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**The Arable Group Limited**

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**Trustees' Report and Financial Statements**

**For the Year Ended 31 March 2020**

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## **The Arable Group Limited**

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## The Arable Group Limited

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### Reference and Administrative Details of the Charity, its Trustees and Advisers For the Year Ended 31 March 2020

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<b>Trustees</b>	J R Harle, Chairman Birketts Directors Limited J E Harrison
<b>Company registered number</b>	192460
<b>Charity registered number</b>	212059
<b>Registered office</b>	93 Lawrence Weaver Road Cambridge CB3 0LE
<b>Company secretary</b>	S Masson
<b>Chief executive officer</b>	Dr T L Barsby OBE
<b>Independent auditors</b>	Crowe U.K. LLP Statutory Auditors 55 Ludgate Hill London EC4M 7JW
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP
<b>Solicitors</b>	Birketts LLP 22 Station Road Cambridge CB1 2JD

## TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT

### STRATEGIC REVIEW

#### Background

The Arable Group Limited (TAG) was incorporated in September 1923 as the Norfolk Agricultural Station. It became a member of the NIAB Group in September 2009, and the current activities focus on the potato crop following acquisition of the Cambridge University Farm Potato Agronomy Unit (CUF) in 2012.

As part of the NIAB Group, CUF continues to lead the way in developing a greater understanding of the potato crop and its cultivation. Access to NIAB's genetic research, agronomy and national trialling capabilities provides opportunities to address soil management, input use, varietal selection and new product development.

#### Mission and Vision

Our mission is to support 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.

#### Strategy

The aim of TAG's scientific work is to conduct innovative applied science and research to support the production of horticultural and agricultural crops, delivering knowledge, products and services to UK and international growers, industries and public bodies through focus on translating science into practise.

Working with, and funded by industry, levy boards, charities, partner organisations and institutions, we are committed to ensuring the benefits of high-quality

research are transferred effectively into practical agriculture.

The research is largely field based and closely integrated with knowledge transfer. Information is disseminated through the publication of scientific papers, and provision of information via the NIAB TAG Network and the Cambridge University Potato Growers Association (CUPGRA), as well as to the breeding and crop protection industries.

#### Public Benefit

The Arable Group seeks to:

- advance science for public benefit, primarily by providing the mechanism to deliver the promise of crop science in addressing global and local challenges;
- conduct applied and translational research in genetics and agronomy;
- disseminate knowledge through the promotion of research and development work and the publication of the useful results thereof for the benefit of the industry and general public;
- provide training to students, and access to training for the wider industry;
- 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 Charities Commission. Based on this guidance, and as described in this Trustees' report, the Trustees believe the activities of The Arable Group Limited to be charitable in nature.

## Performance

Our performance against the 2019/20 objectives is highlighted in the table below:-

Objectives	Performance
Develop relationship with university as part of the Crop Sciences Centre	We have continued to participate in joint research projects with the University of Cambridge. Through CUPGRA there will be funding to Cambridge University and the Crop Science Centre, for fellowships.
Move the operational activity from the older buildings into new specialist designed buildings within the NIAB Trust portfolio of developed operational buildings	The new buildings were completed in the year on time and on budget and operational activity will be moved from the older buildings during the year 2020/21
Expand extension services by adding further functionality to the digital potato crop modelling service and marketing it to key growers in the sector	The potato yield model has been developed further this year and was digitalised into a commercial product which is now in the process of being marketed.
Continue to extend research and service collaborations overseas	By aligning our long term research plans with other researchers worldwide, we have submitted collaborative research bids to a variety of funders.

## Objectives for 2020/21

The Arable Group planned to address the following objectives for the year 2020/21:-

- Through collaboration with NIAB commercialise the potato yield model and generate income from sales of the related IP
- Move the activities into the new buildings
- Assist in the appointment of fellowships under the funding of CUPGRA to the university
- Continue to extend research and service collaborations overseas.

## Related parties

Other than other group entities within the NIAB group there were no related parties.

## Fundraising

The Arable Group does not undertake fundraising activities.

## FINANCIAL REVIEW

### Income

The total incoming resources for the period were £370k (2019: £342k). This income is derived from a mixture of research contracts, as well as recharge of costs to other group companies relating to contracts recognised by another group entity.

### Expenditure

The outgoing expenditure totalled £545k (2019: £342k). The main operating costs relate to payroll, support services and premises costs. During the course of the year, the overall staffing numbers have remained the same, the staff costs in note 8 shows a reduction of £29k. Included within the expenditure sum is a total of £33k of support costs (2019: £116k). The Arable Group is integrated within the wider NIAB Group Structure, and the support costs are recharged to the charity by NIAB.

### Capital Expenditure

The charity funds capital purchases from unrestricted income. No purchases were made in the year (2019: nil).

### Business Review and key performance indicators

The Arable Group continue 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.

In working towards the charitable objectives of The Arable Group, the following are considered among the Key Performance Indicators:-

	2020	2019
Charitable Income	£370k	£342k
Staff Costs	£228k	£257k
Average Staff Numbers	5	5
Support Costs	£33k	£116k

The overall income is a measure of the charity's ability to maintain a sustainable research facility. The staff costs and number of staff are also an important measure. Although the staff costs have fallen during the year within the Arable Group, the activities have been supported by staff in other group companies. It is important that support costs are controlled tightly, to ensure the overall operating costs of the charity do not exceed the costs recoverable on the grants and contracts that have been awarded.

### Subsidiaries and related parties

The Arable Group is part of the NIAB Group of companies; NIAB (Charity No: 1064230) controlling The Arable Group through its membership of the charity.

The results of The Arable Group are consolidated into NIAB's financial statements. Commercial activities are routed through NIAB Trading, a subsidiary of NIAB.

### Reserves Policy

The Trustees have reviewed the reserves of the charitable company. The review encompasses the nature of the income and expenditure streams, the need to match variable income with fixed commitments, and the nature of the reserves.

The Trustees are also cognisant of the fact that the charity is a subsidiary of NIAB and therefore dependant on NIAB. The going concern section of this report outlines this dependency.

Given the current state of agriculture, the trustees concluded that to facilitate long term planning they would aim to achieve a general reserve, equivalent to two months' unrestricted fund expenditure.

At 31 March 2020 charity reserves excluding fixed assets stood at negative £66,000, compared with the position at 31 March 2019 of positive £97,000.

## Going Concern

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

The ultimate parent undertaking is NIAB (charity no: 1064230).

The trustees have reviewed the cash flows and management accounts supporting its own and NIAB's activities through to March 2022.

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 the charity can continue to pay its debts as they fall due. This is supported by NIAB confirming its continued financial support for the charity through to March 2022.
2. The continued support of the National Institute of Agricultural Botany Trust (TRUST) to NIAB group through the provision of facilities and funding support which has been confirmed through to March 2022.
3. The TRUST's joint responsibility to the Pension Scheme including to fund future Pension Scheme Recovery Plan payments

After making enquiries and considering the uncertainties described above, the trustees therefore have a reasonable expectation that the company 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 and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis

## Accounting Period

The financial year end is 27 March 2020, however the financial statements continue to be prepared to 31 March 2020 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. As part of NIAB risk management processes NIAB Finance Committee and its Executive regularly review the Risk Register and the Risk Management Policy and make recommendations to the NIAB Board for consideration. The Board reviews and updates the risk registers at each meeting. Annually the Executive carry out a review of the Quality Management system, including the activities undertaken within The Arable Group, which incorporates health and safety and other risk based internal audits

### Principal Risks and Uncertainties

Risk Area	Risk	Management
Covid-19	<ul style="list-style-type: none"> <li>On site infection of staff or visitors</li> <li>Loss of income</li> <li>Access to property to carry out activities</li> <li>Loss of key staff</li> </ul>	<ul style="list-style-type: none"> <li>The Trustees adopted a policy covering hygiene and social distancing</li> <li>Monitoring of government guidelines and implementation of local rules regarding hygiene and social distancing</li> <li>Use of government furlough scheme</li> <li>Early and ongoing discussion with key funders</li> <li>Regular and frequent Executive meetings and staff communications.</li> <li>Risk assessments for utilisation of buildings and carrying out of activities and for return to work by employees</li> <li>Change in delivery of activities e.g. in the field, running on line seminars and events</li> <li>Buildings remaining open but with flexibility (opening times, one way system, provision of PPE, cleaning facilities, risk assessments</li> <li>Support of remote working</li> </ul>
Customer / Stakeholder	<p>Loss of work funded by the Potato Council (AHDB)</p> <p>Dependence on NIAB the parent charity</p>	<p>NIAB and CUPGRA have appointed a jointly funded bid writer/bid developer. The financial strategy of the charity is closely interlinked with that of the parent charity NIAB. The charity operates within the Agronomy business unit and forms part of the strategy of that unit. A five year plan is being produced for the 5 years to 2025 which encompasses the activities of the charity.</p>



Financial Risks	USS Pension Scheme	This is a multi-employer scheme. Consultation regarding the 2018 valuation exercise has completed and increased contributions have been proposed. The number of employees who are members of the scheme dropped to 1. A valuation is due on 31 March 2020 which is expected to require a significant increase in contributions. In the context of the NIAB group this will remain small but further support from the NIAB group may be necessary.
Environmental / External	Site development interferes with on-going activities	Careful monitoring of critical areas /activities throughout the process. Stakeholder representation on the NIAB Development Group. Detailed plans for moving equipment and people have been drafted.

## STRUCTURE, GOVERNANCE and MANAGEMENT

### Members

NIAB is the sole category A member of The Arable Group Limited. Category B members, who do not have voting rights, comprise the membership of the NIAB TAG Network.

### Board of Trustees

The Board of Trustees comprises the Chair and up to eleven additional trustee directors. The following Trustees have served during the period:-

J R Harle	(Chair)
Birketts Directors Limited	
J E Harrison	

### Recruitment, induction and training of Trustees

The Arable Group 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 Arable Group Limited is a Company limited by guarantee (registration number 192460) and was incorporated on 12 September 1923 as The Norfolk Agricultural Station. NIAB became the sole voting member in September 2009 when The Arable Group became a subsidiary of NIAB.

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) (effective 1 January 2015).

### Trustee Remuneration

The Arable Group does not remunerate the Trustees.

### Decision making and key management

The Board of Directors (Trustees) administer the company, and meet regularly. A Chief Executive is appointed by the directors to manage the day to day operations of the company. To facilitate effective operations, the Chief Executive 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 Arable Group. As The Arable Group forms part of a larger group it is managed on a group basis.

### Employees

The average number of employees for the period was 5. 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.

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

### Liability Insurance

The Trustees have effected 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 The Arable Group Limited 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 Generally Accepted Accounting Practice (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 they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

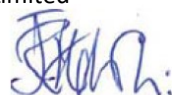
- so far as each Trustee is aware, there is no relevant audit information of which the auditors are unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

### Independent Auditors

A resolution to reappoint Crowe U.K. LLP, Chartered Accountants, will be put to the members at a General Meeting, in accordance with section 485 of the Companies Act 2006.

The Trustees approve the Trustees Report incorporating the Strategic Report, and financial statements which are signed on behalf of the Board of Trustees of The Arable Group Limited



J R Harle, Chairman

Date : 8 December 2020

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## The Arable Group Limited

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### Independent Auditors' Report to the Members of The Arable Group Limited

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#### Opinion

We have audited the financial statements of The Arable Group Limited (the 'charity') for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance sheet, and the related notes, including a summary of 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 charitable company's affairs as at 31 March 2020 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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## The Arable Group Limited

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### Independent Auditors' Report to the Members of The Arable Group Limited (continued)

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#### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. 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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.

#### Opinion 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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

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

In the light of our 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 Trustees' Report.

We have nothing to report in respect of the following matters in relation to which 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

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## The Arable Group Limited

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### Independent Auditors' Report to the Members of The Arable Group Limited (continued)

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#### Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement set out on page 9, 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.

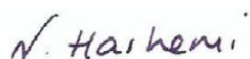
#### Auditors' responsibilities for the audit of the financial statements

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 Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' 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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Naziar Hashemi (Senior statutory auditor)**

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditors

55 Ludgate Hill

London

EC4M 7JW

Date: 18 December 2020

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**The Arable Group Limited**

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**Statement of financial activities (incorporating income and expenditure account)  
For the Year Ended 31 March 2020**

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	Note	Unrestricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
<b>Income from:</b>				
Charitable activities	3	370	370	342
		<hr/> 370	<hr/> 370	<hr/> 342
<b>Total income</b>				
<b>Expenditure on:</b>				
Charitable activities	4	545	545	342
		<hr/> 545	<hr/> 545	<hr/> 342
<b>Total expenditure</b>				
		<hr/> (175)	<hr/> (175)	<hr/> -
<b>Net movement in funds</b>				
<b>Reconciliation of funds:</b>				
Total funds brought forward		198	198	198
		<hr/> 23	<hr/> 23	<hr/> 198
<b>Total funds carried forward</b>				

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

The notes on pages 15 to 30 form part of these financial statements.

**The Arable Group Limited**  
Registered number: 192460

**Balance Sheet**  
**As at 31 March 2020**

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	10	89	101
		<u>89</u>	<u>101</u>
<b>Current assets</b>			
Debtors	11	1,096	940
Cash at bank and in hand		7	30
		<u>1,103</u>	<u>970</u>
Creditors: amounts falling due within one year	12	(1,133)	(827)
<b>Net current liabilities / assets</b>		<u>(30)</u>	<u>143</u>
<b>Total assets less current liabilities</b>		<u>59</u>	<u>244</u>
Creditors: amounts falling due after more than one year	13	(36)	(46)
<b>Total net assets</b>		<u><u>23</u></u>	<u><u>198</u></u>
<b>Charity funds</b>			
Restricted funds	14	-	-
Unrestricted funds	14	23	198
<b>Total funds</b>		<u><u>23</u></u>	<u><u>198</u></u>

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 have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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

**J R Harle**



Date: 8 December 2020

The notes on pages 15 to 30 form part of these financial statements.



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## The Arable Group Limited

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### Notes to the Financial Statements For the Year Ended 31 March 2020

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#### 1. General information

The financial statements have been prepared in accordance with 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) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The particular accounting policies adopted in the preparation of the financial statements are set out below and have been applied consistently.

The Arable Group Limited 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 note(s).

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The charity has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.30 to 11.48a;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29.

##### 2.2 Fund accounting

###### *General unrestricted funds*

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

###### *Restricted funds*

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

##### 2.3 Incoming resources

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

Income from charitable activities:

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

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.4 Accrued and deferred income**

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

**2.5 Resources expended**

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

**Support costs**

Support costs which include central office functions such as general management, finance, information technology and human resources are allocated across categories of expenditure. The basis of the cost allocation is consistent with the use of the resource e.g. staff costs by time spent and other costs by their usage.

**Governance costs**

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

All expenditure is inclusive of irrecoverable VAT.

**2.6 Research and development**

All research and development costs are written off as incurred.

**2.7 Tangible fixed assets and depreciation**

All tangible fixed assets are stated at historical cost.

Depreciation is provided on fixed assets at rates sufficient to write off the costs of the assets less their estimated residual value over their expected useful lives on a reducing balance basis.

Depreciation is provided on the following basis:

Implements and machinery	-	10%
Motor vehicles	-	25%
Fixtures and fittings	-	15%
Computer equipment	-	33%

**2.8 Financial instruments**

The charity only has 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.

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.9 Operating leases**

Annual rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

**2.10 Pensions**

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 charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Under FRS102 the charity has accounted for the present value of the recovery plan contributions payable as identified in the most recent funding agreement.

The Arable Group Limited also operates a money purchase scheme. For these, the pension costs charged in the financial statements represent the contributions payable by the company during the year.

**2.11 Foreign currencies**

The Arable Group Limited does not hold any foreign currency accounts. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the Statement of Financial Activities.

The charity's functional and presentational currency is GBP.

**2.12 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.

**2.13 Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2.14 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.

**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.15 Going concern**

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

The ultimate parent undertaking is NIAB (charity no: 1064230).

The trustees have reviewed the cash flow and management accounts supporting its own and NIAB's activities through to March 2022.

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 the charity can continue to pay its debts as they fall due. This is supported by NIAB confirming its continued financial support for the charity through to March 2022.
2. The continued support of the National Institute of Agricultural Botany Trust (TRUST) to NIAB group through the provision of facilities and funding support which has been confirmed through to March 2022.
3. The TRUST's joint responsibility to the Pension Scheme including to fund future Pension Scheme Recovery Plan payments

After making enquiries and considering the uncertainties described above, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**2.16 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 10.
- Income, which has been recognised in accordance with the work completed on contracts.
- Retirement benefits, the liability for which has been calculated in line with the accounting policy above. Note 16 contains details of the estimates made in this calculation.

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The Arable Group Limited

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Notes to the Financial Statements  
For the Year Ended 31 March 2020

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3. Income from charitable activities

Current year

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000
Income from charitable activities - Agricultural Services	370	-	370

The total income includes recharges made by The Arable Group to NIAB and to NIAB Trading Ltd, where the crop agronomy and research is contracted to a different group company.

Prior year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Income from charitable activities - Agricultural Services	272	70	342

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**The Arable Group Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**4. Analysis of expenditure on charitable activities**

**Summary by fund type**

Current year

	<b>Unrestricted funds 2020 £000</b>	<b>Restricted funds 2020 £000</b>	<b>Total funds 2020 £000</b>
Agricultural Services	545	-	545

Prior year

	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Agricultural Services	272	70	342

**5. Analysis of expenditure by activities**

Current year

	<b>Activities undertaken directly 2020 £000</b>	<b>Support costs 2020 £000</b>	<b>Total funds 2020 £000</b>
Agricultural Services	512	33	545

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**The Arable Group Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**5. Analysis of expenditure by activities (continued)**

Prior year

	<i>Activities undertaken directly 2019 £000</i>	<i>Support costs 2019 £000</i>	<i>Total funds 2019 £000</i>
Agricultural Services	226	116	342

**Analysis of support costs**

	<b>Total funds 2020 £000</b>	<i>Total funds 2019 £000</i>
Management	1	31
Finance	2	25
Information Technology	2	25
Human resources	3	7
Governance	25	28
	<b>33</b>	116

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

**6. Auditors' remuneration**

	<b>2020 £000</b>	<i>2019 £000</i>
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	3	3

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## The Arable Group Limited

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### Notes to the Financial Statements For the Year Ended 31 March 2020

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#### 7. Staff costs

	2020 £000	2019 £000
Wages and salaries	190	220
Social security costs	18	19
Contribution to defined contribution pension schemes	5	5
Operating costs of defined benefit pension schemes	15	13
	<u>228</u>	<u>257</u>

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

	2020 No.	2019 No.
Technical and scientific	<u>5</u>	<u>5</u>

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	1	1

The key management personnel are:

Dr T L Barsby  
S M Knight  
S C Masson  
D A S Neill

#### 8. Trustees' remuneration and expenses

No Trustees received any remuneration or other benefits during the year and no Trustee expenses were incurred during the year (2019 - £Nil and £Nil).

#### 9. Taxation

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

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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**The Arable Group Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**10. Tangible fixed assets**

	Implements and machinery £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2019	143	19	162
At 31 March 2020	143	19	162
<b>Depreciation</b>			
At 1 April 2019	47	14	61
Charge for the year	11	1	12
At 31 March 2020	58	15	73
<b>Net book value</b>			
At 31 March 2020	85	4	89
At 31 March 2019	96	5	101

**11. Debtors**

	2020 £000	2019 £000
<b>Due within one year</b>		
Trade debtors	10	-
Amounts owed by group undertakings	1,014	864
Other debtors	-	1
Prepayments and accrued income	72	75
	1,096	940

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The Arable Group Limited

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Notes to the Financial Statements  
For the Year Ended 31 March 2020

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12. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	9	23
Amounts owed to group undertakings	1,044	746
Other taxation and social security	7	9
Other creditors	2	8
Accruals and deferred income	71	41
	<u>1,133</u>	<u>827</u>
	2020 £000	2019 £000
Deferred income at 1 April 2019	4	1
Resources deferred during the year	-	4
Amounts released from previous periods	(4)	(1)
Deferred income at 31 March 2020	<u>-</u>	<u>4</u>

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

	2020 £000	2019 £000
Other creditors	<u>36</u>	<u>46</u>

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**The Arable Group Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**14. Statement of funds**

**Statement of funds - current year**

	Balance at 1 April 2019 £000	Income £000	Expenditure £000	Balance at 31 March 2020 £000
<b>Unrestricted funds</b>				
Unrestricted funds	198	370	(545)	23

**Statement of funds - prior year**

	<i>Balance at 1 April 2018 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Balance at 31 March 2019 £000</i>
<b>Unrestricted funds</b>				
Unrestricted funds	198	272	(272)	198
<b>Restricted funds</b>				
Restricted Grant income	-	70	(70)	-
<b>Total of funds</b>	198	342	(342)	198

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The Arable Group Limited

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Notes to the Financial Statements  
For the Year Ended 31 March 2020

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15. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	89	89
Current assets	1,103	1,103
Creditors due within one year	(1,133)	(1,133)
Creditors due in more than one year	(36)	(36)
<b>Total</b>	<b>23</b>	<b>23</b>

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	101	101
Current assets	970	970
Creditors due within one year	(827)	(827)
Creditors due in more than one year	(46)	(46)
<b>Total</b>	<b>198</b>	<b>198</b>

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## The Arable Group Limited

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### Notes to the Financial Statements For the Year Ended 31 March 2020

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#### 16. Pension commitments

##### Defined Benefit Pension Scheme

	2020 £'000	2019 £'000
Liability less than 1 year	2	1
Liability more than 1 year	36	46
Total	<u>38</u>	<u>47</u>

Since the charity cannot identify its share of the assets and liabilities of the USS scheme, the following disclosures have been provided by the respective pension schemes to reflect those relevant for the schemes 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 2018 to meet the requirements of the Pensions Act 2004 and was published in September 2019. This actuarial valuation shows a shortfall of £3.6bn in the USS with the scheme assets being sufficient to cover 95% of its 'technical provisions' liabilities.

Based on this valuation the actuary has determined that USS funding rates will increase from the current total of 26% of salaries (employer 18%, employee 8%) to 34.7% of salaries (employer 23.7%, employee 11.0%) in stages up to 1 October 2021. These contribution rates include:

- provisions for the employer cost of future accruals of DB benefits,
- contributions of 2% from 1 October 2019 increasing to 6% from 1 October 2021 towards the correction of the DB past service deficit,
- contributions of 0.4% to cover certain administrative expenses and PPF levies, and
- the employer contributions towards DC benefits.

The past service deficit contributions are expected to correct the deficit by 30 June 2028 if experience is borne out in line with the assumptions made for the recovery plan. To reflect the liability for these contributions the Institute 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 2020 are shown below.

Further details on, and a copy of, the 2018 Actuarial Valuation of the USS can be found on the USS website.

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## The Arable Group Limited

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### Notes to the Financial Statements For the Year Ended 31 March 2020

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#### 16. Pension commitments (continued)

Further information on the 2018 actuarial valuation of the USS Scheme is included below:

Of the charity's 5 employees at 31 March 2020 (2019: 5), 2 were members of USS (2019: 3).

The Arable Group Limited's calculated share of the USS defined benefit pension liability amounts to £38k (2019: £47k) and the total cost charged to the Statement of Financial Activities in respect of USS amounts to £16k (2019: £13k).

The liability has been re-calculated using the USS model provided with reference to the remaining deficit recovery period of 10 years from 2018 to 2028. Since the charity cannot identify its share of the assets and liabilities of the USS scheme, the following disclosures have been provided by the respective pension schemes to reflect those relevant for the schemes as a whole.

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

	2020	2019
Discount rate	2.3%	2.5%
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:

	2020 £'000	2019 £'000
Employer contributions	22	21
Contributions allocated to deficit provision	1	3
Change in contributions from past expectations	(9)	(11)
Contribution costs total	14	13
Interest payable	2	2
Pension costs total	16	15

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**The Arable Group Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 March 2020**

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**16. Pension commitments (continued)**

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

	2020	2019
Discount rate	2.3%	2.5%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.7%	2.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions are based on the following mortality tables:

	Pre-retirement	Post-retirement
2018		
Male members mortality	71% of AMC00 (duration 0)	97.6% of SAPS S1NMA "light"
Female members mortality	112% of AMFG00 (duration 0)	102.7% of RFV00
2017		
Male members mortality	98% of S1NA ("light" YoB tables - No age rating	
Female members mortality	99% of S1NA ("light" YoB tables - rated down 1 yearNo age rating	

Future improvements to mortality are based on the Continuous Mortality Investigation's (CMI) 2017 projections with smoothing parameter of 8.5 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:

	2020	2019
Males currently aged 65 years	24.4	24.4
Females currently aged 65 years	26.3	26.6
Males currently aged 45 years	25.9	26.5
Females currently aged 45 years	27.7	29.0

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

	2020	2019	2018
Scheme assets	£66.5bn	£67.4bn	£63.7bn
Total scheme liabilities	£79.4bn	£72.8bn	£67.3bn
FRS102 Total scheme deficit	£12.9bn	£5.4bn	£3.6bn
FRS102 Total funding level	84%	93%	95%

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## The Arable Group Limited

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### Notes to the Financial Statements For the Year Ended 31 March 2020

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#### 17. Operating lease commitments

At 31 March 2020 the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	27	46
Later than 1 year and not later than 5 years	-	11
	<u>27</u>	<u>57</u>

The following lease payments have been recognised as an expense in the Statement of financial activities:

	2020 £000	2019 £000
Operating lease rentals (vacated October 2020)	<u>57</u>	<u>57</u>

#### 18. Related party transactions

The charitable company has taken advantage of the exemption conferred by Financial Reporting Standard 102 not to disclose any transactions with its parent undertaking and wholly owned subsidiary undertakings. No transactions have been undertaken with key management personnel during the year (2019: None).

#### 19. Members

The charitable company is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of 25 pence in the event of the company being wound up. At 31 March 2020 there were 1 Category A and 3 Category B members. A Category A member has voting rights, the Category B members have the right to attend statutory meetings.

#### 20. Immediate and Ultimate Parent undertaking

The immediate and ultimate parent undertaking of this company is NIAB, which is incorporated in England and is a registered charity. The consolidated accounts of NIAB are available from its registered office at 93 Lawrence Weaver Road, Cambridge, CB3 0LE.