

LAWES AGRICULTURAL TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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LAWES AGRICULTURAL TRUST

REFERENCE AND ADMINISTRATIVE INFORMATION

COMPANY NUMBER:	8901784
REGISTERED CHARITY No.	1156150
BANKERS:	Coutts & Co 440 Strand London WC2R OQS Barclays Bank Plc St. Albans City Business Centre PO Box 104 22-24 Upper Marlborough Road St. Albans Herts. AL1 3AL
SOLICITOR:	Withers 20 Old Bailey London EC4M 7EG
AUDITOR:	RSM UK Audit LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP
INVESTMENT ADVISER:	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU
PRINCIPAL OFFICE:	Rothamsted Harpenden Hertfordshire AL5 2JQ

LAWES AGRICULTURAL TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their Report and Financial Statements of the Lawes Agricultural Trust ("the Trust", or "LAT") for the year ended 31 March 2021. The Financial Statements have been prepared in accordance with FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) under the historic cost convention as modified by the revaluation of investments. The financial statements meet the requirements of the Companies Act 2006, the Statement of Recommended Practice – Accounting and Reporting by Charities (Charities SORP (FRS 102)) and applicable accounting standards so far as these requirements are appropriate. The charity is a public benefit entity as defined by FRS 102.

Structure, Governance and Management

The Trust is an incorporated charity and company limited by guarantee registered on 19 February 2014. It traces its origin to a Trust that was established in 1889 by the Declaration of Trust of Sir John Bennet Lawes FRS, who founded Rothamsted Experimental Station in 1843. The original trust was a registered charity, under the Number 208228. From April 2014 Lawes Agricultural Trust (Charity Number 1156150; Company Number 8901784) assumed all of the activities previously undertaken by the original and its corporate trustee.

The Trustees of the Lawes Agricultural Trust during 2020/21 and up to the date of this report were:

- Dr Tina Barsby
- Professor Sir David Baulcombe FRS
- Dr Graham Birch (Chairman)
- Professor Sir Charles Godfray FRS
- Sir Peter Kendall
- Mr Will Gemmill
- Mr Richard Percy

Company Secretary: Peter Oxley

The Trustees are also Directors of the incorporated entity for the purposes of Company Law and do not receive remuneration for these roles. The Trustees meet regularly to consider policy, research, administrative matters and risks.

The Trust's Conflict of Interest policy reinforces Article 11 of the Trust's Articles of Association, and states that the Trust's assets may only be used for the purpose of promoting the Trust's charitable object and Trustees may not receive any financial or non-financial benefit (directly or indirectly) from the Trust. A register of Trustee-directors' interests is maintained and reviewed regularly.

The Trustees keep the Board's composition and balance of skills under constant review. Key areas considered of importance include experience at the highest level in terms of scientific achievement, large estate / property management, farming and food business, international science (including developing countries), investment and political awareness.

New Trustees receive a comprehensive induction on site, conducted by the Chairman and Company Secretary; in particular highlighting scientific involvement, estate responsibilities, historical matters and urgent issues that are facing the Trustees. Training relevant to charity law and other matters as appropriate to the individual is offered.

The Investment Committee is a sub-committee of the Board, whose role is to critically examine and liaise with the Trust's investment advisors, and its members are Dr Graham Birch and Mr Richard Percy. A Remuneration Committee has also been established to review and recommend remuneration for the Executive Director. The Remuneration Committee comprises Dr Graham Birch and Dr Tina Barsby.

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The Trust, along with other activities, principally supports Rothamsted Research Limited ("Rothamsted Research"), an incorporated charity that occupies and operates its agricultural research activities from land and buildings belonging to the Trust. These research activities are directed by the Institute Director of Rothamsted Research: this position is currently held by Dr Angela Karp.

The Trust is a Corporate Member of Rothamsted Research, along with the Biotechnology and Biological Sciences Research Council ("BBSRC" – now a part of UKRI) and the Chair of the Board of Trustee-Directors for Rothamsted Research. The role of these Members is defined through a Members' Agreement that describes how this tripartite arrangement recognises the critical contribution in land and buildings (from LAT) and funding (from UKRI-BBSRC) to the well-being of Rothamsted Research and, achieving this through an arms-length stance, does not seek to unduly influence the strategic direction of Rothamsted Research. The Chairman of the LAT Board attends Rothamsted Research Board meetings as an Observer.

The Trust provides an annual voluntary contribution, by way of a grant, to Rothamsted Research – referred to as the "Director's Vote". This contribution is provided to the Institute Director of Rothamsted Research to assist in overseeing and running those research interests which would otherwise not be available for external grant funding.

The Trust's Key Management Personnel are considered to be the Trustees (who receive no remuneration) and the Executive Director / Company Secretary. The latter's remuneration is agreed by the Trustees and Chairman of LAT based on the recommendation of the Remuneration Committee.

Assets

In Harpenden, Hertfordshire, the Trust owns:

- the Rothamsted Estate (330 ha) incorporating a laboratory complex comprising research and administrative buildings and facilities (7 ha) and an extensive experimental farm on most of the rest of the area;
- a Grade 1 listed building dating from the 13th century (Rothamsted Manor);
- 51 houses and cottages on the estate and in the town of Harpenden;
- 5 larger residential properties comprising multiple units: Fisher Court, De Ramsey Court, Southwood Court, Lawes Court and 1 Ninnings.

The Trust also owns an experimental farm (77 ha) at Broom's Barn in Suffolk, which includes related laboratory buildings and 6 residential properties.

The majority of properties are utilised by Rothamsted Research for its research activities, or as residential accommodation for its staff and PhD students. Properties that are surplus to Rothamsted Research's requirements are let on fully commercial terms to third parties and defined as "investment properties".

The majority of the experimental lands, buildings and facilities owned by the Trust are occupied under a bare licence by Rothamsted Research and the buildings and facilities are included in that organisation's Balance Sheet at historic cost to Rothamsted Research.

The Trustees consider the open market value on an alternative use basis of these assets to be materially in excess of book value. Over many years it has been the custom for buildings not required by Rothamsted Research to be handed over to LAT for the latter to maximise its income.

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During 2020/21 the Trust has continued to be very closely involved with the strategy and direction of Rothamsted Enterprises Limited (REL). REL is a joint venture between the Trust (40%), Rothamsted Research (40%) and UKRI / BBSRC (20%) and is aimed at attracting scientifically-based companies and organisations involved in the agricultural arena – large and small, new and established – to establish a cluster of like-minded organisations at Rothamsted.

The Trust is currently promoting for release for potential residential development a number of fields: namely Black Horse, Bylands, Meadow, Osier and Ver, totalling approximately 40 hectares and collectively referred to as “Land North-East of Redbourn”. These were proposed for inclusion in St Albans City & District Council’s (“SACDC”) emerging Local Plan in January 2018. This draft local plan proceeded to Inspection in January 2020, but was subsequently withdrawn by SACDC in December 2020, with the consultation process for a new plan commencing in January 2021. Trustees are continuing to progress and promote this land as an option to assist with meeting SACDC’s housing requirements. The intention would be to dispose of this land to third parties for primarily residential development purposes, together with allocations for educational, social and employment purposes. The proceeds from this disposal would be applied directly to the Trust’s charitable objects, including enabling investment in the Rothamsted campus and providing funding for the ongoing research activities of Rothamsted Research.

On 23 October 2020, the Trust exchanged contracts for the disposal of a 0.6ha site on the boundary of the estate at Hatching Green to a third party, following an extensive marketing campaign. Completion on this disposal is anticipated for early 2022.

The Trust also holds liquid funds in the form of stock market investments and cash deposits.

Intellectual property rights created during the course of operation of the Rothamsted Experimental Station (until 1991), including registered trademarks and copyrights, also continue to belong to the Trust. These were established in the Memorandum of Understanding dated 12 June 2000 between the (then) corporate trustee and Rothamsted Experimental Station (soon after to become Rothamsted Research in the same year). Other archives, including soil and plant archive samples until 1991 also belong to the Trust and are under the guardianship of Rothamsted Research.

Risk Management

The Board of Directors of the Trust – the Trustees – regularly reviews the major risks and principal uncertainties to which the Trust is exposed and the steps which have been taken to mitigate against these. Key risks at 31 March 2021, with the main steps undertaken to mitigate those risks, are:

1. Rothamsted Research is the primary method through which the Trust achieves its charitable Object. Rothamsted Research is reliant for its funding from government sources, primarily BBSRC / UKRI. Given the current political and economic landscape, there are a number of uncertainties in relation to the ongoing levels and sources of this funding. Additional support and new approaches from the Trust may be needed in this regard.
 - *The Trust has strong, active links and communication with Rothamsted Research and BBSRC / UKRI, with the Executive Director meeting key management personnel of both organisations on a regular basis, and the Trust Chairman attending Rothamsted Research Board meetings as an observer.*
2. The promotion of the Trust’s land as a part of the SACDC emerging Local Plan (both the land North-East of Redbourn and also land at Townsend Lane, Harpenden, optioned to Hill Residential) is potentially a significant drain on the Trust’s resources, both financially and in terms of management focus.
 - *A steering committee (comprising the Chairman, a Trustee and a Trustee from Rothamsted Research) meets regularly to monitor and advise the Executive Director’s approach*

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3. The Trust's significant commitment to a range of campus development projects places an excessive strain on finite resources.
 - *The position in relation to commitments and cash flow is reviewed on a regular basis by the Executive Director and reported to the Trustees at each Board meeting.*
4. The Trust continues to attract high calibre Trustees with the most outstanding skills and experience relevant to the Trust's evolving activities and role. It is critical that this is maintained.
 - *The Trustees have undertaken to ensure that the recruitment of suitable new Trustees is a key priority, with the position in relation to current Board composition subject to regular review.*
5. Maintaining the future use, management and financial viability of Rothamsted Manor given its Grade 1 listing and rudimentary facilities.
 - *The Trust, REL and Rothamsted Research work closely together to ensure future uses are available which are in keeping with Rothamsted Manor's listed status.*
6. The impact of the Covid-19 Pandemic on the Trust's resources and operations.
 - *The management teams of LAT, Rothamsted Research and REL have been closely liaising ever since the commencement of the outbreak in 2020, with the CEOs and key directors of all entities attending regular (at least weekly) calls and meetings to discuss developments and agree responses and approaches.*
 - *The lockdowns throughout 2020 and 2021 have had a limited impact on the Trust's activities and income. The Trust has been in close contact with tenants to ensure that long term impacts are mitigated where possible, and has provided support to tenants through rental deferrals where necessary. The Management Team have been in regular contact with Trustees throughout the Pandemic to keep them appraised of risks, issues, and mitigating actions.*

A complete review of the risk register is undertaken at each Trust meeting with a formal register being kept up to date at these meetings. The executive team also regularly reviews and updates the risk register in between Trust meetings. To date, no risks have been identified that are judged to threaten the existence or solvency of the Trust.

Objectives and Activities

The charitable purposes of the Trust as defined in the Articles of Association are: "to advance the science of agriculture for the public benefit through original investigation and research, which may embrace all or any subject(s) connected to or bearing upon agriculture, including animal or vegetable physiology, meteorology, botany and chemistry". These purposes are a re-statement of those in the original Deed of 1889. Like its predecessor, the Trust focuses on the estate and lands at Rothamsted, Hertfordshire and this remains the main base for activity, but the Trust is free to consider other land, entities or locations from time to time.

The Trust ensures compliance with its charitable purposes by building its income and applying most of the assets and proceeds of the Trust to the sponsorship and promotion, either directly or indirectly, of the charitable agricultural research activities of Rothamsted Research, whose agricultural research objects are similar to, and derived from, those of the original Trust¹. There is an extensive programme of public benefit research, public engagement and knowledge transfer undertaken at Trust premises. The Trustees are especially keen to ensure that the research is converted into practical application. This work is reviewed by the Trust through reports of supported projects, provision of an observer from the Trust at Rothamsted Research Board meetings and a bi-annual report from its Institute Director at Trust meetings. Further information on Rothamsted Research and its Reports are available on the web site at <http://www.rothamsted.ac.uk>, or information can be sought on application, from the Company Secretary of the Trust at the principal address as per page 1.

¹ Rothamsted Research's current charitable purposes are: for the benefit of the public to advance the science of agriculture by the initiation, prosecution, development and continuance of investigations and experiments related thereto.

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Thus, the Trust utilises its assets to pursue its purposes through five principal routes:

1. The provision of land and buildings suitable for agricultural and related sciences conducted by Rothamsted Research, on beneficial terms.
 - *This operates as a close partnership with Rothamsted Research and that organisation's main grant-giving and funding body, BBSRC.*
2. The provision of accommodation on a preferential, but defined, limited term basis to PhD students, key workers and other RRes staff, which allows them to live in this very expensive location whilst on modest scientific salaries.
 - *The very significant majority of the residential provision owned by the Trust is available preferentially for students, staff and visitors. These are kept to a good standard and well located with easy access on foot to the scientific facilities. Rothamsted Research identifies the most deserving and appropriate tenants.*
 - *The challenge with these facilities is seeking to ensure they are adequately maintained in order to protect the assets and provide good quality accommodation but, at the same time, keep the charges at affordable levels and that occupancy is both maximised and fairly assigned.*
3. Granting financial support for scientific costs to Rothamsted Research, mainly through a "Director's Vote" fixed annually by the Trustees following proposals made to them. For the current year, the Director's Vote was set at £587,500 (2020 : £500,000).
4. Capital funding provision of diverse facilities deemed to help meet the Trust's purposes, with partners where possible, including technology transfer, sample archive and the like.
5. In addition, the Trust plays a vigorous and lead role in developing the Rothamsted campus to enable interaction with small companies to actively enhance the uptake of agricultural and environmental research output into practice across different communities, in conjunction with REL (as detailed above) and otherwise.
 - *Items 3, 4 and 5 require the generation of cash sums. These can originate from:*
 - a. *Rental income on those Trust's properties made available on the open market at commercial rents. The policy is to maintain these at the highest possible standard to attract high rents and to maximise the properties in this category.*
 - b. *Income from equity and similar investments.*
 - c. *Occasional sale of land and assets to generate capital sums.*

Public Benefit

As a charitable Trust, LAT's primary purpose is the advancement of the science of agriculture for the public benefit. This is primarily achieved through providing support for Rothamsted Research which in turn disseminates knowledge and research with particular emphasis on publication in widely available scientific journals, in the popular agriculture and broader press and through conferences or seminars, many of which are aimed at the wider public. The term "advancement" is taken to include such science becoming widely used in agricultural practice. Thus, it falls within the charitable purpose of "the advancement of the arts, culture, heritage or science". Inevitable ancillary benefits as a result of meeting the primary object that would fall into the categories of advancement of education, the advancement of environmental protection or improvement and, perhaps to a more limited extent, the advancement of health. The Charity Commission specifically mentions scientific research projects under the heading of the advancement of science. The Trustees have complied with Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

As stated in this report LAT provides a range of facilities to Rothamsted Research (whose charitable purposes significantly overlap with those of the Trust) on a highly preferential, exclusive basis as well as modest grants. This charitable activity takes place at the two main sites owned by the Trust - Rothamsted in Hertfordshire (which is the main site for Rothamsted Research) and Broom's Barn in Suffolk, but the output has global reach.

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Trustees closely monitor the activities of Rothamsted Research to ensure that they continue to serve its charitable purpose and meet the requirements of public benefit. The Trustees note that this is achieved by making scientific advances freely available throughout public scientific literature, engaging in knowledge exchange with farmers on an unhindered basis as well as initiating and promoting the wider discussion of scientific matters affecting agriculture, climate change food quality and food security.

Achievements

The Director's Vote was dispensed according to plan. The Trust provides long term support for activities that otherwise would not continue. This allowed the Trust to support, for instance:

- Postgraduate Studentships in partnership with a number of universities.
- Long-term experiments at Rothamsted – the classical field experiments and the insect survey. Although now significantly supported through the National Capability Grants from BBSRC, LAT continues to provide additional and vital funding.
- Student training in a variety of areas at Rothamsted, thereby enhancing the existing development programmes and helping to engage and develop the next generation of scientists.

As noted in Note 15, in January 2020 grant funding totalling £1.7m was obtained from the Hertfordshire Local Enterprise Partnership and the enterprise zone HertsIQ to enable the refurbishment of the Russell Building and bring it into use for letting of individual units to businesses and entrepreneurs in the agri-tech space. In common with the Daniel Hall, these activities (sourcing and looking after commercial tenants) are managed on the Trust's behalf by REL in return for a management fee. Practical completion of the refurbishment works was awarded on 20 November 2020 and at November 2021 the building was around 50% occupied.

Key Performance Indicators

The main beneficiaries of the Trust are Rothamsted Research and its stakeholders who benefit from the research that is undertaken. The Trust also ensures the provision of resources to maintain, refurbish and enhance the built estate. Agricultural science projects at Rothamsted Research are funded through the Director's Vote which this year totalled £587,500 (2020: £500,000).

The Trust continues to provide affordable housing for key workers and visiting workers, whilst maximising the rental income on externally let properties (those properties that are limited to external lets are defined as "investment properties") according to market conditions. In turn, this provides funding for future years' refurbishment plans of all properties, thus maximising long-term rental income for the Trust and providing affordable accommodation for Rothamsted Research staff.

Some criteria used by the Trust to assess performance against its objectives can be summarised below:

- 1) Investment income is monitored by the Board with a more detailed review and assessment carried out by the Investment Committee who liaise directly with the Trust's investment advisors Sarasin and Partners. Six-monthly reports provide performance indicators for the investments against the industry average. The gross dividends and interest income for the year on the investments was £132k (2020: £137k) which remains broadly in line with typical market performance.
- 2) The maintenance of sound rental income against a planned refurbishment program for Trust properties has been operating over several years and continues. In the year, the total estate income (both charitable and investment properties) was £1,680k (2020: £1,754k). See also Notes 5 and 6.

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- 3) Director's Vote funding is approved by the Board and allocated by the Director of Rothamsted Research to sponsor continuing long-term scientific projects. The results of these projects are reported to the Board who monitor and review the results against the Trust's objectives.

Financial Review

The Statement of Financial Activities shows that total funds have increased to £27,502k (2020: £25,976k). Overall estate rental income (including investment properties) decreased slightly to £1,680k (2020: £1,754k) as a result of rent concessions granted due to Coronavirus lockdowns; however over the long term this is expected to increase further as refurbished properties become available and benefit from investment. All such improvements are achieved by utilising on-going income from the estate and therefore estate management costs are monitored closely.

There was further expenditure on properties in the sum of £2.2m (2020: £1.0m), largely as a result of the Russell Building refurbishment referred to above. As stated above, overall income trajectory is set to rise in line with our ongoing estate programme and the overall quality of property stock being both maintained and steadily improved across the whole portfolio. This includes investment into the innovation facilities as part of the Enterprise objectives for the Campus.

The value of the investment portfolio increased by 20% in the past year to a Fair Value of £4,495k (2020: £3,746k). All equity investments are managed by Sarasin & Partners LLP. Direct costs of investment management were £0.3k (2020: £2.6k). The investment in the unlisted, spin-out statistic software company VSN International Limited is valued at £348k (2020: £153k), an uplift which reflects the company's enhanced net assets at the latest reported year end. We are pleased to note that the payment of a dividend of £28k has been received for 2020/21 (2020: £25k).

The Trustees note the level of cash being held in banks (mainly as Barclays Treasury Deposits) has decreased to £972k (2020: £2,030k) as a result of the expenditure on properties.

Payments associated with the Director's Vote, which make an important contribution to the agricultural research at Rothamsted, continued as stated above.

Going Concern

The Trustees have reviewed the current position and projected results of the Trust for the period to 31 March 2023 and, based on this, have continued to prepare the financial statements on a going concern basis. Further detail can be found in the going concern accounting policy on page 19.

Investment Policy

The Trustees' investment mandate is stated in its Articles where the Board has powers: "to deposit or invest its funds in any manner as may be thought fit (including, but not limited to, the establishment of trading or other subsidiaries of any kind), but only after obtaining such advice from a Financial Expert as the Trustees consider necessary and having regard to the suitability of investments and the need for diversification". Dr Graham Birch has extensive investment experience in the City of London and chairs the Investment Sub Committee, which liaises with the appointed investment manager, Sarasin & Partners LLP. The aim of the portfolio is to maximise total return and there are no restrictions placed on the investment portfolio. Sarasin present to all Trustees from time to time.

Note that as stated earlier the Trust holds certain properties as investments as they are not used at all for charitable purposes (i.e. providing accommodation for Rothamsted staff) but rather only to generate an income.

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This is a small number of the total housing stock as the Trust wishes to keep the flexibility that enables the majority to be available for Rothamsted staff if and when necessary.

Fund Raising

The Trust does not actively fund raise, and no professional fund-raisers are engaged. No appeals to members of the public have been made, and no fund raising is carried out on behalf of the Trust.

Reserves Policy

The Trust's policy on the maintenance of reserves seeks to ensure that sufficient reserves are available to enable the Trustees to fulfil the short and longer-term liabilities and obligations of the Trust, as well as fully participating in the development of the Estate at Rothamsted and Brooms Barn in a timely manner. In the context of the latter, the Trustees are of the opinion that this falls clearly within and directly serves the charitable Object of the Trust. Free reserves available for use by the Trust are deemed to be those that are readily realisable, less funds whose uses are restricted or designated for particular purposes. The calculation thus excludes fixed assets, restricted and designated funds. The level of free reserves as at 31 March 2021 was £2,690k (2020: £4,213k). As a broad principle and with due consideration to short term demands, the Trust's overall aim is to invest in facilities rather than be holding cash. It is noted by the Trustees that overall Total Unrestricted Funds stand at £27,502k (2020: £25,976k)

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Statement of Trustees' Responsibilities

The Trustees (who are also the directors of Lawes Agricultural Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

A resolution will be proposed at the Annual General Meeting that RSM UK Audit LLP be re-appointed as auditor to the Trust.

Statement as to Disclosure of Information to Auditors

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

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

On behalf of the Board



Peter Oxley
Trust Secretary

Date: 24 November 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAWES AGRICULTURAL TRUST

Opinion

We have audited the financial statements of Lawes Agricultural Trust (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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 FRS 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 charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 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 within 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 this gives rise to 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.

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 Report of the Trustees', which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Report of the Trustees' has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Report of the Trustees.

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees'.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities 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 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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 and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the charitable company operates in and how the charitable company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Health and Safety, the Landlord and Tenant Act 1985 and the Housing Act 1988. We performed audit procedures to inquire of management whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

RSM UK Audit LLP

SARAH MASON (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants

The Pinnacle, 170 Midsummer Boulevard
Milton Keynes, Buckinghamshire MK9 1BP

Date **24 November 2021**

LAWES AGRICULTURAL TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted Funds General Fund £	Designated Fund £	Total Funds 2021 £	Total Funds 2020 £
Income from:					
Donations		115	-	115	173
Grants	4	882,269	-	882,269	875,366
		882,384	-	882,384	875,539
Investments	5	407,609	-	407,609	435,211
		1,289,993	-	1,289,993	1,310,750
Charitable Activities:					
Estate Management	6	1,404,863	-	1,404,863	1,455,928
Total Income		2,694,856	-	2,694,856	2,766,678
Expenditure on:					
Raising Funds:					
Investment Management Costs	8	(37,530)	-	(37,530)	(487,045)
Charitable Activities:					
Estate Management	7b	(1,488,007)	-	(1,488,007)	(1,369,785)
Research	7b	(587,500)	-	(587,500)	(500,000)
Total Charitable Expenditure		(2,075,507)	-	(2,075,507)	(1,869,785)
Total Expenditure		(2,113,037)	-	(2,113,037)	(2,356,830)
Net Gains on Investments		-	944,552	944,552	1,001,500
Net Income		581,819	944,552	1,526,371	1,411,348
Net Movement in Funds in Year		581,819	944,552	1,526,371	1,411,348
Reconciliation of Funds					
Funds Balance Brought Forward at 1 April		8,535,089	17,440,873	25,975,962	24,564,614
Funds Balance Carried Forward at 31 March		9,116,908	18,385,425	27,502,333	25,975,962

The notes on pages 17 to 32 form part of these financial statements.

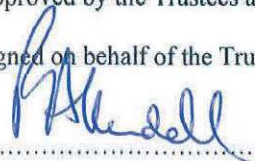
LAWES AGRICULTURAL TRUST
BALANCE SHEET AS AT 31 MARCH 2021

Company Registration No: 8901784

	Notes	Total 2021 £	Total 2020 £
Fixed Assets			
Tangible Assets	10	13,526,524	11,422,317
Investments	11	13,781,005	12,836,454
		<u>27,307,529</u>	<u>24,258,771</u>
Current Assets			
Debtors	12	409,053	1,022,812
Cash at bank and in hand		972,433	2,030,134
		<u>1,381,486</u>	<u>3,052,946</u>
Current Liabilities			
Creditors Falling Due Within One Year	13	(1,186,682)	(1,335,755)
Net Assets	14	<u>27,502,333</u>	<u>25,975,962</u>
Funds			
Unrestricted Funds			
General Fund		9,116,908	8,535,089
Designated Fund			
Capital Reserve Fund		18,385,425	17,440,873
Total Unrestricted Funds		<u>27,502,333</u>	<u>25,975,962</u>
Total Funds		<u>27,502,333</u>	<u>25,975,962</u>

Approved by the Trustees and authorised for issue on 24 November 2021

Signed on behalf of the Trustees.



The notes on pages 17 to 32 form part of these financial statements.

LAWES AGRICULTURAL TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Total 2021 £	Total 2020 £
Net cash generated by operating activities			
Cash generated by operating activities	16	585,130	340,006
Cash flows from investing activities			
Dividends, interest and rent from investments		407,609	435,210
Purchase of tangible fixed assets		(2,250,440)	(285,777)
Net cash (used in)/generated from investing activities		(1,842,831)	149,433
Cash flows from financing activities			
Loans		200,000	(560,939)
Net cash (used by) / generated from financing activities		200,000	(560,939)
Net (decrease) in cash and cash equivalents		(1,057,701)	(71,500)
Cash and cash equivalents at beginning of year		2,030,134	2,101,634
Cash and cash equivalents at the end of year		972,433	2,030,134

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting Policies

General Information

Lawes Agricultural Trust ("the Charity" or "the Trust") is a charitable company limited by guarantee domiciled and incorporated in England. The address of the Company's registered office and principal place of business is Rothamsted, Harpenden, Hertfordshire, AL5 2JQ.

The Charity's principal activities are as detailed in the Report of the Trustees. The charity is a public benefit entity as defined by FRS 102.

Monetary amounts in these financial statements are rounded to the nearest £ except for note 11(e) which is rounded to £000s. Sterling is the functional and presentational currency.

a) Basis of Accounting

The financial statements have been prepared in accordance with FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)).

The financial statements have been prepared under the historic cost convention as modified by the revaluation of investments. The financial statements meet the requirements of the Companies Act 2006, the Statement of Recommended Practice – Accounting and Reporting by Charities (Charities SORP (FRS 102)) and applicable accounting standards so far as these requirements are appropriate.

b) Tangible Fixed Assets

Individual fixed assets costing £3,000 or more are capitalised.

Freehold Land and Buildings are stated at cost and no depreciation on buildings is provided on part of the portfolio, where an assessment of the residual values of the properties at the balance sheet date indicates that no provision for depreciation is necessary. For those buildings where a provision for depreciation is considered material, these are being depreciated over a 50 year estimated useful economic life.

Fixtures, fittings and equipment are stated at cost and depreciated on a straight line basis over their estimated useful life of 10 years.

Collections of Books, Prints and Paintings are stated at deemed cost on transition to FRS 102.

Rare Furniture, Statuary and Effects were stated at deemed cost on transition to FRS 102.

No depreciation is provided on the Rare Furniture, Statuary and Effects, Books, Prints and Paintings as described above. These assets have long useful lives and are not anticipated to be used or consumed or to deteriorate significantly through effluxion of time. Accordingly, the Trustees consider that the residual value of the assets is such that no depreciation is required to be charged. An assessment is made at each reporting date of whether there are indicators that a fixed asset may be impaired.

Intellectual Property is not valued as in the opinion of the Trustees no realistic valuation can be placed on this asset in the absence of an arms' length offer for the purchase thereof.

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021 (continued)

c) **Investments**

Listed investments are stated at the fair value at the Balance Sheet date. Unquoted investments are stated at the Trustees' estimate of fair value.

Investment properties are stated at fair value. Gains and losses arising on revaluation are recognised in the Statement of Financial Activities as these arise.

Undertakings in which the Trust has a long-term interest and which are under joint control are defined as joint ventures. Joint ventures are accounted for at cost.

d) **Taxation**

As a charity, the Trust is not usually liable to corporate taxation on its other income and capital gains. Recovery of taxation is made in respect of donations under gift aid. The Trust is registered for Value Added Tax (VAT) but where VAT is irrecoverable; it is included in the relevant category of expenditure.

e) **Income**

Income, including grants, gift aid receipts and other donations is recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.

Where material, donated services and facilities are included in the Statement of Financial Activities based on the Trustees' estimate of the fair value of the services received.

Investment income is recognised on a receivable basis.

Income from charitable activities represents income received from the Trust's estate management activity and includes rental and other income on estate properties together with surpluses on disposal of any properties. This is recognised on a receivable basis.

f) **Expenditure**

Expenditure is recognised when a liability is incurred:

- Costs of raising funds are those costs incurred in relation to management of the investments.
- Charitable activities include expenditure associated with the Trust's estate management, research activities and grant making, in accordance with the objects of the Trust.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources. Support costs also include costs incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.

g) **Funds Structure**

All funds are unrestricted funds. The Trustees have set up a designated fund and the purpose of this is detailed in Note 14 to the financial statements.

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (continued)

h) Financial Instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument, and are offset only when the Charity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade and other debtors

Trade and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Such debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade and other debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in income or expenditure for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income or expenditure.

Concessionary loans are initially measured at the amount paid, including interest accrued and after impairment, where applicable.

Financial liabilities

Trade and other creditors

Such creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

i) Government Grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Grants are recognised as income when any associated performance conditions are met.

j) Going Concern

The Trustees have adopted the going concern basis in the preparation of these financial statements. Forecasts have been prepared which support this to 31 March 2023. There are no material uncertainties in this assessment.

As noted in the Trustees' Report, while the Trust has seen some residential voids (tenants leaving and not returning in the short term) and a small number of commercial tenants have requested and received rent deferrals (as a result of Covid-19 lockdown restrictions imposed by the UK government during 2020 and early 2021), the impact of the Covid-19 pandemic has had a limited impact on the Trust's overall financial position. Cash and liquid investments remain strong and the Trustees are satisfied that the Trust remains a going concern.

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are considered to be the useful economic lives and residual values of tangible fixed assets (included in Note 10), which is the key estimate in assessing the level of depreciation required, and the fair value of the investment properties (included in Note 11).

Valuation of unlisted investment

The valuation of the investment in VSN International Limited is based on the Trustees' current view of fair value, which is in turn based on the latest published net asset position of VSN International Limited (see Note 11d).

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (continued)

3. Comparative statement of financial activities
For the year ended 31 March 2020

	Notes	Unrestricted Funds General Fund £	Designated Fund £	Total Funds 2020 £
Income from:				
Donations		173	-	173
Grants – LEP		875,366	-	875,366
		<u>875,539</u>		<u>875,539</u>
Investments	5	435,211	-	435,211
		<u>1,310,750</u>		<u>1,310,750</u>
Charitable Activities:				
Estate Management	6	1,455,928	-	1,455,928
Total Income		<u>2,766,678</u>	<u>-</u>	<u>2,766,678</u>
Expenditure on:				
Raising Funds:				
Investment Management costs	8	(487,045)	-	(487,045)
		<u>(487,045)</u>	<u>-</u>	<u>(487,045)</u>
Charitable Activities:				
Estate Management	7b	(1,369,785)	-	(1,369,785)
Research	7b	(500,000)	-	(500,000)
Total Charitable Expenditure		<u>(1,869,785)</u>	<u>-</u>	<u>(1,869,785)</u>
Total Expenditure		<u>(2,356,830)</u>	<u>-</u>	<u>(2,356,830)</u>
Net gains on investments		-	1,001,500	1,001,500
Net income		<u>409,848</u>	<u>1,001,500</u>	<u>1,411,348</u>
Net Movement in Funds in Year		<u>409,848</u>	<u>1,001,500</u>	<u>1,411,348</u>
Reconciliation of Funds				
Funds Balance Brought Forward as at 1 April		8,125,241	16,439,373	24,564,614
Funds Balance Carried Forward as at 31 March		<u>8,535,089</u>	<u>17,440,873</u>	<u>25,975,962</u>

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (continued)

4. Income from Grants

	Total 2021 £	Total 2020 £
LEP Funding (relating to Russell Building refurbishment – see Note 15 and the Trustees' Report)	857,269	875,366
Other Grants	25,000	-
	<u>882,269</u>	<u>875,366</u>

“Other Grants” relates to a one-off non-repayable Covid Business Support grant received from St Albans District Council in relation to the Manor, which qualified for funding as a hospitality venue.

5. Investments

	Total 2021 £	Total 2020 £
Dividends	132,209	130,384
Bank interest	-	6,551
Lettings income	275,400	298,276
	<u>407,609</u>	<u>435,211</u>

6. Income from charitable activities

	Total 2021 £	Total 2020 £
Rental income from estate properties	1,403,053	1,455,592
Sundry income	1,810	336
	<u>1,404,863</u>	<u>1,455,928</u>

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021 (continued)

7a. Support costs

The Trust allocates its support costs as shown in the table below and then further apportions these between the charitable activities undertaken (see Notes 7b and 8). Support costs are allocated on a basis consistent with the use of the resources.

	Raising Funds £	Estate Management £	Governance Costs £	Total 2021 £	Total 2020 £
Staff Costs (see Note 9)	37,278	124,729	37,278	199,285	185,403
Audit fees: RSM UK Audit LLP	-	-	20,498	20,498	17,832
	<u>37,278</u>	<u>124,729</u>	<u>57,776</u>	<u>219,783</u>	<u>203,235</u>
2020	<u>44,356</u>	<u>96,691</u>	<u>62,188</u>	<u>203,235</u>	

RSM UK Tax and Accounting Limited was paid £1,680 (2020: £1,620) for tax services provided during the year.

7b. Analysis of Charitable Expenditure

	2021 £	2020 £
Estate Management - Direct	1,305,501	1,210,906
Estate Management - Support	182,506	158,879
	<u>1,488,007</u>	<u>1,369,785</u>
Estate Management	1,488,007	1,369,785
Research	587,500	500,000
Total	<u>2,075,507</u>	<u>1,869,785</u>

8. Expenditure on Raising Funds

	2021 £	2020 £
Investment management costs	252	2,583
Estate development costs	-	440,106
	<u>252</u>	<u>442,689</u>
Direct costs	252	442,689
Support costs (Note 7a)	37,278	44,356
	<u>37,530</u>	<u>487,045</u>

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (continued)

9. Trustees and Related Party Transactions

The Trust employs 5 staff members, at a cost of £199,285 (2020: £185,403). There was no payment of remuneration to trustees in the year (2020: £Nil). Trustees claimed no reimbursement of travel expenses during the year (2020: £344).

The key management personnel are considered to be the Trustees and the Chief Executive/Company Secretary. The Trustees did not receive any emoluments for their services (2020: £Nil). The costs incurred in relation to the services of the Chief Executive/Company Secretary totalled £72,603 (2020: £91,275). Note that the 2020 figures include VAT charged by Rothamsted Research as a result of the recharge of staff costs; this practice ended in March 2020.

In October 2011, following a change in governance of Rothamsted Research, the Trust became one of three members of Rothamsted Research, and hence related party transactions are required to be disclosed. As one of three equal members, the Trustees consider that the Trust does not have significant influence over Rothamsted Research and does not seek to unduly influence the strategic direction of Rothamsted Research. Full details of this can be found in the Report of the Trustees.

The net balance due to Rothamsted Research at 31 March 2021 was £228,320 (2020: £113,977). Details are in Note 13. Grants paid to Rothamsted Research in respect of research expenditure are detailed in Note 7b above. Rothamsted Research also uses certain of the Trust's tangible fixed asset properties and land held for charitable use as described in Note 10.

The Trust has provided land for the Lawes Open Innovation Hub, the Conference Centre extension and improved car parking at Rothamsted, which has been constructed by Rothamsted Enterprises Limited (REL), a joint venture of the Trust as detailed in Note 11. As set out in Note 12, the Trust has retained an unsecured working capital loan to REL of £50k (2020: £50k), which remains outstanding at the year end. Previously due for repayment on 31 March 2020, the Trustees have agreed (at the 4 December 2019 board meeting) to defer this repayment date to 31 March 2025 if not settled earlier. No interest is charged on this concessionary loan.

The Trust made purchases of £162,129 (2020 £76k) in respect of conference centre facilities, meeting rooms, catering services and commercial tenant management fees. The net balance due to REL (excluding the loan referred to above) was £2,667 (2020: £5,732).

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. **Tangible Assets**

	Freehold land and buildings £	Fixtures, Fittings and Equipment £	Books, Paintings and Furniture £	Total £
Cost/Deemed cost as at 1 April 2020	11,360,071	325,892	729,999	12,415,962
Additions	2,200,449	49,991	-	2,250,440
Cost/Deemed cost as at 31 March 2021	<u>13,560,520</u>	<u>375,883</u>	<u>729,999</u>	<u>14,666,402</u>
Depreciation at 1 April 2020	926,100	67,545	-	993,645
Depreciation charge for the year	110,352	35,881	-	146,233
Depreciation as at 31 March 2021	<u>1,036,452</u>	<u>103,426</u>	<u>-</u>	<u>1,139,878</u>
Net book value as at 31 March 2021	<u>12,524,068</u>	<u>272,457</u>	<u>729,999</u>	<u>13,526,524</u>
Net book value as at 31 March 2020	<u>10,433,971</u>	<u>258,347</u>	<u>729,999</u>	<u>11,422,317</u>
Historical cost as at 31 March 2021	<u>13,560,519</u>	<u>328,860</u>	<u>409,655</u>	<u>14,299,034</u>
Historical cost as at 31 March 2020	<u>11,360,070</u>	<u>325,892</u>	<u>409,655</u>	<u>12,095,615</u>

The freehold land and buildings are included at cost. Some of the land and buildings noted above are occupied by Rothamsted Research based on a bare licence. There is currently no charge for this occupancy.

The freehold additions in the year were capitalised costs relating to the renovation of an existing building, the Russell Building (see Note 15).

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021 (continued)

11. Fixed Asset Investments

	Note	2021 £	2020 £
Investment properties	11a	8,937,129	8,937,129
Quoted investments	11b	4,494,986	3,745,861
Unlisted investment	11c	348,890	153,463
		<u>13,781,005</u>	<u>12,836,454</u>

	2021 £	2020 £
a) Investment Properties at valuation		
Fair value at 1 April 2020	8,937,129	7,812,129
Reclassification of properties (at valuation)	-	400,000
Surplus on revaluation	-	725,000
Fair value at 31 March 2021	<u>8,937,129</u>	<u>8,937,129</u>
Historic cost at 31 March 2021	<u>819,497</u>	<u>819,497</u>

A small number of specific properties are reserved for letting at full market rates to non-Rothamsted tenants and these are designated as investment properties. It is important that all others are available on a fully flexible basis for charitable purposes.

The investment properties are included at the Trustees' estimate of fair value which is based on independent professional advice.

	2021 £	2020 £
b) Movements on Quoted Investments		
Fair value as at 1 April	3,745,861	3,869,361
Additions	62,780	-
Disposals	(62,780)	-
Investment gains/(losses)	749,125	(123,500)
Fair value	<u>4,494,986</u>	<u>3,745,861</u>
Historic cost	<u>2,640,542</u>	<u>2,640,542</u>

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Fixed Asset Investments (continued)

c) Summary of Quoted and Unlisted Investments

	£
Unlisted investment (Note 11d)	348,890
Quoted Equities: Europe	121,917
Quoted Equities: Global	854,246
Hedge Funds	3,205,136
Property	3,109
Liquid Assets-Global	238,671
Cash	71,907
	<hr/>
Fair value as at 31 March 2021	4,494,986
	<hr/>
Historic cost as at 31 March 2021	2,691,270
	<hr/>

Significant investments within the total investment holdings at 31 March 2021 are as follows:

	£	%
Sarasin Global Equity	854,246	19
ICS-INS Sterling Liq- Heritage Account	238,671	5
Sarasin Endowments Fund -Class A INC	3,205,136	71
	<hr/>	<hr/>

d) Unlisted Investment

The Trust holds 2,833 out of 18,195 (15.57%) £0.01 ordinary shares in VSN International Limited which were originally held at a deemed cost of £87,353; but this value was uplifted to £153,463 agreed by the Trustees during the year ended 31 March 2015, based on the net assets of VSN International Limited at that date, and again uplifted during year ended 31 March 2021 to reflect Trustees' view of fair value based on the latest published net asset position of VSN International Limited.

	2021 £	2020 £
Fair value as at 1 April	153,463	153,463
Revaluation	195,427	-
Fair value as at 31 March	348,890	153,463

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (continued)

11. **Fixed Asset Investments (continued)**

e) **Joint Venture Investment**

Rothamsted Enterprises Limited is a joint venture between the Lawes Agricultural Trust (40%), Rothamsted Research Ltd (40%), and the BBSRC (20%). 40% of the results and the assets and liabilities of the joint venture for the year ended 31 March 2021 are set out below:

	2021 £'000	2020 (Restated) £'000
Turnover	654	784
Cost of sales	(324)	(407)
Gross profit	330	377
Administrative expenses	(312)	(353)
Profit before interest and tax	18	24
Taxation	-	-
Interest payable	(1)	-
Retained profit/(loss) for the year	17	24
Net assets / (liabilities) at 1 April	3	(21)
Net assets / (liabilities) at 31 March	20	3
Being:		
Tangible fixed assets	4,039	4,255
Current assets	336	349
Current liabilities: Creditors: due within one year	(64)	(152)
Creditors: due after more than one year	(263)	(209)
Accruals and deferred income (including deferred capital grant)	(4,028)	(4,240)
Net assets / (liabilities) at 31 March	20	3

The results for 2020 have been restated to better reflect the performance of the company: improved presentation by separating out other operating income such as grants from trading turnover within the profit and loss account and moving accruals to short term creditors within the balance sheet. In addition there has been an adjustment to the capital income release to match the associated depreciation charge which has been accounted for as a prior year adjustment. The effect is to reduce the capital reserve creditor by £277,903 and to increase retained profit by the same amount.

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (continued)

12. Debtors

	2021	2020
	£	£
Due within 1 year		
Trade debtors	163,373	102,154
VAT	90,727	119,428
Prepayments and accrued income	104,953	751,230
	<u>359,053</u>	<u>972,812</u>
Due in more than 1 year		
Rothamsted Enterprises Limited - loan	50,000	50,000
	<u>409,053</u>	<u>1,022,812</u>

13. Creditors: amounts falling due within one year

	2021	2020
	£	£
Loan from Hertfordshire Local Enterprise Partnership	200,000	-
Trade creditors	376,598	1,104,445
Amounts due to Rothamsted Enterprises Limited	24,542	5,732
Deferred Income	58,210	47,152
Accruals	373,384	46,835
Deposits	141,636	131,591
Other creditors	12,312	-
	<u>1,186,682</u>	<u>1,335,755</u>

Deferred income above relates wholly to rental income in advance and will all be released in the following year to which it relates.

A £200k short-term unsecured loan was received from the Hertfordshire Local Enterprise Partnership in September 2020 to assist with cash flow in relation to the refurbishment of the Russell Building. This loan was repaid within the agreed terms on 27 September 2021.

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (continued)

14. **Net Assets: analysis between funds**

	Unrestricted Funds	Total
31 March 2021		
	General Fund	Designated Capital Reserve Fund
	£	£
Allocation of Net Assets:		
Tangible fixed assets	6,426,521	7,100,003
Investments	1,676,086	3,167,790
Investment properties	819,497	8,117,632
Net current assets	144,804	-
Long term debtor	50,000	-
	9,116,908	18,385,425
		27,502,333

	Unrestricted Funds	Total
31 March 2020		
	General Fund	Designated Capital Reserve Fund
	£	£
Allocation of Net Assets:		
Tangible fixed assets	4,322,314	7,100,003
Investments	2,559,432	1,339,893
Investment properties	819,497	8,117,632
Net current assets	783,845	883,346
Long term debtor	50,000	-
	8,535,088	17,440,874
		25,975,962

Purposes of funds

The General Fund represents the cumulative results of the Trust other than results reflected in the Capital Reserve Fund.

The Capital Reserve Fund is a Designated Fund contingency reserve created by the Trustees. The purpose of the Fund is to assure the long-term future of the Trust's agricultural research activities. Movements on the Fund represent the realised and unrealised gains / (losses) for the year.

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (continued)

15. Property matters

The Trustees recognise that there is a duty relating to their custodianship of Rothamsted Manor as an historically important Grade 1 listed building. Previously, the lease for the building was with Rothamsted Research Limited under a full repairing and maintenance basis, with significant dilapidations liabilities attaching under the lease. In recognition of the shared responsibility here, and to provide further support to Rothamsted Research, the Trustees agreed at the board meeting on 4 December 2019 to accept a surrender of this lease and to forgive the dilapidations liabilities under that lease. This surrender came into effect as of 3 July 2020. The Trust is currently reviewing options for the maintenance of this asset, including allowing REL to utilise it for functions as a part of its activities.

During 2018/19, the Trust accepted the surrender from Rothamsted Research of the Russell Building. Grant funding totalling £1.7m was obtained from the Hertfordshire Local Enterprise Partnership and the enterprise zone HertsIQ in January 2020 to enable the refurbishment of this asset and bring it into use for letting of individual units to businesses and entrepreneurs in the agri-tech space. In common with the Daniel Hall, these activities (sourcing and looking after commercial tenants) will be managed on the Trust's behalf by REL in return for a management fee. Construction works were ongoing at the year end, with practical completion awarded on 20 November 2020. First tenants moved in during December 2020, and at November 2021 the building was approximately 50% occupied.

16. Reconciliation of net income for the year to net cash generated by operating activities

	2021 £	2020 £
Net income for the year	1,526,371	1,411,348
Dividends, interest and rent from investments	(407,609)	(435,211)
Depreciation	146,233	160,020
(Gain) on investments	(944,552)	(1,001,500)
Operating cash flows before movement in working capital	<u>320,443</u>	<u>134,657</u>
Decrease/(increase) in debtors	613,759	(862,697)
(Decrease)/increase in creditors	<u>(349,072)</u>	<u>1,068,046</u>
Cash generated by operating activities	<u><u>585,130</u></u>	<u><u>340,006</u></u>

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (continued)

17. Financial Instruments

	2021 £	2020 £
Financial assets (investments) at fair value through income and expense	4,843,876	3,899,324

18. Post Balance Sheet Events

On 23 October 2020, following an extensive marketing campaign, the Trust exchanged contracts for the disposal of a 0.6ha site on the boundary of the estate at Hatching Green. Completion is anticipated in early 2022.