

Company Registration No. 192460
Charity No. 212059

The Arable Group Limited
(a company limited by guarantee)

Report and Financial Statements

31 March 2010

The Arable Group Limited
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS 2010

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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 period from 1 October 2008 to 31 March 2010. 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. The Trustees resolved to change the accounting date of the Charity from 30 September to 31 March in order to make their financial year end coterminous with NIAB, its new parent undertaking.

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 their results and net assets are included in the consolidated accounts of their 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.

OUR AIMS AND OBJECTIVES

In September 2009, TAG joined forces with NIAB (National Institute of Agricultural Botany) and in doing so created the only independent UK, based organisation capable of taking new genetic developments through appropriate agronomy to the farmer's field.

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 TAG ASSET programme has been a valuable addition to the TAG Group activities and has supported four Students through bursaries for their third year. This partnership with Nottingham, Newcastle, Reading and Harper Adams universities has allowed TAG to raise its profile among some of the younger generation of agriculturalists.

Following support from the National Institute of Agricultural Botany Trust, the funding for the TAG ASSET programme is secure for a further four years.

New ideas, succession planning and expansion are all key drivers in TAG's decision to invest in the ASSET programme.

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.

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 charity's educational remit was met during the period by:

- Provision of mailed/e-mail services such as our agronomy updates
- Open days at its National Agronomy Centres across England
- Publishing technical reports such as the TAG bulletin, Pocket book and Strategy Documents
- Access by educational establishments to TAG research on our dedicated Website
- Development of the Asset program with four Key University partners
- Knowledge transfer activities with a number of International research organisations

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

FINANCIAL REVIEW

Net incoming resources for the 18 month period were £3,000 compared to net outgoing resources of £196,000 in 2008. The financial year end has been changed from 30 September to 31 March, to match the accounting period of NIAB, the ultimate parent company. The change in accounting period has moved the year end away from the natural end of the field trials season, and includes six months of less productive time, hence there has been a one-off impact on the results.

The TAG Consulting subsidiary has generated £18,000 of gift aid (2008: £Nil), and the intercompany loan has been reduced by £136,000. The TAG Commercial subsidiary has generated £Nil of gift aid (2008: £16,000) and currently owes the charity £664,000 representing their full cost share for the 18 month period.

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 (£649,000). At 31 March 2010, company reserves excluding fixed assets stood at £551,000 (2.5 months of expenditure) compared with the position at 30 September 2008 (£376,000 1.6 months).

ACHIEVEMENTS

The conclusions of a major report by the Royal Society into the potential for biological and other related science to help boost global food productivity provide a ringing endorsement for the strategic decision to combine TAG and NIAB operations within a single resource.

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

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REPORT OF THE BOARD

ACHIEVEMENTS (continued)

A new suite of membership packages was launched in Summer 2010. The NIAB TAG Network incorporates more than 3,000 practising farmers, agronomists and corporate clients and is a key vehicle in 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.

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

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.

EMPLOYMENT

The average number of employees for the period was 36 (2008 - 43). 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.

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REPORT OF THE BOARD

ANNUAL GENERAL MEETING

The Annual General Meeting of the Members will be held at Huntingdon Road, Cambridge on Friday 10 September at 2pm.

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 and overdraft facility.

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.

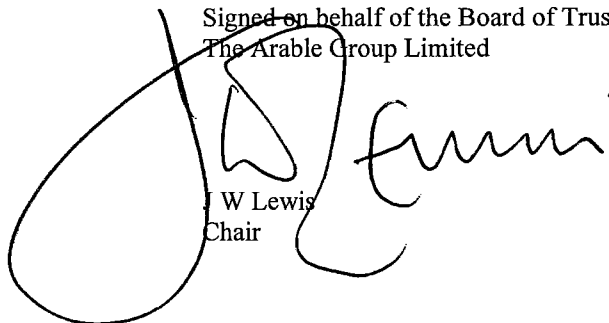
AUDITORS

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

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



W Lewis
Chair

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)

G Elliott (resigned 28.09.2009)
J R Harle (resigned 28.9.09) (appointed 18.8.10)
M J Hasler (resigned 28.09.2009)
M J Jenkins (resigned 28.09.2009)
P Hovesson (resigned 28.09.2009)
A Leake (resigned 28.09.2009)
M Jones
J W Lewis (appointed 28.09.09) Chairman
P R Shewry (appointed 28.09.09)
Taylor Vinters Directors Limited (appointed 18.8.10)

SECRETARY

S N Arnold, FCCA

EXECUTIVES

C H MacEwan (resigned 31.12.09)
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 financial statements of The Arable Group Limited ("the financial statements") for the period ended 31 March 2010 on pages 10 to 21.

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

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities 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) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Report of the Board is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Report of the Board and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

OPINION

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 2010 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Report of the Board is consistent with the financial statements.

Baker Tilly UK Audit LLP

WILLIAM DEVITT (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

9 September 2010

THE ARABLE GROUP LIMITED
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STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 MARCH 2010 (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	18 months ended 31 March 2010 Unrestricted funds £'000	12 months ended 30 September 2008 Unrestricted funds £'000
Incoming resources			
Incoming resources from Generated Funds:			
<i>Voluntary Income:</i>			
Donations		13	11
<i>Investment Income</i>	2	46	39
Incoming resources from charitable activities:			
Agricultural Services		3,814	2,545
Other incoming resources:			
Other Income		28	20
Total incoming resources		3,901	2,615
Resources expended			
Charitable activities:			
Agricultural Services		3,862	2,782
Governance costs		36	29
Total resources expended	4	3,898	2,811
Net incoming/(outgoing) resources and net income/(expenditure) for the period being net movement in funds	3	3	(196)
Total funds brought forward		852	1,048
Total funds carried forward		855	852

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 2010

Company Registration No. 192460

	Note	At 31 March 2010 £'000	At 30 September 2008 £'000
FIXED ASSETS			
Tangible assets	8	302	474
Investments	9	2	2
		<u>304</u>	<u>476</u>
CURRENT ASSETS			
Stocks	10	11	-
Debtors	11	1,385	1,285
Cash at bank and in hand		257	7
		<u>1,653</u>	<u>1,292</u>
CREDITORS: amounts falling due within one year	12	<u>(1,034)</u>	<u>(732)</u>
NET CURRENT ASSETS		<u>619</u>	<u>560</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		923	1,036
CREDITORS: amounts falling due after more than one year	13	<u>(68)</u>	<u>(184)</u>
NET ASSETS		<u>855</u>	<u>852</u>
FUNDS			
Unrestricted Funds	14	<u>855</u>	<u>852</u>
TOTAL FUNDS		<u>855</u>	<u>852</u>

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

23rd April
2010

J W Lewis
Chairman



THE ARABLE GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2010

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 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
Period ended 31 March 2010

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
Period ended 31 March 2010

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 income and expenditure account 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.

The regular cost of providing retirement pensions and benefits is charged to the income and expenditure account over the employees service lines on the basis of a constant percentage of earnings.

Foreign currencies

The Arable Group do not hold and 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
Period ended 31 March 2010

2. INVESTMENT INCOME

	18 months ended 31 March 2010 £'000	12 months ended 30 September 2008 £'000
Bank interest receivable	28	39
Gift aid from subsidiary	18	-
	<u>46</u>	<u>39</u>

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

This is stated after charging/(crediting):

	18 months ended 31 March 2010 £'000	12 months ended 30 September 2008 £'000
Depreciation		
- owned assets	155	78
- leased assets	30	48
Auditors' remuneration - for audit services	14	13
Gain on disposal of Tangible Fixed Assets	(3)	(3)
Operating Lease Expense		
Plant and Machinery	8	4
Land and Buildings	178	97
Interest payable:		
Finance Lease	10	8
Bank Overdraft	2	1
Interest on Loan from related party	7	6
	<u> </u>	<u> </u>

4. TOTAL RESOURCES EXPENDED

	Activities undertaken directly £'000	Support costs £'000	18 months ended 31 March 2010 £'000	12 months ended 30 September 2008 £'000
Charitable activities				
Agricultural Services	3,179	683	3,862	2,782
Laboratory and Research				
Governance	-	36	36	29
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total resources expended	<u>3,179</u>	<u>719</u>	<u>3,898</u>	<u>2,811</u>

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NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2010

5. SUPPORT COSTS ALLOCATION

	Management £'000	Finance £'000	Information technology £'000	Human resources £'000	18 months ended 31 March 2010 £'000	12 months ended 30 September 2008 £'000
Charitable activities						
Agricultural services	403	87	105	88	683	355
Governance	36	-	-	-	36	29
	<u>439</u>	<u>87</u>	<u>105</u>	<u>88</u>	<u>719</u>	<u>384</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:

	18 months ended 31 March 2010 £'000	12 months ended 30 September 2008 £'000
External audit	14	14
Trustees' expenses	5	3
Legal fees	3	-
Apportionment of staff time	14	12
	<u>36</u>	<u>29</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

	18 months ended 31 March 2010 £'000	12 months ended 30 September 2008 £'000
Staff costs		
Wages and salaries	1,720	1,316
Social security costs	178	142
Pension costs	122	101
	<u>2,020</u>	<u>1,559</u>

Total expenses reimbursed to Board members amounted to £5,029 for five Trustees (2008 - £3,954 for four Trustees). This principally reflects reimbursed travelling expenses incurred in attending meetings.

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NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2010

7. INFORMATION REGARDING EMPLOYEES AND TRUSTEES (continued)

Employees earning more than £60,000:	18 months ended 31 March 2010 No.	12 months ended 30 September 2008 No.
£60,000-£70,000	5	4
£80,001-£90,000	-	1

Pension costs in respect of the above employees totalled £29,266 (2008: £31,509). The number of higher paid staff accruing retirement benefits was 5 (2008: 5).

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

	18 months ended 31 March 2010 No	12 months ended 30 September 2008 No
Technical and scientific	13	15
Support staff	7	8
Agricultural staff and casuals	16	20
	<u>36</u>	<u>43</u>

8. TANGIBLE FIXED ASSETS

	Leasehold Improve- ments £'000	Implements and Machinery £'000	Office Furniture and equipment £'000	Agricultu- ral and motor vehicles £'000	Total £'000
Cost					
At 1 October 2008	14	349	183	984	1,530
Additions	-	2	26	27	55
Disposals	-	(9)	-	(116)	(125)
At 31 March 2010	<u>14</u>	<u>342</u>	<u>209</u>	<u>895</u>	<u>1,460</u>
Accumulated depreciation					
At 1 October 2008	8	232	132	684	1,056
Charge for the period	3	26	37	119	185
Disposals	-	(9)	-	(74)	(83)
At 31 March 2010	<u>11</u>	<u>249</u>	<u>169</u>	<u>729</u>	<u>1,158</u>
Net book value					
At 31 March 2010	<u>3</u>	<u>93</u>	<u>40</u>	<u>166</u>	<u>302</u>
At 30 September 2008	<u>6</u>	<u>117</u>	<u>51</u>	<u>300</u>	<u>474</u>

The net book value of the charity's agricultural and motor vehicles includes £39k (2008 - £69k) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged in the year on those assets totalled £30k (2008 - £48k).

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NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2010

9. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £'000
Balance at 1 October 2008 and 31 March 2010	<u>2</u>

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
TAG Consulting East Limited	Ordinary	100%	Dormant
Morley Research Centre Limited	Ordinary	100%	Dormant

10. STOCKS

	2010 £'000	2008 £'000
Agrochemicals, fertilisers and sprays	2	-
Other	9	-
	<u>11</u>	<u>-</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

11. DEBTORS

	2010 £'000	2008 £'000
Trade debtors	497	436
Amounts due from related parties	783	766
Other debtors	-	28
Prepayments	85	55
Accrued income	20	-
	<u>1,385</u>	<u>1,285</u>

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NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2010

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2008
	£'000	£'000
Bank overdraft	-	240
Loan	50	75
Obligations under finance leases and hire purchase contracts	16	69
Trade creditors	345	184
Amounts owed to related parties	-	1
Other tax and social security	155	86
Other creditors	15	34
Accruals and deferred income	453	43
	<u>1,034</u>	<u>732</u>
Deferred income		2010
		£'000
Brought forward		-
Released to Statement of Financial Activities		-
Deferred income received in year		336
Carried forward		<u>336</u>

Deferred income relates to annual membership subscription for the 12 months ending 30 September 2010.

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

	2010	2008
	£'000	£'000
Loan	63	137
Obligations under finance leases and hire purchase contracts	5	47
	<u>68</u>	<u>184</u>

Obligations under finance leases and hire purchase contracts:

	2010	2008
	£'000	£'000
Amounts payable:		
Within one year	16	69
Between two and five years	5	47
	<u>21</u>	<u>116</u>

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

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NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2010

14. MOVEMENTS IN UNRESTRICTED FUNDS

	£'000
Balance at 1 October 2008	852
Net incoming resources for the period	3
	<hr/>
Balance at 31 March 2010	855
	<hr/> <hr/>

15. OPERATING LEASE COMMITMENTS

At 31 March 2010 the company was committed to making the following payments during the next year in respect of non-cancellable operating leases.

	2010 £'000	2008 £'000
Land and building leases expiring:		
Within 1 year	69	66
Between 2 and 5 years	38	27
	<hr/>	<hr/>
	107	93
Other leases expiring:		
Between 2 and 5 years	13	-
	<hr/>	<hr/>
	120	93
	<hr/> <hr/>	<hr/> <hr/>

16. CAPITAL COMMITMENTS

Capital commitments are as follows:

	2010 £'000	2008 £'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 2010 there were 2,384 members.

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
Period ended 31 March 2010

20. PENSION SCHEME

The company participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). 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 income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.4% per annum, salary increases would be 4.3% per annum and pensions would increase by 3.6% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.1% per annum, including an additional investment return assumption of 2.0% per annum, salary increases would be 4.3% per annum (also plus an allowance for increases in salary due to age and promotion) and pensions would increase by 3.6% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the value of the assets of the scheme was £28,842 million and the value of the past service liabilities was £40,619 million indicating a deficit of £11,777 million. The assets therefore were sufficient to cover 71% 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. Using the Minimum Funding Requirement prescribed assumptions under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 107% funded: on a buy-out basis (i.e. 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, the actuary estimated that the funding level would have been approximately 104%.

