CABI Annual Report & Financial Statements

31 December 2022

Contents

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.

CABI uses its skills in science, development and publishing to work on the biggest challenges facing humanity – hunger, poverty, gender inequality, climate change and the loss of biodiversity.

CABI, guided by its 49 Member Countries, will improve the food security and livelihoods of smallholder communities, help communities adapt to the impacts of climate change, reduce inequality through better opportunities for rural women and youth, safeguard biodiversity and support the sustainable use of natural resources, and increase the reach, application and impact of science in agriculture and the environment. All this will contribute to the United Nations Sustainable Development Goals (SDGs).

For more information go to **www.cabi.org**

CABI corporate directory

Board Members

Mr Roger Horton [2,3] (Chair)
Mr Christoph Chesher [3] (appointed June 2022)
Dr Daniel Elger
Mr Andrew Jack[2]
Mr Akhter Mateen[1]
Mr Robert Sloley
Mr Paulus Verschuren[1](retired March 2023)
Mr Prem Warrior[3] (retired February 2022)
Dr Lutz-Peter Berg[2,4] (retired March 2023)
HE Vishnu Dhanpaul [2,4] (appointed March 2023)
Dame Anne Glover[1] (retired April 2022)
Ms Chileshe Kapwepwe 1 (appointed June 2022)
Prof Ruth Oniang'o[2] (retired February 2022)
Ms Ann Tutwiler [3] (appointed March 2022)
Ms Marcy Vigoda (appointed December 2022)

Board Observers

Mr Duncan Barker (UK)
Mr Lakmini Mendis (Sri Lanka)
Mr Colin Barker (Canada)

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

Summary

2022 was another solid year for CABI financially with revenue growth, following the COVID pandemic related disruption of 2020 and 2021, contributing to an operating surplus of £358k (before the transfers to the Designated and Investment Funds). This surplus exceeded internal budget expectations but there was still a reduction on the prior year (2021: £532k) because of the adverse impact of general cost inflation.

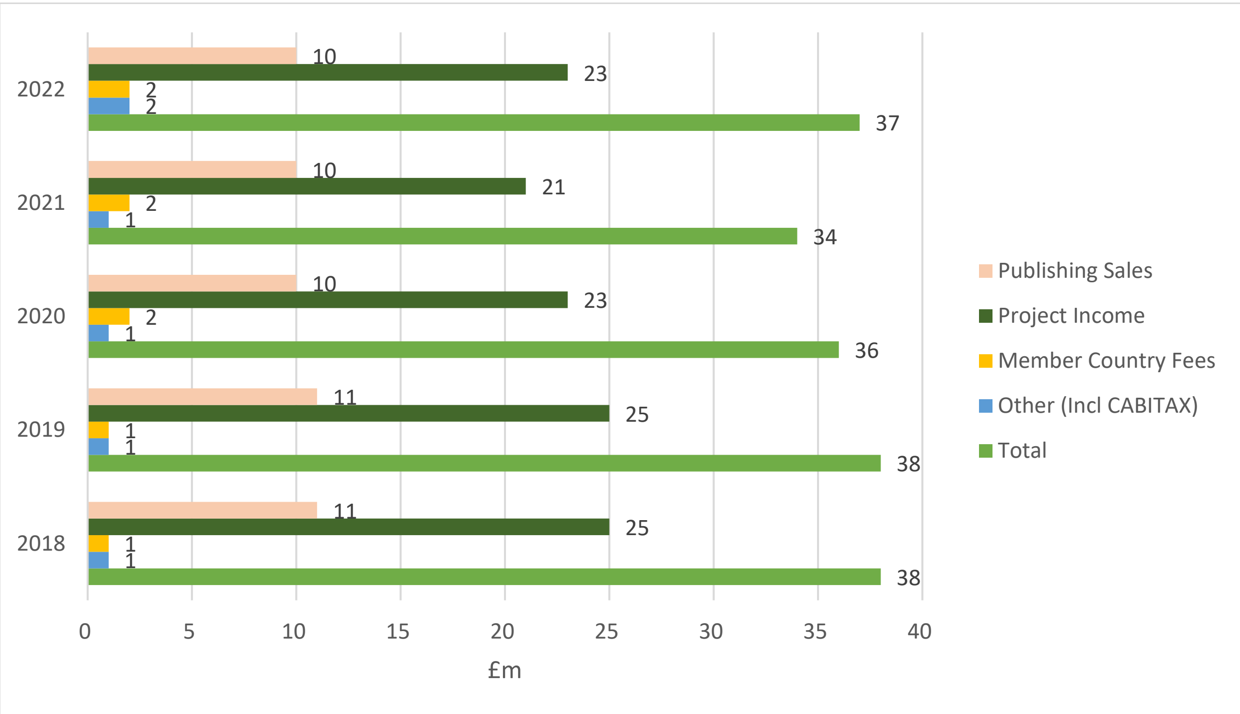
CABI's total income at £36.9m in 2022 represents a 7.4% increase on the prior year (2021: £34.3m) driven principally by the Plantwise Programme. In difficult market conditions, Publishing sales (database and books) performed broadly in line with expectations albeit declining by 2.1% on the prior year to £10,103k (2021: £10,319k). However, Compendia and new e-learning products on crop pest diagnosis and management (reported under Other Publishing Sales in Note 3) showed some good growth on 2021. Total costs before the Designated Fund and Investment Fund increased from £33,768k to £36,556k in 2022 due in large part to the growth in project related direct 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 2022, SciDev.Net income reduced to £1,073k (2021: £1,079k) which, alongside general inflation related increases in costs, caused SciDev.Net to slip to a £28k deficit in the year (2021: £71k surplus).

The CABI Designated Fund was created to allow CABI to formally co-fund projects. In 2021, the CABI Board also approved the creation of the CABI Investment Fund. The CABI Investment Fund has the purpose of providing initial funding for the development and implementation of products, systems and processes to generate profitable income in future years. In 2022, a total of £250k (2021: £350k) and £75k (2021: £75k) were transferred into the Investment and Designated Funds respectively. The operating surplus for the year, after the drawings from the Designated and Investment Funds, was £133k (2021: £457k).

The end of year total cash balance, at £9,606k (2021: £12,688k), reduced over the year because of disbursements related to the high level of project activity but still remains at a relatively healthy level.

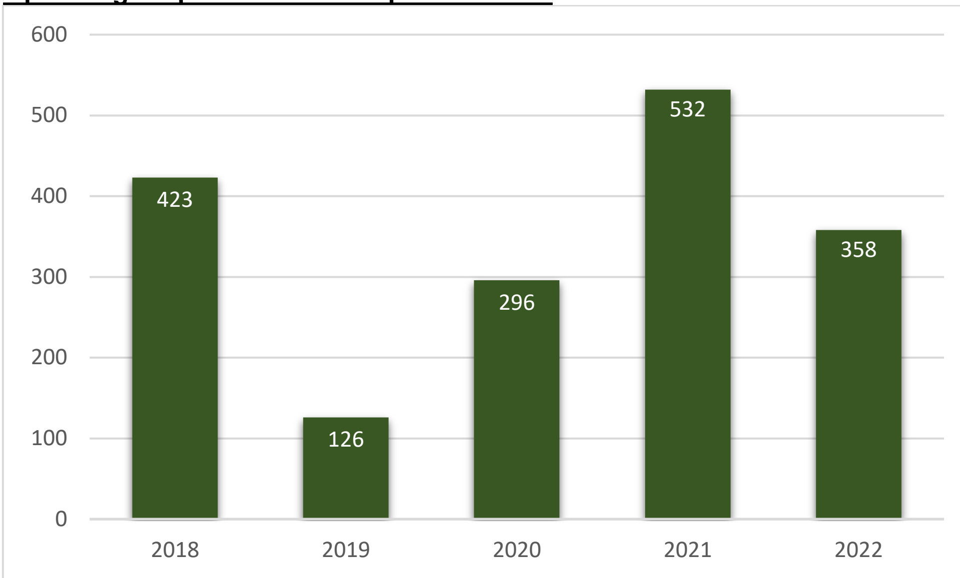
Income



Report of the Board
Financial report

Total income at £36,852k (2021: £34,298k) increased during the year primarily due to a significant increase in project implementation, especially from the Plantwise Plus Programme, after the disruption arising from the Covid-19 pandemic. There was a reduction in total publishing (database and books) revenue of 2.1% caused in part by delays in commissioning of books. Income from recovery of CABItax increased to £1,372k (2021: £1,288k) due to an increase in staff and inflation related increases in salary costs.

Operating surplus before exceptional items



Operating surplus (before the Designated and Investment Funds and exceptional items) decreased by £174k to £358k in 2022 driven by the increase in total expenditure of £2,788k to £36,556k (2021: £33,768k). The principal drivers of that growth in expenditure were direct project costs, related to the increase in project revenue, and also indirect, especially travel, costs which increased substantially with the ending of Covid related restrictions.

Total headcount at 441 (based on a monthly average) is in line with prior year at 442.

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 2022, at £25,517k, the other comprehensive surplus before the Designated and Investment Funds was driven by a significant decrease in the net liability on the UK defined benefit pension scheme of £25,902k This reduction in the liability was driven principally by the increase in UK bond yields linked to rising interest rates. The full value of the pension deficit of £75,140k (2021: £101,042k) 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 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 reach £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 a final £0.5m tranche from FCDO) amounted to £2.9m in 2022 (2021: £4.8m)

Statement of financial position and cash flow

The total cash balance decreased to £9,606k from £12,688k primarily due to an increase in cash disbursements required for project implementation and reflected in the decline in 'Sums held on behalf of project sponsors' to £5,683k (2021: £8,136k).

The UK Defined Benefit Pension Scheme deficit drives the total accumulated deficit for CABI of £57,595k in the statement of financial position (2021: £83,530k). 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 significant 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 the past three years 2020-22, a total of £19m was paid into the Scheme (this compares with £4.6m in the previous three years 2017-19).
- 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 are 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 2023–25 has been laid out in the CABI Medium Term Strategy (MTS) which was approved by Review Conference in September 2022 and has been made public on the CABI website. CABI works on some of the biggest challenges facing humanity: hunger, poverty, gender inequality, climate change and loss of biodiversity. The Medium Term Strategy sets out a plan in each of these areas over the next three years with five major goals:

1. improve the food security and livelihoods of smallholder communities.
2. help communities adapt to the impacts of climate change
3. reduce inequality through better opportunities for rural women and youth
4. safeguard biodiversity and support the sustainable use of natural resources
5. increase the reach, application and impact of science in agriculture and the environment

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

- 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 enhance back-office systems and processes to better support CABI's growth aspirations and plans
- 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, 48% of staff are female (2021:43%); 25% of the Executive Management Team (2021: 25%) and 34% of Senior Managers (2021: 30%). In CABI's 2022 Staff Survey 85% of staff believed that CABI values diversity (83% in the previous 2020 survey). Where gender was volunteered, 34% of job applicants (2021: 41%), 47% of interviewees (2021: 67%), and 67% of appointees (2021: 68%) were female. In 2022, we conducted a major campaign to appoint new members of the Board; although over 80% of the over 500 applicants received were men, three of the four Non-Executive Directors appointed were women.

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 2022, 'per capita emissions' almost doubled because of the increase in air travel following the cessation of Covid related restrictions in many parts of the world. However, overall, per capita carbon emissions were 46% lower in 2022 than the 2016 baseline level with the reduction driven in large part by the opening of the new Wallingford Headquarters building in 2020, which is significantly more energy efficient than the building it replaced. In 2022, a new climate conscious travel policy was introduced to try and minimise as far as possible the environmental impact of business travel. The environment strategies, together with the 2022 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 2023

Following the Covid-related disruption of the past couple of years, the income growth in 2022 is expected to be repeated in 2023 as the donor funding is in place to support continued increases in project related income. With funding secured in 2023 for most of the major projects, in-country execution remains a 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 again be particularly important given the persistence of inflationary pressures globally.

The specific financial risks to the financial plan for 2023 and measures to mitigate those risks, are 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. We continue 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 2023.

2. *A delay in the implementation of CABIs science-based agricultural and environmental projects and programmes around the world as a result of resource and other constraints*. A number of practical steps have taken to improve the speed, quantity and quality of recruitment to ensure CABI's projects are properly resourced.

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 active cost management and seeking areas to reduce expenditure where it is possible to do so.

In sum the actions that have been taken, and continue to be taken, to manage financial risk mean that CABI has been able to exceed budget expectations in each of the last three years and is reasonably well placed to meet the continuing financial challenges.

Further information on CABI's activities and achievements in 2022 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 last Review Conference was held in Oxford in the UK in September 2022 where the CABI Medium Term Strategy 2023–25 was agreed.

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 Sub-Committee meets 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 2).

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, recruitment, retention and motivation: the risks to health and physical security of employees as well as the intellectual capital of CABI that needs to be continuously maintained and 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 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.

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,

Mr Robert Sloley, CFO
13th June 2023

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 2022 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, 2022 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 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. 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 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

21 June 2023

Statement of comprehensive income
For the year ended 31 December 2022

	Note	CABI 2022 £'000	Designated Fund 2022 £'000	Investment Fund 2022 £'000	Total 2022 £'000	Total 2021 £'000
Income						
Sales and project income	3	32,999	-	-	32,999	30,558
Member Country contributions	4	2,339	-	-	2,339	2,347
CABITAX recovery		1372	-	-	1372	1,288
Miscellaneous income		142	-	-	142	105
		36,852	-	-	36,852	34,298
Expenditure						
Staff costs	5	(10,315)	-	-	(10,315)	(9,953)
Direct project costs	7	(19,666)	-	-	(19,666)	(16,741)
Production		(3,059)	-	-	(3,059)	(2,912)
Facilities and maintenance		(1,447)	-	-	(1,447)	(1,389)
Sales and distribution		(381)	-	-	(381)	(344)
Travel		(413)	-	-	(413)	(48)
Depreciation and leasehold amortisation	8	(691)	-	-	(691)	(768)
Consultants and freelancers		(528)	-	-	(528)	(503)
Restructuring costs	5	(38)	-	-	(38)	(254)
Expected credit losses from Member Country contributions	4	(210)	-	-	(210)	(351)
Associated company loss	9	(95)	-	-	(95)	(165)
Profit on foreign currency exchange		850	-	-	850	166
Other costs		(563)	(75)	(150)	(788)	(581)
		(36,556)	(75)	(150)	(36,781)	(33,843)
Operating surplus / (deficit) before interest	10	**296**	**(75)**	**(150)**	**71**	**455**
Interest receivable		62	-	-	62	2
		62	-	-	62	2
Operating surplus/(deficit) for the year before exceptional items		**358**	**(75)**	**(150)**	**133**	**457**
Other comprehensive surplus/(deficit) items that may be subsequently reclassified to operating surplus/(deficit)						
Cash flow hedges	14	(60)	-	-	(60)	(251)
Movement between funds		(325)	75	250	-	-
Other gains on defined benefit pension scheme	22	25,902	-	-	25,902	11,174
		25,517	**75**	**250**	**25,842**	**10,923**
Total comprehensive surplus for the year		**25,875**	**-**	**100**	**25,975**	**11,380**

Statement of financial position
As at 31 December 2022

	Note	**2022 £'000**	2021 £'000
Assets			
Non-current assets			
Land and buildings	8	14,924	14,853
Plant and equipment	8	1,167	1,188
Intangibles	8	691	344
Intangibles - goodwill		113	113
Investments accounted for using the equity method	9	631	756
		17,526	17,254
Current assets			
Inventories			
- books	11	221	334
- projects	11	2,357	1,864
Contract receivables, net of provisions:			
- sales receivables	12	2,096	1,925
- sums owing by project sponsors	12	1,424	848
Amounts receivable from member countries	4	98	21
Other financial assets:			
- cash and cash equivalents	15	9,606	12,688
Other receivables	12	1,171	884
		16,973	18,564
Total assets		**34,499**	**35,818**
Equity and liabilities			
Equity			
Revaluation reserve	13	(3,145)	(3,145)
Cash flow hedges	14	131	71
Designated fund		(75)	(75)
Investment fund		(450)	(350)
Accumulated deficit		57,595	83,530
Total equity		54,056	80,031
Liabilities			
Non-current liabilities			
Post-employment benefits	22	(75,140)	(101,042)
Lease liabilities	8	(31)	(56)
		(75,171)	(101,098)
Current liabilities			
Sales income received in advance	16	(3,252)	(3,339)
Member contributions in advance	4	(848)	-
Sums held on behalf of project sponsors	17	(5,683)	(8,136)
Trade and other payables:			
- trade payables		(1,104)	(1,222)
- other payables	18	(2,366)	(1,983)
Other financial liabilities:			
- derivative financial liability	14	(131)	(71)
		(13,384)	(14,751)
Total liabilities		(88,555)	(115,849)
Total equity and liabilities		**(34,499)**	**(35,818)**

The Financial Statements on pages 13 to 39 were approved by the Board on 13th June 2023 and were signed on its behalf by:

Dr Daniel Elger, CEO

Statement of cash flows
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash used in continuing operations	i	(1,887)	(37)
Net cash used in operating activities		(1,887)	(37)
Cash flows from investing activities:			
Payments to acquire tangible fixed assets	8	(781)	(448)
Payments to acquire intangible assets	8	(450)	(65)
Interest received		62	2
Dividends received from Conidia	9	30	406
Net cash used in investing activities		(1,139)	(105)
Cash flows from financing activities:			
Principal elements of lease payments		(56)	(56)
Net cash used in financing activities		(56)	(56)
Net decrease in cash and cash equivalents	ii, iii	**(3,082)**	**(198)**

NOTES TO THE CASH FLOW STATEMENT

(i) Reconciliation of operating surplus to net cash generated from/(used in) continuing operations	Note	2022 £'000	2021 £'000
Operating surplus before interest		71	455
Depreciation and amortisation charges	8	691	768
Share of associated company profits	9(i)(ii)	95	165
Loss on disposal of property, plant, equipment		-	17
Write off course of construction		143	-
Increase in lease liability		25	118
Increase in inventories		(380)	(495)
(Increase)/decrease in contract receivables		(824)	409
Increase/(decrease) in trade and other payables		271	(928)
Decrease in income in advance		(1,692)	(903)
(Increase)/decrease in other receivables		(287)	357
Cash used in continuing operations		(1,887)	(37)

(ii) Movement in net cash during the year	2022 £'000	2021 £'000
Net cash at 1 January	12,688	12,886
Net cash at 31 December	9,606	12,688
Movement in net cash during the year	**(3,082)**	**(198)**

(iii) Analysis of movement in net cash	**1.1.2022 £'000**	**Cash Flows £'000**	**31.12.2022 £'000**
Cash at bank in hand and in transit	12,688	(3,082)	9,606
Net cash	**12,688**	**(3,082)**	**9,606**

Statement of changes in equity
For the year ended 31 December 2022

2022	Accumulated Deficit £'000	Designated Fund £'000	Investment Fund £'000	Cash Flow Hedges £'000	Revaluation Reserve £'000	Total Equity £'000
Balance at 1 January 2022	(83,530)	75	350	(71)	3,145	(80,031)
Operating deficit for the year	358	(75)	(150)	-	-	133
Other comprehensive surplus/(deficit) for the year:						
Other gains on defined benefit pension scheme	25,902	-	-	-	-	25,902
Cashflow hedges	-	-		(60)	-	(60)
Movement of funds	(325)	75	250	-	-	-
Balance at 31 December 2022	**(57,595)**	**75**	**450**	**(131)**	**3,145**	**(54,056)**

2021	Accumulated Deficit £'000	Designated Fund £'000	Investment Fund £'000	Cash Flow Hedges £'000	Revaluation Reserve £'000	Total Equity £'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)**

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 legal name to CAB International from 1986. It now includes numerous 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 legal 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 more than 20 locations globally with major hubs in Kenya, Pakistan, Switzerland and the UK and smaller sites in Brazil, China, Ghana, India, Malaysia, the Netherlands, Trinidad and Tobago, the United States and Zambia.

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, 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

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 commitments have been secured with a number of donors
the underlying operating performance and the overall cash position were positive as at 31 December 2022 and the cash balance and operating performance is expected to remain positive through 2023.

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.

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, denominated in foreign currencies are converted at the exchange rate ruling on the last working day of the accounting year. Income and expenditure are recognised at the transaction date, with the exception of Publishing revenue which is recongised at the budget rate supported by the hedging instruments described above.

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.

2. Accounting policies (continued)

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 (£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)

2. Accounting policies (continued)

The classification is determined by both:
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.

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 22.

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:

Reference to the Conceptual Framework – amendments to IFRS 3
Onerous Contracts – Costs of Fulfilling a Contract – amendments to IAS 37
Property, Plant and Equipment – Proceeds before Intended Use – amendments to IAS 16

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.

Effective for annual periods commencing on or after 1 January 2023:
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

Effective for annual periods commencing on or after 1 January 2024
Classification of liabilities as current or non-current – amendment to IAS 1 (not yet been endorsed by the UK Endorsement Board)
Lease Liability in a Sale and Leaseback - amendments to IFRS 16
Non-current Liabilities with Covenants – amendments to IAS 1 (not yet been endorsed by the UK Endorsement Board)

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

2. Accounting policies (continued)

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 22.

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.

Property Valuations
See Note 2x

3. Sales and project income

Sales and project income comprised:

	2022	2021
	£'000	£'000
Database products	7,519	7,794
Books	1,653	1,779
Other	931	746
Publishing Sales	10,103	10,319
Programme Funded Projects (incl Plantwise)	9,119	6,880
Other Donor Funded Projects	13,777	13,359
Sales and Project Income	**32,999**	**30,558**

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 2022

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 2022 now stands at £2,839k (2021: £2,629k). An analysis of member contributions for the year and total post-1991 arrears is shown below:

	Gross Balance at 31.12.22	Arrears to 1991 Fully Provided	Net Balance at 31.12.22	Contributions in Statement of Comprehensive Income	
				2022	2021
	£	£	£	**£**	£
Afghanistan	52,105	-	52,105	14,000	14,000
Anguilla	7,913	-	7,913	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	14,000	14,000
Bermuda	47,646	-	47,646	8,000	8,000
Botswana	14,000	-	14,000	14,000	14,000
Brunei	14,000	-	14,000	14,000	14,000
Burundi	117,880	-	117,880	14,000	14,000
Canada	-	-	-	323,000	323,000
Chile	88,801	-	88,801	35,000	35,000
China	-	-	-	308,500	308,500
Colombia	138,025	-	138,025	35,000	35,000
Cote d'Ivoire	65,130	-	65,130	14,000	14,000
Cyprus (withdrew 29/07/21)	35,880	-	35,880	-	8,167
Ethiopia	4,666	-	4,666	14,000	14,000
Gambia	203,867	49,796	154,071	14,000	14,000
Ghana	201,187	101,307	99,880	14,000	14,000
Grenada	68,460	-	68,460	14,000	14,000
Guyana	158,494	46,614	111,880	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	620	-	620	14,000	14,000
Kenya	6,210	-	6,210	14,000	14,000
DPR Korea	42,000	-	42,000	14,000	14,000
Malawi	117,558	-	117,558	14,000	14,000
Malaysia	-	-	-	35,000	35,000
Mauritius	49,000	-	49,000	14,000	14,000
Montserrat	2,800	-	2,800	1,400	1,400
Morocco (withdrew 14/10/10)	6,750	-	6,750	-	-
Myanmar	714	-	714	14,000	14,000
Netherlands	-	-	-	263,000	263,000
Nigeria	401,271	202,442	198,829	14,000	14,000
Pakistan	15,149	-	15,149	14,000	14,000
Papua New Guinea	28,000	-	28,000	14,000	14,000
Philippines	-	-	-	14,000	14,000
Rwanda	84,880	-	84,880	14,000	14,000
Sierra Leone	231,355	77,991	153,364	14,000	14,000
Solomon Islands	114,880	-	114,880	14,000	14,000
South Africa	35,000	-	35,000	35,000	35,000
Sri Lanka	35,000	-	35,000	14,000	14,000
St Helena	5,288	-	5,288	1,400	1,400
Switzerland	-	-	-	141,000	141,000
Tanzania	106,827	51,967	54,860	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	28,000	-	28,000	14,000	14,000
Virgin Islands	-	-	-	1,400	1,400
Zambia	98,880	-	98,880	14,000	14,000
Zimbabwe	96,710	-	96,710	14,000	14,000
Provisions	-	-	(2,249,220)	-	-
Total	**2,937,194**	**589,974**	**98,000**	**2,338,600**	**2,346,767**

Member Country Contributions of £848k (2021: £Nil) were paid in advance.

5. Staff costs

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

	2022 £'000	2021 £'000
Staff salaries and bonus	15,571	14,461
Social security payments	996	888
Pension contributions & other benefits	4,650	4,292
Associated staff costs	191	143
Recoveries to direct project costs (note 7)	(9,630)	(8,539)
Recoveries to production costs	(1,463)	(1,292)
	10,315	**9,953**

The total costs of employing CABI's staff for 2022 amounted to £18,971k (2021: £17,488k) 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 £2,437k (2021: £2,296k).

The monthly average number of employees for 2022 was 441 (2021: 442), giving an average employment cost of £43k (2021: £40k) 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.

	2022	2021
£240,000 to £249,999	1	-
£230,000 to £239,999	-	1
£200,000 to £209,999	1	-
£190,000 to £199,999	2	2
£180,000 to £189,999	1	2
£160,000 to £169,999	1	-
£140,000 to £149,999	1	2
£130,000 to £139,999	2	-
£120,000 to £129,999	1	1
£110,000 to £119,999	3	2
£100,000 to £109,999	5	3
£90,000 to £99,999	5	7
£80,000 to £89,999	5	9
	28	**29**

Pension payments in respect of the employees in the above table to the defined contribution pension scheme totalled £265k (2021: £218k). Payments of £138k (2021: £91k) 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 £460k (2021: £358k) in CABITAX.

The total restructuring costs for 2022 amounted to £38k (2021: £254k).

6. Key management and Board compensation

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

	2022 £'000	2021 £'000
Salaries and other short-term employee benefits	1,438	1,377
Other long-term benefits	60	60
Total	**1,498**	**1,437**

Salaries includes other short-term employee benefits including in lieu of pension contributions

Eleven non-executive members of the Board (2021:8) received honorarium payments of £46k in total (2021: £48k) and directly incurred expenses of £15k in total (2021 £4k).

7. Direct project costs

Direct project costs comprised:

	2022 £'000	2021 £'000
Staff costs (note 5)	9,630	8,539
Other direct costs	10,036	8,202
	19,666	**16,741**

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 2022	15,000	104	4,859	996	20,959
Additions	-	374	407	450	1,231
Write off	-	(143)	-	-	(143)
at 31 December 2022	**15,000**	**335**	**5,266**	**1,446**	**22,047**
Accumulated depreciation and amortisation					
at 1 January 2022	251	-	3,671	652	4,574
Provided in year	160	-	428	103	691
at 31 December 2022	**411**	**-**	**4,099**	**755**	**5,265**
NBV at 31 December 2022	**14,589**	**335**	**1,167**	**691**	**16,782**

Included within Plant and Equipment is IT Equipment and Vehicles recognised as Right of Use assets under IFRS 16 – Net Book Value £77k (2021: £108k).

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

	2022 £'000	2021 £'000
Non-current Assets (net book value)		
Equipment	69	108
Vehicles	8	0
Total	**77**	**108**
Lease Liabilities		
Current (Note 18)	45	51
Non-current	31	56
Total	**76**	**107**

Amounts recognised in the Statement of Comprehensive Income:

	2022 £'000	2021 £'000
Depreciation		
Equipment	52	56
Vehicles	3	3
Total	**55**	**59**

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 £53k (2021: £50k) or leases of low-value assets £nil (2021: £nil). The payments associated with these leases are expensed when they are incurred.

	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**

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 2022, there were seven directors including Dr Daniel Elger from CABI.

2022 reflected the 2021 performance and provision for expected loss for 2022 which resulted in a £(92)k loss (2021: £(121)k loss) in the statement of financial position. Conidia paid a dividend of £30k in 2022 (2021: £406k). The investment in Conidia in the statement of financial position is £643k (2021: £765k).

During 2022, the value of sales invoices raised by CABI to Conidia was £104k (2021: £118k), and the receivable outstanding at 31 December 2022 was £8k (2021: £17k).

9. Investments and related parties (continued)

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 £(3)k (2021: £(44)k), is reflected in the statement of comprehensive income. The investment in CABI-SFPK JV in the statement of financial position is £(12)k (2021: £(9)k).

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 2022, CABI received £nil (2021: £nil) from CABI Trust and £nil (2021: £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 2022, CABI paid £4k (2021: £1k).

v Taylor and Francis

Taylor and Francis, a related party to a Board Member appointed during 2022, provide content feeds for CABI's database products. In 2022 CABI paid £20k (2021: £22k)

10. Operating surplus / (deficit) before interest

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

	2022 £'000	2021 £'000
Write down of book stock to net realisable value	107	124
Bad debts written off or provided for	196	374
Audit fees		
- audit of the organisation (Crowe)	80	75
- internal audit (KPMG)	14	58
Foreign currency gains	(850)	(166)
Short-term and low-value leases	53	50
Loss on disposal of fixed assets	-	17
Depreciation and amortisation on:		
- non-current assets	691	768

11. Inventories

Inventories comprising:

	2022 £'000	2021 £'000
Books		
- finished goods	166	276
- work in progress	55	58
	221	334
Projects		
- work in progress	2,357	1,864

Books inventories charged in the statement of comprehensive income in 2022 were £433k (2021: £486k).

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 2022, the anticipated credit losses from contract receivables – from sales were £133k (2021: £134k). 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:

	2022 £'000	2021 £'000
up to 3 months	-	-
3 to 6 months	-	-
over 6 months	133	134
	133	**134**

As of 31 December 2022, contract receivables from sales of £2,096k (2021: £1,925k) 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:

	2022 £'000	2021 £'000
up to 3 months	1,947	1,772
3 to 6 months	16	11
over 6 months	133	142
	2,096	**1,925**
of which amounts not yet due	**1,592**	**1,708**

As of 31 December 2022, the anticipated credit losses from contract receivables – sums owing by project sponsors were £35k (2021: £35k). 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:

	2022 £'000	2021 £'000
up to 3 months	-	-
3 to 6 months	-	-
over 6 months	35	35
	35	**35**

As of 31 December 2022, £1,424k (2021: £848k) 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:

	2022 £'000	2021 £'000
up to 3 months	1,228	667
3 to 6 months	103	138
over 6 months	93	43
	1,424	**848**
of which amounts not yet due	698	504

12. Receivables (continued)

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

	2022	2021
	£'000	£'000
UK Pounds	1,903	1,248
US Dollars	1,133	863
Euros	288	253
other currencies	196	409
	3,520	**2,773**

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

	2022	2021
	£'000	£'000
at 1 January	169	197
provision for expected credit losses	13	35
unused amounts reversed	(14)	(63)
at 31 December	**168**	**169**

ii Other receivables

As at 31 December 2022, other receivables increased by £287k to £1,171k (2021: £884k) as a result of a increase in VAT payable to CABI.

13. Revaluation reserve

	Wallingford Freehold £'000	**Egham Freehold £'000**	**Delémont Freehold £'000**	**Total £'000**
at 1 January and 31 December 2022	**-**	**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

14. Financial risk management objectives and policies (continued)

contracts at 31 December 2022 is shown below and represents approximately 55% (2021: 90%) 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 £4,789k (2021: £3,678k) and cash and cash equivalents of £9,606k (2021: £12,688k). 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.

2022 – Value of outstanding forward foreign exchange contracts – US$4.0m; €nil (2021: US$3.5m €nil)

	2022	2021
All current	**£'000**	£'000
Assets	3,164	2,517
Liabilities	(3,295)	(2,588)
Net	**(131)**	**(71)**

Net movement in value of outstanding forward contracts was £(60)k (2021: £(251)k).

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 2022:

Maturity date	**Dollar Value $'000**	**Exchange Rate**	**Sterling Value £'000**
03.01.2023	1,000	1.31613	760
03.04.2023	1,000	1.26780	789
03.07.2023	500	1.28290	390
03.07.2023	500	1.27168	393
02.10.2023	500	1.23912	404
02.10.2023	500	1.16893	428
Total	**4,000**		**3,164**

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 2022	Held at Fair Value	Held at Amortised Cost	
	Derivatives used for Hedging £'000	Financial Assets £'000	Financial Liabilities £'000
Financial assets			
Contract and other receivables (notes 4, 12)	-	4,789	-
Cash and equivalents (note 15)	-	9,606	-
Financial liabilities			
Trade and other payables	-	-	(3,470)
Derivative financial instruments (note 14)	(131)	-	-
Total	**(131)**	**14,395**	**(3,470)**

As at 31 December 2021	Held at Fair Value	Held at Amortised Cost	
	Derivatives used for Hedging £'000	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)**

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

15. Cash and cash equivalents

Cash and bank balances

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

	2022 £'000	2021 £'000
CABI	7,230	8,868
CABI Development Fund (CDF) and Plantwise (Note 21)	2,376	3,820
	9,606	**12,688**

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 £3,252k (2021: £3,339k).

17. Sums held on behalf of project sponsors

This comprises funding by donors in advance of work performed on projects, amounting to £5,683k (2021: £8,136k).

18. Other payables

	2022 £'000	2021 £'000
Accruals	881	1,015
Tax and social securities	249	202
Lease liabilities (Note 8)	45	51
Other creditors	1,191	715
Total	**2,366**	**1,983**

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 2022, SDC contributed £22k, CHF26k (2021: £55k, CHF70k).

20. 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 2022, SDC contributed £nil, CHFnil (2021 £288k, CHF350k).

21. 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 2022, the balance of the funds amounting to £2,376k (2021: £3,820k) 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 2022 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 2022

	CDF	Plantwise	Plantwise Plus	Total
	£'000	£'000	£'000	£'000
Balance brought forward from 2021	-	164	3,656	**3,820**
Funds received 2022 :				
Foreign Commonwealth and Development Office (UK) (£1,005k)	837	-	168	1,005
Swiss Agency for Development and Co-operation (£1,000k)	-	-	1,000	1,000
Directorate General for International Co-operation (DGIS) Netherlands (£3,173k)	-	-	3,173	3,173
European Commission DG International Partnerships (INTPA) (£1,828k)	-	-	1,828	1,828
Embassy Kingdom of the Netherlands, Burundi (EKN Burundi) (€552k)	-	478	-	478
The Dutch Organisation for Internationalisation of Education (NUFFIC) (€78k)	-	67	-	67
Australian Centre for International Agricultural Research (AUS$277k)	-	-	157	157
Chinese Ministry of Agriculture and Rural Affairs (US$360k)	244	-	49	293
CABI Contribution (Designated Fund) (£75k)	75	-	-	75
Total funds received	1,156	545	6,375	**8,076**
Expenditure 2022:				
Plantwise (Note i) / PlantwisePlus	-	564	7,800	8,364
CABI Development Fund (CDF)	1,156	-	-	1,156
Total expenditure	1,156	564	7,800	**9,520**
Balance carried forward	-	145	2,231	**2,376**
Cash at bank (note 15)				**2,376**

Notes:

i. Plantwise expenditure included £497k funded by The Embassy Kingdom of the Netherlands, Burundi (EKN Burundi) and £67k funded by The Dutch Organisation for Internationalisation of Education (NUFFIC).

22. 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 2022, CABI made total contributions to the DC Section of the Scheme of £710k, (2021: £689k).

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 2022. 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**
• 2022	1,937	500	**2,437**

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

22. Post-employment benefits (continued)

IAS 19: Retirement Benefit Schemes - Defined Benefit Schemes

The principal actuarial assumptions used were as follows:

i. Assumptions

	2022	2021
Discount rate	4.6%	1.8%
RPI inflation	3.1%	3.3%
CPI inflation	2.5%	2.6%
Future pension increases	3.3%	3.3%
Revaluation in deferment:		
pre 1 August 2007	3.1%	3.3%
post 31 July 2007	2.5%	2.6%
Mortality (base table)	S3PA	S3PA
Mortality (future improvements)	CMI1.0%	CMI1.0%
Commutation at retirement	20.0%	20.0%

In 2021, mortality was assumed to be in line with the S3PA base tables with allowance for future improvement in line with the 2020 version of the CMI (core) projection model with a long-term rate of improvement of 1% per annum and an initial core addition of 0.5%. The same approach has been taken in 2022 except for the adoption of the 2021 (core) version of the CMI (Continuous Mortality Investigation) projection model which excludes mortality experience for 2020 and 2021 that are considered unlikely to be representative of longer-term mortality trends because of the Covid pandemic. The effect of moving from the 2020 version to the 2021 version of the CMI model is immaterial. 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 the defined benefit obligation by around 6%
- increasing the inflation assumption by 0.5% per annum would increase the defined benefit obligation by around 6%
- increasing the assumed long-term rate of future mortality improvements by 0.5% per annum would increase the defined benefit obligation by around 2%

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

	2022 S3PA CMI 1.0%	2021 S3PA CMI 1.0%
Life expectancy of a male currently aged 60	87	87
Life expectancy of a male aged 60 in 20 years	88	88
Life expectancy of a female currently aged 60	89	89
Life expectancy of a female aged 60 in 20 years	91	91

22. Post-employment benefits (continued)

Asset values as at 31 December 2022 are detailed in the table below.

ii. Assets

Fund	**asset split**	**market value** £'000
Aon and Mercer	97.6%	39,153
Trustee bank account	2.4%	950
Total Assets		**40,103**

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:

	2022 **£'000**	2021 £'000
Pension scheme expenses (excluding investment-related expenses)	517	499
Net interest expense on net defined benefit liability	1,797	1,434
Actuarial (gains)	(25,279)	(8,311)
Total (gains)	**(22,965)**	**(6,378)**

Of the total of £(22,965)k (2021: £(6.378)k), total cash deficit contributions of £2,437k (2021: £2,296k) were recorded as staff costs. In addition the UK Foreign, Commonwealth and Development Office made a final payment of £500k to the scheme (2021: £2,500k) which has been deducted from pension losses recorded in other comprehensive (deficit)/surplus. Therefore, £25,902k (2021: £11,174k) 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:

	2022 **£'000**	2021 £'000
Opening defined benefit obligation	(165,843)	(171,878)
Interest expenses on defined benefit obligation	(2,941)	(2,206)
Remeasurement – effect of changes in assumptions loss	48,648	3,869
Benefits paid	4,893	4,372
Past service cost	-	-
Closing defined benefit obligation	**(115,243)**	**(165,843)**

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

- Financial assumptions £59,679k gain (2021: £3,516 gain)
- Demographic assumptions £23k gain (2021: £(1,837)k loss)
- Experience adjustments £(11,054)k loss (2021: £2,190k gain)

22. 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:

	2022 £'000	2021 £'000
Opening fair value of plan assets	64,801	59,662
Interest income on plan assets	1,144	772
Remeasurement – return on plan assets excluding interest income gain	(23,369)	4,442
Pension scheme expenses (excluding investment-related expenses)	(517)	(499)
Contributions by employer	2,937	4,796
Benefits paid	(4,893)	(4,372)
Closing fair value of plan assets	**40,103**	**64,801**

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

	2022 £'000	2021 £'000
Defined benefit obligation	(115,243)	(165,843)
Fair value of plan assets	40,103	64,801
Net defined benefit liability	**(75,140)**	**(101,042)**

CABI expects to contribute approximately £2,433k to its defined benefit plan in 2023, which includes £500k raised from additional Member Country fees. In addition, a one off exceptional payment of £1,000k will also be made to the Scheme in line with the deficit recovery plan agreed with the Trustee. Total expenditure is estimated to be £3,920k.

iv. History of gains / losses

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Defined benefit obligation	(115,243)	(165,843)	(171,878)	(157,946)	(145,416)
Scheme assets	40,103	64,801	59,662	49,172	46,836
Deficit	(75,140)	(101,042)	(112,216)	(108,774)	(98,580)
Experience adjustments on liabilities	48,648	2,190	4,428	3,130	-
Experience adjustments on assets	(23,369)	4,442	3,181	4,329	(3,269)

22. 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 operating as a going concern; 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
- the Principal Employer (CABI) granted the Trustee a legal charge over the Wallingford property
- 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 clarity concerning the eligibility of the Scheme to the Pension Protection Fund and the basis for the calculation of the levy. The Principal Employer (CABI) makes a £100k contribution per annum to the payment 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 made one-off payments into the scheme from 2020-2022 of £12m in total.

23. Future commitments and leases

Capital expenditure commitments outstanding at 31 December 2022 amount to £nil (2021: £nil).

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

	2022 £'000	2021 £'000
No later than 1 year	40	59
Later than 1 year and no later than 5 years	-	53
Later than 5 years	-	2
Total	**40**	**114**

24. Controlling party

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

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