2	4
		2	-	-	2	4
Operating surplus/(deficit) for the year before exceptional items		532	(75)	-	457	221
Gain on sale of property	25	-	-	-	-	2,497
Revaluation loss on property	8	-	-	-	-	(2,828)
Operating surplus/(deficit) for the year after exceptional items		532	(75)	-	457	(110)
Other comprehensive surplus/(deficit) items that may be subsequently reclassified to operating surplus/(deficit)						
Cash flow hedges	14	(251)	-	-	(251)	54
Property revaluation gain	8	-	-	-	-	149
Movement between funds		(425)	75	350	-	-
Other gains/(losses) on defined benefit pension scheme	23	11,174	-	-	11,174	(3,442)
		10,498	75	350	10,923	(3,239)
Total comprehensive surplus/(deficit) for the year		11,030	-	350	11,380	(3,349)

Statement of financial position
As at 31 December 2021



	Note	2021 £'000	2020 £'000
Assets			
Non-current assets			
Land and buildings	8	14,853	14,986
Plant and equipment	8	1,188	1,275
Intangibles	8	344	396
Intangibles - goodwill		113	113
Investments accounted for using the equity method	9	756	1,327
		<u>17,254</u>	<u>18,097</u>
Current assets			
Inventories			
- books	11	334	444
- projects	11	1,864	1,259
Contract receivables, net of provisions:			
- sales receivables	12	1,925	2,171
- sums owing by project sponsors	12	848	1,032
Amounts receivable from member countries	4	21	-
Other financial assets:			
- derivative financial asset	14	-	180
- cash and cash equivalents	15	12,688	12,886
Other receivables	12	884	1,241
		<u>18,564</u>	<u>19,213</u>
Total assets		<u>35,818</u>	<u>37,310</u>
Equity and liabilities			
Equity			
Revaluation reserve	13	(3,145)	(3,145)
Cash flow hedges	14	71	(180)
Designated fund		(75)	(75)
Investment fund		(350)	-
Accumulated deficit		83,530	94,811
Total equity		<u>80,031</u>	<u>91,411</u>
Liabilities			
Non-current liabilities			
Post-employment benefits	23	(101,042)	(112,216)
Lease liabilities	8	(56)	(19)
		<u>(101,098)</u>	<u>(112,235)</u>
Current liabilities			
Sales income received in advance	16	(3,339)	(3,464)
Member contributions in advance	4	-	(84)
Sums held on behalf of project sponsors	17	(8,136)	(8,830)
Trade and other payables:			
- trade payables		(1,222)	(2,029)
- other payables	18	(1,983)	(2,079)
Other financial liabilities:			
- derivative financial liability	14	(71)	-
		<u>(14,751)</u>	<u>(16,486)</u>
Total liabilities		<u>(115,849)</u>	<u>(128,721)</u>
Total equity and liabilities		<u>(35,818)</u>	<u>(37,310)</u>

The Financial Statements on pages 13 to 40 were approved by the Board on 15th June 2022 and were signed on its behalf by:

Dr Daniel Elger, CEO

Statement of cash flows
For the year ended 31 December 2021



	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated (used in)/from continuing operations	i	(37)	5,285
Net cash generated (used in)/from operating activities		(37)	5,285
Cash flows from investing activities:			
Payments to acquire tangible fixed assets	8	(448)	(4,255)
Payments to acquire intangible assets	8	(65)	(64)
Proceeds on sale of tangible assets	25	-	6,070
Interest received		2	4
Dividends received from Conidia	9	406	-
Net cash used in investing activities		(105)	1,755
Cash flows from financing activities:			
Principal elements of lease payments		(56)	(87)
Net cash used in financing activities		(56)	(87)
Net (decrease)/increase in cash and cash equivalents	ii, iii	(198)	6,953

NOTES TO THE CASH FLOW STATEMENT

(i) Reconciliation of operating surplus to net cash generated from/(used in) continuing operations

Operating surplus before interest		455	217
Depreciation and amortisation charges	8	768	823
Share of associated company profits	9(i)(ii)	165	(609)
Loss on disposal of property, plant, equipment		17	38
Impairment Loss		-	233
Increase in lease liability		118	-
(Increase)/decrease in inventories		(495)	521
Decrease in contract receivables		409	2,207
Decrease in trade and other payables		(928)	(367)
(Decrease)/increase in income in advance		(903)	1,379
Decrease in other receivables		357	843
Cash (used in)/generated from continuing operations		(37)	5,285

(ii) Movement in net cash during the year

Net cash at 1 January		12,886	5,933
Net cash at 31 December		12,688	12,886
Movement in net cash during the year		(198)	6,953

(iii) Analysis of movement in net cash

	1.1.2021 £'000	Cash Flows £'000	31.12.2021 £'000
Cash at bank in hand and in transit	12,886	(198)	12,688
Net cash	12,886	(198)	12,688

Statement of changes in equity
For the year ended 31 December 2021



2021	Accumulated Deficit	Designated Fund	Investment Fund	Cash Flow Hedges	Revaluation Reserve	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	(94,811)	75	-	180	3,145	(91,411)
Operating deficit for the year	532	(75)	-	-	-	457
Other comprehensive surplus/(deficit) for the year:						
Other gains on defined benefit pension scheme	11,174	-	-	-	-	11,174
Cashflow hedges	-	-	-	(251)	-	(251)
Movement of funds	(425)	75	350	-	-	-
Balance at 31 December 2021	(83,530)	75	350	(71)	3,145	(80,031)

2020	Accumulated Deficit	Designated Fund	Cash Flow Hedges	Revaluation Reserve	Total Equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	(92,518)	75	126	4,255	(88,062)
Operating surplus/(deficit) for the year	(35)	(75)	-	-	(110)
Other comprehensive (deficit)/surplus for the year:					
Property revaluation	1,259	-	-	(1,110)	149
Other losses on defined benefit pension scheme	(3,442)	-	-	-	(3,442)
Cash flow hedges	-	-	54	-	54
Movement of funds	(75)	75	-	-	-
Balance at 31 December 2020	(94,811)	75	180	3,145	(91,411)

Notes to the financial statements

For the year ended 31 December 2021

1. Objectives and status of CABI

CAB International (CABI) is a not-for-profit international organisation that improves people's lives by providing information and applying scientific expertise to solve problems in agriculture and the environment.

CABI is a treaty-level, international organisation, with 49 Member Countries. Originally established to assist agricultural development in Commonwealth countries, the organisation, under its former name of the Commonwealth Agricultural Bureaux, signed an agreement with the United Kingdom Government on 5 August 1982 and thereby acquired the status of an International Organization under the Commonwealth Agricultural Bureaux (Immunities and Privileges) Order 1982 (Statutory Instrument 1982 No 1071) laid before parliament in accordance with the International Organizations Act 1981. As a result of this special status, CABI was empowered to retain for its own use tax deducted from the salaries of its employees. The Board believes that this is effectively additional income from the UK government and is, accordingly, reported as part of income as CABITAX is clearly recoverable.

The organisation adopted a new constitution in 1985, which gave it full international status and changed its name to CAB International from 1986. It now includes several non-Commonwealth countries among its membership. The original agreement with the UK government was amended on 12 February 1999 to reflect CABI's change of name.

The organisation is owned and directed by the governments of its Member Countries and currently has two principal business units: Knowledge Business and International Development. Knowledge Business covers international publishing and project-related activity. International Development undertakes multidisciplinary research, development and training in agriculture and the environment, for which it receives project income. Significant "one CABI" activities include the PlantwisePlus Programme which combine expertise in science and project implementation with knowledge management and communication.

CABI operates from two sites in the UK and seven Regional centres in Kenya, Malaysia, Pakistan, Switzerland, Trinidad and Tobago, India and China. In addition, it has smaller offices in the Netherlands, United States of America, Ghana and Zambia. Under strategic collaboration agreements, CABI staff are also based at Centro Agronómico Tropical de Investigación y Enseñanza (CATIE) in Costa Rica and at Universidade Estadual Paulista (UNESP) in Brazil.

2. Accounting policies

i. Accounting convention

The Board is responsible for preparing the Annual Report and the Financial Statements in accordance with the CAB International Agreement. The Financial Statements have been prepared on the basis of the recognition, measurement, presentation and disclosure requirements of International Financial Reporting Standards ("IFRS") and IFRS IC interpretations, as adopted by United Kingdom and European Union, with the exception of IAS 1 with regards to the categorisation and presentation of income and expenditure in the statement of comprehensive income that follows a format which the Board considers provides clarity and consistency to the stakeholders of CABI. The categorisation includes the treatment of pension costs where the total cash contributions to the defined benefit scheme are recorded under staff costs, whilst all other charges, including actuarial gains/(losses), are recorded in other comprehensive income (see also note 23), which is not in accordance with the requirements of IAS 19(R).

The Financial Statements have been prepared under the historical cost convention modified by the revaluation of freehold land and buildings and financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss. The Financial Statements do not include disclosure of the historical cost of revalued property as required by IAS 16 paragraph 77 as the Board considers the current disclosures provide sufficient clarity and information.

The Board members, having made appropriate enquiries, consider that CABI has adequate resources to continue in existence for the foreseeable future. Despite showing a total deficit in the statement of financial

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

position, CABI continues to adopt the going concern basis in preparing the Financial Statements for the following reasons:

- the deficit is driven solely by the UK Defined Benefit Pension Scheme which is a long-term liability subject to actuarial estimates. Planned and agreed future pension deficit payments are considered affordable
- CABI has the backing and support of its 49 Member Countries
- the publishing products (databases and books) continue to be strong generators of cash and the project pipeline, and the donor funding that supports it, remains solid. Significant multi-year contracts have been secured with a number of donors
- the underlying operating performance and the overall cash position were positive as at 31 December 2021 and the cash balance and operating performance is expected to remain positive through 2022.

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

ii. Income recognition

CABI recognises income in accordance with IFRS15: where a contract is in place with commercial substance, there are clear performance obligations, a specified price and payment terms, and it is probable that consideration will be paid.

Income from the sale of books and other non-subscription products is recognised when control of the asset is transferred to the customer, at a point in time when the customer has undertaken undisputed delivery of the goods. Income for subscriptions is recognised evenly over the period of the subscription which is how the performance obligations are transferred to the customer. Project income received for project work is recognised over time using the input method to establish the stage of completion of the project at the reporting date.

Any project income received in advance of work having been completed is, to the extent that the work remains incomplete, classified as a liability at the reporting date. Any contract losses are recognised immediately.

The following income transactions are not within the scope of IFRS15 and are recognised as follows:

The annual Member Country Contributions are recognised in the year of invoice. Provisions are made for bad-debt by reference to the expected credit losses calculated through the use of a provision matrix.

CABITAX, as referred to in note iv below, is recognised concurrently with the cost of the UK employee salaries from which it is withheld.

Interest income is recognised as interest accrues using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected future life of the financial instrument to the net carrying amount of the financial asset).

iii. Segmental reporting

CABI is not required to comply with IFRS 8, as it is not an entity whose equity or debt securities are publicly traded. However, an analysis of sales income by activity is provided.

iv. Taxation

CABI's status as an International Organisation allows it to retain tax deducted from UK employees' salaries, known as CABITAX, as detailed in Note 1. It pays no income tax on surpluses. However, CABI is currently subject to normal UK legislation in respect of value added tax and national insurance taxes.

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

v. Research and development

Research and development expenditure is charged to the income and expenditure account as incurred, with the exception of software development on major projects, which is capitalised in accordance with IAS 38 (note 8).

vi. Depreciation and amortisation

Fixed assets are depreciated evenly over the estimated life of the asset, as follows:

Land and buildings	30-50 years
Plant and equipment	3-15 years
Intangibles	8-15 years

vii. Foreign currencies

CABI agrees forward currency contracts on its net dollar income for its Publishing business in order to minimise its exposure to foreign exchange risk by matching contracts to probable future incomes. Under IAS, these transactions are derivative financial instruments, and on transition to IFRS9, CABI continues to apply the IAS 39 'hedging rules' in order to minimise volatility through the statement of comprehensive income year-on-year.

The fair values of derivative financial instruments are determined using a number of methods and assumptions based on prevailing conditions at the statement of financial position date including exchange rates at the year end.

At the inception of the transaction, CABI documents the relationship between the hedging instruments and hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. CABI also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The effective element of the hedge is posted through other comprehensive income with the ineffective element posted to the income statement.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

Other monetary assets and liabilities, income and expenditure, denominated in foreign currencies are converted at the exchange rate ruling on the last working day of the accounting year.

Gains or losses resulting from the sale of foreign currencies are included in expenses in the financial year to which the currency receipt relates.

viii. Overseas assets

Fixed assets held abroad are included in the statement of financial position where no conditions limiting the freedom to dispose of such assets apply. In other cases, expenditure on overseas assets is charged as other costs.

ix. Tangible assets

Freehold and leasehold properties are periodically revalued and any changes in value are accounted for in accordance with IAS 16. The titles of the properties in the UK are registered in the name of CABI or the Commonwealth Agricultural Bureaux.

Other fixed assets with an individual cost of more than £1,000, excluding value added tax (£500 in the case of laptop computers), are included in the statement of financial position at cost, with an appropriate deduction for depreciation. Items with an individual cost of less than £1,000, excluding value added tax

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

(£500 in the case of laptop computers), are charged to the income and expenditure account as “other costs”, as they are deemed not to be capital in nature.

Gains and losses on disposal of fixed assets are determined by comparing the proceeds with the carrying amount and are recognised within “other costs” in the statement of comprehensive income.

x. Property values

Property values are held at the current revalued amount. It is CABI’s policy to revalue properties every 3 – 5 years or more frequently should Management review of property values at the end of the year indicate that reported fair values no longer remain valid. A professional revaluation of the properties was last performed in 2020.

xi. Intangible assets

Intangible assets (like software development and patents) in accordance with IAS 38 will be recognised only if:

- i. it is probable that future economic benefits will flow to CABI from the investment
- ii. the cost of the asset can be measured reliably

Intangible assets will be amortised according to the assets’ useful life, see section vi.

xii. Investments

CABI uses the equity method, in accordance with IAS 28, to report its share of its associate company, Conidia Bioscience Limited (Conidia) and a Joint Venture in Pakistan (CABI-SFPK JV). In the statement of financial position, CABI’s share of the equity is shown as ‘investments accounted for using the equity method’. In the statement of comprehensive income, CABI’s share of trading profit/(loss) is shown as ‘associated company profits’. CABI’s share of profit from these entities represents its share of profit after tax.

xiii. Inventories and work in progress

Stocks of books are valued at the lower of cost or net realisable value. No value is included for publications more than three years old. The book stock is provided against monthly on a straight-line basis over three years from the month of publication. Work in progress on projects is valued at the amount realisable from the donor.

xiv. Financial assets and liabilities

Recognition and derecognition

Financial assets and financial instruments are recognised when CABI becomes a party to the contractual provisions of the financial asset.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all of the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial recognition of financial assets

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 9, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The classification is determined by both:

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial asset

Trade and other receivables and contract assets

CABI makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. CABI uses historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

Financial liabilities

Financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

xv. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and in-hand and short-term deposits with an original maturity date of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

xvi. Impairment of assets

CABI assesses at each year-end whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the organisation makes an estimate of the asset's recoverable amount. Recoverable amount is the higher of an asset or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The methodology most appropriate to the asset being assessed will be used to establish value in use. Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

xvii. Leases

CABI lease various property, IT equipment and vehicles. Contracts are typically made for a fixed period of 3 to 5 years. Contracts may contain both lease and non-lease components. CABI allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

From 1 January 2019, IFRS 16 has been adopted and leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liability includes payments to be made in respect of long-term leases. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the organisation, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

CABI has elected not to recognise right-of-use assets and lease liabilities for short-term leases of property or machinery or leases of low-value assets. CABI recognises the lease payments associated with these leases as an expense.

xviii. Pensions

Full information on pensions and pension accounting policies are shown in note 23.

xix. Designated Fund

A Designated Fund has been created to allow CABI to formally co-fund projects where external funding may be unavailable or insufficient. It now forms part of the CABI Development Fund. Transfers in and out of the fund are approved by the Executive Management Team.

xx. Investment Fund

An Investment Fund has been created to allow CABI to provide initial funding for the development and implementation of products, systems and processes with the clear objective of generating future profitable income primarily, but not exclusively, through the Knowledge (/publishing) Business.

xxi. Adoption of new and revised accounting standards

The following new and revised Standards and Interpretations have been issued and are effective for the current financial year:

- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7.

The adoption of these changes has not had an impact on the recognition, measurement or disclosure within these financial statements

The following amendments to existing standards which apply to future periods have not been early adopted and are not expected to have a material impact on the financial statements when effective. These amendments have not yet been endorsed by the UK Endorsement Board.

Effective for annual periods commencing on or after 1 January 2022:

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

Effective for annual periods commencing on or after 1 January 2023

- Classification of liabilities as current or non-current – amendment to IAS 1
- Amendments in respect of the definition of accounting estimates – amendment to IAS 8
- Amendments to the definition of deferred tax related to assets and liabilities arising from a single transacting – amendment to IAS 12

xxii. Critical accounting estimates

In applying the accounting policies set out in note 2, management is required to make certain estimates and judgements concerning the future. These estimates and judgements are regularly reviewed and updated as necessary. The estimates and judgements that have the most significant effect on the amounts included in these Financial Statements are as follows:

Retirement benefit obligations:

The liability recognised in respect of retirement benefit obligations is dependent on a number of estimates agreed with the Scheme actuary, including those relating to mortality, inflation, salary increases and the rate at which liabilities are discounted. Any change in these assumptions would impact the retirement benefit obligations recognised. Further details on these estimates and sensitivities are provided in note 23.

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

Project revenue:

As stated in Note 2ii, project income received for project work is recognised over time by reference to the stage of completion of the project at the reporting date, taking into consideration the extent to which the agreed project deliverables have been completed. Some judgement is often required to estimate the degree of completion but, in the absence of specific deliverables linked directly to donor payments, the extent of completion is based on CABI staff time booked to a project compared to the total CABI staff time expected to be booked to the project.

3. Sales and project income

Sales and project income comprised:

	2021	2020
	£'000	£'000
Database products	7,794	8,058
Books	1,779	1,637
Other	746	767
Publishing Sales	10,319	10,462
Programme Funded Projects (incl Plantwise)	6,880	9,065
Other Donor Funded Projects	13,359	12,685
Sales and Project Income	30,558	32,212

The income figures shown above are net of value added tax but inclusive of discounts allowed to customers.

Notes to the financial statements

For the year ended 31 December 2021

4. Member Country contributions

Following decisions of the Review Conferences held in August 1990 and in October 2009, CABI established provisions for arrears of Member Country Contributions. The total provision as at 31 December 2021 now stands at £2,629k (2020: £2,278k). An analysis of member contributions for the year and total post-1991 arrears is shown below:

	Gross Balance at 31.12.21 £	Arrears to 1991 Fully Provided £	Net Balance at 31.12.21 £	Contributions in Statement of Comprehensive Income	
				2021 £	2020 £
Afghanistan	38,105	-	38,105	14,000	14,000
Anguilla	6,513	-	6,513	1,400	1,400
Australia	-	-	-	323,000	323,000
Bahamas	14,000	-	14,000	14,000	14,000
Bangladesh	16,965	-	16,965	14,000	14,000
Barbados	-	-	-	14,000	14,000
Bermuda	39,646	-	39,646	8,000	8,000
Botswana	-	-	-	14,000	14,000
Brunei	14,000	-	14,000	14,000	14,000
Burundi	103,880	-	103,880	14,000	14,000
Canada	-	-	-	323,000	323,000
Chile	53,801	-	53,801	35,000	35,000
China	-	-	-	308,500	308,500
Colombia	103,025	-	103,025	35,000	35,000
Cote d'Ivoire	51,130	-	51,130	14,000	14,000
Cyprus (withdrew 29/07/21)	35,880	-	35,880	8,167	14,000
Ethiopia	4,666	-	4,666	14,000	4,666
Gambia	189,867	49,796	140,071	14,000	14,000
Ghana	187,187	101,307	85,880	14,000	14,000
Grenada	54,460	-	54,460	14,000	14,000
Guyana	144,495	46,614	97,881	14,000	14,000
Hungary (withdrew 07/07/00)	19,464	-	19,464	-	-
India	56,000	-	56,000	56,000	56,000
Indonesia (withdrew 12/10/01)	3,962	-	3,962	-	-
Jamaica	2,232	-	2,232	14,000	14,000
Kenya	34,210	-	34,210	14,000	14,000
DPR Korea	28,000	-	28,000	14,000	14,000
Malawi	103,558	-	103,558	14,000	14,000
Malaysia	-	-	-	35,000	35,000
Mauritius	35,000	-	35,000	14,000	14,000
Montserrat	1,400	-	1,400	1,400	1,400
Morocco (withdrew 14/10/10)	6,750	-	6,750	-	-
Myanmar	637	-	637	14,000	14,000
Netherlands	-	-	-	263,000	263,000
Nigeria	387,271	202,442	184,829	14,000	14,000
Pakistan	15,289	-	15,289	14,000	14,000
Papua New Guinea	41,210	-	41,210	14,000	14,000
Philippines	-	-	-	14,000	14,000
Rwanda	70,880	-	70,880	14,000	14,000
Sierra Leone	217,355	77,991	139,364	14,000	14,000
Solomon Islands	100,880	-	100,880	14,000	14,000
South Africa	70,000	-	70,000	35,000	35,000
Sri Lanka	21,000	-	21,000	14,000	14,000
St Helena	5,288	-	5,288	1,400	1,400
Switzerland	-	-	-	141,000	141,000
Tanzania	92,827	51,967	40,860	14,000	14,000
Trinidad and Tobago	-	-	-	14,000	14,000
Uganda	87,857	59,857	28,000	14,000	14,000
United Kingdom	-	-	-	308,500	308,500
Vietnam	21,000	-	21,000	14,000	14,000
Virgin Islands	2,800	-	2,800	1,400	1,400
Zambia	84,880	-	84,880	14,000	14,000
Zimbabwe	82,710	-	82,710	14,000	14,000
Provisions	-	-	(2,039,106)	-	-
Total	2,650,080	589,974	21,000	2,346,767	2,343,266

Member Country Contributions of £nil (2020: £84k) were paid in advance.

Notes to the financial statements

For the year ended 31 December 2021

5. Staff costs

The total staff costs charged in the statement of comprehensive income for the year ended 31 December comprised:

	2021 £'000	2020 £'000
Staff salaries and bonus	14,461	15,549
Social security payments	888	890
Pension contributions & other benefits	4,292	4,291
Associated staff costs	143	124
Recoveries to direct project costs (note 7)	(8,539)	(8,878)
Recoveries to production costs	(1,292)	(1,383)
	9,953	10,593

The total costs of employing CABI's staff for 2021 amounted to £17,488k (2020: £18,519k) which comprises gross salary payments to staff, employer's state social security contributions and employer's pension contributions, but excluding additional pension deficit payments of £2,296k (2020: £2,335k).

The monthly average number of employees for 2021 was 442 (2020: 477), giving an average employment cost of £40k (2020: £39k) per employee.

The table below shows the number of higher-paid staff with emoluments falling in the following ranges. Emoluments include salary, taxable benefits in kind and other applicable payments to employees, excluding employer's pension contributions.

	2021	2020
£240,000 to £249,999	-	1
£230,000 to £239,999	1	-
£190,000 to £199,999	2	1
£180,000 to £189,999	2	3
£140,000 to £149,999	2	1
£130,000 to £139,999	-	1
£120,000 to £129,999	1	1
£110,000 to £119,999	2	3
£100,000 to £109,999	3	2
£90,000 to £99,999	7	8
£80,000 to £89,999	9	7
	29	28

Pension payments in respect of the employees in the above table to the defined contribution pension scheme totalled £218k (2020: £227k). Payments of £91k (2020: £90k) were made in lieu of pension contributions to employees affected by Life Time Allowance and are included in the above table. For UK-based staff in the above table, CABI recovered £358k (2020: £358k) in CABITAX.

The total restructuring costs for 2021 amounted to £254k (2020: £630k).

6. Key management and Board compensation

The total compensation paid to the Executive Management Team and salaried Board members is shown below:

	2020 £'000	2020 £'000
Salaries and other short-term employee benefits	1,330	1,307
Other long-term benefits	151	149
Total	1,481	1,456

Eight non-executive members of the Board (2020:8) received honorarium payments of £48k in total (2020: £49k) and directly incurred expenses of £4k in total (2020 £nil).

Notes to the financial statements

For the year ended 31 December 2021

7. Direct project costs

Direct project costs comprised:

	2021 £'000	2020 £'000
Staff costs (note 5)	8,539	8,878
Other direct costs	8,202	8,792
	16,741	17,670

8. Non-current assets

	Land and Buildings £'000	Buildings in Course of Construction £'000	Plant and Equipment £'000	Intangibles £'000	Total £'000
Cost or valuation					
at 1 January 2021	14,979	76	5,168	931	21,154
Additions	21	28	399	65	513
Disposals	-	-	(708)	-	(708)
at 31 December 2021	15,000	104	4,859	996	20,959
Accumulated depreciation and amortisation					
at 1 January 2021	69	-	3,893	535	4,497
Provided in year	182	-	469	117	768
Disposals	-	-	(691)	-	(691)
at 31 December 2021	251	-	3,671	652	4,574
NBV at 31 December 2021	14,749	104	1,188	344	16,385

Included within Plant and Equipment is IT Equipment and Vehicles recognised as Right of Use assets under IFRS 16 – Net Book Value £108k (2020: £61k).

Right of Use assets and lease liabilities recognised in the Statement of Financial Position:

	2021 £'000	2020 £'000
Non-current Assets (net book value)		
Equipment	108	58
Vehicles	0	3
Total	108	61
Lease Liabilities		
Current (Note 18)	51	27
Non-current	56	19
Total	107	46

Amounts recognised in the Statement of Comprehensive Income:

	2021 £'000	2020 £'000
Depreciation		
Equipment	56	62
Vehicles	3	3
Total	59	65

Notes to the financial statements

For the year ended 31 December 2021

8. Non-current assets (continued)

CABI has elected not to recognise right-of-use assets and lease liabilities for short-term leases of property or machinery £50k (2020: £47k) or leases of low-value assets £nil (2020: £nil). The payments associated with these leases are expensed when they are incurred.

	Land and Buildings	Building in Course of Construction	Plant and Equipment	Intangibles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
at 1 January 2020	12,149	5,728	5,777	896	24,550
Additions	84	3,782	389	64	4,319
Capitalisation of building in course of construction	9,160	(9,434)	274	-	-
Disposals	(2,905)	-	(1,272)	(29)	(4,206)
Revaluation	(3,509)	-	-	-	(3,509)
at 31 December 2020	14,979	76	5,168	931	21,154
Accumulated depreciation and amortisation					
at 1 January 2020	1,037	-	4,451	436	5,924
Provided in year	252	-	470	101	823
Disposals	(390)	-	(1,261)	(2)	(1,653)
Impairment	-	-	233	-	233
Revaluation	(830)	-	-	-	(830)
at 31 December 2020	69	-	3,893	535	4,497
NBV at 31 December 2020	14,910	76	1,275	396	16,657

9. Investments and related parties

Investments

i Conidia Bioscience Limited (Conidia)

During 2000, CABI signed an agreement with Emtek Global Services Limited (Emtek) to establish and operate a jointly owned company (Conidia Bioscience Limited) to develop and market a rapid fuel test kit to detect fungal contamination in fuel. The company was incorporated in the UK on 31 March 2000 under the Companies Act 1985 as a private limited company.

On 7 October 2005, a new shareholder agreement was signed under which Aldwych Bioscience Limited (a company registered in Jersey) and Biomedica Medizinprodukte GmbH (Biomedica) (a company registered in Austria) became shareholders in Conidia. In April 2016, the Emtek shareholding in Conidia was purchased in its entirety by PaPa Holdings Limited (PaPa) in a private transaction. CABI, PaPa and Aldwych now each own 30% of the equity of Conidia with Biomedica owning the remaining 10%.

The overall direction of Conidia is the responsibility of the Conidia Board and implementation of the strategy is carried out by Conidia's management team. Each shareholder with not less than 25% of the issued shares has the right to appoint one director of the company. At 31 December 2021, there were seven directors including Dr Daniel Elger from CABI.

2021 reflected a true up adjustment of Conidia's 2020 profit share which resulted in a £(121)k loss (2020: £628k) in the statement of financial position. Conidia paid a dividend of £406k in 2021 (2020: £nil). The investment in Conidia in the statement of financial position is £765k (2020: £1,292k).

Notes to the financial statements

For the year ended 31 December 2021

9. Investments and related parties (continued)

During 2021, the value of sales invoices raised by CABI to Conidia was £118k (2020: £132k), and the receivable outstanding at 31 December 2021 was £17k (2020: £11k).

ii CABI-SFPK JV (Joint Venture in Pakistan)

On 9 March 2018, CABI established a Partnership Firm named CABI-SFPK JV with Star Farm Pakistan (Private) Limited for the purposes of delivering a 3-year project, funded by the Government of Punjab, to deliver technical assistance to improve supply chains in order to increase exports of a number of crops.

CABI's share of the estimated loss from CABI-SFPK JV £(44)k (2020: £3k), is reflected in the statement of comprehensive income. The investment in CABI-SFPK JV in the statement of financial position is £(9)k (2020: £35k).

Related Parties

iii The CABI Trust and CABI Inc.

In March 2000, the CABI Trust was established in the UK as an irrevocable charitable trust to further certain charitable activities of CABI. In July 2000, CABI Inc. was established in the state of Delaware, USA. It was set up as a non-profit organisation to operate exclusively for charitable, scientific and educational purposes within the meaning of section 501 (c) (3) of the Internal Income Code of 1986. In 2021, CABI received £nil (2020: £nil) from CABI Trust and £nil (2020: £nil) from CABI Inc.

iv KCS Convention

KCS Convention, a related party to a key manager, provided events management services to CABI for internal conferences. During 2021, CABI paid £1k (2020: £nil).

10. Operating surplus / (deficit) before interest

Operating surplus / (deficit) before interest is stated after charging/(crediting):

	2021 £'000	2020 £'000
Write down of book stock to net realisable value	124	179
Bad debts written off or provided for	374	608
Audit fees		
- audit of the organisation (Crowe/PWC)	75	107
- internal audit (KPMG)	58	19
Foreign currency gains	(166)	(220)
Short-term and low-value leases	50	47
Loss on disposal of fixed assets	17	271
Depreciation and amortisation on:		
- non-current assets	768	823

11. Inventories

Inventories comprising:

	2021 £'000	2020 £'000
Books		
- finished goods	276	387
- work in progress	58	57
	334	444
Projects		
- work in progress	1,864	1,259

Books inventories charged in the statement of comprehensive income in 2021 were £486k (2020: £420k).

Notes to the financial statements

For the year ended 31 December 2021

12. Receivables

i Contract receivables

Contract receivables are analysed below between sales receivables and sums owing by project sponsors. Receivables from Member Countries are shown separately under note 4.

As at 31 December 2021, the anticipated credit losses from contract receivables – from sales were £134k (2020: £125k). These receivables mainly relate to publishing customers where part of the balance due may be in dispute. A portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2021 £'000	2020 £'000
up to 3 months	-	-
3 to 6 months	-	-
over 6 months	134	125
	134	125

As of 31 December 2021, contract receivables from sales of £1,925k (2020: £2,171k) were not impaired. These relate to a number of independent customers for whom there is no recent history of default. Management has a high level of certainty that these are recoverable given the credit history of these customers. The ageing analysis of these trade receivables is as follows:

	2021 £'000	2020 £'000
up to 3 months	1,772	1,826
3 to 6 months	11	89
over 6 months	142	256
	1,925	2,171
of which amounts not yet due	1,708	1,602

As of 31 December 2021, the anticipated credit losses from contract receivables – sums owing by project sponsors were £35k (2020: £72k). Some of these balances have historically taken a long time to collect during which time some of the claim may be disallowed due to loss or lack of adequate documentation for the claim.

The ageing of these receivables is as follows:

	2021 £'000	2020 £'000
up to 3 months	-	-
3 to 6 months	-	-
over 6 months	35	72
	35	72

As of 31 December 2021, £848k (2020: £1,032k) of sums owing by project sponsors were not impaired. These relate to donors whose claim processes may be considerably long and time consuming but for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2021 £'000	2020 £'000
up to 3 months	667	839
3 to 6 months	138	69
over 6 months	43	124
	848	1,032
of which amounts not yet due	504	731

Notes to the financial statements

For the year ended 31 December 2021

12. Receivables (continued)

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2021 £'000	2020 £'000
UK Pounds	1,248	1,481
US Dollars	863	1,181
Euros	253	285
other currencies	409	256
	2,773	3,203

Movements on the provision for expected credit losses of contract receivables are as follows:

	2021 £'000	2020 £'000
at 1 January	197	198
provision for expected credit losses	35	104
unused amounts reversed	(63)	(105)
at 31 December	169	197

ii Other receivables

As at 31 December 2021, other receivables decreased by £357k to £884k (2020: £1,241k) as a result of a decrease in VAT due to CABI and reduction in invoices received for the following year.

13. Revaluation reserve

	Wallingford Freehold £'000	Egham Freehold £'000	Delémont Freehold £'000	Total £'000
at 1 January and 31 December 2021	-	1,845	1,300	3,145

A formal property revaluation was carried out using the professional valuers Vail Williams in the UK for the Wallingford and Egham properties on 31 December 2020, Rais Sarl for the Delémont property on 31 August 2020, and Knight Frank for the Nairobi property on 18 November 2020.

14. Financial risk management objectives and policies

CABI's financial risk management objective is to reduce the financial risks and exposures facing the business with respect to changes in foreign exchange rates. To achieve this, CABI undertakes an active hedging policy, including the use of forward exchange contracts, which are entered into under policies approved and monitored by the Board. These transactions are only undertaken to reduce the exposures arising from underlying commercial transactions and at no time are transactions undertaken for speculative reasons.

Foreign currency risk

A large part of CABI's business is transacted in US dollars. The principal commercial currency of CABI is £ sterling. CABI seeks to manage currency exposure wherever possible. In each country where CABI has a corporate operation, income generated and costs incurred are primarily denominated in the relevant local currency, so providing a natural currency hedge.

CABI's exposure to foreign exchange gain/loss against the US dollar is managed to a large extent by the use of forward contracts to sell dollars. The policy is to sell forward 50%-100% of the next 12 months expected net dollar receipts (sales less creditor payments) on a rolling annual basis. The value of these

Notes to the financial statements

For the year ended 31 December 2021

14. Financial risk management objectives and policies (continued)

contracts at 31 December 2021 is shown below and represents approximately 90% (2020: 64%) of projected net dollar receipts for the next 12 months.

The second most significant foreign currency for CABI is the Euro. These were sold during the year on the spot market with any exchange gain or losses arising booked to the Statement of Comprehensive Income.

Interest rate risk

CABI has interest-bearing assets. CABI does not employ financial instruments to mitigate interest risk.

Credit risk

CABI's maximum exposure to credit risk is the aggregate of unimpaired trade and other receivables of £3,678k (2020: £4,444k) and cash and cash equivalents of £12,688k (2020: £12,886k). The organisation has no significant concentrations of credit risk. CABI has implemented policies that require appropriate credit checks on potential customers before sales commence. Significant cash and cash equivalent balances are deposited with high credit-quality financial institutions. Currency hedging transactions are carried out with highly-rated counterparties. Based on the credit history of trade and other receivables, those balances which are not impaired assets or past due are expected to be received.

Liquidity risk

CABI has interest-bearing assets but ready access to funds. This, together with a strong cash position and lack of debt, means that liquidity risk is low.

Recognised fair value of derivative financial instruments

Asset value is the contracted sterling value to be received on the sale of dollars and euros in the following year and liability is the sterling value of those dollar and euros contracts converted at the forward spot rate prevailing at the end of the financial year.

2021 – Value of outstanding forward foreign exchange contracts – US\$3.5m; €nil (2020: US\$3.5m €nil)

	2021	2020
	£'000	£'000
All current		
Assets	2,517	2,735
Liabilities	(2,588)	(2,555)
Net	(71)	180

Net movement in value of outstanding forward contracts was £(251)k (2020: £54k).

Hedging instruments

A hedging relationship is classified as effective when the value of the hedging item moves between 80% and 125% of each movement in the hedged item. All hedging relationships have been tested using statistical methods and were effective at the reporting date.

Forward foreign exchange contracts which are open at 31 December 2021:

Maturity date	Dollar Value \$'000	Exchange Rate	Sterling Value £'000
04.01.2022	500	1.403646	356
04.01.2022	500	1.392134	359
01.02.2022	500	1.355198	369
01.04.2022	500	1.391898	359
01.04.2022	500	1.399375	357
01.07.2022	500	1.397469	358
03.10.2022	500	1.393926	359
Total	3,500		2,517

Notes to the financial statements

For the year ended 31 December 2021

14. Financial risk management objectives and policies (continued)

These forward exchange contracts and corresponding foreign currency receipts will mature within twelve months of the year-end. Movements in the fair value of these forward exchange contracts are recognised as cash flow hedges in the hedging reserve within equity. These amounts are then transferred to operating surplus/deficit when the forecast amounts are received at various dates between one and twelve months after the year-end date. There was no material ineffectiveness of these hedges recorded as of the reporting date.

Financial assets and liabilities

For cash and cash equivalents, trade and other receivables and trade and other payables, fair values, approximate to their book values due to the short maturity periods of these financial instruments. For trade and other receivables, allowances are made within the book value for credit risk. For other financial instruments, fair values are based on market values by applying year-end exchange rates.

As at 31 December 2021	Held at Fair Value Derivatives used for Hedging £'000	Held at Amortised Cost Financial Assets £'000	Financial Liabilities £'000
Financial assets			
Contract and other receivables (notes 4, 12)	-	3,678	-
Cash and equivalents (note 15)	-	12,688	-
Financial liabilities			
Trade and other payables	-	-	(3,205)
Derivative financial instruments (note 14)	(71)	-	-
Total	(71)	16,366	(3,205)
As at 31 December 2020	Held at Fair Value Derivatives used for Hedging £'000	Held at Amortised Cost Financial Assets £'000	Financial Liabilities £'000
Financial assets			
Contract and other receivables (notes 4, 12)	-	4,444	-
Derivative financial instruments (note 14)	180	-	-
Cash and equivalents (note 15)	-	12,886	-
Financial liabilities			
Trade and other payables	-	-	(4,085)
Total	180	17,330	(4,085)

All financial instruments are current and the remaining contractual maturities are within twelve months of the year end.

Notes to the financial statements

For the year ended 31 December 2021

15. Cash and cash equivalents

Cash and bank balances

CABI held or administered cash at bank, in hand and in transit as follows:

	2021 £'000	2020 £'000
CABI	8,868	9,235
CABI Development Fund (CDF) and Plantwise (Note 22)	3,820	3,651
	12,688	12,886

16. Sales income received in advance

This comprises advance payments for issues of CABI journals, CAB Abstracts and other products where the supply takes place in future accounting years, amounting to £3,339k (2020: £3,464k).

17. Sums held on behalf of project sponsors

This comprises funding by donors in advance of work performed on projects, amounting to £8,136k (2020: £8,830k).

18. Other payables

	2021 £'000	2020 £'000
Accruals	1,015	1,033
Tax and social securities	202	220
Lease liabilities (Note 8)	51	27
Other creditors	715	799
Total	1,983	2,079

All financial liabilities are expected to be settled within 12 months of the statement of financial position date.

19. Masters in Advance Studies in Integrated Crop Management (MAS ICM)

CABI has an agreement with the Swiss Agency for Development and Co-operation (SDC) to provide a Masters in advance studies in Integrated Crop Management in conjunction with the Canton of Jura in Switzerland and the University of Neuchâtel.

In 2021, SDC contributed £55k, CHF70k (2020: £170k, CHF200k).

20. European Laboratory in Switzerland

CABI has an agreement with the Swiss Agency for Development and Co-operation (SDC) to develop the idea of establishing a Joint European Laboratory in Switzerland under the umbrella of the existing governance structure of the Joint Laboratory in China.

In 2021, SDC contributed £ nil, CHF nil (2020: £93k, CHF110k).

21. Woody Weeds Plus

CABI has an agreement with the Swiss Agency for Development and Co-operation (SDC) to contribute to the "Woody Weeds Plus" programme, that will support the implementation of the National Prosopis Strategy in Kenya.

In 2021, SDC contributed £288k, CHF350k

Notes to the financial statements

For the year ended 31 December 2021

22. CABI Development Fund (CDF) and Plantwise

Following a decision of the Review Conference held in August 1990, CABI established a partnership facility, now renamed the CABI Development Fund (CDF). Member Countries make donations to the CDF to fund various projects to benefit developing countries. From 2013 onwards, CABI has contributed directly to the CDF via the Designated Fund. At 31 December 2021, the balance of the funds amounting to £3,820k (2020: £3,651k) had been included into CABI's statement of financial position as cash at bank. This cash balance also includes amounts received from donors at the end of 2021 for the Plantwise Plus Programme work to be performed in future years. A summary of income and expenditure for the year, together with balances in the statement of financial position, is shown below:

Income and expenditure account for the year ended 31 December 2021

	CDF (inc Action on Invasives) £'000	Plantwise £'000	Plantwise Plus £'000	Total £'000
Balance brought forward from 2020	389	898	2,364	3,651
Funds received 2021 :				
Foreign Commonwealth and Development Office (UK) (£2,145k)	874	-	1,271	2,145
Swiss Agency for Development and Co-operation (£1,000k and CHF100k)	-	81	1,000	1,081
Directorate General for International Co-operation (DGIS) Netherlands (£2,014k)	-	-	2,014	2,014
European Commission DG International Partnerships (INTPA) (£1,230k)	-	-	1,230	1,230
Embassy Kingdom of the Netherlands, Burundi (EKN Burundi) (£141k)	-	121	-	121
The Dutch Organisation for Internationalisation of Education (NUFFIC) (£240k)	-	205	-	205
The International fund for Agriculture Development (IFAD) (USD\$134k)	-	101	-	101
Australian Centre for International Agricultural Research (AUS\$285k)	157	-	-	157
Chinese Ministry of Agriculture and Rural Affairs (US\$360k)	218	-	43	261
CABI Contribution (Designated Fund) (£75k)	75	-	-	75
Other (Note i)	17	17	-	34
Total funds received	1,341	525	5,558	7,424
Expenditure 2021:				
Plantwise (Note ii) / PlantwisePlus	-	1,259	4,266	5,525
Action on Invasives	406	-	-	406
CABI Development Fund (CDF)	1,324	-	-	1,324
Total expenditure	1,730	1,259	4,266	7,255
Balance carried forward	-	164	3,656	3,820
Cash at bank (note 15)				3,820

Notes:

- As part of CDF, CABI received £17k for the Action on Invasives Programme, Netherland Ministry of Agriculture-LNV.
- Plantwise expenditure included £267k with funding received from The Dutch Organisation for Internationalisation of Education (NUFFIC) and £268k with funding received from The Embassy Kingdom of the Netherlands, Burundi (EKN Burundi).

Notes to the financial statements

For the year ended 31 December 2021

23. Post-employment benefits

Pension scheme

The CAB International Pension Scheme ("the Scheme") is a hybrid scheme.

Benefits have been accrued in the Defined Contribution (DC) Section for joiners after August 2007 and in respect of salaries in excess of the £30,000 cap for Defined Benefit (DB) members. From 31 March 2016, the DB Section of the Scheme closed to future accrual, so all future contributions are limited to the DC Section. During 2021, CABI made total contributions to the DC Section of the Scheme of £689k, (2020: £698k).

The following pension disclosure relates solely to the DB Section of the Scheme:

CAB International (CABI) and the International Food Information Service (IFIS) were previously both participating employers in the Scheme. The assets were notionally split between the two Employers in line with their share of the liabilities. All deficit contributions paid by each Employer were proportionate to their respective shares of the liabilities. From 31 October 2016, the DB Section of the Scheme was segregated into two distinct sections. These disclosures now relate solely to the CABI DB Section of the Scheme. The assets are held in a separate Trustee-administered fund. Financial Statements are prepared for this fund and audited by BHP LLP.

Actuarial valuations of the assets and liabilities of the Scheme are carried out at least once every three years by external actuaries to determine the financial position of the Scheme. A full valuation in accordance with section 224 of the Pensions Act 2004 was carried out as at 31 December 2020 by Aon Hewitt Limited. At that date, the market value of the Scheme's assets, excluding investments held by AVC providers, was £62.6m (previous valuation: £52.0m). The value of the Scheme's liabilities exceeded the value of the assets by £83.6m. The assets provided a level of cover of 43% (previous valuation: 40%) of the liabilities. The valuation was based on the Projected Unit method of funding to assess the accrued funding position of the Scheme.

For the purpose of CABI's Financial Statements, the Scheme's 31 December 2020 valuation results were rolled forward to 31 December 2021. The pension liabilities were recalculated on the IAS19 basis using the projected unit method.

CABI has previously been paying contributions in accordance with the schedule of contributions to eliminate the deficit by 2054, including additional contributions, as follows:

	Scheduled Contributions £'000	Additional Contributions £'000	Total Contributions £'000
• 2010	500	200	700
• 2011	600	300	900
• 2012	700	-	700
• 2013	800	180	980
• 2014	900	100	1,000
• 2015	1,000	200	1,200
• 2016	1,250	150	1,400
• 2017	1,400	-	1,400
• 2018	1,500	-	1,500
• 2019	1,678	-	1,678
• 2020	1,760	575	2,335
• 2021	1,846	450	2,296

Thereafter increasing by 5.2% per annum until contributions reach £2.5m when they will increase by CPI each year.

Notes to the financial statements

For the year ended 31 December 2021

23. Post-employment benefits (continued)

IAS 19: Retirement Benefit Schemes - Defined Benefit Schemes

The principal actuarial assumptions used were as follows:

i. Assumptions

	2021	2020
Discount rate	1.8%	1.3%
RPI inflation	3.3%	2.9%
CPI inflation	2.6%	2.0%
Future pension increases	3.3%	2.9%
Revaluation in deferment:		
pre 1 August 2007	3.3%	2.9%
post 31 July 2007	2.6%	2.0%
Mortality (base table)	S3PA	S2PA
Mortality (future improvements)	CMI1.0%	CMI1.0%
Commutation at retirement	20.0%	12.0%

The S3PA mortality base tables are based on experience of members of occupational pension schemes. The mortality investigation was carried out by the CMI (Continuous Mortality Investigation). The Actuary has stated the mortality-based table reflects the likely mortality experience of the CABI scheme members.

The principal assumptions made to calculate the net pension liability are subject to the following measures of sensitivity:

- decreasing the discount rate assumption by 0.5% per annum would increase obligations by around £15m
- increasing the inflation assumption by 0.5% per annum would increase obligations by around £13m
- increasing the assumed long-term rate of future mortality improvements by 0.5% per annum would increase obligations by around £3m

The life expectancies relating to the UK mortality assumptions quoted above are detailed in the table below:

	2021 S3PA CMI 1.0%	2020 S2PA CMI 1.0%
Life expectancy of a male currently aged 60	86.8	86.0
Life expectancy of a male aged 60 in 20 years	88.0	87.2
Life expectancy of a female currently aged 60	89.3	88.1
Life expectancy of a female aged 60 in 20 years	90.5	89.4

Notes to the financial statements

For the year ended 31 December 2021

23. Post-employment benefits (continued)

Asset values as at 31 December 2021 are detailed in the table below.

ii. Assets

Fund	asset split	market value £'000
Aon Hewitt	98.6%	63,868
Trustee bank account	1.4%	933
Total Assets		64,801

The plan assets do not include any of CABI's own financial instruments, nor any property occupied by, or other assets used by, CABI.

iii. Results

The amounts recognised in the statement of comprehensive income are as follows:

	2021 £'000	2020 £'000
Pension scheme expenses (excluding investment-related expenses)	499	520
Past service cost	-	4
Net interest expense on net defined benefit liability	1,434	2,067
Actuarial losses	(8,311)	12,186
Total losses	(6,378)	14,777

Of the total of £(6,378)k (2020: £14,777k), total cash deficit contributions of £2,296k (2020: £2,335k) were recorded as staff costs. In addition the UK Foreign, Commonwealth and Development Office funded a £2,500k contribution to the scheme (2020: £9,000k) which has been deducted from pension losses recorded in other comprehensive (deficit)/surplus. Therefore, £11,174k (2020: £(3,442)k) non-cash contributions are recorded in other comprehensive surplus/(deficit) as other gains/(losses) on defined benefit pension scheme.

Changes in the present value of the defined benefit obligation, with the comparative disclosures from the previous year-end position, are as follows:

	2021 £'000	2020 £'000
Opening defined benefit obligation	(171,878)	(157,946)
Interest expenses on defined benefit obligation	(2,206)	(3,113)
Remeasurement – effect of changes in assumptions loss	3,869	(15,367)
Benefits paid	4,372	4,552
Past service cost	-	(4)
Closing defined benefit obligation	(165,843)	(171,878)

The gains from the remeasurement – effect of changes in assumptions (loss)/gain were split as follows:

- Financial assumptions £3,516k gain (2020: £(19,172)k loss)
- Demographic assumptions £(1,837)k loss (2020: £(623)k loss)
- Experience adjustments £2,190k gain (2020: £4,428k gain)

Notes to the financial statements

For the year ended 31 December 2021

23. Post-employment benefits (continued)

Changes in the fair value of scheme assets, again with the comparative disclosures from the previous year-end position, are as follows:

	2021	2020
	£'000	£'000
Opening fair value of plan assets	59,662	49,172
Interest income on plan assets	772	1,046
Remeasurement – return on plan assets excluding interest income gain	4,442	3,181
Pension scheme expenses (excluding investment-related expenses)	(499)	(520)
Contributions by employer	4,796	11,335
Benefits paid	(4,372)	(4,552)
Closing fair value of plan assets	64,801	59,662

The amounts recognised in the statement of financial position arising from CABI's obligations in respect of its defined benefit schemes are as follows:

	2021	2020
	£'000	£'000
Defined benefit obligation	(165,843)	(171,878)
Fair value of plan assets	64,801	59,662
Net defined benefit liability	(101,042)	(112,216)

CABI expects to contribute approximately £1,937k to its defined benefit plan in 2022 (including an allowance for expenses), an additional £500k from the UK Foreign, Commonwealth and Development Office being the final tranche of the £12,000k commitment and a further £500k per budget raised from additional Member Country fees, while around £4,516k is expected to be paid out of the scheme as benefit payments.

iv. History of gains / losses

	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(165,843)	(171,878)	(157,946)	(145,416)	(160,769)
Scheme assets	64,801	59,662	49,172	46,836	52,498
Deficit	(101,042)	(112,216)	(108,774)	(98,580)	(108,271)
Experience adjustments on liabilities	2,190	4,428	3,130	-	-
Experience adjustments on assets	4,442	3,181	4,329	(3,269)	1,832

Notes to the financial statements

For the year ended 31 December 2021

23. Post-employment benefits (continued)

v. Risk management

CABI as principal employer works closely with the Trustee to manage the risks of the scheme. In relation to risk the Board can confirm the following:

- the Trustee does not have the power to wind up the scheme without employer consent. The only exception is if a wind-up trigger occurs (employer ceases to carry on business; employer goes into dissolution or voluntary or compulsory liquidation; employer has administrator or administrative receiver appointed over any asset or undertaking; employer ceases to be an associated employer; employer gives notice to cease obligation to pay future contributions) in relation to the Principal Employer (CABI) and in the Trustee's opinion a substitute Employer will not be appointed
- the rules of the scheme require contribution rates to be set jointly by the Trustees and the Principal Employer (CABI) having consulted and obtained the recommendation of the Actuary, subject to the provisions of the 1995 and 2004 Pensions Acts
- there is no significant risk of debt payments becoming due to the scheme
- there is an agreement in place between the Principal Employer (CABI) and the Trustees in relation to CABI's Database. This provides the Trustee with rights to this asset under specified circumstances
- there are no outstanding issues in the pension scheme such as uncertainties over the contractual obligation to benefits which may have a material impact on the pension benefits payable, or any other unusual, entity-specific or plan-specific risks
- there is now greater clarity concerning the eligibility of the Scheme to the Pension Protection Fund and the basis for the calculation of the levy
- in addition to the steps already taken (closure to future benefit accrual, segregation of the Scheme), CABI and the Trustees of the Scheme plan to ensure the long-term liquidity of the Scheme through a combination of:
 - cash generated from the Scheme assets
 - potential sale of the Egham property
 - increase in Employer contributions
 - reduction in ongoing pension scheme costs
 - CABIs Member Countries agreed to increase membership fees to provide additional contributions to the scheme. In addition, the UK Foreign, Commonwealth and Development Office has made one-off payments into the scheme from 2020-2021 that total £12m.

24. Future commitments and leases

Capital expenditure commitments outstanding at 31 December 2021 amount to £nil (2020: £nil).

Lease commitments, relating to short-term and low-value leases as at 31 December are as follows:

	2021 £'000	2020 £'000
No later than 1 year	59	47
Later than 1 year and no later than 5 years	53	47
Later than 5 years	2	-
Total	114	94

Notes to the financial statements

For the year ended 31 December 2021

25. Exceptional items

In June 2020, the remaining parcel of land that formed part of the 2015 contract for sale passed into the possession of CALA and this triggered the final payment of £6m and recognition of the remaining gain on sale of £2.5m in the 2020 Statement of Comprehensive Income.

At the end of 2020, independent revaluations were performed on the properties owned by CABI in the UK (at Wallingford and Egham), Delemont in Switzerland and Nairobi in Kenya. In total there was a £2.8m revaluation loss for the Wallingford and Nairobi sites (a function in large part of the decline in commercial property values arising from the pandemic). The aggregate revaluation gains for the properties at Egham and Delemont are held in the Revaluation reserve.

26. Controlling party

CABI is ultimately controlled by the Review Conference which, as a body, represents the Member Countries.

CABI Head office
Nosworthy Way, Wallingford, Oxfordshire, OX10 8DE, UK
T: +44 (0) 1491 832111, **E:** corporate@cabi.org