

Company Registration No. 192460
Charity No. 212059

The Arable Group Limited
(a company limited by guarantee)

Report and Financial Statements

31 March 2011

The Arable Group Limited
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS 2011

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**The Arable Group Limited
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REPORT OF THE BOARD

The Board of Trustees present their Annual Report and accounts for the year ended 31 March 2011. In preparing this report, the Trustees have complied with the Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) applicable accounting standards and the Memorandum and Articles of The Arable Group Limited.

OUR AIMS AND OBJECTIVES

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 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.

Membership

Individually NIAB and TAG have earned strong reputations for independence and integrity in providing expert research, information and advice, focused on the needs of progressive farmers and growers and other industry stakeholders.

Together as NIAB TAG our operation is unique in the UK in its capability to connect innovation and progress at the genetic or variety level with the appropriate agronomy 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.

Education

The ASSET programme is supported by the National Institute of Agricultural Botany Trust, and the Morley Agricultural Foundation. The key drivers to this investment being new ideas, succession planning and expansion.

Research

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 TAG and NIAB will provide a unique source of research expertise and technical services, with a presence at all levels within the crop production sector. Extending the capabilities on offer within a single group will also 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 compensate for 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.

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REPORT OF THE BOARD

HOW OUR ACTIVITIES DELIVER PUBLIC BENEFIT (Continued)

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 Report underlined the necessity to improve food production " *Growing demand for food must be met against a backdrop of rising global temperatures and changing patterns of precipitation...* "

" *...the challenge of feeding a larger global population must be met while delivering a steep reduction in greenhouse gas emissions.* "

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.

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

Together with NIAB, as NIAB TAG, we can link improvement brought about by genetics and breeding to appropriate agronomic practise for the farmers field.

The organisation 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. New membership packages have been launched following a consultation with members, and administration of the network has been improved.

A high-level Cross-Industry Advisory Group has been formed to advise on how to best attain our strategic goals in our agronomy research and technical services. The membership is drawn from across the plant breeding, input supply, agronomy and farming sectors.

The NIAB TAG Network incorporates more than 3,000 practising farmers, agronomists and corporate clients and is a key vehicle for technology and knowledge exchange. The NIAB TAG Network connects NIAB's expertise on varieties and seeds with the comprehensive crop management and agronomy information delivered by TAG, in a single set of new, innovative and dynamic membership packages.

The integration has been carefully undertaken aiming to:

- Retain and expand the farmer and agronomist memberships
- Encourage membership from the wider industry including independent agronomists, through AICC or directly, and distributors.

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REPORT OF THE BOARD

ACHIEVEMENTS AND PERFORMANCE (Continued)

We are developing 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 and in partnership with IBERS at Aberystwyth University. 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.

The 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 a major emphasis on strengthening regional and local connections and in engaging with the 18 NIAB TAG farmer members technical committees on research and research communication.

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.

FINANCIAL REVIEW

Net incoming resources for the year were £11,000 compared to net incoming resources of £3,000 for the 18 month period to 31 March 2010.

The TAG Consulting subsidiary has generated £23,000 of gift aid (2010: £18,000), whilst the The TAG Commercial subsidiary has generated £86,000 of gift aid (2010: £Nil).

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 would aim to achieve a general reserve, equivalent to three months' unrestricted fund expenditure (£609,000). At 31 March 2011, company reserves excluding fixed assets stood at £651,000 (3.1 months of expenditure) compared with the position at 31 March 2010 (£551,000 2.5 months).

PLANS FOR FUTURE PERIODS

Our objective is to grow brand equity and membership base of the NIAB TAG Network to ensure existing and new members can benefit from:

- unsurpassed information and expertise on variety selection and management
- a wider range of membership options, allowing members more choice in the types of information and services that they receive
- enhanced services and publications, including the development of a members-only technical area of the website www.niab.com
- new trials work to understand better the impact of husbandry on the relative performance of varieties to help fine tune their selection
- progressive new research programmes, focussing on opportunities to improve productivity and efficiency through joined-up approaches to managing soil, crop variety and agronomy
- renewed emphasis on local agronomy information and delivery

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REPORT OF THE BOARD

PLANS FOR FUTURE PERIODS (Continued)

To develop and grow the business, objectives within the integrated Crops and Agronomy operation include:

- develop extension services, exploring different models and developing strategic relationships throughout the industry, to provide improved sources of information, advice and training to UK farming
- build closer relations with the academic sector in research and delivery of research impact
- continue to build on the strengths of the Silsoe Spray Applications Unit, realising wider funding opportunities that exploit the capabilities of the unit within our research programmes.

STRUCTURE, GOVERNANCE AND MANAGEMENT

GOVERNING DOCUMENT

The Arable Group Limited is a Company limited by guarantee (registration number 192460) and was incorporated on 12 September 1923 as The Norfolk Agricultural Station. It was subsequently approved by the Inland Revenue Charity Division and registered with the Charity Commission (registration number 212059). The primary objective is to promote for public benefit the study and knowledge of agricultural science and the application of modern scientific techniques to agriculture and husbandry in all their branches.

APPOINTMENT OF TRUSTEES

Trustees are appointed by members at the annual general meeting. One quarter of the Trustees must retire at the annual general meeting and may offer themselves for re-election. 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 matrix 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, and presentations are made to the Trustees at their meetings, together with organised tours of the business operations.

ORGANISATIONAL STRUCTURE

The Board of Directors (Trustees) administer the company, and meet quarterly. A Chief Executive is appointed by the directors to manage the day to day operations of the 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 charity has two wholly owned subsidiaries, TAG Consulting Limited and TAG Commercial Limited, with the following principal activities:

- TAG Consulting Limited – Provision of consulting services on farming, agrochemical and scientific matters.
- TAG Commercial Limited – Commercial confidential crop trial specialists.

The Arable Group Limited does not produce consolidated accounts as its results and net assets are included in the consolidated accounts of its parent undertaking, 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 company faces, prioritising them in terms of potential impact and the likelihood of occurrence, and identifying means of mitigating the risks. The Board have reviewed the adequacy of the company's current internal controls. The Trustees are pleased to report that the company's internal financial controls, in particular, comply in all relevant areas with the guidelines issued by the Charity Commission.

Following the integration of operations with NIAB, ISO 9001: 2008 is currently being implemented across the organisation.

EMPLOYMENT

The average number of employees for the period was 34 (2010 - 36). 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 affected such insurance, as permitted by the company's articles.

COMMUNICATIONS

It is the company's policy to involve staff in its plans. Regular consultation with employee representatives is a feature in maintaining awareness among staff of matters affecting their interests.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Members will be held at Huntingdon Road, Cambridge on 5 December 2011.

CHARGE

The Morley Agricultural Foundation (TMAF) provided a loan to TAG in 2004 (to discharge by May 2012), and are the landlord for the Morley office. A debenture exists to secure all monies due from TAG to TMAF.

HSBC have a debenture to secure all monies and liabilities due, relating to company credit cards.

GOING CONCERN

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and the charity 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.

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.

AUDITORS

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

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REPORT OF THE BOARD

SPECIAL PROVISIONS RELATING TO SMALL COMPANIES

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Signed on behalf of the Board of Trustees of
The Arable Group Limited

J W Lewis
Chair

A handwritten signature in black ink, appearing to read 'J W Lewis', written over a large, faint circular stamp or watermark.

25 August 2011

Huntingdon Road
Cambridge
CB3 0LE

**The Arable Group Limited
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OFFICE HOLDERS, REGISTERED OFFICE AND PROFESSIONAL ADVISERS

THE ARABLE GROUP BOARD OF TRUSTEES (REFERRED TO AS DIRECTORS)

J R Harle
J W Lewis Chairman
Taylor Vinters Directors Limited

SECRETARY

S N Arnold

EXECUTIVES

T L Barsby
S M Knight

REGISTERED & PRINCIPAL OFFICE

Huntingdon Road
Cambridge
CB3 0LE

PROFESSIONAL ADVISERS

Auditors Baker Tilly UK Audit LLP
St Philips Point
Temple Row
Birmingham
B2 5AF

Bankers HSBC Bank plc
Norwich Commercial Centre
HSBC House
21 Meridian Way
Meridian Park
Norwich
NR7 0TA

Solicitors Taylor Vinters
Merlin Place
Cambridge

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STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The trustees (who are also directors of The Arable Group Limited for the purposes of company law) are responsible for preparing the Trustees' Report 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ARABLE GROUP LIMITED

We have audited the financial statements of The Arable Group Limited for the year ended 31 March 2011 on pages 10 to 21. 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 AUDITORS

As explained more fully in the Statement of Trustees' responsibilities set out on page 7, the trustees (who are also the directors of the 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

OPINION ON OTHER REQUIREMENT OF THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report 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 charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Trustees' were not entitled to take advantage of the small companies exemption in preparing the Trustees' report


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
Date

31 August 2011

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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2011 (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Year ended 31 March 2011 Unrestricted funds £'000	18 months ended 31 March 2010 Unrestricted funds £'000
Incoming resources			
Incoming resources from Generated Funds:			
<i>Voluntary Income:</i>			
Donations		6	13
<i>Investment Income</i>	2	118	46
Incoming resources from charitable activities:			
Agricultural Services		2,315	3,814
Other incoming resources:			
Other income		28	28
Total incoming resources		2,467	3,901
Resources expended			
Charitable activities:			
Agricultural Services		2,404	3,862
Governance costs		52	36
Total resources expended	4	2,456	3,898
Net (outgoing)/incoming resources and net (expenditure)/income for the period being net movement in funds	3	11	3
Total funds brought forward		855	852
Total funds carried forward		866	855

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.

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BALANCE SHEET
31 March 2011

Company Registration No. 192460

	Note	At 31 March 2011 £'000	At 31 March 2010 £'000
FIXED ASSETS			
Tangible assets	8	213	302
Investments	9	2	2
		<u>215</u>	<u>304</u>
CURRENT ASSETS			
Stocks	10	9	11
Debtors	11	947	1,385
Cash at bank and in hand		458	257
		<u>1,414</u>	<u>1,653</u>
CREDITORS: amounts falling due within one year	12	<u>(750)</u>	<u>(1,034)</u>
NET CURRENT ASSETS		<u>664</u>	<u>619</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		879	923
CREDITORS: amounts falling due after more than one year	13	<u>(13)</u>	<u>(68)</u>
NET ASSETS		<u>866</u>	<u>855</u>
FUNDS			
Unrestricted Funds	14	<u>866</u>	<u>855</u>
TOTAL FUNDS		<u>866</u>	<u>855</u>

The financial statements on pages 10 to 21 were approved by the Board of Trustees and authorised for issue on 25 August 2011 and were signed on its behalf by:

J W Lewis
 Chairman



THE ARABLE GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

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 as modified for the statement of investments at market value.

Basis of preparation

The financial statements present information about the charitable company as an individual undertaking and not about its group. Group financial statements have not been prepared as the charitable company is exempt under the Companies Act 2006 and the SORP 2005. Consolidated financial statements are prepared by the ultimate parent undertaking, NIAB, a charitable company incorporated in England and Wales.

Going concern

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and the charity 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.

Tangible fixed assets

All fixed assets are stated at historical cost. Depreciation is provided on fixed assets at rates sufficient to write off the costs of the assets less their estimated residual value over their expected useful lives. The principal annual rates used for this purpose are:

Grain store and other specialist buildings	5% straight line
Temporary storage buildings	33.33% straight line
Motor vehicles and tractors	25% reducing balance
Implements and machinery	15% reducing balance
Office furniture and equipment	25% reducing balance
Computer equipment	33.33% straight line

Investments

Investments are stated at market value. Movements in the valuation of investments are included within gains and losses in investment assets in the Statement of Financial Activities.

Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving items.

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

No restrictions have been placed on funds received, hence all income and expenditure is recognised as unrestricted.

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

1. ACCOUNTING POLICIES (continued)

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Income from charitable activities is accounted for in the year in which the service is provided.
- Donations receivable for the general purposes of the charity are credited to unrestricted funds. Donations subject to specific wishes of the donors are credited to relevant restricted funds.
- Investment income is 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 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.

Resources expended

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

Charitable Activities:

Expenditure incurred directly in the fulfilment of the objectives of the company 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 charitable expenditure. The basis of the cost allocation is consistent with the use of the resource e.g. staff costs by time spent and other costs by their usage.

Governance costs

Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice for the Trustees, professional indemnity insurance for Trustees and officers, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

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 profit and loss account 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

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, and the cost recognised in the accounts is the contribution payable to the scheme for the period.

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

1. ACCOUNTING POLICIES (continued)

Retirement benefits (continued)

The assets of the scheme are held in a separate trustee-administered fund. 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.

The Arable Group Limited also operates two money purchase schemes. For these the pension costs charged in the financial statements represent the contribution payable by the company during the year.

Foreign currencies

The Arable Group do not hold any foreign currency accounts. 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.

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

2. INVESTMENT INCOME

	Year ended 31 March 2011 £'000	18 months ended 31 March 2010 £'000
Bank interest receivable	9	28
Gift aid from subsidiaries	109	18
	<u>118</u>	<u>46</u>

3. NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR

This is stated after charging/(crediting):	Year ended 31 March 2011 £'000	18 months ended 31 March 2010 £'000
Depreciation		
- owned assets	89	155
- leased assets	-	30
Auditors' remuneration - for audit services	14	14
Gain on disposal of Tangible Fixed Assets	-	(3)
Operating Lease Expense:		
Plant and Machinery	12	8
Land and Buildings	129	178
Interest payable:		
Finance Lease	1	10
Bank Overdraft	-	2
Interest on Loan from related party	(10)	7
	<u>118</u>	<u>46</u>

4. TOTAL RESOURCES EXPENDED

	Activities undertaken directly £'000	Support costs £'000	Year ended 31 March 2011 £'000	18 months ended 31 March 2010 £'000
Charitable activities				
Agricultural Services	1,944	460	2,404	3,862
Governance	-	52	52	36
	<u>1,944</u>	<u>512</u>	<u>2,456</u>	<u>3,898</u>
Total resources expended	<u>1,944</u>	<u>512</u>	<u>2,456</u>	<u>3,898</u>

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

5. SUPPORT COSTS ALLOCATION

	Management £'000	Finance £'000	Information technology £'000	Human resources £'000	Year ended 31 March 2011 £'000	18 months ended 31 March 2010 £'000
Charitable activities						
Agricultural services	319	82	44	15	460	683
Governance	52	-	-	-	52	36
	<u>371</u>	<u>82</u>	<u>44</u>	<u>15</u>	<u>512</u>	<u>719</u>

Basis of support cost allocation

Central support costs have been allocated to cost categories on a basis consistent with use of resources e.g. staff costs by the time spent and other costs by their usage.

Governance costs are made up of the following:

	Year ended 31 March 2011 £'000	18 months ended 31 March 2010 £'000
External audit	14	14
Trustees' expenses	-	5
Legal fees	4	-
Apportionment of staff time	29	12
	<u>52</u>	<u>36</u>

6. TAXATION

The Arable Group Limited 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.

7. INFORMATION REGARDING EMPLOYEES AND TRUSTEES

	Year ended 31 March 2011 £'000	18 months ended 31 March 2010 £'000
Staff costs		
Wages and salaries	1,076	1,720
Social security costs	109	178
Pension costs	97	122
	<u>1,282</u>	<u>2,020</u>

Total expenses reimbursed to Board members amounted to £Nil (2010 - £5,029 for five Trustees). This principally reflects reimbursed travelling expenses incurred in attending meetings.

Company Registration No. 192460
Charity No. 212059

The Arable Group Limited
(a company limited by guarantee)

Report and Financial Statements

31 March 2011

The Arable Group Limited
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS 2011

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The Arable Group Limited
(a company limited by guarantee)

REPORT OF THE BOARD

The Board of Trustees present their Annual Report and accounts for the year ended 31 March 2011. In preparing this report, the Trustees have complied with the Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) applicable accounting standards and the Memorandum and Articles of The Arable Group Limited.

OUR AIMS AND OBJECTIVES

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 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.

Membership

Individually NIAB and TAG have earned strong reputations for independence and integrity in providing expert research, information and advice, focused on the needs of progressive farmers and growers and other industry stakeholders.

Together as NIAB TAG our operation is unique in the UK in its capability to connect innovation and progress at the genetic or variety level with the appropriate agronomy 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.

Education

The ASSET programme is supported by the National Institute of Agricultural Botany Trust, and the Morley Agricultural Foundation. The key drivers to this investment being new ideas, succession planning and expansion.

Research

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 TAG and NIAB will provide a unique source of research expertise and technical services, with a presence at all levels within the crop production sector. Extending the capabilities on offer within a single group will also 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 compensate for 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.

The Arable Group Limited
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REPORT OF THE BOARD

HOW OUR ACTIVITIES DELIVER PUBLIC BENEFIT (Continued)

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 Report underlined the necessity to improve food production " *Growing demand for food must be met against a backdrop of rising global temperatures and changing patterns of precipitation...*"

" ...the challenge of feeding a larger global population must be met while delivering a steep reduction in greenhouse gas emissions."

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.

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

Together with NIAB, as NIAB TAG, we can link improvement brought about by genetics and breeding to appropriate agronomic practise for the farmers field.

The organisation 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. New membership packages have been launched following a consultation with members, and administration of the network has been improved.

A high-level Cross-Industry Advisory Group has been formed to advise on how to best attain our strategic goals in our agronomy research and technical services. The membership is drawn from across the plant breeding, input supply, agronomy and farming sectors.

The NIAB TAG Network incorporates more than 3,000 practising farmers, agronomists and corporate clients and is a key vehicle for technology and knowledge exchange. The NIAB TAG Network connects NIAB's expertise on varieties and seeds with the comprehensive crop management and agronomy information delivered by TAG, in a single set of new, innovative and dynamic membership packages.

The integration has been carefully undertaken aiming to:

- Retain and expand the farmer and agronomist memberships
- Encourage membership from the wider industry including independent agronomists, through AICC or directly, and distributors.

The Arable Group Limited
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REPORT OF THE BOARD

ACHIEVEMENTS AND PERFORMANCE (Continued)

We are developing 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 and in partnership with IBERS at Aberystwyth University. 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.

The 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 a major emphasis on strengthening regional and local connections and in engaging with the 18 NIAB TAG farmer members technical committees on research and research communication.

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.

FINANCIAL REVIEW

Net incoming resources for the year were £11,000 compared to net incoming resources of £3,000 for the 18 month period to 31 March 2010.

The TAG Consulting subsidiary has generated £23,000 of gift aid (2010: £18,000), whilst the The TAG Commercial subsidiary has generated £86,000 of gift aid (2010: £Nil).

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 would aim to achieve a general reserve, equivalent to three months' unrestricted fund expenditure (£609,000). At 31 March 2011, company reserves excluding fixed assets stood at £651,000 (3.1 months of expenditure) compared with the position at 31 March 2010 (£551,000 2.5 months).

PLANS FOR FUTURE PERIODS

Our objective is to grow brand equity and membership base of the NIAB TAG Network to ensure existing and new members can benefit from:

- unsurpassed information and expertise on variety selection and management
- a wider range of membership options, allowing members more choice in the types of information and services that they receive
- enhanced services and publications, including the development of a members-only technical area of the website www.niab.com
- new trials work to understand better the impact of husbandry on the relative performance of varieties to help fine tune their selection
- progressive new research programmes, focussing on opportunities to improve productivity and efficiency through joined-up approaches to managing soil, crop variety and agronomy
- renewed emphasis on local agronomy information and delivery

The Arable Group Limited
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REPORT OF THE BOARD

PLANS FOR FUTURE PERIODS (Continued)

To develop and grow the business, objectives within the integrated Crops and Agronomy operation include:

- develop extension services, exploring different models and developing strategic relationships throughout the industry, to provide improved sources of information, advice and training to UK farming
- build closer relations with the academic sector in research and delivery of research impact
- continue to build on the strengths of the Silsoe Spray Applications Unit, realising wider funding opportunities that exploit the capabilities of the unit within our research programmes.

STRUCTURE, GOVERNANCE AND MANAGEMENT

GOVERNING DOCUMENT

The Arable Group Limited is a Company limited by guarantee (registration number 192460) and was incorporated on 12 September 1923 as The Norfolk Agricultural Station. It was subsequently approved by the Inland Revenue Charity Division and registered with the Charity Commission (registration number 212059). The primary objective is to promote for public benefit the study and knowledge of agricultural science and the application of modern scientific techniques to agriculture and husbandry in all their branches.

APPOINTMENT OF TRUSTEES

Trustees are appointed by members at the annual general meeting. One quarter of the Trustees must retire at the annual general meeting and may offer themselves for re-election. 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 matrix 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, and presentations are made to the Trustees at their meetings, together with organised tours of the business operations.

ORGANISATIONAL STRUCTURE

The Board of Directors (Trustees) administer the company, and meet quarterly. A Chief Executive is appointed by the directors to manage the day to day operations of the 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 charity has two wholly owned subsidiaries, TAG Consulting Limited and TAG Commercial Limited, with the following principal activities:

- TAG Consulting Limited – Provision of consulting services on farming, agrochemical and scientific matters.
- TAG Commercial Limited – Commercial confidential crop trial specialists.

The Arable Group Limited does not produce consolidated accounts as its results and net assets are included in the consolidated accounts of its parent undertaking, NIAB.

The Arable Group Limited
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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 company faces, prioritising them in terms of potential impact and the likelihood of occurrence, and identifying means of mitigating the risks. The Board have reviewed the adequacy of the company's current internal controls. The Trustees are pleased to report that the company's internal financial controls, in particular, comply in all relevant areas with the guidelines issued by the Charity Commission.

Following the integration of operations with NIAB, ISO 9001: 2008 is currently being implemented across the organisation.

EMPLOYMENT

The average number of employees for the period was 34 (2010 - 36). 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 affected such insurance, as permitted by the company's articles.

COMMUNICATIONS

It is the company's policy to involve staff in its plans. Regular consultation with employee representatives is a feature in maintaining awareness among staff of matters affecting their interests.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Members will be held at Huntingdon Road, Cambridge on 5 December 2011.

CHARGE

The Morley Agricultural Foundation (TMAF) provided a loan to TAG in 2004 (to discharge by May 2012), and are the landlord for the Morley office. A debenture exists to secure all monies due from TAG to TMAF.

HSBC have a debenture to secure all monies and liabilities due, relating to company credit cards.

GOING CONCERN

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and the charity 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.

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.

AUDITORS

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

The Arable Group Limited
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REPORT OF THE BOARD

SPECIAL PROVISIONS RELATING TO SMALL COMPANIES

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Signed on behalf of the Board of Trustees of
The Arable Group Limited

J W Lewis
Chair

A handwritten signature in black ink, appearing to read 'J W Lewis', written over a large, faint circular stamp or watermark.

25 August 2011

Huntingdon Road
Cambridge
CB3 0LE

The Arable Group Limited
(a company limited by guarantee)

OFFICE HOLDERS, REGISTERED OFFICE AND PROFESSIONAL ADVISERS

THE ARABLE GROUP BOARD OF TRUSTEES (REFERRED TO AS DIRECTORS)

J R Harle
J W Lewis
Taylor Vinters Directors Limited

Chairman

SECRETARY

S N Arnold

EXECUTIVES

T L Barsby
S M Knight

REGISTERED & PRINCIPAL OFFICE

Huntingdon Road
Cambridge
CB3 0LE

PROFESSIONAL ADVISERS

Auditors	Baker Tilly UK Audit LLP St Philips Point Temple Row Birmingham B2 5AF
Bankers	HSBC Bank plc Norwich Commercial Centre HSBC House 21 Meridian Way Meridian Park Norwich NR7 0TA
Solicitors	Taylor Vinters Merlin Place Cambridge

THE ARABLE GROUP LIMITED
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STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The trustees (who are also directors of The Arable Group Limited for the purposes of company law) are responsible for preparing the Trustees' Report 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

THE ARABLE GROUP LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ARABLE GROUP LIMITED

We have audited the financial statements of The Arable Group Limited for the year ended 31 March 2011 on pages 10 to 21. 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 AUDITORS

As explained more fully in the Statement of Trustees' responsibilities set out on page 7, the trustees (who are also the directors of the 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

OPINION ON OTHER REQUIREMENT OF THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report 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 charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Trustees' were not entitled to take advantage of the small companies exemption in preparing the Trustees' report

Baker Tilly UK Audit Ltd

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

Date

31 August 2011

THE ARABLE GROUP LIMITED
(a company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH
2011 (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Year ended 31 March 2011 Unrestricted funds £'000	18 months ended 31 March 2010 Unrestricted funds £'000
Incoming resources			
Incoming resources from Generated Funds:			
<i>Voluntary Income:</i>			
Donations		6	13
<i>Investment Income</i>	2	118	46
Incoming resources from charitable activities:			
Agricultural Services		2,315	3,814
Other incoming resources:			
Other income		28	28
Total incoming resources		2,467	3,901
Resources expended			
Charitable activities:			
Agricultural Services		2,404	3,862
Governance costs		52	36
Total resources expended	4	2,456	3,898
Net (outgoing)/incoming resources and net (expenditure)/income for the period being net movement in funds	3	11	3
Total funds brought forward		855	852
Total funds carried forward		866	855

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.

THE ARABLE GROUP LIMITED
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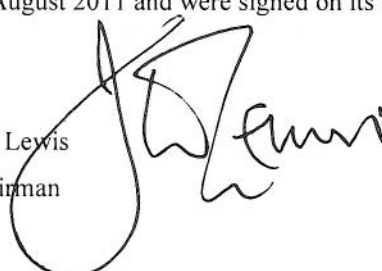
BALANCE SHEET
31 March 2011

Company Registration No. 192460

	Note	At 31 March 2011 £'000	At 31 March 2010 £'000
FIXED ASSETS			
Tangible assets	8	213	302
Investments	9	2	2
		<u>215</u>	<u>304</u>
CURRENT ASSETS			
Stocks	10	9	11
Debtors	11	947	1,385
Cash at bank and in hand		458	257
		<u>1,414</u>	<u>1,653</u>
CREDITORS: amounts falling due within one year	12	<u>(750)</u>	<u>(1,034)</u>
NET CURRENT ASSETS		<u>664</u>	<u>619</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		879	923
CREDITORS: amounts falling due after more than one year	13	<u>(13)</u>	<u>(68)</u>
NET ASSETS		<u>866</u>	<u>855</u>
FUNDS			
Unrestricted Funds	14	<u>866</u>	<u>855</u>
TOTAL FUNDS		<u>866</u>	<u>855</u>

The financial statements on pages 10 to 21 were approved by the Board of Trustees and authorised for issue on 25 August 2011 and were signed on its behalf by:

J W Lewis
 Chairman



THE ARABLE GROUP LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

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 as modified for the statement of investments at market value.

Basis of preparation

The financial statements present information about the charitable company as an individual undertaking and not about its group. Group financial statements have not been prepared as the charitable company is exempt under the Companies Act 2006 and the SORP 2005. Consolidated financial statements are prepared by the ultimate parent undertaking, NIAB, a charitable company incorporated in England and Wales.

Going concern

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and the charity 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.

Tangible fixed assets

All fixed assets are stated at historical cost. Depreciation is provided on fixed assets at rates sufficient to write off the costs of the assets less their estimated residual value over their expected useful lives. The principal annual rates used for this purpose are:

Grain store and other specialist buildings	5% straight line
Temporary storage buildings	33.33% straight line
Motor vehicles and tractors	25% reducing balance
Implements and machinery	15% reducing balance
Office furniture and equipment	25% reducing balance
Computer equipment	33.33% straight line

Investments

Investments are stated at market value. Movements in the valuation of investments are included within gains and losses in investment assets in the Statement of Financial Activities.

Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving items.

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

No restrictions have been placed on funds received, hence all income and expenditure is recognised as unrestricted.

THE ARABLE GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

1. ACCOUNTING POLICIES (continued)

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Income from charitable activities is accounted for in the year in which the service is provided.
- Donations receivable for the general purposes of the charity are credited to unrestricted funds. Donations subject to specific wishes of the donors are credited to relevant restricted funds.
- Investment income is 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 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.

Resources expended

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

Charitable Activities:

Expenditure incurred directly in the fulfilment of the objectives of the company 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 charitable expenditure. The basis of the cost allocation is consistent with the use of the resource e.g. staff costs by time spent and other costs by their usage.

Governance costs

Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice for the Trustees, professional indemnity insurance for Trustees and officers, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

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 profit and loss account 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

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, and the cost recognised in the accounts is the contribution payable to the scheme for the period.

THE ARABLE GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

1. ACCOUNTING POLICIES (continued)

Retirement benefits (continued)

The assets of the scheme are held in a separate trustee-administered fund. 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.

The Arable Group Limited also operates two money purchase schemes. For these the pension costs charged in the financial statements represent the contribution payable by the company during the year.

Foreign currencies

The Arable Group do not hold any foreign currency accounts. 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.

THE ARABLE GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

2. INVESTMENT INCOME

	Year ended 31 March 2011 £'000	18 months ended 31 March 2010 £'000
Bank interest receivable	9	28
Gift aid from subsidiaries	109	18
	<u>118</u>	<u>46</u>

3. NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR

	Year ended 31 March 2011 £'000	18 months ended 31 March 2010 £'000
This is stated after charging/(crediting):		
Depreciation		
- owned assets	89	155
- leased assets	-	30
Auditors' remuneration - for audit services	14	14
Gain on disposal of Tangible Fixed Assets	-	(3)
Operating Lease Expense:		
Plant and Machinery	12	8
Land and Buildings	129	178
Interest payable:		
Finance Lease	1	10
Bank Overdraft	-	2
Interest on Loan from related party	(10)	7
	<u></u>	<u></u>

4. TOTAL RESOURCES EXPENDED

	Activities undertaken directly £'000	Support costs £'000	Year ended 31 March 2011 £'000	18 months ended 31 March 2010 £'000
Charitable activities				
Agricultural Services	1,944	460	2,404	3,862
Governance	-	52	52	36
	<u>1,944</u>	<u>512</u>	<u>2,456</u>	<u>3,898</u>
Total resources expended	<u>1,944</u>	<u>512</u>	<u>2,456</u>	<u>3,898</u>

THE ARABLE GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

5. SUPPORT COSTS ALLOCATION

					Year ended 31 March 2011 £'000	18 months ended 31 March 2010 £'000
	Manage- ment £'000	Finance £'000	Information technology £'000	Human resources £'000		
Charitable activities						
Agricultural services	319	82	44	15	460	683
Governance	52	-	-	-	52	36
	<u>371</u>	<u>82</u>	<u>44</u>	<u>15</u>	<u>512</u>	<u>719</u>

Basis of support cost allocation

Central support costs have been allocated to cost categories on a basis consistent with use of resources e.g. staff costs by the time spent and other costs by their usage.

Governance costs are made up of the following:

	Year ended 31 March 2011 £'000	18 months ended 31 March 2010 £'000
External audit	14	14
Trustees' expenses	-	5
Legal fees	4	-
Apportionment of staff time	29	12
	<u>52</u>	<u>36</u>

6. TAXATION

The Arable Group Limited 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.

7. INFORMATION REGARDING EMPLOYEES AND TRUSTEES

	Year ended 31 March 2011 £'000	18 months ended 31 March 2010 £'000
Staff costs		
Wages and salaries	1,076	1,720
Social security costs	109	178
Pension costs	97	122
	<u>1,282</u>	<u>2,020</u>

Total expenses reimbursed to Board members amounted to £Nil (2010 - £5,029 for five Trustees). This principally reflects reimbursed travelling expenses incurred in attending meetings.

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

7. INFORMATION REGARDING EMPLOYEES AND TRUSTEES (continued)

Employees earning more than £60,000 per annum:	Year ended 31 March 2011 £'000 No.	18 months ended 31 March 2010 No.
£60,001-£70,000	1	5

Pension costs in respect of the above employees totalled £5,600 (2010: £29,266). The number of higher paid staff accruing retirement benefits was 1 (2010: 5).

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

	Year ended 31 March 2011 £'000 No	18 months ended 31 March 2010 No
Technical and scientific	14	13
Support staff	4	7
Agricultural staff and casuals	16	16
	<u>34</u>	<u>36</u>

8. TANGIBLE FIXED ASSETS

	Short Leasehold improve- ments £'000	Implements and machinery £'000	Office furniture and equipment £'000	Agricultu- ral and motor vehicles £'000	Total £'000
Cost					
At 1 April 2010	14	342	209	895	1,460
Disposals	-	-	-	(6)	(6)
At 31 March 2011	<u>14</u>	<u>342</u>	<u>209</u>	<u>889</u>	<u>1,454</u>
Accumulated depreciation					
At 1 April 2010	11	249	169	729	1,158
Charge for the year	2	23	17	47	89
Disposals	-	-	-	(6)	(6)
At 31 March 2011	<u>13</u>	<u>272</u>	<u>186</u>	<u>770</u>	<u>1,241</u>
Net book value					
At 31 March 2011	<u>1</u>	<u>70</u>	<u>23</u>	<u>119</u>	<u>213</u>
At 31 March 2010	<u>3</u>	<u>93</u>	<u>40</u>	<u>166</u>	<u>302</u>

The net book value of the charity's agricultural and motor vehicles includes £nil (2010 - £39k) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged in the year on those assets totalled £nil (2010 - £30k).

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

9. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £'000
Balance at 31 March 2010 and 31 March 2011	<u>2</u>

The Trustees have reviewed the valuation of the subsidiaries and consider it appropriate.

Details of group companies at the balance sheet date are as follows:

Name of company	Class of share	Holding	Nature
TAG Commercial Limited	Ordinary	100%	Agriculture
TAG Consulting Limited	Ordinary	100%	Agriculture

10. STOCKS

	2011 £'000	2010 £'000
Agrochemicals, fertilisers and sprays	9	2
Other	-	9
	<u>9</u>	<u>11</u>

11. DEBTORS

	2011 £'000	2010 £'000
Trade debtors	348	497
Amounts due from group undertakings	390	783
Other debtors	4	-
Prepayments	64	85
Accrued income	141	20
	<u>947</u>	<u>1,385</u>

Amounts due from Group undertakings includes a loan of £214,023 to Tag Consulting Limited. Repayments of £12,500 are due within one year, in accordance with an inter-company loan agreement.

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£'000	£'000
Loan	50	50
Obligations under finance leases and hire purchase contracts	-	16
Trade creditors	94	345
Amounts owed to group undertakings	70	-
Other tax and social security	147	155
Other creditors	10	15
Accruals and deferred income	379	453
	<u>750</u>	<u>1,034</u>

Deferred income	2011	2010
	£'000	£'000
Brought forward	336	-
Released to Statement of Financial Activities	(336)	-
Deferred income received in the year	358	336
	<u>358</u>	<u>336</u>
Carried forward	<u>358</u>	<u>336</u>

Deferred income relates to annual membership subscription for the year ended 30 September.

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

	2011	2010
	£'000	£'000
Loan	13	63
Obligations under finance leases and hire purchase contracts	-	5
	<u>13</u>	<u>68</u>

Obligations under finance leases and hire purchase contracts

Amounts Payable:

Within one year	-	16
Between two and five years	-	5
	<u>-</u>	<u>21</u>

The obligations under finance leases and hire purchase contracts were secured by a charge over the assets financed and bore finance charges ranging from 9.4% to 12.5% per annum.

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

14. MOVEMENTS IN UNRESTRICTED FUNDS

	£'000
Balance at 1 April 2010	855
Net incoming resources for the year	11
	<hr/>
Balance at 31 March 2011	866
	<hr/> <hr/>

15. OPERATING LEASE COMMITMENTS

At 31 March 2011 the company was committed to making the following payments during the next year in respect of non-cancellable operating leases.

	2011 £'000	2010 £'000
Land and building leases expiring:		
Within 1 year	-	69
Between 2 and 5 years	113	38
	<hr/>	<hr/>
	113	107
Other leases expiring:		
Within 1 year	5	-
Between 2 and 5 years	5	13
	<hr/>	<hr/>
	123	120
	<hr/> <hr/>	<hr/> <hr/>

16. CAPITAL COMMITMENTS

Capital commitments are as follows:

	2011 £'000	2010 £'000
Contracted for but not provided	-	-
	<hr/> <hr/>	<hr/> <hr/>

17. 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 25 pence in the event of the company being wound up. At 31 March 2011 there was 1 Category A and 1,055 Category B members. A Category A member has voting rights, the Category B members are subscribers to the membership information and have the right to attend statutory meetings.

18. RELATED PARTY TRANSACTIONS

The charitable company has taken advantage of the exemption conferred by Financial Reporting Standard No. 8 not to disclose any transactions with its parent undertaking and wholly owned subsidiary undertakings.

19. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking of this company is NIAB which is incorporated in England and is a registered charity.

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2011

20. PENSION SCHEME

The institution 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 2008. 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 a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2010 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 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus 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 3.3% per annum. At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% 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 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, increased the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

On the FRS17 basis, using a AA bond discount rate of 5.6% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

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.

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

