

Company Registration No. 3395389  
Charity No. 1064230

**NIAB**  
**(a company limited by guarantee)**

**Report and Financial Statements**

**31 March 2012**

**NIAB**  
**(a company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS 2012**

<b>CONTENTS</b>	<b>Page</b>
<b>Office holders, registered office and professional advisers</b>	<b>1</b>
<b>Report of the Board</b>	<b>2</b>
<b>Statement of responsibilities of the Trustees</b>	<b>12</b>
<b>Independent auditor's report</b>	<b>13</b>
<b>Consolidated statement of financial activities</b>	<b>14</b>
<b>Consolidated and charity balance sheets</b>	<b>15</b>
<b>Consolidated cash flow statement</b>	<b>16</b>
<b>Notes to the financial statements</b>	<b>17</b>

**NIAB**  
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**OFFICE HOLDERS, REGISTERED OFFICE AND PROFESSIONAL ADVISERS**

**NIAB BOARD OF TRUSTEES (REFERRED TO AS DIRECTORS)**

A W D Pexton , OBE, FRAGS, NSch, NDA, Chairman  
D Baulcombe , PhD, FRS  
G J Elliott  
A G Kuyk, CBE, MA(Cantab)  
J W Lewis, BSc Econ, Board Finance Chairman  
R Macdonald, BSc (Hons)  
R Summers, PhD

**SECRETARY**

S N Arnold, FCCA

**EXECUTIVES**

T L Barsby PhD, Chief Executive  
J D Hutchins, PhD, MBA  
A Greenland, PhD  
S M Knight, BSc  
S N Arnold, FCCA

**REGISTERED & PRINCIPAL OFFICE**

Huntingdon Road  
Cambridge  
CB3 0LE

**PROFESSIONAL ADVISERS**

Auditors	Baker Tilly UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham B2 5AF
Bankers	Lloyds TSB Sidney Street Cambridge CB2 3HQ
Solicitors	Kester, Cunningham and John Chequers House 77-81 Newmarket Road Cambridge, CB5 8LU  Wragge & Co LLP 3 Waterhouse Square 142 Holborn London EC1N 2SW

**NIAB**  
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**REPORT OF THE BOARD**

**OUR AIMS AND OBJECTIVES**

The National Institute of Agricultural Botany (NIAB) is a dynamic plant science organisation based at the heart of the Cambridge science, technology and university communities and a thriving UK agricultural industry.

The primary object of the charity is the promotion of agriculture, horticulture and arboriculture anywhere in the world by charitable means.

NIAB's mission is to provide independent science-based research and information to support, develop and promote agriculture and horticulture; helping the industry to grow its potential in supplying food and renewable resources, while respecting the natural environment.

With over 90 years' experience in the agricultural and food sectors, NIAB has an internationally recognised reputation for independence, innovation and integrity. Our traditional activities have always focused on science-led plant variety and seeds characterisation, evaluation, quality control and knowledge transfer. This includes the discovery and assessment of the value of methods of treatment, processes and designs relating to seeds, plants and crops. The useful results of our research are disseminated to the public.

Working within the areas of seeds, varieties, and related agronomy, the charity plans to maintain its lead in the provision of services, information and research of the highest possible quality and value to members of the NIAB Association, Government, Levy Boards, International funding agencies, farmers, business, and society at large. This policy has not altered during the year under review.

In September 2009, NIAB joined forces with The Arable Group Limited (TAG) and in doing so created the only independent UK based organisation capable of taking new genetic developments through appropriate agronomy to the farmers' field.

Together as NIAB TAG we have the capability to connect innovation and progress at the genetic or variety level with the appropriate agronomy and transfer of knowledge to ensure that the benefits are realised on farm. This will prove critical at a time of renewed interest in productive agriculture, and in particular the role of crop genetic improvement in addressing the challenges of food security and climate change.

Our vision is to revitalise the R&D pipeline to create the UK's pre-eminent crop research, trialling and knowledge transfer centre. The complementary skills within NIAB and TAG provide a unique source of research expertise and technical services, with a presence at all levels within the crop production sector. These capabilities, on offer within a single group, open up exciting new opportunities to attract additional sources of funding, to bid for broader research contracts, to train and recruit new research agronomists and scientists, and to invest for the future.

**HOW OUR ACTIVITIES DELIVER PUBLIC BENEFIT**

Most analysts agree that global food-crop production must increase to keep pace with projected population growth. Global agricultural production has to double by 2050, land is limited and needs cannot be met by increasing the area under production. Global demand for food is beginning to outstrip supply, and with limited land available to bring into agricultural production, the only viable option to feed a rapidly increasing world population will be through productivity growth - producing more output per hectare.

Furthermore, climate experts predict that the world's agricultural production will become increasingly dependent on temperate regions such as Europe and North America as climate change affects crop yields and water availability in sub-tropical regions.

In February 2011 the UK Government released the Foresight Report (*The Future of Food and Farming: Challenges and choices for global sustainability*).

The high level conclusions of the report state that if food security is to be provided for a predicted 9 billion people 'More food will have to be produced sustainably through the spread and implementation of existing knowledge, technology and best practice and by investment in new science and innovation.....'

Sustainable intensification, or producing more with less, is now an accepted and urgent priority for our world.

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**REPORT OF THE BOARD**

**HOW OUR ACTIVITIES DELIVER PUBLIC BENEFIT (Continued)**

In order to address these global challenges, the capability of science needs to be captured. The UK has a thriving plant science base with few mechanisms to translate this science into practical solutions. NIAB's vision is to provide the mechanism to deliver the promise of plant science in addressing global and local challenges. In order to do this we are positioned to deliver through genetics and breeding, varieties and seeds, and crops and agronomy. We specialise in a wide range of effective knowledge exchange platforms to deliver public benefit from our own research activities, but also from those of others.

Never before has agriculture and related science been so high on public agendas. Society needs a secure and sustainable supply of food from an agricultural base that has a minimal impact on the environment, and from crops that can help mitigate, and adapt to, the effects of climate change.

NIAB has the facilities and expertise to test over 1,000 new varieties of agricultural and ornamental species each year. This involves growing and maintaining a diverse range of plant species, and recording many hundreds of thousands of characteristics in growing plants and seeds.

NIAB provides a comprehensive R&D service to a large number of stakeholders, from research organisations and plant breeders and crop protection companies, through to food processors and retailers. A substantial programme of testing is undertaken for FERA (Defra) as required for the registration of new crop varieties and a national seed quality assurance (certification) programme is also provided for the Government. Work undertaken for the private sector includes crop variety performance trials and laboratory testing. Contract research is provided for a wide range of organisations and the Institute supplies technical information and training for customers in the United Kingdom and overseas. As the major national field trials operator, the group delivers both major national trial series and smaller specialised programmes.

As a training organisation, NIAB provides a range of courses across virtually all aspects of crop production – from seed sampling, testing and inspection through to the latest methods in plant breeding and quantitative genetics. NIAB is the only remaining UK provider of training and assessment of licensed crop inspectors, seed analysts and seed samplers to maintain the viability and integrity of these vital schemes. The practical focus of NIAB's role as a training organisation is now virtually unique among UK plant research institutes, yet the need to strengthen links between research and productive agriculture is viewed as essential to meet future policy objectives.

NIAB has more than just a long and respected history; it can also look forward to a vibrant and challenging future to meet the needs of an ever expanding population and the challenge of climate change. Its far reaching plans include significant investment in new translational research capability and an ongoing programme of site development at the Cambridge HQ. NIAB also values its close links within its community and proactively encourages the next generation of plant scientists to take forward its pioneering projects.

The trustees have complied with the duty in Section 4 of the Charities Act 2006, to have due regard to public benefit guidance published by the Charity Commission.

**ACHIEVEMENTS AND PERFORMANCE**

NIAB has been an active contributor to recent calls for evidence from various government departments on a variety of subjects around the general area of food supply, food security, climate change and the role of plant breeding. A widely-quoted study carried out by NIAB indicating that since 1982, the contribution of plant breeding to yield gain has increased to more than 90%. This tells us that plant breeding holds the key to improving food production. However, whilst maximum potential yields delivered through breeding have increased, recently on-farm yield have stagnated. Maximising the potential of genetic improvement on farm is therefore high on the agenda.

NIAB has now been commissioned by Defra and HGCA to study the reasons for the widely acknowledged plateauing of on-farm yields of combinable crops. The study will report in mid-2012 and should indicate the future direction of research to address this issue.

**NIAB**  
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**REPORT OF THE BOARD**

**ACHIEVEMENTS AND PERFORMANCE (Continued)**

We have created the new senior post of Commercial Technical Director to complement our existing senior management team, improving our capacity to deliver research solutions to industry.

**Charitable Activities**

NIAB carries out agricultural services, variety evaluation, seed quality work, consultancy and scientific services, through its operating structures which cover the delivery pipeline from early genetic inputs through plant breeding to variety evaluation and crops and agronomy on-farm. Our operations are organised into three divisions to reflect the pipeline: Genetics and Breeding; Varieties and Seeds; and Crops and Agronomy.

Despite the economic downturn, the base objectives we have in place in order to maintain the financial support we need for our activities were realised.

- Retain the current level of government research funding
- Honour contracts and seek renewal as appropriate
- Retain the current level of income from membership

We are increasingly confident that this resilience relates to our positioning in applied and translational research at a time when there is a growing realisation that these skills and competencies are vital in addressing the need to feed a growing population against the backdrop of a changing climate.

We have grown our national profile, using a variety of methods including literature and the use and the use of social networking. NIAB TAG has a Facebook page and an active Twitter account. Blogs now feature on the NIAB website.

**NIAB Trading Ltd**

NIAB Trading makes use of our technical platforms in service contracts to industry, covenanting profit to NIAB to strengthen the research base.

**Genetics and Breeding**

Our pre-competitive plant breeding aims to produce a range of traits that will ensure that current economic, environmental and societal targets are met. NIAB has built a team of high calibre research scientists with in-depth expertise across a wide range of relevant technologies. This team is based in the Bingham Laboratory at Cambridge, which includes three experienced breeders, operating over a range of cereal and novel crop targets.

Catalysed by funding from the National Institute of Agricultural Botany Trust (“NIAB Trust”), the work of the Genetics and Breeding division is supported by BBSRC and other government agencies, often in partnership with industry, underpinning and supplementing the commercial plant breeding industry by providing a link to upstream genetic research.

Working in partnership with other research institutions, and with the support of the commercial breeding community, we have successfully sought specific funding from BBSRC to support the creation and characterisation of increased genetic diversity in wheat, enhancing our flagship pre-breeding programme in the development of synthetic hexaploid wheat.

We have strengthened our team with a new appointment in cereal grain development, allowing us to secure support for research into starch structure.

Funding for research in Fava bean has been secured from a variety of sources including an industry partnership supported by the Technology Strategy Board.

**NIAB**  
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**REPORT OF THE BOARD**

**ACHIEVEMENTS AND PERFORMANCE (Continued)**

Our transgenic platform for wheat and oilseed rape underpins genetic research at NIAB and other institutions both national and international. Our efficient system is recognised to be world class, and is being utilised in collaborations with researchers who recognise the power of this technology in understanding basic gene function as well as in plant breeding. In Summer 2012 we commissioned glasshouse facilities for GM work, and also to allow the exhibiting of GM innovations as part of Innovation Farm.

**Innovation Farm**

NIAB's Innovation Farm project provides a living, year-round facility to demonstrate and explain the role of scientific and technological innovation in agriculture and horticulture in addressing societal challenges.

Innovation Farm provides an exciting opportunity to provide a major educational platform. With a focus on crop genetic improvement, it demonstrated progress in improving the yield, quality, performance, seasonality, diversity and resource use efficiency of key food crops, and the development of novel and non-food crops. It has brought together policy-makers, researchers, agri-food businesses, industry stakeholders, students and consumers from across the UK, EU and beyond to support demonstration, education and knowledge exchange.

Our ambition is to develop Innovation Farm to provide a unique facility based at NIAB's Cambridge site, including field and glasshouse demonstrations; a dedicated visitor reception centre; permanent and temporary exhibitions and themed events; lectures and workshops; and an interactive website.

In Summer 2010, Innovation Farm completed its initial developmental phase including a temporary Visitor Centre and small-scale field and glasshouse demonstrations at NIAB in Cambridge. Funding for this first phase was secured from the East of England Development Agency, industry, and other charities. In 2011, further funding for this venture was secured from the NIAB Trust, with major support from the European Regional Development Fund. This will underpin the construction of a purpose built innovation centre and glasshouse, as well as running costs to 2015. The ERDF funding supports assistance to small and medium sized businesses and start-ups in the local area.

**Varieties and Seeds**

The traditional business of NIAB, which resides in the Variety and Seeds division, continues to focus on the provision of science-based technical and commercial services to DEFRA, the seeds industry and the wider agricultural and horticultural industries.

NIAB continued to deliver a service to government and plant breeders in respect of UK plant Breeders Rights, National Listing, Seed Certification and Enforcement. CPVO entrustment for DUS testing of agricultural crops was successfully renewed. Entrustment is granted to Fera and NIAB is one of their Technically Qualified Bodies along with SASA and AFBI.

The laboratories of the Official Seed Testing Station (OSTS) play a vital role in promoting seed quality and introducing new plant varieties in support of UK agriculture. The OSTs is used by farmers and merchants for advisory and information purposes, with the range of species extending to include flowers, trees, herbs and spices, as well as enforcement of the legislative requirements.

Seed certification protects farmers and their customers by guaranteeing that all certified seed meets prescribed standards for varietal identity and purity, germination and freedom from foreign material. Around 230,000 tonnes of cereal seed was certified by NIAB. Staff recorded over 3,000 certification plots covering 49 different crop groups and co-ordinated a programme of nearly 1,025 inspections of seed crops across England and Wales.

NIAB provides laboratory based services marketed under the Labtest brand through its commercial trading operations.

**Crops and Agronomy**

Together with The Arable Group, NIAB can link improvement brought about by genetics and breeding to appropriate agronomic practise for the farmer's field.

**NIAB**  
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**REPORT OF THE BOARD**

**ACHIEVEMENTS AND PERFORMANCE (Continued)**

The Crops and Agronomy division carries out crop and field research, and delivers information directly to farmers and growers through the NIAB TAG Network, as well as to the breeding and crop protection industries. The NIAB TAG Network is a membership activity which was developed by combining the TAG and NIAB membership offers. Administration of the Network continues to improve with the deployment of dedicated staff and a new data management system. Membership income remains stable despite a reduction in the number of farm businesses nationally.

We are developing NIAB's extension services, exploring different models and developing strategic relationships with others to provide improved sources of information, advice and training to UK farming. We are founder partners in the Centre for Excellence for UK Farming, and initiative with core support from Waitrose, a major UK retailer. CEUKF provides a network of expertise and knowledge exchange, focused on Sustainable Efficient Production. It aims to help provide the best information and advice drawn from science, innovation and practical know-how, and deliver real benefits to farmers and across the supply chain. A successful conference bringing together key players was held in November 2011. CEUKF has taken on the management of the on-line initiative Farming Futures, which communicates on sustainability and climate change issues in food and agriculture. The audience is very wide, going well beyond farming and being completely accessible to all comers, with around 3,000 registered followers.

Crops and Agronomy research is largely field-based and closely integrated with knowledge transfer. Specialist research teams are based at Cambridge, Morley and the Silsoe Spray Applications Unit. National and regional specialists offer agronomic and variety advice and training. There has been continued emphasis on strengthening regional and local connections and in engaging with the 18 TAG technical committees on research and research communication. In addition we have developed contacts with Australia to share ideas and best practice.

Working from 12 regional centres NIAB TAG carried out over 90,000 field trial plots this year, covering cereals, oilseeds, pulses, grass and fodder crops, maize, sugar beet, potatoes, field vegetables and non-food species. Commercial activity is delivered on behalf of NIAB Trading Ltd. Our contract trials work has expanded; reflecting the differentiation of NIAB from other trials operators based on the quality and range of services offered.

**National and International Training**

NIAB provides a range of courses across virtually all aspects of crop production - from seed sampling, testing and inspection through to the latest methods in plant breeding and quantitative genetics. NIAB is the only remaining UK provider of training and assessment of licensed crop inspectors, seed analysts and seed samplers to maintain the viability and integrity of these vital schemes.

A variety of courses are run for the industry either as part of statutory requirements or as voluntary CPD. A new course in Weed Identification was quickly oversubscribed and new dates added.

The unique and highly successful summer school in genetics and plant breeding was repeated by NIAB staff and was again oversubscribed. It was attended by national and international representatives of the breeding industry as well as academic scientists.

NIAB researchers have participated in joint workshops, reciprocal visits and exchanges and research meetings both nationally and internationally, including links with Mexico, France, Australia and India. NIAB has continued working with Central and Eastern European Ministries (CEEM), and has continued to develop the 2-hectare plot of land donated by the mayor in the village of Burlacu, Moldova.

Participating in National Science Week, as well as the Ely Harvest festival and other local events in and around Cambridge, NIAB was active in helping children to discover more about where their food comes from through memorable, first-hand learning experiences.

**NIAB**  
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**REPORT OF THE BOARD**

**PLANS FOR FUTURE PERIODS**

NIAB has a pivotal role in the provision of a secure national food supply. The circumstances of UK agriculture in the context of the world food supply will continue to change. NIAB's international role becomes more relevant than ever as we seek to deliver a safe, adequate supply of food in an environment subject to the upheavals of climate change. To address these issues, the application of new technologies in plant science and the translation of these activities into crop production is gathering pace. NIAB's unique understanding of the research pipeline and its link to the production of plant varieties suitable for practical use in farmers' fields stand it in good stead to survive and grow in this changing world.

NIAB will continue to consolidate its position in the translation of knowledge to new crop based opportunities from basic plant science. Plant breeding can only be successful in the context of progressive agronomy, and NIAB will look to strengthen its base in these activities by aligning itself with other key players. Such linkage will also strengthen NIAB's capabilities in knowledge transfer to farmers and their customers.

We will further develop our communications, taking our activities to a wider audience, and engaging with our current audience as they embrace new technology.

The robust and adaptable science-based organisation which we have created is well placed to adapt to change. The base objectives required to support our charitable activities remain:

- Retain the current level of government research funding
- Honour contracts and seek renewal as appropriate
- Retain the current level of income from membership

To develop and grow, NIAB has the following ambitions:

***Genetics and Breeding***

- Working in partnership with others seek further funding to support the creation and characterisation of increased genetic diversity in wheat, especially in relation to the highly recombinant populations of wheat developed at NIAB.
- Grow our research interest in plant pathology, where NIAB has particular strengths.
- Explore with others how genetics, including GM technology, might address public good.
- Develop closer interaction with Cambridge University and the new Cambridge Sainsbury laboratory, as well as other institutions in the Cambridge area through the Cambridge Partnership for Plant Science or other vehicle.
- Establish a model to develop commercial opportunities which require seed financing.

***Varieties and Seeds***

- Continue to focus on the provision of science-based technical and commercial services to DEFRA, the seeds industry and the wider agricultural and horticultural industries.
- Fully engage with the process as Defra and Fera explore changes to the delivery of the National listing system.
- Review our laboratory services to maximise strengths and explore synergies with other providers.

***Crops and Agronomy***

- Seek new field research business expanding the range and types of research on offer.
- Review the National Agronomy Centre initiative with the aim of accessing new audiences for our research communication. Explore partnership with other charities such as LEAF and RASE.
- Continue to develop the NIAB TAG Network, adding a category of membership for students and college staff. Develop the member area of the NIAB website to become more interactive.
- Develop the Centre of Excellence for UK Farming, forming key partnerships, and using Farming Futures to expand our sphere of influence.

**NIAB**  
**(a company limited by guarantee)**

**REPORT OF THE BOARD**

**PLANS FOR FUTURE PERIODS (Continued)**

- Review the strengths of the Silsoe Spray Applications Unit, and the potential to realise wider opportunities.
- Review the management of the trials operations. Develop the regional field centres as centres for research and research communication.

**New Training Courses**

- NIAB and Aberystwyth University recently secured funds from BBSRC for an Advanced Training Partnership for Extensive, pasture-based systems. This will enable the development of new training courses.
- NIAB is a partner in the East Anglian based Centre for Contemporary Agriculture. Led by the University of East Anglia this brings together organisations with a common interest in enhancing training provision for the farming and plant science sectors.

**Innovation Farm**

- NIAB Ltd and the NIAB Trust will continue to raise funds for Innovation Farm, in order to expand its target audience and the range of facilities it offers.

**FACILITIES**

The sale by the NIAB Trust, which owns the land and buildings from which NIAB operates in Cambridge, of some of its assets for development offers NIAB the opportunity to move some of its operations to new facilities, still in the Cambridge area. The first phase of this development is now complete with a new access to NIAB Headquarters from Huntingdon Road. In addition to a program of refurbishment of the headquarters' building, a new, state-of-the-art glasshouse facility was opened in January 2010 as the MacLeod Complex, at Park Farm, Histon. The facility also includes a significant area of hard standing for outside work. During 2012 construction of a carbon-neutral visitor reception centre for Innovation Farm will commence.

We could not operate our regional network without the goodwill of our host farmers and the technical committees who form the local focal points the NIAB TAG network.

**FINANCIAL REVIEW**

Now that NIAB and TAG have joined forces, the financial statements show the consolidated position for NIAB as the charity, The Arable Group Limited, TAG Commercial Limited, TAG Consulting Limited and NIAB Trading Limited.

The net incoming resources before other recognised gains and losses for NIAB have increased from £6,000 to £297,000.

The Trustees negotiated a new schedule of contributions with the pension scheme trustees during 2010, and have re-affirmed their commitment and the support provided to NIAB from the National Institute of Agricultural Botany Trust within a tripartite Memorandum of Understanding ("MOU") which will be updated on an annual basis. The 2012 actuarial loss is £1,836,000 (2011: gain of £3,043,000).

**RESERVES**

The Trustees have reviewed the reserves of the charitable company. The review encompasses the nature of the income and expenditure streams, the need to match variable income with fixed commitments, and the nature of the reserves. Given the current state of agriculture, the trustees concluded that to facilitate long term planning they aim to achieve a general reserve, equivalent to three months' unrestricted fund expenditure. At 31 March 2012, group reserves excluding fixed assets and pensions liability stood at £933,000 compared with the position at 31 March 2011 of £544,000.

**NIAB**  
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**REPORT OF THE BOARD**

**GOING CONCERN**

The Trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The Trustees are mindful of their commitment to meet pension deficit contributions according to the Schedule of Contributions agreed with Scheme Trustees. They are currently reviewing funding for the next committed lump sum, and are in constant dialogue with the Pension Scheme Trustees.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**GOVERNING DOCUMENT**

The National Institute of Agricultural Botany was founded by a Deed of Trust dated 13 January 1919.

From 1 April 1998 a new structure was agreed with the Charity Commission. A revised scheme was promulgated for the existing trust, now renamed National Institute of Agricultural Botany Trust. At the same time a charitable company, NIAB was formed to carry on the charitable operations (Registered No: 3395389).

NIAB is a company limited by guarantee governed by its Memorandum and Articles of Association dated 1 July 1997, and amendments on 31 January 2001, 13 November 2003, 15 June 2006 and 8 November 2007. It is registered as a charity with the Charity Commission (Charity No: 1064230). There are currently seven members of the Board, each of whom agrees to contribute £1 in the event of the charity winding up.

**APPOINTMENT OF TRUSTEES**

Trustees are appointed by the members at the annual general meeting. One quarter of the Trustees must retire at the annual general meeting and can be elected for a second consecutive term of office. The Trustees may also appoint new Trustees from outside the current and retiring Board of Trustees. A central register of skills, competencies and training is held, and reviewed annually. The Trustees will refer to the register to ensure that the board skill mix is maintained, and future appointments enhance the skills of the Board.

**TRUSTEE INDUCTION AND TRAINING**

Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role. Specific training is conducted as part of a Board Meeting where appropriate. Trustees are provided with an induction pack containing the memorandum and articles, the latest set of accounts and business plan and forecasts. Trustees are encouraged to meet with staff at NIAB, and presentations are made to the Trustees at their meetings, together with organised tours of the site.

**ORGANISATIONAL STRUCTURE**

The Board of Directors (Trustees) administer the charitable company, and meet quarterly. There is also a sub committee covering finance which meets quarterly. A Chief Executive is appointed by the trustees to manage the day to day operations of the charitable company. To facilitate effective operations, the Chief Executive has delegated authority, within the terms of delegation approved by the Board, for all operational matters.

**RELATED PARTIES**

The charitable company has a close relationship with National Institute of Agricultural Botany Trust, which has an object to support NIAB in pursuit of its objects. This includes the provision of land and facilities.

**NIAB**  
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**REPORT OF THE BOARD**

**RISK MANAGEMENT**

The Trustees have a formal risk management process to assess the business risks and implement risk management strategies. This involves identifying the types of risks the charitable company faces, prioritising them in terms of potential impact and the likelihood of occurrence, and identifying means of mitigating the risks. The Board Finance Committee has reviewed the adequacy of the charitable company's current internal controls. The Trustees are pleased to report that the charitable company's internal financial controls, in particular, comply in all relevant areas with the guidelines issued by the Charity Commission.

NIAB gained ISO 9001-2000 certification in 2003 and maintains current accreditation to ISO 9001-2008 standards.

**FINANCIAL INSTRUMENTS AND CREDIT RISKS**

The charity's principal financial assets are bank balances and trade debtors. The charity's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The charity has no significant concentration of credit risk, with exposure spread over a large number of customers. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In the normal course of business, the charity receives funds in Euros, and operates Euro currency bank accounts. As at 31 March 2012 the charity was committed to forward currency contracts to the value of £1,947,213 (2011: £1,231,202). These contracts translated at the year end would have given a deficit of £34,797(2011: deficit £2,278).

**EMPLOYMENT**

The average number of employees for the year was 223 (2011: 225). A policy of equal opportunity is pursued throughout, including the treatment of applications for employment from people who may be disabled, taking account only of the qualifications and abilities of each individual. Should any employee become disabled during the course of employment every effort would be made to retain that person's services and to provide necessary retraining.

Continuing education and training is regarded as vital for the continuance of the company's work and assistance to this end is provided to a significant number of employees.

**DIRECTORS' LIABILITY INSURANCE**

The Trustees have effected such insurance, as permitted by the company's articles.

**ANNUAL GENERAL MEETING**

The Annual General Meeting of the Members will be held at Huntingdon Road, Cambridge on 11 September 2012.

**CHARGE**

The charitable company has the option to take an interest free loan from National Institute of Agricultural Botany Trust. It would be secured by a first fixed and floating charge on the assets of the charitable company.

The National Institute of Agricultural Botany Trust underwrite any overdraft facility for NIAB, which is secured by a first fixed charge on the land and buildings NIAB occupy at Huntingdon Road.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**NIAB**  
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**REPORT OF THE BOARD**

**AUDITORS**

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, will be put to the members at the Annual General Meeting.

Signed on behalf of the Board of Trustees of NIAB

J W Lewis  
Trustee

Secretary

A handwritten signature in black ink, appearing to read 'J W Lewis', is written over the printed name and title. The signature is fluid and cursive, with a large loop at the beginning and a wavy tail.

Huntingdon Road  
Cambridge  
CB3 0LE

Date

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**STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES**

The trustees (who are also directors of NIAB for the purposes of company law) are responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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 charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NIAB**

We have audited the group and parent charity financial statements of NIAB ("the financial statements") for the year ended 31 March 2012 on pages 14 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' responsibilities set out on page 12 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2012 and of the group's 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; and
- have been prepared in accordance with the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

MICHAEL HUGGINS (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

St Philips Point  
Temple Row  
Birmingham  
B2 5AF

*Baker Tilly UK Audit LLP*

Date *23 August 2012*

**NIAB**  
**(a company limited by guarantee)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 March 2012**

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2012 £'000	Total 2011 £'000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income:					
Donations		19	-	19	6
Activities for generating funds:					
Commercial trading operations		3,155	-	3,155	2,083
Investment income		2	-	2	9
<b>Incoming resources from charitable activities:</b>					
Agricultural services		1,245	-	1,245	1,959
Variety evaluation		3,450	-	3,450	2,915
Seed quality		704	-	704	707
Intellectual capital and consultancy		1,644	-	1,644	1,660
Scientific services		2,214	-	2,214	3,018
<b>Other incoming resources</b>					
Rental income		29	-	29	28
Receipt from NIAB Trust		-	-	-	-
Other income		40	25	65	235
<b>Total incoming resources</b>		<u>12,502</u>	<u>25</u>	<u>12,527</u>	<u>12,620</u>
<b>Resources expended</b>					
<b>Costs of generating funds:</b>					
Commercial trading operations		3,094	-	3,094	1,331
<b>Charitable activities:</b>					
Agricultural services		6,818	41	6,859	7,671
Laboratory and research		1,962	70	2,032	3,484
<b>Governance costs</b>		<u>136</u>	<u>-</u>	<u>136</u>	<u>135</u>
<b>Total resources expended</b>	3	<u>12,010</u>	<u>111</u>	<u>12,121</u>	<u>12,621</u>
<b>Net (outgoing)/incoming resources for the year before other recognised gains and losses being net income/expenditure for the year</b>					
	2	492	(86)	406	(1)
Actuarial (loss)/gain on defined benefit pension scheme	14	(1,836)	-	(1,836)	3,043
<b>Net movement in funds</b>		<u>(1,344)</u>	<u>(86)</u>	<u>(1,430)</u>	<u>3,042</u>
<b>Balances brought forward at 1 April</b>		<u>(3,208)</u>	<u>233</u>	<u>(2,975)</u>	<u>(6,017)</u>
<b>Balances carried forward at 31 March</b>	16,17	<u>(4,552)</u>	<u>147</u>	<u>(4,405)</u>	<u>(2,975)</u>

There are no recognised gains or losses other than as shown in the Statement of Financial Activities above.

All incoming resources and resources expended derive from continuing activities.

**NIAB**  
(a company limited by guarantee)

**CONSOLIDATED AND CHARITY BALANCE SHEETS**  
**31 March 2012**

Company Registration No. 3395389

	Note	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
<b>FIXED ASSETS</b>					
Intangible assets	8	48	80	-	-
Tangible assets	9	1,668	1,784	1,484	1,553
		<u>1,716</u>	<u>1,864</u>	<u>1,484</u>	<u>1,553</u>
<b>CURRENT ASSETS</b>					
Stocks	10	140	138	128	129
Debtors	11	2,273	2,327	1,685	1,513
Cash at bank and in hand		1,670	1,066	766	489
		<u>4,083</u>	<u>3,531</u>	<u>2,579</u>	<u>2,131</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(3,117)</u>	<u>(2,899)</u>	<u>(2,261)</u>	<u>(1,972)</u>
<b>NET CURRENT ASSETS</b>		<u>966</u>	<u>632</u>	<u>318</u>	<u>159</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,682</u>	<u>2,496</u>	<u>1,802</u>	<u>1,712</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	<u>(33)</u>	<u>(88)</u>	<u>(33)</u>	<u>(75)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>2,649</u>	<u>2,408</u>	<u>1,769</u>	<u>1,637</u>
<b>PENSION LIABILITY</b>	14	<u>(7,054)</u>	<u>(5,383)</u>	<u>(7,054)</u>	<u>(5,383)</u>
<b>NET LIABILITIES INCLUDING PENSION LIABILITY</b>		<u>(4,405)</u>	<u>(2,975)</u>	<u>(5,285)</u>	<u>(3,746)</u>
<b>FUNDS</b>					
Restricted Funds	16	147	233	147	233
Unrestricted Funds	17	(4,552)	(3,208)	(5,432)	(3,979)
<b>TOTAL FUNDS</b>		<u>(4,405)</u>	<u>(2,975)</u>	<u>(5,285)</u>	<u>(3,746)</u>

The financial statements on pages 14 to 33 were approved by the Board & Trustees and authorised for issue on 23 August 2012 and were signed on its behalf by:

A W D Pexton  
Chairman



J W Lewis  
Trustee



**NIAB**  
**(a company limited by guarantee)**

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 March 2012**

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
<b>Net cash inflow/(outflow) from operating activities</b>	19		1,107		(379)
<b>Returns on investment and servicing of finance:</b>					
Interest received		2		9	
Interest paid on finance leases		(4)		(14)	
Interest paid on loans		(10)		(2)	
<b>Net cashflow from returns on investment and servicing of finance</b>			(12)		(7)
<b>Capital investment and financial investment:</b>					
Purchase of tangible fixed assets		(371)		(644)	
Proceeds of sale from disposal of tangible fixed assets		63		1	
<b>Net cashflow from capital investment and financial investment</b>			(308)		(643)
<b>Cash inflow/(outflow) before financing and management of liquid resources</b>			787		(1,029)
<b>Financing :</b>					
Capital repayment of finance leases		(119)		(225)	
Loan Repayment		(64)		(49)	
<b>Net cash outflow from financing</b>			(183)		(274)
<b>Management of liquid resources</b>	20		-		850
<b>Increase /(Decrease) in cash in the year</b>	20		604		(453)
<b>Reconciliation of net cashflow to movement in net funds</b>					
Increase/(Decrease) in cash during year			604		(453)
Cash inflow from movements in short term deposit			-		(850)
Cash outflow from decrease in lease financing			119		225
New finance leases and hire purchase contracts			-		(118)
Loan repayment			64		49
<b>Change in net funds resulting from cashflows</b>			787		(1,147)
Opening net funds	20		829		1,976
<b>Closing net funds</b>	20		1,616		829

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005), issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Group financial statements**

These financial statements consolidate the results of the charitable company and its wholly owned subsidiary companies, The Arable Group Limited, TAG Consulting Limited, TAG Commercial Limited and NIAB Trading Ltd on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by paragraph 397 of SORP 2005 and Section 408 of the Companies Act 2006.

For the year ended 31 March 2012, the gross income of the charity was £9,685,000, its total resources expended were £9,388,000 and the actuarial loss on its pension scheme was £1,836,000. Its deficit for the year ended 31 March 2012 was £1,539,000.

**Going concern**

The Trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. They are mindful of their commitment to meet pension deficit contributions according to the Schedule of Contributions agreed with Scheme Trustees. They are currently reviewing funding for the next committed lump sum, and are in constant dialogue with the Pension Scheme Trustees. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**Intangible assets – purchased goodwill**

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and amortised evenly over 10 years as in the opinion of the trustees this represents the period over which the goodwill is expected to give rise to economic benefit. Goodwill is reviewed for impairment at the end of the first financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

**Intangible assets – licence to trade**

This is valued at cost.

**Tangible fixed assets**

All tangible fixed assets are stated at historical cost. Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets which are considered to be:

Leasehold improvements	Over the term of the lease
Apparatus and equipment	3 - 10 years
Agricultural and motor vehicles	3 - 10 years

Assets in the course of construction are stated at cost and are not depreciated.

**Stocks**

The financial statements are adjusted to reflect stocks of chemicals, fertilisers and sprays held by the charity, together with a valuation of cultivations and growing crops for resale. These stocks are stated at the lower of cost and net realisable value. Cost is calculated as follows:

Agrochemicals, fertilisers and sprays	:	at suppliers' invoice price on a first in first out basis
Cultivations and growing crops	:	the cost of inputs and operations carried out
Seed	:	at suppliers' invoice price on a first in first out basis or at cost of inputs and operations to produce if farm saved, as applicable

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**1. ACCOUNTING POLICIES (continued)**

Net realisable value is based upon estimated selling price less further costs expected to be incurred for completion and disposal. Provision is made for slow moving items.

**Current assets investments**

These consist of cash balances held on short term deposit of less than one year.

**Fund accounting**

*General unrestricted funds*

General unrestricted funds represent income which is expendable at the discretion of the Board in the furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

*Restricted funds*

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purpose.

**Incoming resources**

Income has been analysed in accordance with the service provided. A major proportion of income is received by way of FERA/NIAB agreement which this year totals £2,090,880 (2011: £2,195,006).

*Voluntary income:*

Donations are accounted for as soon as their amount and receipt are certain. This is usually when they are received. Gifts in kind, if material, are included at an estimate of market value.

*Activities for generating funds:*

Commercial trading operations represents the income from the charitable company's trading subsidiaries – TAG Consulting Limited, TAG Commercial Limited and NIAB Trading Ltd – and is included in incoming resources when the group becomes entitled to receipt.

*Investment income:*

Interest is included when receivable by the group.

*Incoming resources from charitable activities:*

Incoming resources from charitable activities are recognised on an accruals basis.

**Accrued and deferred income**

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned (as the related services are provided). This may mean accruing for invoices not yet raised, and deferring payments made in advance of work done. Deferred income also comprises membership income received in advance.

**Resources expended**

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the group to the expenditure. Expenditure is allocated as follows:

*Costs of generating funds:*

Commercial trading operations represents the costs incurred by the charitable company's trading subsidiaries – TAG Consulting Limited, TAG Commercial Limited and NIAB Trading Ltd.

*Charitable Activities:*

Expenditure incurred directly in the fulfilment of the objectives of the group including allocated overheads.

*Support costs:*

Support costs which include central office functions such as general management, finance, information technology and human resources are allocated across categories of expenditure. The basis of the cost allocation has been explained in note 4 to the accounts.

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**1. ACCOUNTING POLICIES (continued)**

*Governance costs*

Expenditure incurred in running and administering the group which is not directly attributable to charitable activities.

**Leased assets and obligations**

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to Statement of Financial Activities on a straight line basis over the lease term.

**Retirement benefits**

*NIAB Defined Benefit Pension Scheme*

For the defined benefit retirement plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses arising are recognised immediately in the Statement of Financial Activities.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have already vested, the cost is recognised immediately in the Statement of Financial Activities.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the lower of the asset, and any unrecognised past service cost plus the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

*Universities Superannuation Scheme*

The Arable Group Limited participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The liabilities are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme.

Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**1. ACCOUNTING POLICIES (continued)**

**Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

**Research and development**

All research and development costs are written off as incurred.

**2. NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
This is stated after charging/(crediting):		
Amortisation of goodwill	32	31
Depreciation		
- owned assets	460	387
- leased assets	22	50
Auditors' remuneration - statutory audit	38	40
Foreign exchange losses/(gains)	9	(9)
Gain on disposal of Tangible Fixed Assets	(58)	(1)
Operating Lease Expense:		
Land and Buildings	162	196
Plant and Machinery	152	107
Interest payable:		
Finance Lease	4	14
Pension Scheme	35	185
Interest on Loans	10	2
	<u>          </u>	<u>          </u>

**3. TOTAL RESOURCES EXPENDED**

	<b>Activities</b>	<b>Support</b>	<b>Total</b>	<b>Total</b>
	<b>undertaken</b>	<b>Costs</b>	<b>2012</b>	<b>2011</b>
	<b>directly</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Costs of generating funds</b>				
Commercial trading operations	3,094	-	3,094	1,331
<b>Charitable activities</b>				
Agricultural services	5,111	1,748	6,859	7,671
Laboratory and research	1,258	774	2,032	3,484
<b>Governance</b>	-	136	136	135
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total resources expended</b>	<u>9,463</u>	<u>2,658</u>	<u>12,121</u>	<u>12,621</u>

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**4. SUPPORT COSTS ALLOCATION**

	<b>Management</b> <b>£'000</b>	<b>Finance</b> <b>£'000</b>	<b>Information</b> <b>technology</b> <b>£'000</b>	<b>Human</b> <b>Resources</b> <b>£'000</b>	<b>Total</b> <b>2012</b> <b>£'000</b>	<b>Total</b> <b>2011</b> <b>£'000</b>
<b>Charitable activities</b>						
Agricultural services	343	874	389	142	1,748	1,850
Laboratory and research	125	416	168	65	774	886
<b>Governance</b>	<u>57</u>	<u>79</u>	<u>-</u>	<u>-</u>	<u>136</u>	<u>135</u>
<b>Total resources expended</b>	<u><u>525</u></u>	<u><u>1,369</u></u>	<u><u>557</u></u>	<u><u>207</u></u>	<u><u>2,658</u></u>	<u><u>2,871</u></u>

**Basis of support cost allocation**

Central support costs are allocated to activity cost categories on a basis consistent with the use of resources.

**Governance costs are made up of the following:**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
External audit	37	40
Trustees' expenses	16	17
Legal fees	18	12
Apportionment of Directors' costs (based on time spent)	65	66
	<u>136</u>	<u>135</u>

**5. TAXATION**

NIAB is a registered charity and is thus exempt from tax on income and capital gains falling within section 505 of the Income and Corporation Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives. No tax charges have arisen in the Charitable Company.

**6. STAFF COSTS AND INFORMATION REGARDING TRUSTEES**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Wages and salaries	5,930	6,242
Social security costs	577	580
Pension costs	767	887
	<u>7,274</u>	<u>7,709</u>

**FRS17 Adjustment**

The Pension costs shown include the FRS17 Adjustment of (£165,000) (2011: £26,000). Further details can be found in note 14.

The Chairman of the Board of Trustees and the Chairman of the Board's Finance Committee received honoraria, totalling £8,960 (2011: £8,960). No other remuneration is paid to any trustee. Total expenses reimbursed to Board members amounted to £4,858 for five Trustees (2011: £4,027 for four Trustees). This principally reflects reimbursed travelling expenses incurred in attending meetings.

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**6. STAFF COSTS AND INFORMATION REGARDING TRUSTEES (continued)**

Employees earning more than £60,000 per annum:	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
£60,001-£70,000	4	4
£70,001-£80,000	3	4
£80,001-£90,000	1	-
£90,001-£100,000	-	-
£110,001-£120,000	1	1

The number of higher paid staff accruing retirement benefits was 9 (2011: 9). Pension contributions in respect of these employees was £55,918 (2011: £54,060).

The average number of employees during the year was made up of the following categories:

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
Technical and scientific	166	168
Support staff	32	33
Agricultural staff and casuals	25	24
	<u>223</u>	<u>225</u>

**7. INTEREST IN SUBSIDIARY UNDERTAKINGS**

The following subsidiary undertakings are 100% controlled or owned by the Charity:

	<b>Class of share</b>	<b>Holding</b>	<b>Nature</b>
The Arable Group Limited	-	-	Agriculture
TAG Commercial Limited	Ordinary	100%	Dormant
TAG Consulting Limited	Ordinary	100%	Agriculture
NIAB Trading Ltd	Ordinary	100%	Agriculture

The Arable Group Limited, a charitable company limited by guarantee, where NIAB as the sole voting member has the power to appoint the board is therefore considered to be a subsidiary undertaking by virtue of control.

TAG Commercial Limited and TAG Consulting Limited are wholly owned by The Arable Group Limited, whilst NIAB Trading Ltd is wholly owned by NIAB.

The results for the subsidiary undertakings per their individual financial statements are as follows:

	<b>NIAB Trading Ltd £'000</b>	<b>TAG Consulting Limited £'000</b>	<b>TAG Commercial Limited £'000</b>
<b>31 March 2011</b>			
Turnover	510	1,309	408
Operating (loss)/ profit	(84)	35	152
Interest payable	-	(12)	-
Gift Aid	-	(23)	(86)
Profit / (loss) on ordinary activities after tax	<u>(84)</u>	<u>-</u>	<u>66</u>
<b>31 March 2012</b>			
Turnover	2,065	1,218	-
Operating profit	97	57	-
Interest payable	-	(8)	-
Gift Aid	(12)	(49)	-
Profit on ordinary activities after tax	<u>85</u>	<u>-</u>	<u>-</u>

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**7. INTEREST IN SUBSIDIARY UNDERTAKINGS (Continued)**

	2012 £'000	2011 £'000
<b>The Arable Group Limited</b>		
Incoming resources	2,130	2,467
Resources expended	(2,102)	(2,456)
	<u>28</u>	<u>11</u>
Net incoming resources	<u>28</u>	<u>11</u>

The net assets for the subsidiary undertakings per their individual financial statements are as follows:

	NIAB Trading Ltd £'000	The Arable Group Limited £'000	TAG Consulting Limited £'000	TAG Commercial Limited £'000
<b>At 31 March 2012</b>				
Total Assets	429	1,483	440	-
Total Liabilities	(429)	(590)	(438)	-
Net Assets	<u>-</u>	<u>893</u>	<u>2</u>	<u>-</u>
Funds/reserves	-	893	2	(18)
Share capital	-	-	-	1
	<u>-</u>	<u>893</u>	<u>2</u>	<u>(17)</u>
	NIAB Trading Ltd £'000	The Arable Group Limited £'000	TAG Consulting Limited £'000	TAG Commercial Limited £'000
<b>At 31 March 2011</b>				
Total Assets	303	1,629	366	26
Total Liabilities	(387)	(763)	(364)	(43)
Net Assets	<u>(84)</u>	<u>866</u>	<u>2</u>	<u>(17)</u>
Fund/reserves	(84)	866	2	(18)
Share capital	-	-	-	1
	<u>(84)</u>	<u>866</u>	<u>2</u>	<u>(17)</u>

**NIAB**  
(a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**8. INTANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Licence to trade £'000</b>	<b>Purchased goodwill £'000</b>	<b>Total £'000</b>
<b>Cost:</b>			
As at 1 April 2011	1	126	127
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2012	1	126	127
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Amortisation:</b>			
As at 1 April 2011	-	47	47
Charge for the year	-	32	32
	<hr/>	<hr/>	<hr/>
At 31 March 2012	-	79	79
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value:</b>			
At 31 March 2012	1	47	48
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2011	1	79	80
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The goodwill relates to the amount of purchased goodwill on the acquisition of the business of ADAS by TAG Consulting Limited.

**9. TANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Short 1 Leasehold improvements £'000</b>	<b>Assets in course of construction £'000</b>	<b>Apparatus and equipment £'000</b>	<b>Agricultural and motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 April 2011	14	44	5,270	3,009	8,337
Additions	-	141	215	15	371
Transfers	-	(21)	21	-	-
Disposals	-	-	(2)	(193)	(195)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2012	14	164	5,504	2,831	8,513
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Accumulated depreciation</b>					
At 1 April 2011	13	-	4,262	2,278	6,553
Charge for the year	1	-	348	133	482
Disposals	-	-	(1)	(189)	(190)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2012	14	-	4,609	2,222	6,845
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>					
At 31 March 2012	-	164	895	609	1,668
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2011	1	44	1,008	731	1,784
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The net book value of the group's agricultural and motor vehicles includes £180,624 (2011: £416,497) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged in the year on those assets totalled £22,483 (2011: £46,675).

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**9. TANGIBLE FIXED ASSETS (Continued)**

<b>CHARITY</b>	<b>Assets in course of construction £'000</b>	<b>Apparatus and equipment £'000</b>	<b>Agricultural and motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 April 2011	44	4,683	2,073	6,800
Additions	141	204	12	357
Transfers	(21)	21	-	-
Disposals	-	(2)	(167)	(169)
As at 31 March 2012	<u>164</u>	<u>4,906</u>	<u>1,918</u>	<u>6,988</u>
<b>Accumulated depreciation</b>				
At 1 April 2011	-	3,770	1,477	5,247
Charge for the year	-	325	99	424
Disposals	-	(1)	(166)	(167)
At 31 March 2012	<u>-</u>	<u>4,094</u>	<u>1,410</u>	<u>5,504</u>
<b>Net book value</b>				
At 31 March 2012	<u>164</u>	<u>812</u>	<u>508</u>	<u>1,484</u>
At 31 March 2011	<u>44</u>	<u>913</u>	<u>596</u>	<u>1,553</u>

The net book value of the charity's tangible fixed assets includes £180,624 (2011: £416,497) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged in the year on those assets totalled £22,483 (2011: £46,675).

**10. STOCKS**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Agrochemicals, fertilisers and sprays	97	81	85	72
Cultivations and seeds	43	57	43	57
	<u>140</u>	<u>138</u>	<u>128</u>	<u>129</u>

**11. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Trade debtors	1,176	1,533	720	755
Amount owed by NIAB Trust (note 24)	15	-	15	-
Amounts owed by group undertakings	-	-	155	203
Other debtors	28	24	10	5
Prepayments	491	313	425	249
Accrued income	563	457	360	301
	<u>2,273</u>	<u>2,327</u>	<u>1,685</u>	<u>1,513</u>

**NIAB**  
(a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Loan from TMAF	-	51	-	-
Obligations under finance leases and hire purchase contracts	41	118	41	118
Amount owed to NIAB Trust (note 24)	-	9	-	9
Amounts owed to group undertakings	-	-	162	-
Trade creditors	418	441	391	331
Other tax and social security	447	528	270	301
Other creditors	69	58	60	48
Accruals and deferred income	2,142	1,694	1,337	1,165
	<u>3,117</u>	<u>2,899</u>	<u>2,261</u>	<u>1,972</u>

	<b>GROUP</b>	<b>CHARITY</b>
	<b>2012</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income		
Brought forward	(1,101)	(743)
Released to Statement of Financial Activities	1,101	743
Deferred income received in year	<u>1,208</u>	<u>622</u>
Carried forward	<u>1,208</u>	<u>622</u>

Deferred income for the group relates to annual membership subscription paid in advance, key renewal dates being 30 September and 31 January; together with payments received in advance for contracted services.

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Loan	-	13	-	-
Obligations under finance leases and hire purchase contracts	13	55	13	55
Other creditors	20	20	20	20
	<u>33</u>	<u>88</u>	<u>33</u>	<u>75</u>

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases and hire purchase contracts				
Amounts payable:				
Within one year	41	118	41	118
Within two to five years	14	55	14	55
	<u>55</u>	<u>173</u>	<u>55</u>	<u>173</u>

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)**

The obligations under finance leases and hire purchase contracts are secured by a charge over the assets financed.

**14. PENSION COMMITMENTS: DEFINED BENEFIT SCHEMES**

**1. NIAB Defined Benefit Pension Scheme**

**Information about the Scheme**

NIAB operates a defined benefit pension scheme which was established on 1 April 1996. The assets of this scheme are held in a separate fund controlled by trustees. The scheme was closed to future benefit accrual on 31 July 2007.

The most recent actuarial valuation of the Scheme was carried out as at 31 March 2009. The FRS 17 figures have been based on updating the valuation to 31 March 2012 by a qualified Independent actuary.

<b>a) The amounts recognised in the balance sheet are as follows:</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	(29,324)	(27,427)
Fair value of plan assets	22,270	22,044
Deficit	<u>(7,054)</u>	<u>(5,383)</u>
<b>b) Changes in the present value of the defined benefit obligation are as follows:</b>		
	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	27,427	29,470
Interest cost	1,516	1,603
Actuarial loss/(gain)	1,108	(2,986)
Benefits paid	(727)	(660)
<b>Defined benefit obligation at end of year</b>	<u>29,324</u>	<u>27,427</u>
<b>c) Changes in the fair value of the scheme assets are as follows:</b>		
	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of scheme assets	22,044	21,070
Expected return	1,481	1,418
Actuarial (loss)/gain	(728)	57
Employer contributions	200	159
Benefits paid	(727)	(660)
<b>Fair value of scheme assets at the year end</b>	<u>22,270</u>	<u>22,044</u>

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**14. PENSION COMMITMENTS (Continued)**

- d) **The amounts included within the Statement of Financial Activities are as follows:**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on scheme assets	1,481	1,418
Interest on pension liabilities	(1,516)	(1,603)
<b>Total amount charged within net incoming resources</b>	<u>(35)</u>	<u>(185)</u>
Actuarial (loss)/gain	(1,836)	3,043
<b>Total amount charged to the Statement of Financial Activities</b>	<u>(1,871)</u>	<u>2,858</u>
Cumulative actuarial gain and loss	<u>(833)</u>	<u>1,003</u>

NIAB expects to contribute £178,000 to its defined benefit pension scheme in the year ended 31 March 2013.

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

- e) **The major categories of scheme assets as a percentage of total Scheme assets are as follows:**

	<b>2012</b>	<b>2011</b>
Equities	70%	71%
Bonds	30%	29%
	<u>100%</u>	<u>100%</u>

The overall expected rate of return on the scheme assets is assumed to be 6.1% (2011: 6.8%).

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
The actual return on the scheme assets in the year	<u>753</u>	<u>1,475</u>

- f) **Principal assumptions at the balance sheet date (expressed as weighted averages)**

	<b>2012</b>	<b>2011</b>
Discount rate	4.70%	5.60%
Expected return on scheme assets at 31 March	6.10%	6.80%
Rate of increase in salaries	2.80%	3.90%
Rate of increase of pensions in payment	2.70%	3.20%
Rate of inflation RPI	2.80%	3.40%
Rate of inflation CPI	1.80%	2.70%

Life expectancy for mortality tables used to determine benefit obligations at end of period

member age 63 (current life expectancy) - male	22.9	22.9
member age 63 (current life expectancy) - female	25.5	25.4
member age 45 (life expectancy at age 63) – male	24.0	23.9
member age 45 (life expectancy at age 63) - female	26.4	26.4

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**14. PENSION COMMITMENTS (continued)**

g) The amounts for the current and previous four periods are as follows:

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Defined benefit obligation	(29,324)	(27,427)	(29,470)	(23,460)	(23,900)
Scheme assets	<u>22,270</u>	<u>22,044</u>	<u>21,070</u>	<u>15,680</u>	<u>19,810</u>
Deficit	<u>(7,054)</u>	<u>(5,383)</u>	<u>(8,400)</u>	<u>(7,780)</u>	<u>(4,090)</u>
Experience adjustments on scheme liabilities	-	-	(1,020)	130	160
Experience adjustments on scheme assets	(728)	57	4,400	(5,070)	(2,480)

**2. Universities Superannuation Scheme (USS)**

The Arable Group participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**14. PENSION COMMITMENTS (continued)**

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Price Index measure of price inflation.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using a AA bond discount rate of 4.9% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a buy-out basis at that date was approximately 56%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

At 31 March 2012, USS had over 145,000 active members and the institution had 1 active members participating in the scheme.

The total pension cost for the institution was £65,000 (2011: £97,000). The contribution rate payable by the institution was 16% of pensionable salaries.

**NIAB**  
(a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**15. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS**

	General funds £'000	Restricted funds £'000	Total funds £'000
Intangible assets	48	-	48
Tangible fixed assets	1,521	147	1,668
Current assets	4,083	-	4,083
Current liabilities	(3,117)	-	(3,117)
Long term liabilities	(33)	-	(33)
Pension liability	(7,054)	-	(7,054)
	<u>(4,552)</u>	<u>147</u>	<u>(4,405)</u>
Net (liabilities)/assets as at 31 March 2012	<u>(4,552)</u>	<u>147</u>	<u>(4,405)</u>

**16. MOVEMENTS IN RESTRICTED FUNDS**

Restricted funds comprise the following Trust grants given for specific purposes:

	Total Funds £'000
<b>GROUP AND CHARITY</b>	
Balance at 1 April 2011	233
Net outgoing resources for the year	<u>(86)</u>
Balance at 31 March 2012	<u>147</u>

Restricted income mainly relates to various capital grants received for the purchase of tangible fixed assets with the remaining amount relating to revenue grants.

**17. MOVEMENTS IN UNRESTRICTED FUNDS**

	GROUP £'000	CHARITY £'000
Balance at 1 April 2011	(3,208)	(3,979)
Net outgoing resources for the year	<u>(1,344)</u>	<u>(1,453)</u>
Balance at 31 March 2012	<u>(4,552)</u>	<u>(5,432)</u>

**18. OPERATING LEASE COMMITMENTS**

At 31 March 2012 the group and charity was committed to making the following annual payments during the next year in respect of operating leases.

	GROUP		CHARITY	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Land and Building leases expiring:				
Within 1 year	11	8	11	8
Between 2 and 5 years	158	105	45	24
Over 5 years	-	47	-	15
	<u>169</u>	<u>160</u>	<u>56</u>	<u>47</u>

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**18. OPERATING LEASE COMMITMENTS (Continued)**

	GROUP		CHARITY	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Vehicle and Equipment leases expiring:				
Within 1 year	26	13	20	8
Between 2 and 5 years	103	61	101	55
	<u>129</u>	<u>74</u>	<u>121</u>	<u>63</u>

**19. RECONCILIATION OF NET INCOMING/(OUTGOING) RESOURCES TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2012 £'000	2011 £'000
Net incoming/(outgoing) resources for the year before other recognised gains and losses	406	(1)
Depreciation	482	437
Profit on sale of tangible fixed assets	(58)	(1)
Pension contributions paid in period (note 14)	(200)	(159)
Pension contributions charged in period (note 14)	35	185
Increase in stocks	(2)	(2)
Decrease/(increase) in debtors	54	(84)
Increase/(decrease) in creditors	346	(792)
Amortisation of goodwill	32	31
Interest payable	14	16
Interest receivable	(2)	(9)
Net cash inflow/(outflow) from operating activities	<u>1,107</u>	<u>(379)</u>

**20. ANALYSIS OF NET FUNDS**

	At 31 March 2011 £'000	Cash flow £'000	Other non- cash changes £'000	At 31 March 2012 £'000
Cash at bank and in hand	1,066	604	-	1,670
Finance lease obligations	(173)	119	-	(54)
Loans	(64)	64	-	-
	<u>829</u>	<u>787</u>	<u>-</u>	<u>1,616</u>

**21. MAJOR NON-CASH TRANSACTIONS**

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £ Nil (2011: £117,863).

**NIAB**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**22. FINANCIAL COMMITMENTS**

Capital commitments are as follows:

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Contracted for but not provided	<u>105</u>	<u>41</u>

**23. MEMBERS**

The charitable company is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 March 2012 there were seven members.

**24. RELATED PARTY TRANSACTIONS**

In the ordinary course of business the company entered into transactions with National Institute of Agricultural Botany Trust. The company has a close relationship with National Institute of Agricultural Botany Trust, which has an object to support NIAB.

During the course of the year, NIAB is charged a facilities charge for the occupation of the land and buildings owned by the Trust, and the Trust receives a charge from NIAB relating to the Research Funding Agreement between the two parties. These transactions will be represented by both cash and non cash due to accruals made for activities at the end of the financial year.

These transactions are summarised below:

	<b>1 April</b>	<b>Cash</b>	<b>Other</b>	<b>31 March</b>
	<b>2011</b>	<b>flow</b>	<b>movements</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
TRUST	<u>9</u>	<u>195</u>	<u>(219)</u>	<u>(15)</u>

	<b>1 April</b>	<b>Cash</b>	<b>Other</b>	<b>31 March</b>
	<b>2010</b>	<b>flow</b>	<b>movements</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
TRUST	<u>(2)</u>	<u>(842)</u>	<u>853</u>	<u>9</u>

The charitable company has taken advantage of the exemptions contained within Financial Reporting Standard No 8 not to disclose intra-group transactions on the basis that the subsidiaries are wholly owned and these consolidated accounts are publicly available.

**25. CONTINGENT LIABILITY**

The group and charity have been in receipt of significant income from the European Social Fund (ESF) in previous years. The group takes all reasonable steps to ensure it complies with the terms attaching to the receipt of all ESF income. However, the trustees recognise that this is a complex area and there is a risk that some funding could become repayable as a result of a possible inspection by the funding provider or the ESF Verification and Audit Section.