Registered Number: SC149440 (Scotland)
Charity Number: SC022353 (Scotland)

Trustees' Report and

Financial Statements for the Year Ended 31 March 2026

for

Moredun Research Institute
(a company limited by guarantee)

Moredun

Moredun Research Institute

Contents of the financial statements
For the year ended 31 March 2026

Page

Trustees' annual report, incorporating the strategic report 1

Report of the independent auditor.....13

Statement of financial activities (including the income and expenditure account).....16

Statement of financial position 17

Statement of cash flows 18

Notes to the financial statements 19

Moredun Research Institute

Trustees' annual report, incorporating the strategic report
For the year ended 31 March 2026

The trustees present their annual report (including their strategic report) together with the financial statements of the charity for the year ended 31 March 2026 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and the Charities SORP (FRS 102).

Our objectives:

- to undertake, promote and assist in promoting and undertaking experimental and other scientific research concerning the diseases of farm livestock and of other animals whose health affects that of farm livestock and other scientific research concerning animal disease which affects animal welfare, human health, the environment or otherwise is of public concern and to disseminate the results of such research and generally to promote agricultural, arboricultural and horticultural research and the dissemination of the results of such research

From our objectives we have a vision.

Our vision:

- to lead in livestock health solutions for environmentally sustainable global food security.

Our vision has adapted and informed our activities for over 100 years.

Our activities:

- successfully developing strategies for the improved control and prevention of disease and helping to reduce disease prevalence and incidence locally, nationally and worldwide
- working towards a greater understanding of disease pathogenesis, developing diagnostic tests and creating novel vaccines
- working closely with farmers and vets and striving to improve animal health and wellbeing and supporting sustainable agriculture

One Health

The World Health Organisation refers to 'One Health' as *"an integrated, unifying approach that aims to sustainably balance and optimise the health of people, animals and ecosystems. It recognises that the health of humans, domestic and wild animals, plants, and the wider environment (including ecosystems) are closely linked and interdependent. While health, food, water, energy and environment are all wider topics with sector-specific concerns, the collaboration across sectors and disciplines contributes to protect health, address health challenges such as the emergence of infectious diseases, antimicrobial resistance, and food safety and promote the health and integrity of our ecosystems. By linking humans, animals and the environment, One Health can help to address the full spectrum of disease control – from prevention to detection, preparedness, response and management – and contribute to global health security".*

Moredun's One Health research looks at the transmission pathways of pathogens between livestock, wildlife, people and the environment to help understand the risks and to develop methods to mitigate against disease

In practice, our activities encompass research, development, and knowledge exchange.

Research

- focuses on infections and diseases of livestock species
- it is multi-disciplinary, encompassing the spectrum from genomic and molecular analyses of pathogens, interactions between pathogens and their host species, through to whole animal or population studies
- it is innovative, employing new technologies in concert with traditional skills
- it generates important outcomes including improved livestock health and welfare, optimising productivity and efficiency, food security and safety, reduced risk to humans from zoonotic disease, and improved understanding of biological mechanisms through a comparative medicine approach
- outputs from these studies in turn feed directly into the product development pipeline, or provides information to a broad range of stakeholders

Development

- is also focused on the same practical outputs – vaccines and diagnostic tests, and disease control strategies
- it describes a road map where research outputs translate into a discernible tool, product, or plan
- steps in the development pipeline include protecting and defending intellectual assets, licensing agreements, and commercialisation options including the formation of spin-outs, jointly controlled entities or novel business models
- income generated from these activities will contribute to the sustainability of the Moredun Research Institute in the future

Knowledge exchange

- is the essential bridge between scientists and end-user communities
- it encompasses interactions with a wide range of audiences, principally the scientific community, farmers, veterinary surgeons and others involved in animal health issues, politicians and policy makers, and the general public including school children

Our structure

The Institute can trace its origins back to 1920 when the Animal Diseases Research Association was founded. Our founders had foresight in establishing a research institute with global networks and the ability to form solutions to the diseases that impact animals, many of which impact humans too. Moredun Research Institute was formed in 1994.

We collaborate with four other globally renowned research institutions to deliver the Scottish Government funded Strategic Research Portfolio 2022-2027 on agriculture, environment, food, land and rural communities.

Moredun Research Institute has five dormant subsidiaries: Anticip8 Science Limited, Evalu8 Science Limited, Gener8 Science Limited, Inocul8 Limited and Pentlands Immunologics Limited.

Moredun Research Institute has one wholly owned trading subsidiary, Wormvax Limited, which holds all the equity in Wormvax Australia Pty Ltd. Wormvax Australia Pty Ltd is registered in Australia. It manufactures and sells a vaccine, developed by Moredun Research Institute, to aid in the reduction of *Haemonchus contortus* egg shedding resulting in lower pasture larval contamination and reduced disease caused by Barber's Pole worms in lambs.

Our governance

The activities of the charity are ultimately controlled by the board of trustees which meets four times per year.

The board is permitted to have a minimum of three, and a maximum of eleven, members. Appointments are made for a term of three years, to a maximum of three terms not exceeding nine years in total. Annual performance assessments are carried out on the directors by the Chair.

The Institute has in place an agreed statement of board appointment procedures together with a template concerning the composition of the board in terms of expertise and experience. This also sets out the responsibilities of the Chair.

New trustees undergo an induction process, co-ordinated by the Chair, which briefs them on, amongst other things, their legal obligations under charity and company law, the content of the Articles of Association, the Institute's work and research base, the group structure and subsidiaries, the Institute's constitution, board procedures and matters reserved for the board. The procedures ensure that that the board is representative of the Institute's research themes and end-user groups.

Our management
As noted above, the activities of the charity are ultimately controlled by the board of trustees. The Chief Executive, who is also the Scientific Director, continues to ensure the efficient and effective running of the business. The Chief Executive has responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives whilst safeguarding the public funds and assets provided to the Institute by the Scottish Government. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place up to the date of approval of the annual report and accounts and accords with guidance from Scottish Government Ministers.

The Chief Executive also has responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- The board considers risk management and internal control at each quarterly meeting during the year.
- Risk management is fully incorporated into the corporate planning and decision-making processes of the organisation.
- An organisation wide risk register is regularly maintained which prioritises and ranks risks.
- An opportunities register is also maintained which highlights opportunities and insights that can be taken advantage of in the future.
- A business recovery and continuity plan is in place and is reviewed on an annual basis in conjunction with other members of the Moredun group.
- Reports are made to the board by the Institute's board representative on the Group Audit Committee.
- Regular reports are received from the Institute's internal auditors which include an opinion on the adequacy and effectiveness of the system of internal controls tested together with recommendations for improvement.
- Committees are in place, attended by representatives of staff throughout the organisation, during which the organisation's objectives in that area are determined together with the related risks. A control strategy for each of the significant risks is in place.
- One of these committees covers health and safety and the minutes of this committee's meetings are included in each board pack to inform discussion and review. Health and safety is also covered at each meeting of the Senior Management Group.
- The Senior Management Group meets one to two times per month and also meets monthly with other members of the wider Moredun group senior management team. These sessions include reports from divisional heads on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects.

The Chief Executive's review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letters and other reports.

Senior management remuneration setting policy
The remuneration of the senior management is determined by the Group Remuneration Advisory Committee with reference to appropriate pay scales, market salary surveys and individual and corporate performance measures.

Our directors and trustees
The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees. The trustees serving during the year and up to the date of this report were as follows:

Our directors and trustees (continued)

Sir Muir Russell §^ *(Chair)*	Mr Timothy G W Bailey
Prof Damer P Blake	Prof Sharon M Brookes-Wade
Dr Taya L Forde	Mr Samuel H Morton
Mr Robert A Lennox	Mrs Katherine A Rowell
Dr Katherine A Richards*	Mr William G Gray *(appointed 5 March 2026)*

**Member of the Group Audit Committee, §Member of the Group Remuneration Advisory Committee, ^Member of the Group Chairs' Executive Committee.*

Board meetings were attended by three executive members of staff who are not members of the board and are not trustees: Professor Tom McNeilly (Group Chief Executive and Scientific Director), Ms Rosie Shankey (Group Finance Director and Company Secretary), and Dr Richard Mole (Chief Operating Officer).

The executive staff do not have any voting rights on the board.

Company Secretary
Mr Colin Burnett retired as Company Secretary on 27 June 2025 and the directors wish to record their thanks to him for many years of service to the company and the wider Group. The board were pleased to welcome his successor, Ms Rosie Shankey.

Equality, diversity and inclusion
Moredun Research Institute is an equal opportunities employer. We value people as individuals with diverse opinions, cultures, lifestyles and circumstances. We are committed to equality of opportunity and to providing a service and following practices which are free from unfair and unlawful discrimination. We ensure that no person receives less favourable treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex or sexual orientation, or is disadvantaged by conditions or requirements which cannot be shown to be relevant to performance. We seek to ensure that no person is victimised or subjected to any form of bullying or harassment. This applies to all employees, consultants, contractors, volunteers, casual workers and agency workers and applies to all areas of employment including recruitment, selection, training, career development and promotion.

The Institute operates a number of policies including access to a family healthcare scheme and flexible working arrangements. We also work to the Fair Work Framework and follow the Fair Work principles.

We are committed to creating a positive and inclusive environment, respecting equality and diversity and encouraging good relations.

Statement of trustees' responsibilities
The trustees are responsible for preparing the strategic report, the annual report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

Statement of trustees' responsibilities (continued)
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legal and administrative information
Moredun Research Institute is a company limited by guarantee governed by its Articles of Association (as amended) dated 11 June 2015. It has no share capital. The liability of the sole member in the event of a winding up is limited to £1. It is registered as a charity with the Scottish Charity Regulator.

Charity number	SC022353 (Scotland)
Company number	SC149440 (Scotland)
Website	www.moredun.org.uk

Principal business address and registered office address
International Research Centre
Pentlands Science Park
Bush Loan
Penicuik
Midlothian
EH26 0PZ

External auditor
Henderson Loggie LLP
The Stamp Office
Level 5
10-14 Waterloo Place
Edinburgh
EH1 3EG

Internal auditor
Wbg Services LLP
168 Bath Street
Glasgow
G2 4TP

Bankers
Bank of Scotland plc
The Mound
Edinburgh
EH1 1YZ

Handelsbanken plc
3 Thomas More Square
London
E1W 1WY

Solicitors
Shepherd and Wedderburn LLP
9 Haymarket Square
Edinburgh
EH3 8FY

Strategic report

Our achievements and knowledge exchange



Responding to emerging livestock disease threats

The UK livestock sector continues to face increasing and evolving disease risks, driven by factors including climate change, global trade and the spread of transboundary animal diseases. Recent incursions of bluetongue virus, avian influenza and other high-impact diseases across Europe have highlighted the importance of preparedness, surveillance and rapid response capability.

Moredun Research Institute plays a critical role in supporting national resilience through its research, diagnostic capability and high-containment facilities. As one of only a small number of institutes in the UK able to work at high biosafety levels—and the only such facility in Scotland—Moredun Research Institute provides essential infrastructure for disease surveillance and response.

During the year, Moredun strengthened its role in supporting national veterinary services, including securing permissions to support bluetongue virus testing and surveillance in Scotland. This work is supported by significant investment in research infrastructure and facilities, ensuring readiness to respond to emerging disease threats.

This investment includes the purchase of Firth Mains Farm, reflecting Moredun's commitment to building a robust research infrastructure that not only delivers quality science but also ensures that practical benefits reach farmers and the wider rural community.

Moredun continues to develop its "living lab" approach through Firth Mains Farm, enabling the evaluation of sustainable farming practices while maintaining animal health and welfare. This integrated approach ensures that disease control, environmental sustainability and food security are addressed together.

Through continued investment in surveillance, facilities and collaborative research, Moredun is supporting the UK's capacity to detect, manage and respond to livestock disease threats, helping to protect animal health, rural livelihoods and national food security.



Strengthening animal disease surveillance

Animal disease surveillance remains fundamental to protecting livestock health, public health and food security. Surveillance systems enable early detection of emerging threats, tracking of disease spread, and monitoring of endemic disease trends, providing essential information for decision-making at farm, national and international levels.

Moredun's Veterinary Surveillance Unit continues to play a leading role in this area, providing diagnostic testing, data analysis and expert insight to support the Scottish Government and wider stakeholders. The Unit has built a significant dataset on endemic and vector-borne diseases, allowing trends, geographical distribution and risk factors to be analysed and communicated effectively.

During the year, surveillance activity was particularly important in the context of increased disease pressure across Europe, including bluetongue virus and avian influenza. Moredun is now preparing to expand its surveillance capacity further by offering PCR testing for bluetongue virus, supporting national preparedness and response. This work is underpinned by specialist facilities and expertise, including the ability to handle high-containment pathogens, which are not widely available elsewhere in Scotland.

By providing high-quality surveillance, diagnostics and data-driven insights, Moredun supports early intervention, more effective disease control strategies and improved resilience across the livestock sector, contributing to both animal and public health outcomes.

Our achievements and knowledge exchange (continued)



Developing new solutions to parasite control

Parasitic infections remain a major challenge for livestock production, impacting animal health, welfare and productivity. Increasing resistance to existing treatments has reduced the effectiveness of traditional control methods, highlighting the need for new, sustainable solutions.

Moredun is contributing to this through innovative research, including work on the poultry red mite—one of the most damaging parasites affecting egg production systems. Infestations reduce egg quality and output while causing significant welfare issues, leading to substantial economic losses across the industry.

Current control methods rely heavily on chemical treatments, but resistance is becoming increasingly common. Moredun's research is exploring new approaches, including the use of gene-silencing technologies (RNA interference) to identify critical biological pathways essential to parasite survival.

By targeting key processes such as blood digestion, this work has the potential to inform the development of new vaccines or treatments that are both effective and highly specific, reducing reliance on chemical controls and minimising environmental impact.

This research represents an important step towards more sustainable parasite control, supporting improved animal welfare, farm productivity and long-term resilience of livestock systems.



Advancing vaccine development through innovative collaboration

Louping ill is a tick-borne viral disease that has re-emerged as a significant threat to upland livestock systems following the withdrawal of the previous vaccine in 2017. Since then, disease incidence has increased, with severe impacts on sheep flocks and wider livestock populations.

Moredun has developed a new-generation vaccine candidate and, recognising the lack of commercial incentive for industry investment, has pursued an innovative route to bring the vaccine to market. Working in partnership with organisations including Kernfarm, the National Sheep Association, APHA and UKHSA, Moredun has combined research, public funding and industry support to progress commercialisation.

During the year, this work secured £450k in DEFRA funding as part of a wider project investigating the impact of environmental change on tick-borne disease. This funding, alongside over £463k in donations and pledges from farmers, landowners, government and industry, has enabled the first phase of vaccine commercialisation to begin. The project highlights the increasing importance of zoonotic disease risks, with implications for both animal and human health, and demonstrates how collaborative approaches can overcome market barriers to deliver essential tools for farmers.

If successful, this work will provide a much-needed vaccine to protect livestock, reduce economic losses and support sustainable disease control in upland farming systems.



Building national and international research collaboration

Addressing complex livestock health challenges requires coordinated, interdisciplinary approaches that bring together expertise across sectors and disciplines. Moredun continues to play an active role in strengthening collaboration both within the UK and internationally.

During the year, Moredun contributed to the establishment of the Helminth Eco-Health Hub UK, a new research network funded to address the growing challenge of parasitic diseases affecting both humans and animals. The

Our achievements and knowledge exchange (continued)

network brings together scientists from across the UK to develop innovative solutions, support early-career researchers and strengthen research capacity in this critical area.

Moredun also joined the newly formed National Research Organisations (NRO) Group, a UK-wide alliance of leading research institutes. This collaboration aims to improve coordination across the research landscape, enhance the impact of publicly funded science and provide a stronger interface between research, policy and industry.

Through these initiatives, Moredun is helping to ensure that livestock health research remains internationally competitive, strategically aligned and capable of delivering real-world impact. By strengthening partnerships and contributing specialist expertise, the Institute supports progress towards sustainable agriculture, improved animal health and wider societal benefits.



Tackling toxoplasmosis through cross-sector collaboration

Toxoplasma gondii is a globally significant parasite affecting both human and animal health, with transmission occurring through environmental, foodborne and congenital pathways. In Scotland, laboratory-confirmed human cases have continued to rise, while the parasite remains a major cause of abortion in sheep and goats, highlighting its importance for both public health and livestock production.

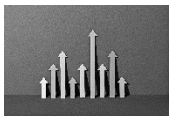
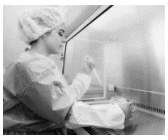
Recognising that effective control requires a coordinated One Health approach, Moredun hosted a cross-sector symposium in November 2025, bringing together 32 experts from human health, veterinary medicine, environmental science, agriculture and policy. The event provided a platform to assess the current epidemiological landscape, identify knowledge gaps and explore opportunities for improved detection and control.

Discussions highlighted that toxoplasmosis remains under-recognised, with its true burden likely underestimated. Key challenges identified included limited understanding of transmission pathways, gaps in diagnostic capability and low public awareness, all of which act as barriers to effective control.

The symposium also identified clear priorities for future action, including improved surveillance, targeted education for at-risk groups and stronger integration of expertise across sectors. There was strong support for developing a more coordinated research and policy approach, including interest in establishing a Scottish Toxoplasma Network. By bringing together diverse expertise and aligning priorities, this work is helping to shape future research, inform policy discussions and support more effective, joined-up approaches to reducing the impact of toxoplasmosis across human and animal populations.

Our performance
Each year, the Institute sets out certain performance targets. The following table summarises Moredun Research Institute's performance against its agreed targets.

Our performance (continued)

	Our agreed performance targets	Performance achieved
1.	Invest in innovative science capabilities and achieve a sustainable financial outcome for the Institute through attracting new research income and increasing overall reserves.	 We concluded the purchase of Firth Mains Farm in the year. This will be a key part of our sustainable farming research as well as being an exemplar 'living lab'. We also invested an additional £620k in capital expenditure thereby increasing our research capability and a further £55k in patents and trademark protection.
		 Research contracts income increased by 10.2%. We also secured £93k of competitive funding contract income from the Scottish Government as a result of an increased focus on targeted grant acquisition and policy relevant research.
		 In 2025/2026 the reserves decreased by £233k (2024/2025: increase of £546k), reflecting the challenging financial environment in which the Institute operates.
2.	Maintain the Institute's income from competitive and commercial funding sources (excluding Scottish Government funding) above 50%.	 In 2025/2026 the Institute secured 60% of its total revenue income (excluding bank interest received) from competitive and commercial activity (2024/2025: 57%).
3.	Consolidate the distinguished scientific research reputation of the Institute through publications in respected scientific journals.	 Institute scientists published 81 refereed publications in 2025/2026, an increase of 16% over the previous year.
4.	Maintain and establish new collaborative research programmes between commercial companies and the Institute by encouraging the thriving interface with private sector industry through group companies.	 The commercial scientific subsidiary of The Moredun Foundation, Moredun Scientific Limited, generated £2.6M (2024/2025 £2.3M) of commercial turnover from their animal health and aquaculture divisions – an increase of 13%, driven largely by growth in aquaculture.
		 As can be seen from the increase in research contract income noted above, significant collaborative funding was received by the Institute by way of grant acquisition.
5.	Develop staff and consolidate the procedures put in place to comply with best practice in organisational behaviours and culture.	 The Institute values its staff and is committed to the principles of the Athena Swan charter; adopting the ten principles within our policies, practices, action plans and culture.
		 Regular formal training opportunities are made available to staff. We have focused on our e-learning courses via our 'Moreducation' platform for all staff to learn and improve their skills including cyber security training.

Our performance (continued)

Our agreed performance targets	Performance achieved
6. Transfer knowledge from the Institute to third parties for public benefit.	 **Moredun Factsheets:** Four factsheets were produced covering key livestock health challenges including *Haemonchus contortus*, livestock infectious disease in a changing climate, maximising lamb survival, and nematodirosis. These were distributed directly to members, with a further 300 online accesses, extending their reach across the livestock sector. **Trade articles:** Numerous trade articles were produced covering various topics including parasite control, infectious disease management and sustainable livestock systems, helping to communicate research findings to industry audiences.  **Events:** Moredun partnered with the National Sheep Association and others to deliver webinars and knowledge exchange events addressing key issues including parasite control, antimicrobial use and disease prevention. These complemented wider contributions to industry initiatives such as SCOPS, supporting the uptake of best practice across the sector. **Public engagement**: This remained an important component of knowledge transfer. Activities included careers events such as the Dynamic Earth Showcase, which engaged approximately 500 pupils and teachers, as well as Open Farm Sunday and school visits through the Mobile Laboratory, reaching both local and more remote communities.  **Farmer-focused engagement**: This included workshops, monitor farm meetings and participation in national and regional events, providing practical guidance on livestock health and welfare. Moredun also supported cross-sector knowledge exchange through events and symposia, including a One Health symposium on toxoplasmosis, helping to inform research priorities and policy discussions.

Financial review

The Institute is one of the Main Research Providers to the Scottish Government and accordingly receives substantial grant funding to carry out various programmes of scientific work and related knowledge exchange activities. The Institute also receives funding from other external sources to carry out scientific research as well as substantial funding from The Moredun Foundation.

The deficit for the financial year, as stated in the statement of financial activities, amounted to £233,006 (2025: surplus of £545,933). This deficit includes the receipt of capital grants amounting to £163,291 (2025: £997,439) which will be amortised in future years. The underlying revenue position is therefore a deficit of £396,297 (2025: deficit £451,506).

Grants received in the year include £100k (£92k of which was capital), from the Scottish Government to establish bluetongue virus testing and surveillance at the Institute.

Financial review (continued)

The total income of the Institute increased by 3.8% (or decreased by 1.7% including capital grants). There was an 10.2% increase in research contract income during the year reflecting the significant success by our research staff in grant acquisition. We also acknowledge the significant funding from the Scottish Government Rural and Environment Science and Analytical Services Division (RESAS) which amounted to £6.1 million – an overall decrease of 2.5% from the previous year. Within this, programme funding increased by 0.7%, whilst competitive Scottish Government funding decreased by 68%.

Total expenditure increased by 3.4% due to higher subcontracted resource costs linked to increased scientific throughput, as well as rising costs associated with inflation, including higher staffing costs following the increase in employer national insurance rates. This was partially offset by savings in heat and light due to efficiency improvements made across the site.

Total net assets decreased by 1.5%. Restricted funds increased by 7.4% reflecting the donations received for the Louping Ill vaccine campaign, whilst unrestricted funds decreased by 4.5%. As reported in previous years, our unrestricted reserves are needed to ensure ongoing investment in scientific technologies to ensure our scientists continue to have access to facilities and equipment appropriate for the world class research that they do. Our cash reserves decreased by 21% during the year, primarily because of this ongoing investment including the purchase of Firth Mains Farm.

Our investment powers and policy

The trustees, having regard to the liquidity requirements of running the Institute, have kept available funds on interest-bearing term deposits and seek to achieve a rate on deposit which matches or exceeds inflation as measured by the retail prices index. The invested funds held on deposit achieved an average rate of around 2.7% against the retail price index of 4.1% for the year. Given the substantial level of investment that is planned and ongoing operational needs, it is important that the majority of funds are held on deposits maturing in one year or less.

Our reserves policy

The objective of the company's unrestricted reserves strategy is to build sufficient funds to protect the company from any adverse changes in its financial circumstances, to cover contingencies such as major repairs and potential events which may disrupt the normal operational activities and to pursue operational opportunities that, in the initial phase, are not funded by 3rd parties.

The reserves policy was reviewed during the year and a revised reserves strategy was developed. This strategy considers the Institute's strategic and operational environment to identify risks that may require the use of unrestricted reserves.

Following this review, the trustees concluded that a minimum of £11.8 million of liquid unrestricted reserves should be maintained to respond to such risks. At 31 March 2026, unrestricted reserves totalled £11.6 million (2025: £12.2 million). Of this amount, £3.7 million is invested in fixed assets, leaving £7.9 million in free reserves.

As not all reserves are held in liquid form, and given the nature of the charity's activities, the directors are satisfied with the level of reserves during the year. This is particularly the case in the context of a challenging financial environment and the purchase of Firth Mains Farm, which reduced liquid reserves. Actions are being taken to address ongoing deficits within the Institute and increase free reserves towards the minimum level set out in the policy. The reserves policy is reviewed every six months to ensure it remains appropriate and reflects current circumstances.

Our plans for future periods

Financial targets remain focused on achieving a balanced financial position, growing income from competitive and commercial sources, and increasing unrestricted reserves.

The current Scottish Government Strategic Research Programme will end in March 2027. Although reliance on this funding has reduced, it remains a critical source of long-term support for the Institute. Accordingly, a key priority over the coming year is to support the commissioning of the next programme for 2027–2032, to secure continued funding.

Our plans for future periods (continued)

In parallel, the Institute will continue to expand research contract income, with a focus on projects that fully recover overhead costs. While growth in this area is challenging, it is essential for the long-term sustainability of the research base, particularly in light of potential future reductions in government funding.

The forward strategy will continue to focus on delivering outputs in vaccines, diagnostic tests, disease control strategies, and commercialisation opportunities. The Institute will continue to deliver science of international quality and ensure that findings are widely disseminated through publications in scientific journals, presentations at national and international conferences, and both online and in-person events across the United Kingdom. The Institute will also contribute to newsletters and other publications to share its expertise. Strong national and international collaborations remain a priority, supporting the Institute's role as an independent centre of expertise. Existing partnerships will be further developed, alongside the establishment of new collaborations with other research organisations.

Performance targets and budgets have been reviewed and developed in line with these priorities. After making reasonable enquiries, the Board is satisfied that the company has adequate unrestricted reserves, a significant proportion of which is held in liquid form, to support its objectives for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing these financial statements.

Principal risks and uncertainties
The board regularly reviews and updates the risk register for the Institute, categorising risks under the headings of strategic, operational, financial and regulatory. Principal risks are in the areas of future research funding, monitoring the ongoing changes to regulations (particularly legislation governing how we work and funding the implications of these changes) and in relation to health and safety and cyber security. Controls are documented and regularly reviewed through quality assurance audits and internal audits.

Statement as to disclosure of information to auditor
So far as each person who was a trustee at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the trustees individually have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Auditor
The auditor, Henderson Loggie LLP, will be proposed for reappointment at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Exemptions
The trustees have taken advantage of the special exemption conferred by section 62 of the Companies Act 2006 applicable to companies limited by guarantee, allowing them to dispense with the requirement of using the word Limited, or the abbreviation Ltd., after the company name. The trustees have also taken advantage of the exemption conferred by section 400 of the Companies Act 2006 to dispense with the requirement to prepare consolidated accounts when these are included in the accounts of a larger group. As noted above, Moredun Research Institute is a wholly owned subsidiary of The Moredun Foundation.

In approving the trustees' annual report, the trustees are also approving the strategic report in their capacity as company directors.

On behalf of the board

Tom McNeilly
Tom McNeilly - 2026-09-08, 15:53:51 UTC

Professor T N McNeilly
Chief Executive & Scientific Director

Muir Russell
Muir Russell - 2026-09-08, 11:35:38 UTC

Sir Muir Russell
Chair

Edinburgh
3 September 2026

Opinion
We have audited the financial statements of Moredun Research Institute (the 'charitable company') for the year ended 31 March 2026 which comprise the statement of financial activities (including the income and expenditure account), the statement of financial position, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2026 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the trustees' (who are also the directors of the charitable company for the purpose of company law) 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

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

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 course of 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

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

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement, set out on page 4, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

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

As part of our planning process:

- We enquired of management the systems and controls the charitable company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the charitable company. We determined that the following were most relevant: FRS 102, health and safety legislation, employment law (including Working Time Directive), anti-bribery and corruption and compliance with the UK Companies Act and applicable charity law.
- We considered the incentives and opportunities that exist in the charitable company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the charitable company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of relevant board and other trustee or management meetings for discussions of irregularities including fraud;
- Review of correspondence from regulators and legal advisors where applicable;
- Considering relevant internal audit reports and findings;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the carrying value of tangible assets, amounts recoverable on contracts and the calculation of accruals and deferred income;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.
- Testing key revenue lines, in particular cut-off, for evidence of management bias; and
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.

Owing to the inherent limitations of an audit, there is unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Keith Macpherson (Senior Statutory Auditor)
For and on behalf of Henderson Loggie LLP
Chartered Accountants
Statutory Auditor

Henderson Loggie LLP
The Stamp Office
Level 5
10-14 Waterloo Place
Edinburgh
EH1 3EG

Henderson Loggie LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

Moredun Research Institute

Statement of financial activities
(including the income and expenditure account)
For the year ended 31 March 2026

	Note	Unrestricted Funds £	Restricted Funds £	**Total 2026 £**	**Total 2025 As restated £**
Income from:					
Donations and legacies	2	-	526,036	**526,036**	997,439
Charitable activities	3	2,504,240	12,112,409	**14,616,649**	14,342,618
Investments	4	197,668	-	**197,668**	281,196
Other income	5	329,469	-	**329,469**	311,531
Total income	6	3,031,377	12,638,445	**15,669,822**	15,932,784
Expenditure on:					
Charitable activities	7	1,479,440	14,164,852	**15,644,292**	15,134,655
Other expenditure	9	258,536	-	**258,536**	252,196
Total expenditure		1,737,976	14,164,852	**15,902,828**	15,386,851
Net income/(expenditure)	11	1,293,401	(1,526,407)	**(233,006)**	545,933
Transfers between funds:					
Amortisation of capital grants	18	(311,540)	311,540	**-**	-
Other funds transfers		(1,532,044)	1,532,044	**-**	-
Net transfers between funds	18, 19	(1,843,584)	1,843,584	**-**	-
Net movement in funds		(550,183)	317,177	**(233,006)**	545,933
Reconciliation of funds:					
Total funds brought forward		12,158,823	4,258,642	16,417,465	15,871,532
Total funds carried forward	18, 19	11,608,640	4,575,819	**16,184,459**	16,417,465

All results for the year are derived from continuing operations.

The notes on pages 19 to 39 form part of these financial statements

MRI 2026.pdf [7c700abe-d880-4730-975e-1a007ee5f24a] Page: 18 / 44

Statement of financial position
For the year ended 31 March 2026

	Note	2026 £	2026 £	2025 £	2025 £
Fixed assets:					
Intangible assets	12	**331,233**		331,079	
Tangible assets	13	**7,491,464**		5,736,005	
Investments	14	**60**		60	
Total fixed assets			**7,822,757**		6,067,144
Current assets:					
Stock	15	**119,778**		182,785	
Debtors: falling due within one year	16	**3,369,099**		2,865,555	
Cash at bank and in hand		**8,651,592**		10,950,886	
Total current assets		**12,140,469**		13,999,226	
Liabilities:					
Creditors: falling due within one year	17	**(3,778,767)**		(3,648,905)	
Net current assets			**8,361,702**		10,350,321
Total assets less current liabilities			**16,184,459**		16,417,465
Total net assets			**16,184,459**		16,417,465
The funds of the charity:					
Restricted funds	18	**4,575,819**		4,258,642	
Unrestricted funds	19	**11,608,640**		12,158,823	
Total charity funds	20		**16,184,459**		16,417,465

The financial statements were approved by the board of trustees and authorised for issue on 3 September 2026.

Signed on behalf of the board

Tom McNeilly
Tom McNeilly - 2026-09-08, 15:53:51 UTC

Professor T N McNeilly
Chief Executive & Scientific Director

Muir Russell
Muir Russell - 2026-09-08, 11:35:38 UTC

Sir Muir Russell
Chair

The notes on pages 19 to 39 form part of these financial statements

Moredun Research Institute

Statement of cash flows
For the year ended 31 March 2026

	Note	2026 £	2026 £	2025 £	2025 £
Reconciliation of net movement in funds to net cash inflow used in operating activities					
Net movement in funds			**(233,006)**		545,933
Capital grant included in investing activities			**163,291**		997,439
Interest included in investing activities			**(197,668)**		(281,196)
Depreciation of tangible fixed assets			**596,392**		545,298
Amortisation of intangible fixed assets			**54,527**		50,579
Loss on disposal of fixed asset			**1,239**		21,627
Loss on disposal of intangible fixed assets			**-**		17,581
(Increase) in debtors			**(515,000)**		(530,232)
Decrease in stock			**63,007**		15,657
Increase in creditors			**129,862**		386,908
Net cash inflow used in operating activities			**62,644**		1,769,594
Cash flows from investing activities					
Proceeds from sale of tangible fixed assets		**1,793**		27,260	
Purchases of tangible fixed assets		**(2,354,883)**		(1,540,353)	
Purchases of intangible fixed assets		**(54,681)**		(28,805)	
Capital grants received		**(163,291)**		(997,439)	
Net (purchase)/disposal of fixed term deposits		**(329,071)**		372,500	
Interest received		**209,124**		313,202	
Net cash from investing activities			**(2,691,009)**		(1,853,635)
Net (decrease) in cash and cash equivalents	21		**(2,628,365)**		(84,041)
Cash and cash equivalents at beginning of year	21		**5,348,386**		5,432,427
Cash and cash equivalents at end of year	21		**2,720,021**		5,348,386

The notes on pages 19 to 39 form part of these financial statements

MRI 2026.pdf [7c700abe-d880-4730-975e-1a007ee5f24a] Page: 20 / 44

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Moredun Research Institute is a private limited company, limited by guarantee, incorporated under the Companies Act in Scotland, with company number SC149440. The address of the registered office is given on page 5 and the nature of the company's operations and its principal activities are set out in the trustees' annual report. The company is also a registered charity, with charity number SC022353.

Basis of preparing the financial statements
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared under the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. The company's functional and presentational currency is GBP. Monetary amounts in these financial statements are rounded to the nearest £.

Moredun Research Institute constitutes a public benefit entity as defined by FRS 102.

Going concern
The trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Forecasts and projections are prepared and performance is monitored against these. They therefore continue to adopt the going concern basis in preparing the annual financial statements.

Fund accounting
In accordance with the Charities SORP (FRS 102) all income and expenditure is dealt with through the statement of financial activities, including those items which affect capital reserves. The statement of financial activities provides information on all recognised gains and losses experienced during the year and incorporates information on movements in capital resources to form a single statement of all movements between opening and closing funds. Income includes not only incoming revenue but also receipts of capital such as Scottish Government capital grants.

Funds are classified as either restricted funds or unrestricted funds. **Unrestricted funds** are available to spend on activities that further any of the purposes of the charity. **Designated funds** are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. **Restricted funds** relate to income where the provider of these funds has specified them to be solely used for a particular area of the Institute's work or for specific projects being undertaken by the Institute.

Income: grants – research expenditure (including the related staff pension cost)
Grants for research expenditure (including the related staff pension cost) are credited to income in the period in which they are receivable and in which associated costs are incurred. Where unconditional grant entitlement depends on conditions being met by the Institute, sums received against future costs are shown as deferred income. The major source of grant income is the Scottish Government.

Income: grants – capital expenditure
Grant receipts in respect of capital expenditure are recognised in the statement of financial activities when the charity is entitled to the funds, when these can be measured and when their receipt is probable. These grants are treated as a restricted fund and are amortised at rates equal to the corresponding depreciation charge.

1. Accounting policies (continued)

Pension costs
The Institute is a member of the Research Councils Pension Scheme which is administered by the Joint Superannuation Services ("JSS"). The Institute remits contributions to the scheme for employees.

The Institute also operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the income and expenditure account in the period to which they relate.

Foreign currency translation
Assets and liabilities held in foreign currencies are converted to sterling using the rate at the year-end date. Any exchange differences arising on transactions during the year are taken to the income and expenditure account.

Operating leases
Lessee: Operating lease payments are charged to the income and expenditure account as they fall due over the term of lease.
Lessor: Assets leased to third parties are treated as operating leases where no rights are given approximating to ownership. Annual rental income is credited to the income and expenditure account on a straight line basis over the lease term.

Expenditure recognition and allocation
Expenditure is recognised when a liability is incurred. Expenditure on raising funds are those costs incurred in attracting donations and legacies, and those incurred in non-primary purpose trading activities that raise funds. Charitable activities include expenditure associated with research work, bioservices and diagnostic services and include both the direct costs and support costs relating to these activities. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources. When this has not been possible an estimate has been made of the allocation to each activity.

Tangible fixed assets and depreciation
Fixed assets are shown in the statement of financial position at cost less amounts written off by way of depreciation. Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is calculated using the straight-line method to allocate cost to the assets' residual values over their estimated useful lives as follows:

Plant & scientific equipment	10-25 years
Computer equipment	4 years
Motor vehicles	4 years
Furniture and fittings	10 years

Leasehold improvements are depreciated over the remainder of the lease term.

Intangible fixed assets and amortisation
Intangible fixed assets are shown in the statement of financial position at cost less amounts written off by way of amortisation over their estimated useful life. Amortisation is provided using the straight line method from the point of asset registration as follows:

Patents	20 years
Trademarks	10 years

Investments
Investments are valued at cost less any provisions for impairment.

Stock
Stock is stated at the lower of cost or net realisable value.

1. Accounting policies (continued)

Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Cash and cash equivalents
Cash at bank and in hand are basic financial assets and include cash in hand, and deposits held at call with banks.

Financial instruments
The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors and amounts from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing

1. Accounting policies (continued)

transaction. Financial liabilities classified as payable within one year are not amortised. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Creditors
Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Accruals and deferred income
The recognition of accruals and deferred income involves estimating costs and revenues attributable to the reporting period where invoices or receipts are not yet received. These estimates are reviewed regularly and adjusted where necessary, but actual outcomes may differ.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Taxation
The Moredun Research Institute is recognised by HM Revenue & Customs as a charity and accordingly is exempt from corporation tax on its charitable activities.

Designated scientists' funds
These derive from scientific staff carrying out consultancy or other external paid work. Two thirds is retained by the Institute and the remaining one third is allocated to the member of staff to be used within the Institute or paid to the scientist through salary.

Consolidated financial statements
The Moredun Foundation is the only member of Moredun Research Institute. The company's results are included in the consolidated financial statements of the Moredun Foundation which are publicly available.

Consequently the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006. These accounts therefore present information as an individual entity and not about the Moredun Research Institute Group.

Prior year restatement
During the year, the charity identified that certain costs had not been allocated in line with the underlying use of resources or the intended cost allocation methodology. A reallocation has therefore been undertaken to better reflect the appropriate functional classifications. Where material, this has been treated as a prior period adjustment, with comparatives restated in accordance with FRS 102 and the Charities SORP. Where not material, the impact has been recognised in the current period. This adjustment improves the accuracy, consistency, and transparency of the financial statements. There was no impact on the comparative net movement in funds within the Statement of Financial Activities.

1. Accounting policies (continued)

Amendments to FRS 102 introduced by the Period Review 2024
The amendments to FRS 102, along with the revised Charities SORP 2026, are applicable for accounting periods commencing on or after 1 January 2026, with earlier adoption permitted. The trustees have opted not to adopt these amendments early, as such, the amendments will be implemented for the accounting year ending 31 March 2027.

The most significant amendments are the replacement of Section 23, now renamed 'Revenue from Contracts with Customers', and Section 20 'Leases'. The other less significant changes are not currently expected to have a material impact. The new revenue and leasing requirements seek to provide greater consistency and alignment with International Financial Reporting Standards, namely IFRS 15 and IFRS 16.

The charitable company is currently planning for the implementation of these changes. Under the new lease accounting requirements these changes will be applied using the modified retrospective approach which avoids the restatement of comparative figures. The implementation of the changes would see leased assets recognised as right-of-use assets on-balance sheet, with a lease liability recognised based on the discounted value of any future commitments, plus payments related to optional extension periods if considered reasonably certain. Exemptions to this approach will be considered for certain short-term leases or low-value assets.

Under the new revenue accounting requirements, management expects these changes to be applied using the modified retrospective approach which avoids the restatement of comparative figures.

Management are reviewing the current and expected future revenue transactions to determine the necessary performance obligations, transaction prices, and overall recognition and presentation to ensure compliance with the changes.

As at the date of signing the financial statements, and given the changes relate to future periods, it has been deemed impractical to determine the amounts involved.

Critical accounting judgements and estimation uncertainty
Charity management and the board of trustees make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise.

The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the financial year include:

- Tangible assets are recognised at cost, less accumulated depreciation, amortisation and any impairments. Depreciation takes place over the estimated useful life down to the assessed residual value. The carrying amount of the company's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.
- Intangible fixed assets are recognised at cost less accumulated amortisation and any impairments. Impairments are recognised following regular reviews of the patent portfolio that are carried out throughout the financial year.

2. Income from donations and legacies (including capital grants)

Comprised:	2026 £	2025 £
Capital grants		
Scottish Government	**102,680**	10,000
UK Government	**-**	873,551
Non-governmental sources	**60,611**	113,888
Total capital grants	**163,291**	997,439
Donations and legacies	**362,745**	-
Total income from donations and legacies (including capital grants)	**526,036**	997,439

Attributable to funds as follows:		
Restricted funds	**526,036**	997,439
Unrestricted funds	**-**	-
	526,036	997,439

3. Income from charitable activities

Comprised:	Unrestricted funds £	Restricted funds £	**Total 2026** £
Research revenue grants			
Scottish Government	-	6,147,556	**6,147,556**
UK Government bodies	-	2,428,487	**2,428,487**
European Union	-	262,017	**262,017**
Non-governmental sources	585,600	3,040,349	**3,625,949**
Total research revenue grants	585,600	11,878,409	**12,464,009**
Research – costs refunded & other	688,123	-	**688,123**
Bioservices-Scottish Government	31,885	-	**31,885**
Bioservices-other income	1,100,713	-	**1,100,713**
Diagnostics-Scottish Government *(Surveillance)*	-	234,000	**234,000**
Diagnostics-other income	97,919	-	**97,919**
Total income from charitable activities	2,504,240	12,112,409	**14,616,649**

3. Income from charitable activities (continued)

An analysis of the comparative figures is as follows:

Comprised:	Unrestricted funds £	Restricted funds £	**Total 2025 As restated £**
Research revenue grants			
Scottish Government	-	6,304,191	**6,304,191**
UK Government bodies	-	1,645,736	**1,645,736**
European Union	-	579,056	**579,056**
Other sources	783,600	3,040,791	**3,824,391**
Total research revenue grants	783,600	11,569,774	**12,353,374**
Research – costs refunded & other	740,858	-	**740,858**
Bioservices-Scottish Government	29,022	-	**29,022**
Bioservices-other income	923,876	-	**923,876**
Diagnostics-Scottish Government *(Surveillance)*	-	234,000	**234,000**
Diagnostics-other income	61,488	-	**61,488**
Total income from charitable activities	2,538,844	11,803,774	**14,342,618**

4. Income from investments

Comprised:	**2026 £**	**2025 £**
Bank interest	**197,668**	281,196
Total income from investments	**197,668**	281,196

Attributable to funds as follows:

Restricted funds	**-**	-
Unrestricted funds	**197,668**	281,196
	197,668	281,196

5. Other income

Comprised:	**2026 £**	**2025 As restated £**
Intercompany costs recovered	**236,162**	219,449
Royalty income	**93,307**	92,082
Total other income	**329,469**	311,531

Attributable to funds as follows:

Restricted funds	**-**	-
Unrestricted funds	**329,469**	311,531
	329,469	311,531

6. Geographical analysis

An analysis of income by geographical market is given below:	2026 £	2025 £
United Kingdom	**13,141,435**	11,042,452
Europe	**364,267**	458,152
Rest of the world	**2,164,120**	4,432,180
	15,669,822	15,932,784

7. Analysis of charitable expenditure

The Institute undertakes direct charitable activities only and does not make grant payments.

	Research	Bioservices	Diagnostics	Loss on disposal of patents	**Total 2026**
	£	£	£	£	**£**
Research activity	10,974,582	312,660	367,421	-	**11,654,663**
Premises costs	1,233,648	553,558	-	-	**1,787,206**
Direct depreciation	329,135	147,978	-	-	**477,113**
Loss on sale of fixed assets	1,239	-	-	-	**1,239**
Travel and subsistence	1,320	-	-	-	**1,320**
Training	48,009	4,231	-	-	**52,240**
Professional fees	76,447	2,111	-	-	**78,558**
Irrecoverable VAT	325,784	54,319	-	-	**380,103**
Governance costs (note 8)	31,977	-	-	-	**31,977**
Support costs (note 8)	908,711	271,162	-	-	**1,179,873**
	13,930,852	1,346,019	367,421	-	**15,644,292**

An analysis of the comparative figures as restated is as follows:

	Research	Bioservices	Diagnostics	Loss on disposal of patents	**Total 2025 As restated**
	£	£	£	£	**£**
Research activity	10,301,191	345,719	387,773	17,581	**11,052,264**
Premises costs	1,319,574	566,575	-	-	**1,886,149**
Direct depreciation	306,736	129,502	-	-	**436,238**
Gain on sale of fixed assets	398	21,229	-	-	**21,627**
Travel and subsistence	3,859	-	-	-	**3,859**
Training	38,017	2,055	-	-	**40,072**
Professional fees	40,757	2,414	-	-	**43,171**
Irrecoverable VAT	259,602	180,719	-	-	**440,321**
Governance costs (note 8)	32,025	-	15,329	-	**47,354**
Support costs (note 8)	874,910	273,361	15,329	-	**1,163,600**
	13,177,069	1,521,574	418,431	17,581	**15,134,655**

7. Analysis of charitable expenditure (continued)

Attributable to funds as follows:	2026 £	2025 As restated £
Restricted funds	**14,164,852**	13,411,069
Unrestricted funds	**1,479,440**	1,723,586
	15,644,292	15,134,655

8. Allocation of support and governance costs

The Institute allocates its support costs as shown in the table below and then further apportions those costs between the three charitable activities undertaken (see note 7). Support costs are allocated on a basis consistent with the use of resources. When this has not been possible an estimate has been made of the allocation to each activity.

	Research	Bioservices	Diagnostics	Governance	Total 2026
	£	£	£	£	£
Staff costs	281,943	38,966	-	14,839	**335,748**
Office & premises	606,755	219,118	-	1,625	**827,498**
Legal & prof. fees	11,862	-	-	-	**11,862**
Audit fees	-	-	-	15,513	**15,513**
Other costs	8,151	13,078	-	-	**21,229**
	908,711	271,162	-	31,977	**1,211,850**

An analysis of the comparative figures is as follows:

	Research	Bioservices	Diagnostics	Governance	Total 2025
	£	£	£	£	£
Staff costs	282,627	36,437	-	14,875	**333,939**
Office & premises	582,495	225,200	15,329	15,329	**838,353**
Legal & prof. fees	3,716	-	-	196	**3,912**
Audit fees	-	-	-	16,634	**16,634**
Other costs	6,072	11,724	-	320	**18,116**
	874,910	273,361	15,329	47,354	**1,210,954**

9. Other expenditure

Comprised:	2026 £	2025 As restated £
Intercompany costs	**236,162**	219,449
Scientists royalties	**22,374**	32,747
Total other expenditure	**258,536**	252,196
Attributable to funds as follows:		
Restricted funds	**-**	-
Unrestricted funds	**258,536**	252,196
	258,536	252,196

10. Staff costs

Comprised:	2026 £	2025 £
Wages and salaries	**4,620,440**	4,758,999
Pension costs	**933,008**	975,137
Social security costs	**611,275**	512,733
Scientists royalties and other staffing costs	**46,195**	45,441
Redundancy costs	**-**	49,765
	6,210,918	6,342,075
Group recharged costs	**506,715**	543,175
	6,717,633	6,885,250

The average number of employees during the year was as follows:

	Number		Full time equivalents	
	2026	2025	2026	2025
Scientific	**94.8**	97.1	**88.1**	90.3
Other	**10.7**	10.2	**9.6**	9.7
	105.5	107.3	**97.7**	100.0

The number of staff who received remuneration in the following ranges excluding employers' national insurance and pension contributions, but including taxable benefits, was:

	2026	2025
£60,001 - £70,000	**8**	8
£70,001 - £80,000	**2**	5
£80,001 - £90,000	**1**	1
£90,001 - £100,000	**1**	2
£100,001- £110,000	**-**	1
£110,001- £120,000	**1**	-
£130,001 - £140,000	**-**	1
£140,001 - £150,000	**1**	-
	14	18

10. Staff costs (continued)

The fourteen (2025: eighteen) employees noted above accrued pension rights under the Research Councils Pension Scheme or the Group Personal Pension Scheme. During the year, contributions were paid in to the schemes on behalf of these employees totalling £233,602 (2025: £313,474).

Senior management remuneration: The members of the senior management group comprise the Chief Executive (who is also the Scientific Director), the Deputy Scientific Director, the Group Finance Director, the Chief Operating Officer, the Director of Communications and the Group Human Resources Manager. At the year end, two (2025: one) members of the senior management group were employed by another Moredun group company.

Accordingly, the total cost of employee benefits, including employers pension contributions, of the senior management group, including recharges for a time allocation of the members of the senior management employed by another group company, were £644,845 for 6.0 posts (2025: £637,469 for 5.2 posts). This included employer national insurance contributions of £66,952 (2025: £58,393).

Trustees' expenses and remuneration: During the year five (2025: six) trustees claimed travel expenses and accommodation costs, the total of which amounted to £1,625 (2025*:* £3,348).

No trustees received remuneration however two trustees (2025: one) received a total of £13,670 (2025: £11,577 from Pentlands Science Park Limited, a wholly owned subsidiary of The Moredun Foundation, for services to the group. The legal authority under which the payments are made is the Articles of Association. No employers' pension contributions were made in respect of these trustees.

A directors/trustees indemnity policy is in place which covers all trustees. This is deemed essential given the nature of the work involved within the Institute.

11. Net (expenditure)/income for the financial year

The net (expenditure)/income is stated is stated after charging/(crediting) the following:

	2026 £	2025 £
Net loss on the sale of fixed assets	**1,239**	21,627
Net loss on disposal of patents	**-**	17,581
Depreciation (note 13)	**596,392**	545,298
Staff costs (note 10)	**6,717,633**	6,885,250
Operating lease rentals - property	**760,450**	774,704
External auditor's remuneration - audit fee	**11,350**	10,750
External auditor's remuneration - non-audit work	**1,300**	2,351
Internal auditor's remuneration - audit fee	**2,813**	3,533
Net (gain)/loss on foreign currency exchange	**(15,242)**	21,604

12. Fixed assets – intangible

The movement on these assets during the year was as follows:

	Trademarks £	Patents £	Total £
Cost			
At 1 April 2025	31,255	643,368	674,623
Additions	1,368	53,313	54,681
Disposals	-	-	-
At 31 March 2026	**32,623**	**696,681**	**729,304**
Amortisation			
At 1 April 2025	27,624	315,920	343,544
Charge for the year	3,419	51,108	54,527
Amortisation on disposals	-	-	-
At 31 March 2026	**31,043**	**367,028**	**398,071**
At 31 March 2026	**1,580**	**329,653**	**331,233**
At 31 March 2025	3,631	327,448	331,079

13. Fixed assets – tangible

The movement on these assets during the year was as follows:

	Leasehold improvements £	Motor vehicles £	Computer equipment £	Plant & scientific equipment £	Fixtures & fittings £	Total £
Cost						
At 1 April 2025	463,656	102,338	509,165	13,590,455	173,099	14,838,713
Additions	1,735,262	-	46,661	567,386	5,574	2,354,883
Disposals	-	(8,183)	(922)	(81,548)	(13,211)	(103,864)
Transfers	-	-	5,053	(5,053)	-	-
At 31 March 2026	**2,198,918**	**94,155**	**559,957**	**14,071,240**	**165,462**	**17,089,732**
Depreciation						
At 1 April 2025	243,093	59,706	309,515	8,330,124	160,270	9,102,708
Charge for the year	3,569	15,690	80,393	494,815	1,925	596,392
Eliminated on disposals	-	(8,183)	-	(79,438)	(13,211)	(100,832)
At 31 March 2026	**246,662**	**67,213**	**389,908**	**8,745,501**	**148,984**	**9,598,268**
Net book values						
At 31 March 2026	**1,952,256**	**26,942**	**170,049**	**5,325,739**	**16,478**	**7,491,464**
At 31 March 2025	220,563	42,632	199,650	5,260,331	12,829	5,736,005

14. Fixed assets - investments

The directors have taken advantage of the exemption conferred by section 400 of the Companies Act 2006 to dispense with the requirement to prepare consolidated accounts when these are included in the accounts of a larger group. Moredun Research Institute is a wholly owned subsidiary of The Moredun Foundation. The investments in subsidiaries, jointly controlled entities and other unlisted entities are noted below.

Shares in group undertakings:
During the year the company held equity investments in the following subsidiaries:

Company name	Country of incorporation and registered number	Nominal value of shareholding and percentage shareholding
Inocul8 Limited	Scotland - SC347044	10 ordinary shares of £1 each *100% of the share capital*
Pentlands Immunologics Limited	Scotland - SC357619	10 ordinary shares of £1 each *100% of the share capital*
Wormvax Limited	Scotland - SC357621	10 ordinary shares of £1 each *100% of the share capital*
Evalu8 Science Limited	Scotland - SC357622	10 ordinary shares of £1 each *100% of the share capital*
Gener8 Science Limited	Scotland - SC357623	10 ordinary shares of £1 each *100% of the share capital*
Anticip8 Science Limited	Scotland - SC357624	10 ordinary shares of £1 each *100% of the share capital*

Financial data relating to the above equity investments is as follows:

Company name	Year ended	Profit/(loss)	Aggregate amount of capital and reserves
Inocul8 Limited	31 March 2026	£nil	£10
Pentlands Immunologics Limited	31 March 2026	£nil	£10
Wormvax Limited[1]	31 March 2026	£nil	£10
Evalu8 Science Limited	31 March 2026	£nil	£10
Gener8 Science Limited	31 March 2026	£nil	£10
Anticip8 Science Limited	31 March 2026	£nil	£10

All subsidiaries were dormant during the year other than Wormvax Limited which holds the entire equity in Wormvax Australia Pty Ltd. Wormvax Australia Pty Ltd, registered in Australia, manufactures and sells a vaccine to aid in the reduction of *Haemonchus contortus* egg shedding.

[1] Excluding retained earning relating to cumulative foreign exchange gains/losses on annual investment revaluation

Jointly controlled entities:
During the year the company was a member in the following jointly controlled entity which is limited by guarantee:

Company name	Country of incorporation and registered number	Nominal value of shareholding and percentage shareholding
Genomia Management Ltd	Scotland – SC266593	Not applicable

Including Moredun Research Institute, there are four members in Genomia Management Limited. The company ceased trading on 6 December 2024 and was subsequently dissolved on 3 June 2025.

14. Fixed assets - investments (continued)

Jointly controlled entities (continued):
The principal activity of Genomia Management Limited was to provide seed fund support for proof of concept and business development proposals targeting important developments in science and to encourage the commercialisation of the science output in the member organisations and in partner organisations.

Cost value of investments:
The cost value of investments in subsidiaries, jointly controlled entities and other investments is as follows:

Company	At 31 March 2025 £	Additions/ (disposals) £	Reversal of impairment £	At 31 March 2026 £
Unlisted – investments in subsidiaries	60	-	-	**60**

15. Stock

Comprised:	2026 £	2025 £
Livestock	**37,190**	57,080
Consumables	**82,588**	125,705
	119,778	182,785

16. Debtors

Debtors comprised: Amounts falling due within one year:	2026 £	2025 £
Amounts due from group undertakings	**700,204**	555,886
Trade debtors	**1,596,312**	915,778
Prepayments	**426,363**	435,110
Other debtors	**646,220**	958,781
	3,369,099	2,865,555

Amounts owed by group undertakings are unsecured and include trade balances.

17. Creditors

Creditors comprised: Amounts falling due within one year:	2026 £	2025 £
Amounts due to group undertakings	**591,904**	638,740
Trade creditors	**274,213**	301,210
Other creditors	**192,473**	197,286
Other taxes and social security	**197,899**	144,332
Accruals	**435,883**	408,557
Deferred income	**2,086,395**	1,958,780
	3,778,767	3,648,905

Amounts due to group undertakings are unsecured and include trade balances.

17. Creditors (continued)

Deferred grant income arises as follows:	2026 £	2025 £
Opening balance	**1,958,780**	1,358,536
Received in the year	**5,503,361**	4,994,324
Released in the year	**(5,375,746)**	(4,394,080)
Closing balance	**2,086,395**	1,958,780

Deferred income comprises payments received in advance of the service provision or before any performance conditions attached to the items of income have been met. All amounts deferred at the year-end will be released in future financial periods as and when contractual obligations are fulfilled.

18. Restricted funds

Restricted funds are as follows:

- The **capital equipment fund** relates to funds received for the purchase of capital equipment. An amount equivalent to the depreciation charge on the assets purchased is released to the Income and Expenditure Account annually.
- The **Scottish Government fund** was established in 1995, to provide scientific research, funded by grants from The Scottish Government. The grants are given for specific research projects.
- The **intellectual property development fund** was set up in 2003 to finance work in developing the intellectual property of the Institute.
- The **Pentlands Science Park Limited studentship fund** was set up in 2006 to finance studentships out of funds gift aided by the company to the group holding company, The Moredun Foundation, and subsequently granted to the Institute. This fund has now closed.
- The **fellowship fund** relates to funds for fellowships, gift aided by subsidiaries to the group holding company, The Moredun Foundation and subsequently granted to Moredun Research Institute.
- The **Louping Ill fund** relates to funds received through donations and grants to help bring a new Louping Ill vaccine to market.
- **Research restricted funds** represents monies received from various sources for specific purposes which have been fully spent during the financial year.

The movements on restricted funds, including transfers, **during the year** were as follows:

	Balance at 1 April 2025 £	Movement in funds Incoming £	Outgoing £	Transfers £	Balance at 31 March 2026 £
Capital equipment fund	4,144,779	163,291	(319,416)	109,302	**4,097,956**
Scottish Government fund[1]	-	6,381,556	(6,381,556)	-	**-**
Intellectual property development fund	10,369	-	(10,369)	-	**-**
Fellowship fund	103,494	240,000	(208,258)	-	**135,236**
Louping Ill Fund	-	362,745	(20,118)	-	**342,627**
Research restricted funds	-	5,490,853	(7,225,135)	1,734,282	**-**
	4,258,642	12,638,445	(14,164,852)	1,843,584	**4,575,819**

[1] Of the Scottish Government incoming resources, £100k relates to funding for the Louping Ill vaccine and has been fully spent in the year.

18. Restricted funds (continued)

The movements on restricted funds, including transfers, **during the previous year** were as follows:

	Balance at 1 April 2024	Movement in funds			Balance at 31 March 2025
		Incoming	Outgoing	Transfers	
			As restated	As restated	As restated
	£	£	£	£	£
Capital equipment fund	3,216,877	1,146,965	(1,131,226)	912,163	**4,144,779**
Scottish Government fund	-	6,538,191	(6,538,191)	-	**-**
Intellectual property development fund	60,948	-	(50,579)	-	**10,369**
Pentlands Science Park Ltd studentship fund	2,164	-	(2,164)	-	**-**
Fellowship fund	117,820	240,000	(254,326)	-	**103,494**
Research restricted funds	-	4,876,057	(5,434,583)	558,526	**-**
	3,397,809	12,801,213	(13,411,069)	1,470,689	**4,258,642**

Grants received from the Scottish Government can be analysed as follows:

	2026 £	2025 £
Grants for current expenditure[1]:		
Research portfolio	**6,147,556**	6,304,191
Surveillance	**234,000**	234,000
Grants for capital expenditure - surveillance	**102,680**	10,000
	6,484,236	6,548,191

Whereof:	2026 £	2025 £
Included as income	**6,381,556**	6,538,191
Included as capital	**102,680**	10,000
	6,484,236	6,548,191

The Scottish Government provides funding each year towards a portfolio of strategic science and research. The research carried out by Moredun is both directed and long-term. Both of these attributes are becoming increasingly important as governments respond to the complex challenges facing them.

Scottish Government funding of science forms an important part of the science base of the country, enhancing its reputation for excellence and relevance in rural, agricultural and environmental research.

[1] Excluding funds received in respect of the Single Farm Payment amounting to £31,885 (2025: £29,022) as disclosed in note 3.

19. Unrestricted funds

The movements on unrestricted funds, including transfers, during the year were as follows:

	Balance at 1 April 2025	Movement in funds			Balance at 31 March 2026
		Incoming	Outgoing	Transfers	
	£	£	£	£	£
General fund	12,080,003	2,969,693	(1,657,087)	(1,843,584)	**11,549,025**
Designated scientists' funds	78,820	11,684	(30,889)	-	**59,615**
Designated innovation fund	-	50,000	(50,000)	-	**-**
	12,158,823	3,031,377	(1,737,976)	(1,843,584)	**11,608,640**

The movements on unrestricted funds, including transfers, **during the previous year** were as follows:

	Balance at 1 April 2024	Movement in funds			Balance at 31 March 2025 As restated
		Incoming	Outgoing As restated	Transfers As restated	
	£	£	£	£	£
General fund	12,363,370	3,069,419	(1,879,933)	(1,472,853)	**12,080,003**
Designated scientists' funds	85,262	12,152	(18,594)	-	**78,820**
Designated innovation fund	25,091	50,000	(77,255)	2,164	**-**
	12,473,723	3,131,571	(1,975,782)	(1,470,689)	**12,158,823**

As stated in note 1, **designated scientists' funds** arise from scientific staff carrying out personal consultancies or other external paid work. One third is retained by the Institute within general funds and the remaining balance is either paid to the member of staff by way of the payroll system or retained in a designated fund to be used within the Institute at the discretion of the member of staff. The **innovation fund** relates to money, designated by the Institute, for innovative research and for targeting specific research outputs.

20. Analysis of net assets between funds

The analysis of net assets at **31 March 2026**, between funds, is as follows:

	Tangible fixed assets	Other assets less liabilities	Total
	£	£	£
Restricted funds			
Capital equipment fund	3,786,427	311,529	**4,097,956**
Intellectual property development fund	-	-	**-**
Fellowship fund	-	135,236	**135,236**
Louping Ill fund	-	342,627	**342,627**
	3,786,427	789,392	**4,575,819**
Unrestricted funds			
General fund	3,705,037	7,843,988	**11,549,025**
Designated scientists' funds	-	59,615	**59,615**
Designated innovation fund	-	-	**-**
	3,705,037	7,903,603	**11,608,640**
Total funds	7,491,464	8,692,995	**16,184,459**

20. Analysis of net assets between funds (continued)

The analysis of the comparative net assets figure at **31 March 2025**, between funds, is as follows:

	Tangible fixed assets £	Other assets less liabilities £	Total £
Restricted funds			
Capital equipment fund	3,778,553	366,226	**4,144,779**
Intellectual property development fund	-	10,369	**10,369**
PSP studentship fund	-	-	**-**
Fellowship fund	-	103,494	**103,494**
	3,778,553	480,089	**4,258,642**
Unrestricted funds			
General fund	1,957,452	10,122,551	**12,080,003**
Designated scientists' funds	-	78,820	**78,820**
Designated innovation fund	-	-	**-**
	1,957,452	10,201,371	**12,158,823**
Total funds	5,736,005	10,681,460	**16,417,465**

All assets are held for charitable purposes.

21. Notes to the statement of cash flows

Components of cash and cash equivalents and term deposits

	At 1 April 2025 £	Net cash flows £	At 31 March 2026 £
Cash and cash equivalents:			
Cash at bank and in hand	5,348,386	(2,628,365)	**2,720,021**
Term deposits not included in cash and cash equivalents:			
Term deposits	5,602,500	329,071	**5,931,571**
Cash at bank and in hand per the statement of financial position	10,950,886	(2,299,294)	**8,651,592**

Cash at bank and in hand has reduced in the year because of the purchase of Firth Mains Farm in June 2025.

22. Leasing agreements

Lessor operating leases: future minimum lease income under non-cancellable operating leases falls receivable as follows:

	Property lease 2026 £	Property lease 2025 £
In one year or less	**1,754**	2,170

MRI 2026.pdf [7c700abe-d880-4730-975e-1a007ee5f24a] Page: 38 / 44

22. Leasing agreements (continued)

Lessee operating leases: future minimum lease payments under non-cancellable operating leases fall due as follows:

	Property lease 2026 £	Property lease 2025 £
In one year or less	**763,000**	774,704
In more than one year but no more than five years	**3,052,000**	3,052,000
In more than five years	**5,341,000**	6,104,000
	9,156,000	9,930,704

23. Pension schemes

All Institute staff who were employed prior to 1 June 2018 were eligible to join one of a number of pension schemes encompassed within the Research Councils Pension Scheme (RCPS), which is administered by the Joint Superannuation Services (JSS).

There are several different schemes within the RCPS, which have varying benefits and contributions. Further information in relation to these schemes is available from the Civil Service Pension site at www.civilservicepensionscheme.org.gov.uk. The RCPS schemes are by analogy to the Principal Civil Service Pension Schemes (PCSPS), which are unfunded, with the benefits secured against future tax yields.

As with most public sector pension schemes, the RCPS schemes are multi-employer defined benefits schemes, where the employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. The Institute therefore accounts for these schemes as if they were defined contribution schemes.

During the year contributions payable by the Institute to JSS (excluding the impact of holiday pay accruals) amounted to £646,162 (2025: £726,362). Outstanding employer contributions at 31 March 2026 amounted to £47,288 (2025: £61,182).

Staff joining the Institute after 1 June 2018 are eligible to join a group personal pension scheme. The assets of the scheme are invested with an insurance company and are held separately from those of the Institute.

During the year contributions payable by the Institute amounted to £289,023 (2025: £247,004). Outstanding employer contributions at 31 March 2026 were £24,558 (2025: £22,845).

24. Ultimate holding organisation

Moredun Research Institute is a wholly owned subsidiary of The Moredun Foundation, a company limited by guarantee registered in Scotland, company number SC151865, having charitable status, charity number SC022515. The registered office address of The Moredun Foundation is the same as that of Moredun Research Institute.

24. Ultimate holding organisation (continued)

The objects of The Moredun Foundation as set out in its Memorandum of Association are to undertake, promote and assist in promoting and undertaking experimental and other scientific research concerning the diseases of farm livestock, wild and domestic animals, fish and birds and other scientific research in areas which affect animal welfare, human health, the environment or otherwise is of public concern and to disseminate the results of such research and generally to promote agriculture, arboricultural and horticultural research and the dissemination of the results of such research; and contribute to the relief of poverty in the poorer populations of the world.

The Moredun Foundation and its subsidiaries are committed to promoting the highest possible standards of animal health and welfare through research and education. Moredun is recognised worldwide particularly for its contribution to research in to infectious diseases of farmed livestock.

The Moredun Foundation is the owner and landlord of Pentlands Science Park which provides purpose-built offices, laboratories and animal accommodation for the research institute and other tenants primarily involved in the animal health and research sectors.

The annual report of The Moredun Foundation is available for inspection at Companies House.

25. Related parties

Ultimate Control: Moredun Research Institute is ultimately controlled by The Moredun Foundation, which is the only voting member. The results of Moredun Research Institute are included in the consolidated financial statements of The Moredun Foundation, which are available for inspection at Companies House.

Transactions between Moredun Research Institute and The Moredun Foundation are conducted on an arm's length basis. The commercial relationship between the two bodies is that of Landlord and Tenant. No singularly material transactions have occurred.

The Moredun Foundation
Amounts were received from The Moredun Foundation as follows: grants £905,260 (2025: £1,118,851), apportionment of staff costs £49,478 (2025: £48,234) and an apportionment of general costs £21,044 (2025: £30,944). The amount due from The Moredun Foundation at the year-end amounted to £69,947 (2025: £100,871).

Amounts were paid to The Moredun Foundation as follows: property related costs including rent and rates £1,018,279 (2025: £1,001,351), consumables £1,509 (2025: £nil), equipment maintenance costs £20,754 (2025: £26,519) and an apportionment of general costs £12,880 (2025: £874). The amount due to The Moredun Foundation at the year-end amounted to £76,613 (2025: £62,319).

Moredun Scientific Limited
Moredun Scientific Limited (a company registered in Scotland SC107439) is a wholly owned subsidiary of The Moredun Foundation. Amounts were received from Moredun Scientific Limited as follows: trials and contract work £945,478 (2025: £639,353), apportionment of staff costs £132,041 (2025: £129,624), rent £8,736 (2025: £8,736) and an apportionment of general costs £154,698 (2025: £149,603). The amount due from Moredun Scientific Limited at the year-end amounted to £274,488 (2025: £66,024).

Amounts were paid to Moredun Scientific Limited as follows: apportionment of staff costs £1,754 (2025: £nil), consumables £240 (2025: £nil) and an apportionment of general costs £876 (2025: £nil). The amount due to Moredun Scientific Limited at the year-end amounted to £2,917 (2025: £3,221).

25. Related parties (continued)

Pentlands Science Park Limited
Pentlands Science Park Limited (a company registered in Scotland SC148767) is a wholly owned subsidiary of The Moredun Foundation. Amounts were received from Pentlands Science Park Limited as follows: apportionment of staff costs £109,738 (2025: £101,554) and an apportionment of general costs £95,311 (2025: £69,149). The amount due from Pentlands Science Park Limited at the year-end amounted to £25,880 (2025: £22,018).

Amounts were paid to Pentlands Science Park Limited as follows: apportionment of staff costs £651,019 (2025: £572,157), consumables £170,338 (2025: £151,671), property related costs £1,683,010 (2025: £1,650,770), quality assurance and purchasing costs £156,592 (2025: £138,101), equipment maintenance costs £98,545 (2025: £105,257) and an apportionment of general costs £115,577 (2025: £99,238). The amount due to Pentlands Science Park Limited at the year-end amounted to £248,693 (2025: £437,101).

Wormvax Australia Pty Ltd
Wormvax Australia Pty Ltd (a company registered in Australia, ACN 162 279 987) is a wholly owned subsidiary of Wormvax Limited (a company registered in Scotland SC357621), which itself is a wholly owned subsidiary of Moredun Research Institute. Amounts were received from Wormvax Australia Pty Ltd as follows: apportionment of staff costs £72,601 (2025: £67,863), royalties £69,387 (2025: £40,344) and an apportionment of general costs £67,386 (2025: £85,277). The amount due from Wormvax Australia Pty Ltd at the year-end amounted to £15,836 (2025: £23,373).

Moredun Research Institute

Detailed income and expenditure account
For the year ended 31 March 2026

	2026		2025	
	£	£	£	£
Income				
Grants – Scottish Government	**6,147,556**		6,304,191	
Grants – research contracts	**5,433,428**		4,930,332	
Grants – The Moredun Foundation	**883,025**		1,118,851	
Diagnostic fees – Scottish Government	**234,000**		234,000	
Diagnostic fees - other	**97,919**		61,488	
Donations – Louping Ill	**362,745**		-	
Royalties	**93,307**		92,082	
Refund of salaries and other costs recovered	**956,170**		989,329	
Bioservices	**1,100,713**		923,876	
Total income		**15,308,863**		14,654,149
Direct research costs				
Establishment expenses	**2,534,752**		2,601,181	
Laboratory research costs	**2,235,985**		2,165,193	
Subcontracted resources	**2,438,009**		1,857,181	
Experimental livestock costs	**228,128**		213,184	
Salaries and royalties	**6,761,149**		6,773,983	
		14,198,023		13,610,722
Gross surplus		**1,110,840**		1,043,427
Administrative costs		**(1,704,805)**		(1,776,129)
Operating (deficit)		**(593,965)**		(732,702)
Interest receivable and similar income		**197,668**		281,196
(Deficit) for the financial year		**(396,297)**		(451,506)

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Moredun Research Institute

Schedule of administrative expenses
For the year ended 31 March 2026

	2026		2025	
	£	£	£	£
Establishment expenses				
Heat & light	**550,084**		701,297	
Depreciation	**596,392**		545,298	
Rent, rates & service charges	**1,613,880**		1,592,476	
Cleaning costs	**56,035**		51,130	
		2,816,391		2,890,201
Attributable to:				
Direct research costs (90%)	**2,534,752**		2,601,181	
Administrative costs (10%)	**281,639**		289,020	
		2,816,391		2,890,201
Administrative costs				
Establishment expenses *(above)*	**281,639**		289,020	
Equipment rental	**20,051**		31,121	
Repairs & maintenance	**524,560**		507,975	
Insurance	**167,209**		145,980	
Hospitality & catering	**39,525**		35,506	
Motor expenses	**17,906**		15,276	
Telephone & postage	**18,900**		18,009	
Printing & stationery	**12,087**		20,615	
Subscriptions	**20,874**		22,939	
Training	**52,240**		40,072	
Travel & subsistence	**2,945**		4,824	
Legal, professional & consultancy fees	**59,308**		19,562	
Audit and accounting	**15,513**		16,634	
Health & safety	**29,846**		26,537	
Health, wellbeing & diversity	**1,266**		984	
Advertising & exhibitions	**11,760**		23,057	
Bank charges	**3,446**		3,466	
Net loss on sale of fixed assets	**1,239**		21,627	
Net loss on disposal of patents	**-**		17,581	
Patent amortisation	**54,527**		50,579	
Sundries	**3,323**		2,840	
Irrecoverable VAT	**380,103**		440,321	
(Gain)/loss on foreign currency exchange	**(15,242)**		21,604	
Bad debts	**1,780**		-	
Total administrative costs		**1,704,805**		1,776,129

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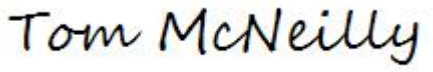
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