

eLife Sciences Publications, Ltd

Financial Statements

December 31, 2023 and 2022

(With Independent Auditor's Report Thereon)

eLife Sciences Publications, Ltd

Financial Statements

December 31, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
eLife Sciences Publications Limited

Opinion

We have audited the financial statements of eLife Sciences Publications Limited (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor’s responsibilities for the audit of the financial statements

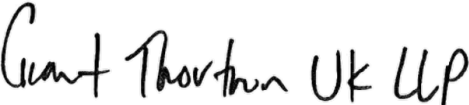
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Grant Thornton UK LLP
London, United Kingdom
July 5, 2024

eLife Sciences Publications, Ltd

Balance Sheets

As of December 31

	2023	2022
	£000	£000
	<u> </u>	<u> </u>
Assets		
Current assets:		
Cash and cash equivalents	4,649	3,409
Trade receivables	135	158
Other receivables and prepayments	190	326
Corporation tax	153	118
Total current assets	5,127	4,011
Non-current assets:		
Net book value property, plant and equipment	12	42
Total non-current assets	12	42
Total assets	<u>5,139</u>	<u>4,053</u>
Liabilities and Net Assets		
Current liabilities:		
Trade accounts payable	177	177
Accrued expenses	309	396
Contract liabilities	1,127	169
Deferred grant contributions	2,479	2,420
Other liabilities	109	106
Total current liabilities	4,201	3,268
Net assets:		
Net assets without donor restrictions	938	785
Total net assets	938	785
Total liabilities and net assets	<u>5,139</u>	<u>4,053</u>

See accompanying notes to the financial statements.

eLife Sciences Publications, Ltd

Statements of Activities

Years ended December 31

	2023 £000	2022 £000
Revenue		
Publication fees	4,018	4,263
Contributions	2,931	1,831
Total revenue	6,949	6,094
Expenses		
Program services:		
Journal expenses	6,033	5,899
Supporting services:		
Management and general	843	556
Total services expenses	6,876	6,455
Operating income	73	(361)
Other income	127	507
Profit before tax	200	146
Income tax (expense)	(47)	(28)
Change in net assets	153	118
Net assets, beginning of year	785	667
Net assets, end of year	938	785

eLife Sciences Publications, Ltd
Statements of Functional Expenses
Year ended December 31, 2023

	Program services Journal expenses	Supporting services Management and general	Total functional expenses
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Salaries	2,506	176	2,682
Payroll taxes	287	20	307
Employee benefits	281	21	302
Occupancy	133	10	143
Editorial costs	1,484	-	1,484
Professional fees	40	219	259
Marketing expenses	154	-	154
Development costs	783	-	783
Other expenses	327	394	721
Depreciation	38	3	41
Total functional expenses	<u>6,033</u>	<u>843</u>	<u>6,876</u>

Year ended December 31, 2022

	Program services Journal expenses	Supporting services Management and general	Total functional expenses
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Salaries	2,264	202	2,466
Payroll taxes	264	24	288
Employee benefits	209	19	228
Occupancy	115	11	126
Editorial costs	1,611	-	1,611
Professional fees	106	206	312
Marketing expenses	149	-	149
Development costs	672	-	672
Other expenses	429	86	515
Depreciation	80	8	88
Total functional expenses	<u>5,899</u>	<u>556</u>	<u>6,455</u>

See accompanying notes to the financial statements.

eLife Sciences Publications, Ltd

Statements of Cash Flows

Years ended December 31

	2023	2022
	<u>£000</u>	<u>£000</u>
Cash flows provided by operating activities:		
Change in net assets	153	118
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	41	88
Changes in operating assets and liabilities		
Decrease in trade receivables	23	19
Decrease / (increase) in other receivables and prepayments	135	(17)
Increase in trade accounts payable	-	34
(Decrease) in accrued expenses	(87)	(33)
Increase / (decrease) in contract liabilities	958	(47)
Increase in deferred grant contributions	60	1,518
(increase) / Decrease in tax receivables	(35)	138
Increase in other liabilities	3	17
Operating lease payment	-	(35)
Net cash provided by operating activities	<u>1,251</u>	<u>1,800</u>
Cash flows from investing activities:		
Purchase of fixed assets	(11)	(3)
Net cash (used in) investing activities	(11)	(3)
Net increase in cash and cash equivalents	1,240	1,797
Cash and cash equivalents, beginning of year	<u>3,409</u>	<u>1,612</u>
Cash and cash equivalents, end of year	<u>4,649</u>	<u>3,409</u>
Interest paid	-	-
Income taxes paid	-	-

eLife Sciences Publications, Ltd

Notes to Financial Statements

December 31, 2023 and 2022

1 Summary of Significant Accounting Policies

(a) Description of Business

eLife Sciences Publications, Ltd (the “Company”) was incorporated on 6 October 2011 as a limited liability non-profit non-stock corporation in the State of Delaware, USA. It is exempt from USA federal income tax under section 501(c)(3) of the Internal Revenue Code.

The primary purpose of the Company is to operate exclusively for charitable, scientific and educational purposes, including, but not limited to, the operation of an open access journal for scientific research, as well as such other activities as required to support the mission of such journal.

(b) Basis of Preparation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Company and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to any donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Company or the passage of time. Where donor restrictions are met in the same reporting period as the contributions are received, the contributions are reported within net assets without donor restrictions.

As the Company does not consider that any donor-imposed stipulations exceed those already in place due to the Company’s Bylaws, all net assets, revenue, gains and losses have been classified as relating to net assets without donor restrictions.

(c) Foreign Currency

The Company accounts for its operations using the Great Britain Pound (“GBP”) as the functional currency, as the primary economic environment in which the Company operates is Great Britain. Transactions in foreign currencies are recognised at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are remeasured at the rates prevailing at that date. Foreign currency differences arising on remeasurement of monetary items are recognised in earnings, within other expenses. During 2023, the Company recorded net foreign exchange rate gains of £209,000 (2022: gains of £56,000).

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Notes to Financial Statements

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(d) Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(f) Trade Receivables

The Company's trade receivables arise from publication fees to customers and are generally due within 30 days. The Company assesses the status of receivables based on the number of days past due. Management establishes an allowance for doubtful accounts, which is based on a periodic review of the collectability of the receivables in light of historical experience, the nature and volume of the receivables, and other subjective factors, using a forward-looking approach based on expected losses. When management determines that a receivable is uncollectible, it is written off against the allowance for doubtful accounts, and payments subsequently received on such receivables are credited to bad debt expense. At December 31 2023 and 2022, all trade receivables relate to publication services.

The Company wrote off no receivables during 2023 and 2022. Management has determined an allowance of £5,000 is required as of December 31, 2023 (2022: £nil).

(g) Other Receivables

Other debtors that are receivable within one year and do not constitute a financing transaction are recorded at the undiscounted amount expected to be received, net of impairment. Those that are receivable after more than one year or that constitute a financing transaction are recorded initially at fair value less transaction costs and subsequently at amortised cost, net of impairment.

(h) Recognition of Publication Fee Revenue

Publication fees shown in the Statement of Activities are revenues that have been earned in the year providing publishing services. During the year the Company introduced a new publishing process that operated alongside the original process.

Original publication process

Publication fee revenue is recorded upon the completion of services for peer review carried out on a manuscript, for the production process, and for the publication of the manuscript on the Company's website. For this service, the Company has a single performance obligation, recognised at a point in time, which is the publication of the final version of the manuscript on the Company's website. The whole of the contract value is

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allocated to this single performance obligation. This is recognised in accordance with ASC 606. This service is invoiced, and due for payment, when a manuscript is accepted. This results in contract liabilities arising until the performance obligation has been satisfied.

New publication process

This service has two performance obligations: (1) the publication of the reviewed preprint on the Company's website, and (2) the publication of the final manuscript, referred to as the Version of Record. The Company has exercised significant judgement in identifying these two performance obligations, as explained in note 2.

In accordance with ASC 606, for contracts with customers that contain multiple performance obligations the transaction price is allocated on a cost-plus-margin approach. This revenue recognition method ensures that revenue is recognised in a manner that reflects the transfer of control of the services to the customer. Significant estimates have been used to determine this allocation, as explained in note 2.

Publication fees shown in the Statement of Activities is revenue that has been earned at a point in time in the year upon completion of each performance obligation. The total amount due for both performance obligations is invoiced, and due for payment, when a manuscript is sent for peer review. This results in contract liabilities arising until both performance obligations have been satisfied.

At the year end other receivables and prepayments included amounts the Company is entitled to collect from customers, but which have not yet been invoiced to customers.

	2023	2022
	£000	£000
Original publication process	24	55
New publication process	19	-

Contract liabilities represent the value of those invoices in trade receivables (or already paid) where the contract performance obligations have not been satisfied at year end.

	2023	2022
	£000	£000
Original publication process	112	169
New publication process	1,015	-

The Company does not have any obligations for warranties, returns or refunds.

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(i) Recognition of Grant Contributions

In accordance with ASC 958-605, the Company records contributions received from funders as increases in net assets without donor restrictions, and presents these contributions as Contributions in the Statements of Activities.

Grant contributions subject to donor-imposed restrictions of £915,000 (2022: £850,000) were classified as without restrictions due to the satisfaction of the restrictions in the same period.

Where contributions relate to funding promises, the contributions are recognised to the extent that any associated conditions are substantially met. Contributions received in advance of this are shown as deferred grant contributions.

The Company has received conditional funding promises from its funders. These promises are subject to the contributions being drawn down by the Company to meet expected cash requirements consistent with forecasts approved by the funders. These contributions are recognised as income in the period for which the funding has been authorised by the funders. The available unauthorised contributions as at the balance sheet date are £8m (2022: £12m). The maximum draw down in each year is limited, and varies between years.

(j) Other income

Other income represents income not directly derived from operations, and includes interest received. In 2022 other income included proceeds on termination of a lease.

(k) Property, Plant, and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method using an estimated useful life of three years and five years for machinery and equipment. Costs related to leasehold improvements are capitalised on properties held under operating leases and depreciated over the lesser of their estimated useful lives or the applicable lease term. Maintenance and repair costs are expensed when incurred and expenditures for major renewals and betterments that extend the useful lives of existing assets are capitalised and depreciated over their respective useful lives. When property, plant or equipment is retired or disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in the Statements of Activities.

Total depreciation for the year ended December 31, 2023 was £41,000 (2022: £53,000).

(l) Research and Development and Advertising

Research and development and advertising costs are expensed as incurred. Research and development costs amounted to £983,000 in 2023 (2022: £818,000). Advertising costs amounted to £27,000 in 2023 (2022: £9,000). These are included within Development costs and Marketing expenses respectively.

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(m) Functional Allocation of Expenses

The costs of providing various program and supporting activities have been summarised on a functional basis in the Statements of Functional Expenses. Expenses directly attributable to a specific functional area of the Company are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated across the various functional areas based on the full time employee equivalent method of allocation.

(n) Income Taxes

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in operations in the period that includes the enactment date. An allowance against deferred tax assets is recorded in whole or in part when it is more likely than not that such tax benefits will not be realised. The Company records interest and penalties to income tax expense in the Statements of Activities.

The Company adopted certain provisions of FASB Accounting Standards Codification ("ASC") Topic 740, "Income Taxes", for the criterion that an individual tax position has to meet for some or all of the benefits of that position to be recognised in the Company's financial statements. All tax positions for which the statute of limitations remains open are subject to evaluation. Only tax positions that meet the more-likely-than-not recognition threshold at the evaluation date will be recognised or continue to be recognised.

Developing the provision for income taxes, including the effective tax rate, and analysis of potential tax exposure items, if any, requires significant judgment and expertise in federal and state income tax laws, regulations and strategies, including the determination of deferred tax assets and liabilities and any estimated valuation allowances management deems necessary to value deferred tax assets. The judgments and tax strategies are subject to audit by various taxing authorities. While management believes they have provided adequately for the income taxes in the financial statements, adverse determinations by these taxing authorities could have a material adverse effect on the financial position, results of operations or cash flows. As of the date of the most recent Balance Sheet, the Company is subject to examination in the United States of America and United Kingdom for years before 2023.

The Company is exempt from federal income taxes in the United States under Section 501(c)(3) of the Internal Revenue Code of 1986. The Company is subject to corporation tax in the United Kingdom. The Company believes that it has taken no significant uncertain tax positions.

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(o) Research and Development Tax Credits

The Company accounts for research and development tax credits as a reduction of the related expenses in the period. For the year ended December 31, 2023 credits of £200,000 were offset against expenses (2022: £146,000).

(p) Retirement Plans

The Company operates a defined contribution pension plan, and also contributes to the defined contribution pension plans of some of its employees. Contributions payable by the Company are expensed as incurred. All employees are eligible to participate. The Company contributes 6% of pay. The Company also offers a salary sacrifice scheme whereby the employees' salary is reduced and the employer's pension contribution is increased, but with no change in total cost to the Company.

Total retirement plan costs for the year ended December 31, 2023 were £302,000 (2022: £227,000).

(q) Long-Lived Assets

Long-lived assets, such as property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognised to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

(r) Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(s) Fair Value Measurements

The estimated fair value amounts for specific groups of financial instruments are presented within the footnotes applicable to such items. Accounts receivable, accounts payable and accrued expenses are stated at the transaction price, which approximates fair value, due to their short term to maturity. All financial assets are considered to be level 1.

(t) Recently Adopted Accounting Standards

In June 2020, the FASB issued ASU No. 2020-05 to update certain provisions of the previously issued ASU No. 2016-02, Leases (ASC 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required

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to recognise right-of-use assets and liabilities on the Balance Sheets for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statements of Activities. The new standard is effective for the Company for the year ending December 31, 2023. The Company has adopted a current period approach for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements.

In September 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13), which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses rather than incurred losses to estimate credit losses on certain types of financial instruments, including trade receivables. This may result in the earlier recognition of allowances for losses. The FASB issued several ASUs after ASU 2016-13 to clarify implementation guidance and to provide transition relief for certain entities. ASU 2016-13 is effective for the Company for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company has adopted this standard with no significant impact on its financial statements.

(u) Recently issued Accounting Standards

No new standards have been adopted or released that have a material impact on the Company.

(v) Leased assets

The Company leases office space. The Company concludes on whether an arrangement is a lease at inception. This determination as to whether an arrangement contains a lease is based on an assessment as to whether a contract conveys the right to the Company to control the use of identified property, plant or equipment for period of time in exchange for consideration. Leases with an initial term of 12 months or less are not recorded on the balance sheet as allowed by the short-term lease practical expedient. The Company recognises these lease expenses on a straight-line basis over the lease term.

The Company has assessed its contracts and concluded that its lease consists of an operating lease. Operating leases are included in operating lease right-of-use (“ROU”) assets, current portion of operating lease liabilities, and operating lease liabilities in the Company’s Balance Sheets.

ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognised at commencement date based on the present value of lease payments over the lease term. As the Company’s lease does not provide an implicit rate, the Company determines an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate represents a significant judgment that is based on an analysis of the Company’s credit rating, country risk, and treasury and corporate bond yields. The Company uses the implicit

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rate when readily determinable. The Company has lease agreements with lease and non-lease components, which are generally accounted for separately.

2 Significant Judgements and Estimates

The Company uses significant judgements to identify performance obligations in publishing contracts. These judgements determine the timing of recognition of revenues.

The publishing processes have been reviewed to identify the distinct services that are delivered. Services are only treated as distinct when the customer can benefit from the service on its own, and the distinction is clear in the contractual arrangements with the customer. Where services are highly interrelated and interdependent they are treated as a single performance obligation.

The Company uses significant estimates to determine the transaction price for each of the performance obligations for the new publishing process. These estimates determine the amount of revenue to be recognised at different stages of the publishing process. The Company uses a cost-plus-margin approach. All associated direct costs have been identified and allocated using the most reliable up-to-date data.

3 Significant Risks and Uncertainties Including Business and Credit Concentrations

The contributions received by the Company from funders is highly concentrated, and two organisations contributed 57% and 25% of the contributions in 2023 (2022: three organisations 63%, 15%, and 13%).

4 Property, plant and equipment

	2023	2022
	£000	£000
Cost		
Machinery and equipment	203	193
Leasehold improvements	191	191
	394	384
Accumulated depreciation		
Machinery and equipment	191	179
Leasehold improvements	191	163
	382	342
Net property, plant and equipment	12	42

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5 Income Taxes

Reconciliation of income tax expense:

	2023	2022
	£000	£000
Profit before tax	200	146
Tax on profit before tax at standard corporation tax rate of 23.5% (2023: 19%)	47	28
Effects of:		
Fixed asset differences	2	1
Expenses not deductible for tax purposes	-	7
Remeasurement of deferred tax for changes in tax rates	-	3
Movement in deferred tax not recognised	(2)	(11)
Total income tax expense	47	28

Analysis of income tax expense for the period:

	2023	2022
	£000	£000
Current tax		
UK corporation tax at 23.5% (2022: 19%)	47	28
Total income tax expense	47	28

The components of deferred tax (assets) and liabilities:

	2023	2022
	£000	£000
Fixed asset temporary differences	(62)	(64)
Valuation allowance	62	64
Net deferred tax liability	-	-

Movement in provision:

	2023	2022
	£000	£000
Provision at start of period	-	-
Deferred tax charged in income tax expense for the period	2	11
Movement in valuation allowance	(2)	(11)
Provision at end of period	-	-

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Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company states those balances at the enacted tax rates expected to be in effect when the taxes are paid or recovered.

6 Leases

The Company has an operating lease for office space due to expire in 2024. As discussed in Note 1(t), the Company adopted ASC 842 as of January 1, 2022, using a current period approach. In accordance with this method, the Company recognised a right of use asset of £214,000 in 2022. No asset or liability has been recognised in 2023.

The components of the lease expense for the year ended December 31, 2023 are as follows:

	2023	2022
	£000	£000
Operating lease cost, recognised within depreciation	-	35

The lease was extended during the year with the Company paying £nil rent. The changes in the right of use asset were as follows:

	2023	2022
	£000	£000
Opening balance	-	-
Adoption of ASC 842	-	214
Disposal	-	(214)
Closing balance	-	-

Supplementary cash flow information related to the Company's operating leases was as follows:

	2023	2022
	£000	£000
Right of use asset obtained in exchange for lease obligations	-	214
Cash received on termination of lease	-	518

Minimum rent expense under operating leases is recognised on a straight-line basis over the term of the lease including any periods of free rent. Rental expense for operating leases (except those with lease terms of a month or less that were not renewed) during 2023 was £nil (2022: £nil).

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7 Related parties

Since two of the funders, the Howard Hughes Medical Institute and the Wellcome Trust, are also members of the Company their Contributions in the year of £2,399,000 (2022: £1,430,000) are related party transactions.

For the year ended December 31, 2023 publication fees included £37,000 (2022 £44,000) in relation to these organisations. At December 31, 2023 contract liabilities included £31,000 (2022 £2,000) and deferred grant income included £2,217,000 (2022 £2,230,000).

8 Commitments and Contingencies

From time to time, the Company is a party to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material adverse effect on the results of operations or the financial position of the Company.

9 Subsequent events

The Company has evaluated subsequent events from the balance sheet date through July 5, 2024, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.