
NIAB

Trustees' Report and Financial Statements

For the Year Ended 31 March 2022

NIAB

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**Reference and Administrative Details of the Charity, its Trustees and Advisers
For the Year Ended 31 March 2022**

Trustees	J E Godfrey OBE, Chairman Professor M J Caccamo, Chief Executive (appointed 1 October 2021) Dr T L Barsby, OBE, BSc, Chief Executive (resigned 18 November 2021) S J Ellwood, BSc Dr H Ferrier, BSc, MSc K E Fidgeon, FCA Dr N Kerby, MBE, BSc Dr C A Lang, BA R C Lowson Professor I J Puddephat, BSc, PhD J P Regan Professor A G Smith, BSc, MPhil, PhD Dr G H Smith (appointed 18 November 2021)
Company registered number	3395389
Charity registered number	1064230
Registered office	93 Lawrence Weaver Road Cambridge CB3 0LE
Company secretary	Dr J McKee
Chief executive officer	Dr T L Barsby OBE (resigned 30 September 2021) Prof M Caccamo (appointed 1 October 2021)
Independent auditors	Moore Kingston Smith LLP Statutory Auditors 9 Appold Street London EC2A 2AP
Bankers	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP

NIAB

Reference and Administrative Details of the Charity, its Trustees and Advisers (continued) For the Year Ended 31 March 2022

Solicitors

Birketts LLP
22 Station Road
Cambridge
CB1 2JD

Gowling WLG (UK) LLP
4 More, London Riverside
London
SE1 2AU

TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT

**The Trustees note with great sadness the passing of our Patron,
Her Majesty Queen Elizabeth II, on the 8th September 2022.**

**Her Majesty took a keen interest in the work of NIAB, most recently spending time
with us to mark the occasion of our organisation's Centenary in 2019.**

STRATEGIC REPORT

Background

NIAB is an internationally recognised leader in applied crop research and innovation, providing an integrated innovation and knowledge transfer hub addressing the global challenges of food production, climate change and environmental protection.

The National Institute of Agricultural Botany was founded by Deed of Trust in 1919. It was regulated by a scheme made by the UK Government until 1998, when a new structure was agreed which saw the formation of two charities which would operate in tandem. NIAB was formed to conduct the charitable operations. The National Institute of Agricultural Botany Trust (Charity No. 1144528) (The Trust) provides land, facilities and financial support to NIAB, which The Trust determines is the preferred vehicle to deliver its charitable activities. NIAB controls two other charities: The Arable Group Limited and NIAB EMR.

Building on a longstanding international reputation for expertise in plant varieties and seeds, NIAB's scientific capabilities span the crop improvement pipeline; from underpinning research required to develop higher yielding more climate resilient crops and breeding new plant varieties, through to the extensive trials data, agronomy expertise and advice needed to ensure these advances are transferred effectively to the wider industry. From a position of independence NIAB supports the delivery of government policies relevant to food production, protection of the environment and mitigation of climate change.

Mission and Vision

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

Our vision is to connect the science base and industry by providing an integrated research and knowledge transfer hub for the entire crop improvement pipeline, with a clear focus on improving the productivity, quality and resource use efficiency of crop production.

Strategy

A central objective of NIAB's research activity is to bridge the gap between the basic understanding of plant science and the ability to apply that knowledge in practice to deliver profitable and sustainable crops.

NIAB has the specialist knowledge, skills and facilities required to support improved crop production, to evaluate variety performance and quality in the field, to conduct agronomy research and to ensure the benefits of new knowledge and genetic potential are transferred on to farm and into the food industry which depends on productive agriculture and horticulture.

The integration of the latest advances in data science alongside expertise in crop (pre-)breeding, agronomy and farming systems is key to unlocking a step-change improvement in UK crop production. NIAB's intention is to be at the forefront of crop innovation and to lead a step change in crop productivity, whether through the increased application of bioinformatics in bringing new genetics to the marketplace, or through the combination of data science and agronomy to target on-farm production directly.

NIAB's research activities are increasingly part of global partnerships as the science relevant to UK agriculture finds equal application in other countries.

Public Benefit

The need for innovation in plant breeding and agronomy has never been greater. With climate change and a growing population, food security issues are a global concern. Crop science and technology have a vital role to play in boosting productivity, conserving resources and coping with climate change.

NIAB seeks to:

- advance science for public benefit, primarily through the support of crop research and development, publishing academic manuscripts and delivering practical solutions, working with a network of scientific partnerships and collaborations with leading academic, research and

commercial organisations in the UK, Europe and the rest of the world;

- demonstrate how plant resources and crop genetic improvement can help address the major global challenges of sustainable use of resources, climate change, food security and the provision of high-quality food to enhance health and nutrition;
- promote agriculture, horticulture and arboriculture anywhere in the world.

The Trustees are satisfied they have complied with their duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. Based on this guidance, and as described in this Trustees' report, the Trustees believe the activities of NIAB to be charitable in nature.

Performance

Performance against the 2021/22 objectives is highlighted in the table below:

Objectives	Performance
Deliver the 5-year plan with a focus on financial stability. Financial stability will be achieved through a mix of increased efforts on income generation alongside cost cutting, including staff costs.	After the disruption of the covid-19 pandemic, better than expected royalty revenue from plant variety rights and one-off research support helped to deliver an operating surplus of £315k in the year. In addition, grant income for capital purchases of £9,952k resulted in a surplus, before adjustment for the defined benefit pension scheme, of £10,267k for the year.
Deliver new facilities at East Malling.	Construction of a new glasshouse, a reception building, and a wine innovation centre was delivered on time and on budget, bringing new facilities to the East Malling site for the first time in 35 years. These new facilities at East Malling will provide renewed scope for stakeholder engagement and positively impact the research at NIAB.
Establish NIAB España, to enable NIAB to develop a presence in the European fruit market centred around Huelva province in Spain	NIAB España registered. The strategy on engagement with key growers to establish NIAB in the region will be a key objective in 2022/23.
Restore external communications and events to pre-Covid levels as far as possible	NIAB continued to deliver events to members, with a return to a full program of activities and open events in the 2022 season.
Successful transition to a new CEO, Professor Caccamo, following Professor Barsby's retirement.	Professor Caccamo took over as CEO in October 2021 and has successfully transitioned into the role.
Embed the Crop Science Centre, the alliance with the University of Cambridge, recruit science leaders, and secure new sources of funds.	The Crop Science Centre is now established, with funding secured from several sources, including Bill and Melinda Gates Foundation. Three research leaders recruited in 2021/22.

Objectives for 2022/23

NIAB is addressing the following objectives for the year to 31 March 2023:

- Following the impact of the Covid 19 pandemic and Global events, such as the war in Ukraine, carry out a full review of the 5-year plan, which provides financial agility to deliver an on-going operational surplus.
- Agree and implement a new business model for Strawberry Breeding and the promotion of current varieties through the Malling Fruit Brand.
- Advance the field of Alternative Proteins through research, breeding and collaboration with industry leaders.
- Improve generation of commercial income, particularly Barn4, and broader engagement with the growing Agritech sector.
- Explore further simplification of the NIAB subsidiary structure.
- Establish a presence in the Iberian Peninsula and strengthen relationships with local growers
- Successful transition to a new Board Chair, following Mr Jim Godfrey's retirement.

FINANCIAL REVIEW

Income

The total incoming resources for the group were £41,843k (2021: £31,137k). A total of £13,564k related to Agricultural Services (2021: £10,050k) and £19,542k related to Laboratory and Research (2021: £12,559k), including £10,062k from capital grants. The income relating to commercial trading operations totalled £7,505k (2021: £7,829k). The group does not carry out fundraising activities.

Expenditure

The total outgoing expenditure was £31,566k (2021: £27,496k).

Capital Expenditure

The charity funded the capital purchases from both restricted grants and unrestricted income. The total group spend was £10,110k (2021: £3,913k).

FRS102 requires income from capital grants to be recognised when awarded and there are no conditions to be met that are outside of the control of NIAB, with depreciation charged when the asset concerned is brought into use. To distinguish operating activity from income and depreciation relating to capital grants, income and expenditure from operations is shown separately on the face of the SOFA.

Business Review and key performance indicators

NIAB continues to review the most appropriate Key Performance Indicators by which the development, performance or position of the various elements of its operations can be effectively measured.

The following Key Performance Indicators (KPIs) have been reviewed for the group: -

	2022	2021
Charitable and trading Income (excluding capital grants £10,062k – 2021: £2,440k)	£31,781k	£28,135k
Staff Costs (before pension past service cost adjustment)	£15,535k	£15,207k
Average Staff Numbers	366	361
Turnover per head (excluding capital grants)	£86.8k	£77.9k

The Charitable and trading Income is a measure of the charity's ability to secure sufficient income to maintain a sustainable research facility. The staff costs and average staff numbers are also an important measure.

Going Concern

The Trustees have acknowledged the guidance on going concern and financial reporting published by the Financial Reporting Council in 2016.

The Group's operating activities are diverse. Research and development in Crop Genetics, Computational Biology, Plant Breeding and Plant Characterisation are supported by long-term contracts and competitively won research grants which, historically, have been largely unaffected by changes in the general economy. Crop Agronomy, Membership, Training and Seed Certification activities are generally contracted on an annual basis and are supported by a diverse customer base. All of that income has been stable over a number of years. More recently the Group has been successful in being awarded large capital grants which are reflected in the increase in income in the current year results.

The Group balance sheet shows a deficit of £588k (2021: £12,474k). Taking out the Restricted and Endowment funds leaves an Unrestricted deficit of £13,972k (2021: £13,472k). Stripping out the pension scheme deficit of £17,405k (2021: £19,225k) (discussed in more detail below), the long-term debt to The Trust of £1,500k and Fixed Assets (Tangible plus Intangible) plus Trade investments in total within Unrestricted funds of £4,313k (2021: £8,338k) leaves an underlying unrestricted reserve of £620k (2021: negative £1,085k) as described in the Reserves policy in this report.

In the year, NIAB benefited from some one-off grants and higher than anticipated revenues from commercial crop sales. Given the nature of this income, and with the changes in the current economy, particularly higher inflation, NIAB has undertaken an exercise of reviewing income and direct expenditure, to identify areas of the organisation that are most sensitive to changes and under-performing financially. The results have been used as a basis from which to formulate a model for strategic planning over the next 5 years. A key component of the revised 5-year plan is to create surpluses through improved margins on services and products.

The Trust was established with similar charitable objects to NIAB and fulfils its charitable objects through the provision of support to NIAB. A key component of the review of going concern, given other uncertainties, is the support from The Trust.

At the time of writing this report, the forecast for 2022/23 is for an operational deficit. NIAB will therefore be dependent on the support of The Trust to remain a going-concern during 2022/23 and into 2023/24. Beyond this, NIAB expects to be in a sustained operational surplus position year-on-year.

A component of the financial risk to NIAB is the pension scheme. The NIAB (1996) Pension Scheme ('Scheme') was established in 1996 following NIAB's separation from Government and establishment as a not-for-profit entity. The Board have taken steps to manage the Scheme deficit, closing the Scheme to new members in 2001 and to future accrual in 2007.

The Trust is a participating employer in the Scheme with NIAB. This means that the entire deficit liability of the pension scheme is shared with The Trust, and the assets of The Trust support NIAB's balance sheet in providing the employer covenant and the payments agreed under the recovery plan. A new recovery plan, based on the triennial valuation at 31 March 2021 has been agreed with the Pension Scheme Trustees and submitted to The Pensions Regulator for approval.

The Trust has a balance sheet value of in excess of £55m. It has confirmed that it will continue to support NIAB and provide funding and lending sufficient to ensure NIAB remains a going concern. The funding includes ongoing funding for research and facilities and contributions to the pension scheme recovery payments. The lending is in the form of an 'overdraft' facility which can be used by NIAB to manage working capital fluctuations in year of up to £2m.

The Trustees have considered the following in arriving at their conclusions on going concern:

1. The cash flow forecast and latest management accounts, which give confidence that NIAB can continue to pay its debts as they fall due.
2. The Trust's continued support to NIAB through the provision of facilities and funding and borrowing support.
3. The Trust being a participating employer alongside NIAB in the Pension Scheme.

After making enquiries and considering the uncertainties described above, the Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Subsidiaries and related parties

NIAB has three wholly owned subsidiaries, NIAB Trading Ltd, East Malling Services Ltd. and TAG Consulting Limited, which gift aid their profit to NIAB. NIAB EMR and The Arable Group Limited are charitable companies limited by guarantee. In both cases NIAB, as the sole voting member, has the power to appoint the Trustee Board of NIAB EMR and The Arable Group Limited and they are therefore considered to be subsidiary undertakings during 2021/22 by virtue of control.

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

Reserves Policy

The Trustees have reviewed the reserves of the group. The review encompassed the nature and reliability of the income and nature and level of commitment of expenditure streams. They have also considered the financial risks, the need to match variable income with fixed commitments, and the nature of the current reserves.

On a risk-based analysis the Trustees have concluded that their aim is to achieve a general reserve equivalent to between two and four and a half months' worth of unrestricted fund expenditure. At the current annual spend, the reserves target is therefore between £5m and £10m.

At 31 March 2022 group unrestricted reserves excluding fixed assets and pensions liability and the long-term loan from the NIAB Trust, were positive £620k (2021: negative £1,085k), the net improvement reflecting the surplus generated in the year. The Trustees are in the process of reviewing a 5-year plan, a key component of which will be to create surpluses through improved margins on services and products, thereby increasing the general reserves position. At the time of writing this report, the forecast for 2022/23 is for an operational deficit.

In the meantime, the Trustees continue to monitor closely the financial position of the group, including forecasts and cash flow projections, to ensure they can demonstrate the ongoing ability of the group to be able to pay its debts as they fall due.

Accounting Period

The Trustees present their report and the financial statements for the year ended 31 March 2022. The company's year-end (Accounting Reference Date) is 28 March, although the financial statements continue to be prepared to 31 March as permitted by section 390(3) of the Companies Act 2006.

RISK ASSESSMENT AND MANAGEMENT

The Board of Trustees is responsible for ensuring there are effective and adequate risk management and internal control systems in place to manage the major risks to which the Charity is exposed. The Board reviews the risk register at each meeting.

Principal Risks and Uncertainties

Risk Area	Risk	Management
Strategy / Process	Failure to deliver the business plan	The CEO and Executive team remain focused on the actions required to deliver the Business Strategy and Annual Business Plan, whilst ensuring the short-term focus on the Business Continuity plan.
Strategy / Process	Loss of data either electronic or paper	Review of NIABs disaster recovery plan required annually. The Executive have agreed the necessary organisational and investment programme.
Strategy / Process	Business disruption caused by instrument/system failure	Replacing the building & equipment monitoring and finance systems are a current priority.
Strategy / Process	Loss of Trials Land and farm relocation	The Trust providing interim funding for a New Farm Hub and Trials Land. Potential site identified and Landlord progressing planning permission.
Customer	Loss of higher margin revenue streams	Concerns over loss of higher margin revenue streams. NIAB is maintaining conversations with key emerging growers groups (e.g., Potatoes GB) to ensure retention of funding to support on-farm research following loss of AHDB levy funding.
Customer	Loss of key personnel leading to loss of confidence by customers and inability to deliver key services.	Performance related pay structure and quarterly Pay & Reward reviews are in place to reward key staff, Talent management program is being implemented,
Supplier	Commodity price increases	Increasing energy and commodity prices are impacting on business finances. Reviewing pricing structure for both commercial and research projects to absorb higher costs.
Financial	Pension Scheme deficit	2021 Triennial valuation agreed with the Pension Trustees. The Trust is now a participating employer in the scheme, improving the employers covenant and the ability to fund the required annual deficit contributions.

STRUCTURE, GOVERNANCE and MANAGEMENT

Members and Board of Trustees

The Board of Trustees comprises the Chair and up to eleven additional Trustee directors. The Trustees are also the members of the organisation.

The Board has established the following sub-committees:

- Finance (1)
- Nominations and Remuneration (2)

The following Trustees have served during the period:

J E Godfrey, OBE (retiring 17 November 2022)	1, 2	Chairman
Professor T L Barsby, OBE, BSc (retired 18 November 2021)		
Professor M J Caccamo (appointed 1 October 2021)		
S J Ellwood, BSc	1, 2	
Dr H Ferrier BSc, MSc		
K E Fidgeon, FCA	1	
Dr N Kerby, MBE, BSc	1	
Dr C A Lang, BA	2	
R C Lowson		
Professor I J Puddephat, BSc PhD		
J P Regan		
Dr G H Smith (appointed 18 November 2021)		
Professor A G Smith BSc, MPhil, PhD	2	

Recruitment, induction and training of Trustees

NIAB recruits Trustees with the relevant skillset to support the charity's activities. An induction programme has been put in place for newly appointed Trustees and is kept under review and updated where appropriate. In addition, Trustees are in regular contact with the Chief Executive and executive team and receive updates on key areas of activity.

Organisation and governance

The Trustees have used the UK Charity Governance Code to measure the performance of the board and its structure. The Trustees, through its Nominations and Remuneration Committee, regularly review the skills matrix of the board and make annual recommendations to the full board prior to the AGM in respect of membership and performance of the board. Improving governance is an ongoing work and the Trustees will continue to develop the group's governance structure.

NIAB is incorporated in England and Wales and is a company limited by guarantee (registered number 03395389) and a registered charity (number 1064230). It is governed by its Memorandum and Articles of Association which were last amended 6 May 2021.

The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006 and

Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Trustee Remuneration

NIAB provides an honorarium for the Chair of the Board, and the Chair of the Finance Committee. In addition to this, a per diem fee is payable to qualifying Trustees.

Decision making and key management

The Board of Directors (Trustees) administer the company and meet quarterly. A Chief Executive Officer is appointed by the Trustees to manage the day-to-day operations of the company. To facilitate effective operations the Chief Executive and Executive Team have delegated authority, within the terms of delegation approved by the board, for all operational matters.

The key management personnel are appointed by NIAB's Chief Executive; they have authority and responsibility for planning, directing and controlling the activities of the NIAB Group. The Nominations and Remuneration Committee consider the pay for key management personnel in the context of the overall company pay review, and the benchmarking of similar roles within BBSRC institutes and industry.

Employees

The average number of employees for the period was 366 (2021: 361). 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 re-training.

NIAB and its Trustees engage with its employees through regular meetings and consultations with the representatives from the Prospect and Unite unions.

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

Liability Insurance

The Trustees have affected liability insurance as permitted by the company's Articles. This insurance does not provide cover in the event that a Trustee is proved to have acted fraudulently or dishonestly.

STATEMENT OF TRUSTEES RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Trustees (who are also directors of NIAB for the purposes of company law) are responsible for preparing the Trustees' Report, incorporating the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom General Accepted Accounting Practise (United Kingdom accounting standards and applicable law), including FRS102, the financial reporting standard applicable in the UK and Republic of Ireland. Under company law the Trustees must not approve the financial statements unless that they are satisfied that they give a true and fair view of the state of affairs of the charitable group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities SORP (FRS102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the auditors are unaware; and
- the Trustees 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 the charitable group's auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate financial information included on the charitable group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees approve the Trustees' Report, incorporating the Strategic Report, and financial statements which are signed on behalf of the Board of Trustees of NIAB.



J E Godfrey, Chairman

Date: 17 November 2022

Independent Auditors' Report to the of NIAB

Opinion

We have audited the financial statements of NIAB (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise Group Statement of Financial Activities (incorporating the Group Summary Income and Expenditure Account), the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditors' Report to the of NIAB (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditors' Report to the of NIAB (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

Independent Auditors' Report to the of NIAB (continued)

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters which 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Andrew Stickland (Senior statutory auditor)

for and on behalf of

Moore Kingston Smith LLP

Statutory Auditors

9 Appold Street
London
EC2A 2AP

24 November 2022

NIAB

Consolidated Statement of Financial Activities (incorporating income and expenditure account) For the Year Ended 31 March 2022

	Notes	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Endowment funds 2022 £000	Total operating funds 2022 £000	Restricted capital grant funds 2022 £000	Total funds 2022 £000	Total funds 2021 £000
Income and endowments from:								
Donations to NIAB	3	-	500	-	500	-	500	500
Funding towards pension deficit								
Provision of facilities		600	-	-	600	-	600	-
Other donations		62	-	-	62	-	62	
Charitable activities	4	15,841	7,217	-	23,058	10,062	33,120	22,746
Other trading activities	5	7,505	-	-	7,505	-	7,505	7,829
Investments	6	56	-	-	56	-	56	62
Total income and endowments		24,064	7,717	-	31,781	10,062	41,843	31,137
Expenditure on:								
Trading activities		10,339	-	-	10,339	-	10,339	8,176
Charitable activities	7	13,400	7,717	-	21,117	110	21,227	19,320
Total expenditure		23,739	7,717	-	31,456	110	31,566	27,496
Net income before net losses on investments		325	-	-	325	9,952	10,277	3,641
Net losses on investments		(10)	-	-	(10)	-	(10)	-
Net income (carried forward)		315	-	-	315	9,952	10,267	3,641

The notes on pages 28 to 62 form part of these financial statements.

NIAB

Consolidated Statement of Financial Activities (incorporating income and expenditure account) (continued) For the Year Ended 31 March 2022

	Notes	Unrestricted funds	Restricted funds	Endowment funds	Total operating funds	Restricted capital grant funds	Total funds	Total funds
		2022 £000	2022 £000	2022 £000	2022 £000	2022 £000	2022 £000	2021 £000
Net income (brought forward)		315	-	-	315	9,952	10,267	3,641
Transfers between funds	22	(2,434)	-	-	(2,434)	2,434	-	-
Net movement in funds before other recognised gains/(losses)		(2,119)	-	-	(2,119)	12,386	10,267	3,641
Other recognised gains/(losses)								
Actuarial gains/(losses) on defined benefit pension schemes		1,619	-	-	1,619	-	1,619	(5,349)
Net movement in funds		(500)	-	-	(500)	12,386	11,886	(1,708)
Reconciliation of funds								
Total funds brought forward		(13,472)	-	750	(12,722)	248	(12,474)	10,766)
Total funds carried forward		(13,972)	-	750	(13,222)	12,634	(588)	(12,474)

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 28 to 62 form part of these financial statements.

NIAB
Registered number: 3395389

Consolidated Balance Sheet
As at 31 March 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Intangible assets	13		887		980
Tangible assets	14		15,915		7,465
Investments	15		145		141
			<u>16,947</u>		<u>8,586</u>
Current assets					
Stocks	17	330		298	
Debtors	18	10,574		8,065	
Cash at bank and in hand		2,005		3,655	
		<u>12,909</u>		<u>12,018</u>	
Creditors: amounts falling due within one year	19	(11,322)		(12,091)	
Net current assets/(liabilities)			<u>1,587</u>		<u>(73)</u>
Total assets less current liabilities			<u>18,534</u>		<u>8,513</u>
Creditors: amounts falling due after more than one year	20		(1,717)		(1,762)
Net assets excluding pension liability			<u>16,817</u>		<u>6,751</u>
Defined benefit pension scheme liability	27		(17,405)		(19,225)
Total net (liabilities)			<u><u>(588)</u></u>		<u><u>(12,474)</u></u>

Consolidated Balance Sheet (continued)
As at 31 March 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Charity funds					
Endowment funds	22		750		750
Restricted capital grant funds	22		12,634		248
Unrestricted funds					
General funds	22	3,433		5,753	
Pension reserve	22	(17,405)		(19,225)	
Total unrestricted funds	22		(13,972)		(13,472)
Total funds			(588)		(12,474)

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 17 November 2022 and signed on their behalf by:

J E Godfrey OBE
Director



Professor M J Caccamo
Director



The notes on pages 23 to 63 form part of these financial statements.

NIAB
Registered number: 3395389

Charity Balance Sheet
As at 31 March 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	13	887	-
Tangible assets	14	15,842	4,556
Investments	15	145	141
		<u>16,874</u>	<u>4,697</u>
Current assets			
Stocks	17	255	213
Debtors	18	7,594	7,137
Cash at bank and in hand		1,419	1,674
		<u>9,268</u>	<u>9,024</u>
Creditors: amounts falling due within one year	19	(10,452)	(9,285)
Net current liabilities		<u>(1,184)</u>	<u>(261)</u>
Total assets less current liabilities		<u>15,690</u>	<u>4,436</u>
Creditors: amounts falling due after more than one year	20	(1,675)	(236)
Net assets excluding pension liability		<u>14,015</u>	<u>4,200</u>
Defined benefit pension scheme liability	27	(17,405)	(19,225)
Total net assets		<u><u>(3,390)</u></u>	<u><u>(15,025)</u></u>

Charity Balance Sheet (continued)
As at 31 March 2022

	Note	2022 £000	2021 £000
Charity funds			
Endowment funds	22	750	750
Restricted capital grant funds	22	10,861	248
Unrestricted funds			
General funds	22	2,404	3,202
Pension reserve		(17,405)	(19,225)
	22		
Total unrestricted funds	22	(15,001)	(16,023)
Total funds		(3,390)	(15,025)

The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 17 November 2022 and signed on their behalf by:



J E Godfrey OBE
Director



Professor M J Caccamo
Director

The notes on pages 23 to 63 form part of these financial statements.

NIAB

**Consolidated Statement of Cash Flows
For the Year Ended 31 March 2022**

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Net cash used in operating activities	24	8,157	7,425
Cash flows from investing activities			
Proceeds from the sale of tangible fixed assets		431	25
Purchase of intangible assets		-	(250)
Purchase of tangible fixed assets		(10,110)	(3,913)
Purchase of investments		(14)	-
Net cash used in investing activities		(9,693)	(4,138)
Cash flows from financing activities			
Cash inflows from new borrowing		-	221
Repayments of borrowing		(227)	(513)
New finance leases		146	-
Interest paid		(33)	(45)
Net cash used in financing activities		(114)	(337)
Change in cash and cash equivalents in the year		(1,650)	2,950
Cash and cash equivalents at the beginning of the year		3,655	705
Cash and cash equivalents at the end of the year	25	2,005	3,655

The notes on pages 23 to 63 form part of these financial statements

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

1. General information

NIAB is a company limited by guarantee incorporated in England and Wales and a registered charity. The registered office of the charity is 93 Lawrence Weaver Road, Cambridge, CB3 0LE.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

NIAB meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance sheet consolidate the financial statements of the Charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

2.2 Fund accounting

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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Endowment funds relate to gifts to NIAB, the terms of which stipulate that the capital may not be spent, and the income is to be utilised towards a specific restriction imposed by the donor.

Investment income, gains and losses are allocated to the appropriate fund.

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

2. Accounting policies (continued)

2.3 Incoming resources

Income has been analysed in accordance with the service provided.

Income from charitable activities:

Incoming resources from charitable activities are accounted for in the year in which the service is provided.

Trading activities:

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

Investment income:

Interest is included when receivable by the group.

Income Tax recoverable:

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Capital grant income:

Some grant income is received for the restricted purpose of acquiring fixed assets. Income is accounted for in the year in which the grant is awarded.

2.4 Coronavirus Job Retention Scheme

Government grants are recognised on the performance model, when the charity has complied with any conditions attaching to the grant and the grant will be received. The grant in connection with the Coronavirus Job Retention Scheme has been recognised in the period to which the underlying furloughed staff costs relate. Included in income is an amount of £46k (2021:£522k) in respect of the Coronavirus Job Retention Scheme.

2.5 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. This income is recognised as earned when the related services are provided which may mean accruing for invoices not yet raised or deferring payments received in advance of work done.

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

2. Accounting policies (continued)

2.6 Expenditure

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

Charitable Activities:

Expenditure incurred directly in the fulfilment of the objects of the charity including allocated overheads.

Support costs:

Support costs which include central office functions such as general management, finance, information technology, human resources and governance costs are allocated across categories of expenditure. The basis of the cost allocation has been explained in note 8 to the accounts.

All expenditure is inclusive of irrecoverable VAT.

2.7 Intangible assets and amortisation

IT platform

IT platforms are recognised at cost, which is then amortised evenly over a three year period once the platform has been released for use.

Purchased goodwill

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and amortised evenly over a period of between 5 and 10 years as, in the opinion of the Trustees, this represents the period over which the goodwill is expected to give rise to economic benefit. Goodwill is reviewed for impairment at the end of the first financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Plant variety rights

Plant variety rights are recognised at their fair value at acquisition and are amortised evenly in the period over which the rights expire as, in the opinion of the Trustees, this represents the period over which the rights are expected to give rise to economic benefit. Plant variety rights are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

2.8 Tangible fixed assets and depreciation

All tangible fixed assets are stated at historical cost.

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

2. Accounting policies (continued)

2.8 Tangible fixed assets and depreciation (continued)

Depreciation is provided on cost over the estimated lives of the assets which are considered to be: .

Leasehold improvements	- over the term of the lease
Apparatus and equipment	- 3 -10 years straight line
Agricultural and motor vehicles	- 3 -10 years straight line
Apparatus and equipment **	- 33% reducing balance
Computer equipment **	- 25% reducing balance
Vehicles **	- 10% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Assets in the course of construction are stated at cost and are not depreciated until brought into use.

** assets transferred from The Arable Group.

2.9 Financial instruments

The group only enters into financial assets and financial liabilities which qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.10 Stocks

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

- Agrochemicals, Fertilisers & Sprays are calculated at value invoiced based on a first in first out basis.
- Cultivations & Growing Crops are valued at the cost of the inputs and operations carried out.
- Purchased seed is calculated at suppliers invoice value based on a first in first out basis.
- Farm saved seed is valued at the cost of inputs and operations carried out.

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

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

2. Accounting policies (continued)

2.11 Finance leases and hire purchase

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term.

The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities in proportion to the remaining balance outstanding.

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

2.12 Termination and redundancy payments

Termination and redundancy payments are recognised as a liability and an expense only when the event is demonstrably committed to by either:

- a) termination of the employment of an employee or group of employees before the normal retirement date; or
- b) provision of termination benefits as a result of an offer made in order to encourage voluntary redundancy.

2.13 Foreign currencies

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

The Charity's functional and presentational currency is GBP.

2.14 Research and development

All research and development costs are written off as incurred.

2.15 Investments

Investments in subsidiaries are stated at cost. To the extent that the carrying value exceeds the recoverable amount, an impairment loss is recognised.

2.16 Programme related investments

NIAB holds programme related investments in five commercial companies which it is working with to further its charitable objects. These are carried at fair value when this can be measured reliably or, if it can't, at cost less impairment.

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

2. Accounting policies (continued)

2.17 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

2.18 Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition or the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change of value.

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

2. Accounting policies (continued)

2.20 Pensions

NIAB Defined Benefit Pension Scheme

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

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

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

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

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

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

Universities Superannuation Scheme

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

The 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.

Under FRS102, the company has accounted for the present value of the contributions payable as identified in the most recent funding agreement.

NIAB, NIAB EMR, East Malling Services Limited and The Arable Group Limited also operate group money purchase schemes. For these, the pension costs charged in the financial statements represent the contributions payable by the companies during the year.

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

2. Accounting policies (continued)

2.21 Going concern

The Trustees have acknowledged the guidance on going concern and financial reporting published by the Financial Reporting Council in 2016.

The Group's operating activities are diverse. Research and development in Crop Genetics, Computational Biology, Plant Breeding and Plant Characterisation are supported by long-term contracts and competitively won research grants which, historically, have been largely unaffected by changes in the general economy. Crop Agronomy, Membership, Training and Seed Certification activities are generally contracted on an annual basis and are supported by a diverse customer base. All of that income has been stable over a number of years. More recently the Group has been successful in being awarded large capital grants which are reflected in the increase in income in the current year results.

The Group balance sheet shows a deficit of £588k (2021: £12,474k). Taking out the Restricted and Endowment funds leaves an Unrestricted deficit of £13,972k (2021: £13,472k). Stripping out the pension scheme deficit of £17,405k (2021: £19,225k) (discussed in more detail below), the long-term debt to The Trust of £1,500k and Fixed Assets (Tangible plus Intangible) plus Trade investments in total within Unrestricted funds of £4,313k (2021: £8,338k) leaves an underlying unrestricted reserve of £620k (2021: negative £1,085k) as described in the Reserves policy in this report.

In the year, NIAB benefited from some one-off grants and higher than anticipated revenues from commercial crop sales. Given the nature of this income, and with the changes in the current economy, particularly higher inflation, NIAB has undertaken an exercise of reviewing income and direct expenditure to identify areas of the organisation that are most sensitive to changes and under-performing financially. The results have been used as a basis from which to formulate a model for strategic planning over the next 5 years. A key component of the revised 5 year plan is to create surpluses through improved margins on services and products.

The National Institute of Agricultural Botany Trust ('The Trust' - Charity No. 1144528) was established with similar charitable objects to NIAB and fulfils its charitable objects through the provision of support to NIAB. A key component of the review of going concern, given other uncertainties, is the support from The Trust.

At the time of writing this report, the forecast for 2022/23 is for an operational deficit. NIAB will therefore be dependent on the support of The Trust to remain a going concern during 2022/23 and into 2023/24. Beyond this, NIAB expects to be in a sustained operational surplus position year-on-year.

A component of the financial risk to NIAB is the pension scheme. The NIAB (1996) Pension Scheme ('Scheme') was established in 1996 following NIAB's separation from Government and establishment as a not-for-profit entity. The Board have taken steps to manage the Scheme deficit, closing the Scheme to new members in 2001 and to future accrual in 2007.

The Trust is a participating employer in the Scheme with NIAB. This means that the entire deficit liability of the pension scheme is shared with The Trust, and the assets of The Trust support NIAB's balance sheet in providing the employer covenant and the payments agreed under the recovery plan. A new recovery plan, based on the triennial valuation at 31 March 2021 has been agreed with the Pension Scheme Trustees and submitted to The Pensions Regulator for approval.

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

2. Accounting policies (continued)

2.21 Going concern (continued)

The Trust has a balance sheet value of in excess of £55m. It has confirmed that it will continue to support NIAB and provide funding and lending sufficient to ensure NIAB remains a going concern. The funding includes ongoing funding for research and facilities and contributions to the pension scheme recovery payments. The lending is in the form of an 'overdraft' facility which can be used by NIAB to manage working capital fluctuations in year of up to £2m.

The Trustees have considered the following in arriving at their conclusions on going concern:

1. The cash flow forecast and latest management accounts, which give confidence that NIAB can continue to pay its debts as they fall due.
2. The Trust's continued support to NIAB through the provision of facilities and funding and borrowing support.
3. The Trust being a participating employer alongside NIAB in the Pension Scheme.

After making enquiries and considering the uncertainties described above, the Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

2.22 Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- Depreciation, which has been charged in line with the accounting policy above. The amount of depreciation charged and net book value of the assets is included in Note 14
- Intangible assets, which were recognised at the fair value of acquisition, and have been amortised. The net book value of the assets is included in Note 13
- Income, which has been recognised in accordance with the work completed on grants and contracts
- Pension Liabilities: The Trustees have reviewed current rates and expected future returns to set the assumptions used for the valuation of the NIAB (1996) Pension Scheme deficit in consultation with the company actuary. Full details are provided in Note 27
- Retirement benefits, the liability for which has been calculated in line with the accounting policy above. Note 27 contains details of the estimates made in this calculation.

NIAB

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

3. Income from donations

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Donations from National Institute of Agricultural Botany Trust	662	500	1,162
		<i>Unrestricted funds 2021 £000</i>	<i>Total funds 2021 £000</i>
Donations from National Institute of Agricultural Botany Trust		500	500

NIAB

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

4. Income from charitable activities

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Agricultural services	11,014	2,550	13,564
Laboratory and research	4,813	14,729	19,542
Other activities	14	-	14
Total 2022 (including Government grants of £8.5m)	<u>15,841</u>	<u>17,279</u>	<u>33,120</u>
	<i>Unrestricted funds 2021 £000</i>	<i>Restricted funds 2021 £000</i>	<i>Total funds 2021 £000</i>
Agricultural services	7,704	2,346	10,050
Laboratory and research	6,900	5,659	12,559
Other activities	137	-	137
<i>Total 2021 (including Government grants of £7.1m)</i>	<u>14,741</u>	<u>8,005</u>	<u>22,746</u>

NIAB

Notes to the Financial Statements
For the Year Ended 31 March 2022

5. Income from subsidiary trading activities

	Unrestricted funds 2022 £000	Total funds 2022 £000
Agricultural services	6,232	6,232
Agronomy consultancy	1,273	1,273
	<hr/>	<hr/>
	7,505	7,505
	<hr/>	<hr/>

	Unrestricted funds 2021 £000	Total funds 2021 £000
Agricultural services	6,498	6,498
Agronomy consultancy	1,331	1,331
	<hr/>	<hr/>
	7,829	7,829
	<hr/>	<hr/>

6. Investment income

	Unrestricted funds 2022 £000	Total funds 2022 £000
Rental income	56	56
	<hr/>	<hr/>

	Unrestricted funds 2021 £000	Total funds 2021 £000
Rental income	62	62
	<hr/>	<hr/>

NIAB

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Agricultural services	10,175	7,587	17,762
Laboratory and research	3,225	240	3,465
	<hr/>	<hr/>	<hr/>
	13,400	7,827	21,227
	<hr/>	<hr/>	<hr/>
	<i>Unrestricted funds 2021 £000</i>	<i>Restricted funds 2021 £000</i>	<i>Total funds 2021 £000</i>
Agricultural services	7,616	5,787	13,403
Laboratory and research	5,637	280	5,917
	<hr/>	<hr/>	<hr/>
	13,253	6,067	19,320
	<hr/>	<hr/>	<hr/>

The Trustees consider that all expenditure is classified as Research and Development expenditure.

NIAB

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

8. Analysis of expenditure by activities

	Activities undertaken directly 2022 £000	Support costs 2022 £000	Total funds 2022 £000
Agricultural services	14,350	3,412	17,762
Laboratory and research	613	2,852	3,465
	<u>14,963</u>	<u>6,264</u>	<u>21,227</u>

	Activities undertaken directly 2021 £000	Support costs 2021 £000	Total funds 2021 £000
Agricultural services	8,598	4,805	13,403
Laboratory and research	4,558	1,359	5,917
	<u>13,156</u>	<u>6,164</u>	<u>19,320</u>

Analysis of support costs

	Agricultural services 2022 £000	Laboratory and research 2022 £000	Total funds 2022 £000
Management	1,629	1,376	3,005
Finance	593	497	1,090
Information Technology	780	649	1,429
Human resources	322	270	592
Governance	88	60	148
	<u>3,412</u>	<u>2,852</u>	<u>6,264</u>

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

8. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

	<i>Agricultural services</i>	<i>Laboratory and research</i>	<i>Total funds</i>
	<i>2021</i>	<i>2021</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Management	942	515	1,457
Finance	2,422	473	2,895
Information Technology	969	170	1,139
Human resources	341	86	427
Governance	131	115	246
	<u>4,805</u>	<u>1,359</u>	<u>6,164</u>

Support costs have been allocated to activity cost categories on a basis consistent with the use of resources.

9. Auditors' remuneration

	2022	<i>2021</i>
	£000	<i>£000</i>
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	30	27
Fees payable to the Charity's auditor in respect of:		
The auditing of accounts of subsidiaries of the Charity	21	23
Additional fees in respect of audit previous year	-	38
Taxation compliance services	8	9

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**Notes to the Financial Statements
For the Year Ended 31 March 2022**

10. Staff costs

	Group 2022 £000	<i>Group 2021 £000</i>	Charity 2022 £000	<i>Charity 2021 £000</i>
Wages and salaries	13,220	<i>12,913</i>	11,622	<i>9,284</i>
Social security costs	1,197	<i>1,114</i>	1,055	<i>816</i>
Contribution to defined contribution pension schemes	965	<i>913</i>	855	<i>649</i>
Operating costs of defined benefit pension schemes	153	<i>302</i>	129	<i>295</i>
	15,535	<i>15,242</i>	13,661	<i>11,044</i>

During the year a total of £35,289 (2021: £27,500) was paid to 2 employees (2021: 1 employee) as ex gratia payments. In addition £2,420 in total (2021: £61,582) was paid to 2 employees (2021: 7 employees) by way of redundancy payments.

The average number of persons employed by the Charity during the year was as follows:

	Group 2022 No.	<i>Group 2021 No.</i>
Technical and Scientific	219	<i>210</i>
Support staff	54	<i>59</i>
Agricultural staff and casuals	93	<i>92</i>
	366	<i>361</i>

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

10. Staff costs (continued)

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2022 No.	<i>Group 2021 No.</i>
In the band £60,001 - £70,000	10	9
In the band £70,001 - £80,000	3	5
In the band £80,001 - £90,000	3	1
In the band £90,001 - £100,000	3	-
In the band £100,001 - £110,000	-	2
In the band £110,001 - £120,000	2	-
In the band £120,001 - £130,000	1	3
In the band £140,001 - £150,000	-	1
In the band £150,001 - £160,000	1	-

The key management personnel during the year were:

Professor M Caccamo - CEO (from 1 October 2021)
Dr T L Barsby - CEO (until 30 September 2021)
S M Knight
Dr W Orme - CFO (from 1 August 2021)
M Leaman
W Clark (retired 31 July 2021)
N Watson
Dr J McKee
R Harrison
X Xu

The total costs relating to key management personnel (including wages and salaries, employer's national insurance, pension costs and fees) during the year were £1,010k (2021: £898k).

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

11. Trustees' remuneration and expenses

The Chairman of the Board of Trustees and the Chairman of the Board's Finance Committee received honoraria, totalling £9,600 (2021: £9,600 ; Deputy Chairman - £2,700). Meeting fees totalling £5,000 were paid to six trustees (2021: £8,400 for eight trustees). Charity Commission approval has been obtained prior to these payments.

As provided for in the charity's Articles of Association, the Chief Executive of the charity is also a member of the board (from November 2017). The payments to the Chief Executive (as an employee) for the part of the year they were both employee and Chief Executive is as follows:

		2022	<i>2021</i>
		£000	<i>£000</i>
Dr T L Barsby OBE	Remuneration	99	<i>129</i>
	Pension contributions paid	6	<i>10</i>
	Other benefits	7	<i>13</i>
Professor M J Caccamo	Remuneration	77	<i>-</i>
	Pension contributions paid	6	<i>-</i>

During the year ended 31 March 2022, expenses totalling £2,119 were reimbursed or paid directly to 3 Trustees (2021 - £351 to 1 Trustee).

Other than the above there are no other related party transactions to be reported in respect of the trustees.

12. Taxation

NIAB is a registered charity and is 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. Any charges arising in the subsidiary companies are disclosed in Note 17.

There is no provision for deferred tax on fair value adjustments because any chargeable gains are applied to charitable objectives so no tax liability arises.

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**Notes to the Financial Statements
For the Year Ended 31 March 2022**

13. Intangible assets

Group

	Plant Variety Rights £000	IT Platform £000	Purchased Goodwill £000	Total £000
Cost				
At 1 April 2021	1,350	93	418	1,861
Disposals	-	-	(100)	(100)
At 31 March 2022	<u>1,350</u>	<u>93</u>	<u>318</u>	<u>1,761</u>
Amortisation				
At 1 April 2021	370	93	418	881
Charge for the year	93	-	-	93
On assets disposed of	-	-	(100)	(100)
At 31 March 2022	<u>463</u>	<u>93</u>	<u>318</u>	<u>874</u>
Net book value				
At 31 March 2022	<u><u>887</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>887</u></u>
At 31 March 2021	<u><u>980</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>980</u></u>

Goodwill of £100k in NIAB EMR but fully amortised has now been written off subsequent to the transfer of most of the business, assets and liabilities to NIAB on 1 April 2021.

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**Notes to the Financial Statements
For the Year Ended 31 March 2022**

13. Intangible assets (continued)

Charity

	Plant Variety Rights £000	IT Platform £000	Total £000
Cost			
At 1 April 2021	-	93	93
Transfer from NIAB EMR	1,350	-	1,350
	<hr/>	<hr/>	<hr/>
At 31 March 2022	1,350	93	1,443
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 April 2021	-	93	93
Charge for the year	93	-	93
Transfer from NIAB EMR	370	-	370
	<hr/>	<hr/>	<hr/>
At 31 March 2022	463	93	556
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2022	887	-	887
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2021	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Plant Variety Rights and associated amortisation were acquired by NIAB when the business, assets and liabilities of NIAB EMR were merged into NIAB on 1 April 2021.

Notes to the Financial Statements
For the Year Ended 31 March 2022

14. Tangible fixed assets

Group

	Short-term leasehold property £000	Plant, machinery & vehicles £000	Office & Computer equipment £000	Scientific equipment £000	Assets under construction £000	Total £000
Cost or valuation						
At 1 April 2021	606	8,933	3,003	3,580	2,687	18,809
Additions	893	560	157	430	8,070	10,110
Disposals	-	(381)	(69)	(43)	-	(493)
At 31 March 2022	1,499	9,112	3,091	3,967	10,757	28,426
Depreciation						
At 1 April 2021	350	6,170	2,354	2,470	-	11,344
Charge for the year	154	357	385	339	-	1,235
On disposals	-	-	(68)	-	-	(68)
At 31 March 2022	504	6,527	2,671	2,809	-	12,511
Net book value						
At 31 March 2022	995	2,585	420	1,158	10,757	15,915
At 31 March 2021	256	2,763	649	1,110	2,687	7,465

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**Notes to the Financial Statements
For the Year Ended 31 March 2022**

14. Tangible fixed assets (continued)

Charity

	Short-term leasehold property £000	Plant, machinery & vehicles £000	Office & Computer equipment £000	Scientific equipment £000	Assets under construction £000	Total £000
Cost or valuation						
At 1 April 2021	606	8,023	2,767	2,789	678	14,863
Additions	893	557	157	430	8,070	10,107
Transfer from NIAB EMR	-	769	167	791	2,009	3,736
Disposals	-	(381)	-	(43)	-	(424)
At 31 March 2022	1,499	8,968	3,091	3,967	10,757	28,282
Depreciation						
At 1 April 2021	350	5,885	2,153	1,919	-	10,307
Charge for the year	154	347	382	339	-	1,222
Transfer from NIAB EMR	-	224	136	551	-	911
At 31 March 2022	504	6,456	2,671	2,809	-	12,440
Net book value						
At 31 March 2022	995	2,512	420	1,158	10,757	15,842
At 31 March 2021	256	2,138	614	870	678	4,556

Fixed assets and associated depreciation were acquired by NIAB when the business, assets and liabilities of NIAB EMR were merged into NIAB on 1 April 2021.

The net book value of the group's and charity's assets includes £302,748 (2021: £441,021) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged in the year on those assets totalled £79,780 (2021: £142,905).

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

15. Fixed asset investments

Group and Charity	Trade investments £000
Cost or valuation	
At 1 April 2021	141
Additions	14
Amounts written off	(10)
	<hr/>
At 31 March 2022	145
	<hr/> <hr/>
Net book value	
At 31 March 2022	145
	<hr/>
<i>At 31 March 2021</i>	141
	<hr/> <hr/>

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Notes to the Financial Statements For the Year Ended 31 March 2022

16. Principal subsidiaries

The following were subsidiary undertakings of the Charity:

Names	Company number	Charity registration number	Principal activity	Class of shares
The Arable Group Limited	00192460	212059	Agriculture	Ordinary
TAG Consulting Limited	05110993		Agriculture	
NIAB Trading Ltd	07390289		Agriculture	
NIAB EMR	09894859	1165055	Horticulture	Ordinary
East Malling Services Ltd.	02335037		Horticulture	

The financial results of the subsidiaries for the year were:

Names	Income £000	Expenditure £000	Profit/ Surplus for the year £000	Net assets/ (liabilities) £000
The Arable Group Limited	320	458	(138)	(25)
TAG Consulting Limited	1,284	1,364	(80)	(127)
NIAB Trading Ltd	4,968	4,517	451	462
NIAB EMR	666	689	(23)	1,623
East Malling Services Ltd.	5,542	5,104	438	907

The Arable Group Limited and NIAB EMR are charitable companies limited by guarantee, considered to be subsidiary undertakings by virtue of control, as NIAB is the sole voting member with the power to appoint the board. TAG Consulting Limited and NIAB Trading Ltd are wholly owned by NIAB. East Malling Services Ltd. was wholly owned by NIAB EMR until 31 March 2021 when ownership was transferred to NIAB following the merger of NIAB EMR's business into NIAB.

All of the subsidiaries carry out activities in furtherance of NIAB's charitable objectives.

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**Notes to the Financial Statements
For the Year Ended 31 March 2022**

17. Stocks

	Group 2022 £000	<i>Group 2021 £000</i>	Charity 2022 £000	<i>Charity 2021 £000</i>
Raw materials and consumables	150	98	150	98
Finished goods and goods for resale	180	200	105	115
	330	298	255	213

18. Debtors

	Group 2022 £000	<i>Group 2021 £000</i>	Charity 2022 £000	<i>Charity 2021 £000</i>
Due within one year				
Trade debtors	3,990	4,040	2,277	2,367
Amounts owed by group undertakings	-	-	1,721	2,779
Other debtors	461	126	458	125
Prepayments	860	572	838	441
Accrued income	5,263	3,327	2,300	1,425
	10,574	8,065	7,594	7,137

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

19. Creditors: Amounts falling due within one year

	Group 2022 £000	<i>Group 2021 £000</i>	Charity 2022 £000	<i>Charity 2021 £000</i>
National Institute of Agricultural Botany Trust	148	<i>1</i>	148	<i>1</i>
Trade creditors	2,085	<i>2,103</i>	2,000	<i>1,803</i>
Amounts owed to group undertakings	-	<i>-</i>	2,570	<i>687</i>
Other taxation and social security	374	<i>813</i>	283	<i>741</i>
Obligations under finance lease and hire purchase contracts	195	<i>214</i>	195	<i>214</i>
Other creditors	1,431	<i>2,634</i>	918	<i>1,282</i>
Accruals and deferred income	7,089	<i>6,326</i>	4,338	<i>4,557</i>
	11,322	<i>12,091</i>	10,452	<i>9,285</i>
	Group 2022 £000	<i>Group 2021 £000</i>	Charity 2022 £000	<i>Charity 2021 £000</i>
Deferred income at 1 April 2021	4,225	<i>3,824</i>	3,347	<i>2,916</i>
Resources deferred during the year	3,582	<i>4,225</i>	2,902	<i>3,347</i>
Amounts released from previous periods	(4,225)	<i>(3,824)</i>	(3,347)	<i>(2,916)</i>
	3,582	<i>4,225</i>	2,902	<i>3,347</i>

Deferred income for the group relates to annual membership subscriptions paid in advance, key renewal dates being 30 September and 31 December, together with pre-financing payments for EU contracts and payments received in advance for contracted services.

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Notes to the Financial Statements For the Year Ended 31 March 2022

20. Creditors: Amounts falling due after more than one year

	Group 2022 £000	<i>Group 2021 £000</i>	Charity 2022 £000	<i>Charity 2021 £000</i>
Other loans	1,500	1,500	1,500	-
Net obligations under finance lease and hire purchase contracts	151	213	151	213
Other creditors	66	49	24	23
	<u>1,717</u>	<u>1,762</u>	<u>1,675</u>	<u>236</u>

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Obligations under finance leases and hire purchase contracts				
Within one year	195	214	195	214
Within two to five years	151	213	151	213
	<u>346</u>	<u>427</u>	<u>346</u>	<u>427</u>

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

The loan of £1,500,000 is from the National Institute of Agricultural Botany Trust, a related party. Further details of this loan are disclosed in note 31.

21. Financial instruments

	Group 2022 £000	<i>Group 2021 £000</i>	Charity 2022 £000	<i>Charity 2021 £000</i>
Financial assets				
Financial assets measured at fair value through income and expenditure	2,005	3,655	1,419	1,674

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by NIAB Trust and other debtors.

Notes to the Financial Statements
For the Year Ended 31 March 2022

22. Statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 March 2022 £000
Unrestricted funds						
General funds	5,753	24,064	(23,739)	(2,434)	(10)	3,634
Pension fund	(19,225)	-	-	-	1,619	(17,606)
	<u>(13,472)</u>	<u>24,064</u>	<u>(23,739)</u>	<u>(2,434)</u>	<u>1,609</u>	<u>(13,972)</u>
Endowment funds						
John Oldacre Foundation	<u>750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750</u>
Restricted operating funds						
Other revenue grants	-	500	(500)	-	-	-
Restricted grant income	-	7,217	(7,217)	-	-	-
	<u>-</u>	<u>7,717</u>	<u>(7,717)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted property funds						
Restricted Capital Grant Funds	<u>248</u>	<u>10,062</u>	<u>(110)</u>	<u>2,434</u>	<u>-</u>	<u>12,634</u>
Total Restricted funds	<u>248</u>	<u>17,779</u>	<u>(7,827)</u>	<u>2,434</u>	<u>-</u>	<u>12,634</u>
Total of funds	<u>(12,474)</u>	<u>41,843</u>	<u>(31,566)</u>	<u>-</u>	<u>1,609</u>	<u>(588)</u>

The transfer relates to Capital grant monies received in the previous year and treated as unrestricted. These have now been reallocated and disclosed as Restricted Capital Grant Funds.

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Notes to the Financial Statements
For the Year Ended 31 March 2022

22. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2020 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/(out) £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 March 2021 £000</i>
Unrestricted funds						
General funds	2,163	23,132	(21,540)	1,998	-	5,753
Pension fund	(13,987)	-	111	-	(5,349)	(19,225)
	<u>(11,824)</u>	<u>23,132</u>	<u>(21,429)</u>	<u>1,998</u>	<u>(5,349)</u>	<u>(13,472)</u>
Endowment funds						
John Oldacre Foundation	750	-	-	-	-	750
Restricted operating funds						
Restricted grant income	-	6,007	(6,007)	-	-	-
Other Funds	-	1,998	-	(1,998)	-	-
	<u>-</u>	<u>8,005</u>	<u>(6,007)</u>	<u>(1,998)</u>	<u>-</u>	<u>-</u>
Restricted property funds						
Hasse Fen capital fund	308	-	(60)	-	-	248
Total Restricted funds	<u>308</u>	<u>8,005</u>	<u>(6,067)</u>	<u>(1,998)</u>	<u>-</u>	<u>248</u>
Total of funds	<u>(10,766)</u>	<u>31,137</u>	<u>(27,496)</u>	<u>-</u>	<u>(5,349)</u>	<u>(12,474)</u>

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Notes to the Financial Statements For the Year Ended 31 March 2022

The John Oldacre Foundation fund is an amount held as capital where only income can be spent. The expenditure is restricted to funding post-graduate studentships of young innovators.

The Hasse Fen capital fund was a grant received to build at NIAB's Hasse Fen site. The expenditure represents annual depreciation of the asset.

23. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £000	Restricted capital grant funds 2022 £000	Endowment funds 2022 £000	Total funds 2022 £000
Tangible fixed assets	3,281	12,634	-	15,915
Intangible fixed assets	887	-	-	887
Trade investments	145	-	-	145
Current assets	12,159	-	750	12,909
Creditors due within one year	(11,322)	-	-	(11,322)
Creditors due in more than one year	(1,717)	-	-	(1,717)
Defined benefit pension scheme liability	(17,405)	-	-	(17,405)
Total	(13,972)	12,634	750	(588)

Notes to the Financial Statements
For the Year Ended 31 March 2022

23. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2021 £000</i>	<i>Restricted funds 2021 £000</i>	<i>Restricted capital grant funds 2021 £000</i>	<i>Endowment funds 2021 £000</i>	<i>Total funds 2021 £000</i>
Tangible fixed assets	7,217	248	-	-	7,465
Intangible fixed assets	980	-	-	-	980
Trade investments	141	-	-	-	141
Current assets	11,268	-	-	750	12,018
Creditors due within one year	(12,091)	-	-	-	(12,091)
Creditors due in more than one year	(1,762)	-	-	-	(1,762)
Defined benefit pension scheme liability	(19,225)	-	-	-	(19,225)
Total	(13,472)	248	-	750	(12,474)

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Notes to the Financial Statements For the Year Ended 31 March 2022

24. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2022 £000	Group 2021 £000
Net income for the year (as per Statement of Financial Activities)	10,267	3,641
Adjustments for:		
Depreciation charges	1,235	1,434
Amortisation charges	93	88
Investments written off	10	-
Profit on the sale of fixed assets	(6)	(18)
Decrease/(increase) in stocks	(32)	10
Increase in debtors	(2,509)	(811)
Increase/(decrease) in creditors	(733)	3,147
Interest payable	33	45
Pension scheme charges	(201)	(111)
Net cash provided by operating activities	8,157	7,425

25. Analysis of cash and cash equivalents

	Group 2022 £000	Group 2021 £000
Cash in hand	2,005	3,655
Total cash and cash equivalents	2,005	3,655

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Notes to the Financial Statements For the Year Ended 31 March 2022

26. Analysis of changes in net debt

	At 1 April 2021 £000	Cash flows £000	New finance leases £000	At 31 March 2022 £000
Cash at bank and in hand	3,655	(1,650)	-	2,005
Debt due within 1 year	(1)	(147)	-	(148)
Debt due after 1 year	(1,500)	-	-	(1,500)
Finance leases	(427)	227	(146)	(346)
	<u>1,727</u>	<u>(1,570)</u>	<u>(146)</u>	<u>11</u>

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Notes to the Financial Statements For the Year Ended 31 March 2022

27. Pension commitments: Defined Benefit schemes

(A) *NIAB Defined Benefit Pension Scheme*

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

The most recent actuarial valuation of the Scheme was carried out as at 31 March 2018. The valuation has been updated to 31 March 2022 by a qualified independent actuary.

NIAB expects to contribute £1,000,000 to its defined benefit pension scheme in 2022/23 (2021/22: £700,000).

The amounts recognised in the balance sheet are as follows:

	2022 £000	2021 £000
Present value of funded obligations	(48,403)	(50,033)
Fair value of plan assets	30,998	30,808
Deficit	<u>(17,405)</u>	<u>(19,225)</u>

Included in the deficit is £Nil (2021- £Nil) which is a provision for Guaranteed Minimum Pension equalisation.

The Pension Fund Trustees and the charity agreed as part of the 31 March 2018 valuation that, from 1 April 2020 onwards, pensions in payment will increase in line with CPI rather than RPI. Increases will continue to be capped at 5% pa for pensions accrued pre 1 April 2006 and 2.5% pa for pensions accrued thereafter. That change has resulted in a reduction in the present value of the defined benefit obligation. The amounts recognised in the net income and expenditure are as follows:

	2022 £000	2021 £000
Administration costs incurred during the period	130	303
Net interest cost	378	303
Past service cost	-	-
Total pension expense	<u>508</u>	<u>606</u>

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Notes to the Financial Statements For the Year Ended 31 March 2022

27. Pension commitments: Defined Benefit schemes (continued)

The amounts in the statement of other movements in funds are:

	2022 £000	2022 £000	2021 £000	2021 £000
Actuarial gain/(loss) on plan assets		447		1,401
Actuarial gain/(loss) on defined benefit obligation		1,172		(6,750)
of which due to experience	(546)		575	
of which due to demographic assumptions	22		63	
of which due to financial assumptions	1,696		(7,388)	
Total gain/(loss) in other movements in funds		1,619	-	(5,349)

Changes in the present value of the defined benefit obligations are:

	2022 £000	2021 £000
Liabilities at the start of the period	50,033	43,939
Interest cost	986	949
Actuarial gain	(1,172)	6,750
Benefits paid	(1,444)	(1,605)
Liabilities at the end of the period	48,403	50,033

Changes in the fair value of plan assets are:

	2022 £000	2021 £000
Fair value of plan assets at start of the period	30,808	29,952
Interest income	608	646
Actuarial gain/(loss)	447	1,401
Contributions by the employer	709	717
Benefits paid	(1,444)	(1,605)
Non-investment expenses	(130)	(303)
Fair value of plan assets at end of the period	30,998	30,808

	2022 £000	2021 £000
Interest income	608	646
Actuarial gain/(loss) on plan assets	447	1,401
Return on plan assets	1,055	2,047

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Notes to the Financial Statements For the Year Ended 31 March 2022

27. Pension commitments: Defined Benefit schemes (continued)

Major categories of plan assets as a percentage of total assets

	2022 £000	2022 %	2021 £000	2021 %
Equities	7,108	22.9	6,553	21.3
Diversified Growth Fund	11,189	36.1	10,832	35.1
Bonds	7,039	22.7	7,723	25.1
Cash	5,661	18.3	5,700	18.5
Total	30,998	100.0	30,808	100.0

Principal actuarial assumptions at the balance sheet date:

	2022	2021
Discount rate	2.8%	2.0%
Rate of increase in salaries	3.4%	2.7%
Rate of increase in pensions	3.3%	2.7%
Rate of inflation RPI	4.0%	3.3%
Rate of inflation CPI	3.4%	2.7%
Life expectancies:		
Current pensioners age 65 - males	21.8	21.8
Current pensioners age 65 - females	24.2	24.1
Future pensioners age 65 (currently age 45) - males	22.8	22.8
Future pensioners age 65 (currently age 45) - females	25.3	25.3

Experience of gains and losses

	2022 £000	2021 £000
Liabilities at the end of the year	(48,403)	(50,033)
Assets at the end of the year	30,998	30,808
Deficit at the end of the year	(17,405)	(19,225)
Asset gain	447	1,401
% of scheme assets	1.4%	4.5%
Liability gain/(loss)	1,172	(6,750)
% of scheme assets	2.4%	-13.5%

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

**27. Pension commitments: Defined Benefit schemes
(continued)**

(B) Universities Superannuation Scheme

	2022 £'000	2021 £'000
Liability less than 1 year	3	3
Liability more than 1 year	42	26
Total	<u>45</u>	<u>29</u>

Since the The Arable Group Limited cannot identify its share of the assets and liabilities of the USS scheme, the following disclosures have been provided by the pension scheme to reflect those relevant for the scheme as a whole.

Universities Superannuation Scheme (USS)

Following changes to the USS, this scheme now comprises two parts, USS Retirement Income Builder which is a defined benefit arrangement and USS Investment Builder which is a defined contribution arrangement. The latest formal actuarial valuation of the USS defined benefit liabilities has been carried out as at 31 March 2020 to meet the requirements of the Pensions Act 2004 and was published in March 2022. This actuarial valuation shows a shortfall of £14.1bn in the USS with the scheme assets being sufficient to cover 83% of its 'technical provisions' liabilities.

Based on this valuation the actuary has determined that the Employers deficit contributions will be 6.2% of salary until 31 March 2024 and 6.3% thereafter.

The past service deficit contributions are expected to correct the deficit by 30 April 2038. To reflect the liability for these contributions the charity has used a financial modeller to calculate the provision it needs to recognise in the financial statements. The calculated amount is recognised in the balance sheet and any changes in the value of the deficit liability each year are shown on the Statement of Financial Activities. The assumptions used as part of this modelled for the year ended 31 March 2022 are shown below.

Further details on, and a copy of, the 2020 Actuarial Valuation of the USS can be found on the USS website.

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

**27. Pension commitments: Defined Benefit schemes
(continued)**

Further information on the 2020 actuarial valuation of the USS Scheme is included below.

Of The Arable Group Limited's 4 employees at 31 March 2022 (2021:4), 2 were members of USS (2021:1).

The Arable Group Limited's calculated share of the USS defined benefit pension liability amounts to £45k (2021: £29k) and the total cost charged to the Statement of Financial Activities in respect of USS amounts to £15k (2021: £8k).

The liability has been re-calculated using the USS model provided with reference to the remaining deficit recovery period of 18 years from 2020 to 2038. Since the group cannot identify its share of the assets and liabilities of the USS scheme, the following disclosures have been provided by the pension scheme to reflect those relevant for the scheme as a whole.

The following assumptions were used to calculate the group's share of the USS liability:

	2022	2021
Discount rate	2.22%	2.3%
Projected salary inflation	2.7%	2.7%

Salary inflation assumptions take into account the level of annual pay increases set in the April before the relevant year-end, prevailing CPI rates, and the Bank of England long-term inflation target of 2%. The calculation reflects an assumption that there would be some reduction in member numbers in the forward years. The assumptions underpinning the calculation reflect a prudent assessment of the available information and options but represents a key area of estimation uncertainty in the financial statements.

Analysis of the charge to the income and expenditure statement is set out below:

	2022 £'000	2021 £'000
Employer contributions	8	17
Contributions allocated to deficit provision	-	(1)
Change in contributions from past expectations	7	(9)
Contribution costs total	15	7
Interest payable	1	1
	16	8

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2022	2021
Discount rate	2.22%	2.3%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.7%	2.7%

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

**27. Pension commitments: Defined Benefit schemes
(continued)**

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the Scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions are based on the following mortality tables:

	2020	2018
Male members mortality	101% of S2PMA light	71% of AMC00 (duration 0)
Female members mortality	95% of S3PFA	112% of AMFG00 (duration 0)

Future improvements to mortality are based on the Continuous Mortality Investigation's (CMI) 2019 projections with smoothing parameter of 7.5, an initial addition of 0.5% and a long-term improvement rate of 1.8% for males and 1.6% for females.

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 years	23.9	24.4
Females currently aged 65 years	25.5	26.3
Males currently aged 45 years	25.9	25.9
Females currently aged 45 years	27.3	27.7

Summary of the Scheme position as at 31 March is set out below:

	2022	2021	2020
Scheme assets	£124.4bn	£80.6bn	£66.5bn
Total scheme liabilities	£77.1bn	£95.8bn	£79.4bn
FRS102 Total scheme deficit	£47.3bn	£15.2bn	£12.9bn
FRS102 Total funding level	83%	84%	84%

**Notes to the Financial Statements
For the Year Ended 31 March 2022**

28. Operating lease commitments

At 31 March 2022 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £000	<i>Group 2021 £000</i>	Charity 2022 £000	<i>Charity 2021 £000</i>
Not later than 1 year	729	<i>745</i>	728	<i>734</i>
Later than 1 year and not later than 5 years	1,275	<i>1,616</i>	1,275	<i>1,616</i>
	2,004	<i>2,361</i>	2,003	<i>2,350</i>

The following lease payments and changes in lease payments have been recognised in the Statement of Financial Activities:

	Group 2022 £000	<i>Group 2021 £000</i>	Charity 2022 £000	<i>Charity 2021 £000</i>
Land and Buildings	665	<i>728</i>	665	<i>267</i>
Motor vehicles	155	<i>180</i>	155	<i>135</i>
	820	<i>908</i>	820	<i>402</i>

29. Capital commitments

Improvements to the charity's Hasse Fen site costing £600k were completed in April 2021. The works remained the property of the supplier until paid for. As the invoice was not received or settled until May 2021, the additions have been reflected in the accounts for the year to 31 March 2022.

The charity have committed to spend £435k on a Microscopy Suite which is due for completion in November 2022.

30. Members' liability

The charitable company is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 March 2021 there were eleven members, comprising the Trustees.

NIAB

Notes to the Financial Statements For the Year Ended 31 March 2022

31. Related party transactions

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

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

These transactions are summarised below:

	2022 £000	2021 £000
Closing (creditor)	(148)	(1)
Annual support	1,125	1,125
Additional support towards pension costs	500	500
Contribution towards other costs	600	-
Expenditure	(500)	(500)

In 2017 NIAB EMR, a subsidiary company, obtained a loan of £1,500,000 from National Institute of Agricultural Botany Trust. The loan was transferred to NIAB on 1 April 2021 when the business, assets and liabilities of NIAB EMR were merged into NIAB. This loan is secured by a first fixed and floating charge on the assets of NIAB EMR and, while there is no fixed repayment timetable, the loan is repayable in full by 8 February 2026. Interest is charged at 2% above the Bank of England base rate, which is considered to be a market value.

The charitable company has taken advantage of the exemptions contained within FRS102, section 33, not to disclose intra-group transactions on the basis that the subsidiaries are wholly owned and the accounts are publicly available.

32. Parent charity result

The parent charity result for the year before other recognised gains and losses and before charges or credits to the pension fund cost was a surplus of £9,815k (2021: surplus £1,270k).