
National Institute of Agricultural Botany Trust

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

National Institute of Agricultural Botany Trust

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National Institute of Agricultural Botany Trust

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

Trustees

J W Lewis, Chairman
Dr. C W Looker
R Pemberton
R C Butler (appointed 4 December 2018)
J A Elliot (appointed 4 December 2018)
Dr. H Ferrier (appointed 4 December 2018)
C B Montgomery (resigned 3 December 2018)
A W D Pexton OBE (resigned 3 December 2018)
J B Shropshire OBE (resigned 10 September 2018)
A M Slack (resigned 21 August 2019)

Company registered number 7823588

Charity registered number 1144528

Registered office Huntingdon Road
Cambridge
CB3 0LE

Independent auditors Crowe U.K. LLP
Statutory Auditors
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Bankers Barclays Bank plc
1 Churchill Place
Canary Wharf
London
E14 5HP

Lloyds Bank plc
Sidney Street
Cambridge
CB2 3HQ

Solicitors Birketts LLP
22 Station Road
Cambridge
CB1 2JD

Ashton KCJ
Chequers House
77-81 Newmarket Road
Cambridge
CB5 8EU

National Institute of Agricultural Botany Trust

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Property

Bidwells
Trumpington Road
Cambridge
CB2 2LD

St Andrews Bureau
18 Mill Road
Cambridge
CB1 2AD

Strutt and Parker
66-68 Hills Road
Cambridge
CB2 1LA

Carter Jonas LLP
One Station Square
Cambridge
CB1 2GA

Savills
132-134 Hills Road
Cambridge
CB2 8PA

TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT

STRATEGIC REVIEW

Background

The National Institute of Agricultural Botany was founded by Deed of Trust in 1919. It was regulated by a scheme made by the Secretary of State for Education and Science until 1998, when a new structure was agreed which saw the formation of two charities which would operate in tandem. The National Institute of Agricultural Botany Trust provide land, facilities and financial support to NIAB, which the Trust determine is the preferred vehicle to deliver its charitable activities. The activities of the unincorporated Trust were transferred to a new charitable company of the same name in 2012.

Mission and Vision

The specific objects of the National Institute of Agricultural Botany Trust are the promotion of agriculture, horticulture and arboriculture anywhere in the world by charitable means, including the provision of support to NIAB. (Charity No. 1064230).

NIAB's 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.

NIAB's 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 strategy of the Trust is to support NIAB through the provision of land, facilities and finance for investment in scientific research. The current focus is on the provision of facilities, and in recent years the Trust has embarked on a programme of land sales and the renewal of the facilities which NIAB occupies.

Having recently completed stage one of a site development programme, the Trust has now confirmed the next stage of its development programme.

The focus remains on the provision of state of the art research facilities, creating a Crop Science Campus on the outskirts of Cambridge.

Completing a programme of re-investment will provide a new HQ Building off Lawrence Weaver Road, as well as the augmentation of facilities at the Park Farm Site.

These facilities will underpin crop science research, globally supporting the activities of NIAB, including the partnership with Cambridge University, the Crop Science Centre.

Public Benefit

The Trust provides facilities, research funding and other support to NIAB, which has underpinned the provision of independent science-based research and information to agriculture. The Trust seeks to:

- advance science for public benefit, primarily through the provision of funding and facilities to NIAB ;
- support the transfer of plant science into practice, through the support provided to NIAB Innovation Farm and the Crop Science Centre which will foster the translation of fundamental research into crop pre-breeding activities, and provide a forum for plant breeders and crop protection industries to address key bottlenecks in crop genetic diversity and resource use at the field scale; and
- promote agriculture, horticulture and arboriculture anywhere in the world by such charitable means as the Directors shall determine. NIAB's research has global reach, and through a number of partnerships, addresses issues in agriculture in developing countries as well as in the developed 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 National Institute of Agricultural Botany Trust to be charitable in nature.

Performance

Our performance against our 2018/19 objectives are highlighted in the table below:-

Objectives	Performance
In collaboration with the University of Cambridge, progress the delivery of a new state of the art physical centre and laboratory, which will serve as a hub to support crop science globally.	The collaboration with Cambridge University continues to progress well. Planning permissions received and construction started on the buildings as part of the larger development for a new head office building for NIAB. The project remains on time and on budget.
To conclude the tender process for development works at the Park Farm and Bingham sites, to be funded by appropriate bank finance; the sale of the existing HQ site and consortium land sales.	Significant resources have been devoted to support this objective. The first of two key building projects was completed and occupied in the year and the second building underway. Both of these project on time and on budget. Sales of properties continue to complete on schedule.
Provision of facilities, research funding and covenant support to NIAB.	The Trust continues to support NIAB in the provision of facilities and research funding. The site development activities are providing new and replacement facilities which the Trust believe will underpin the delivery for charitable activities for the foreseeable future. The Trust has resolved to provide covenant support to NIAB in respect of the NIAB Pension Scheme deficit and will pursue Charity Commission approval for this action.

Objectives for 2019/20

The National Institute of Agricultural Botany Trust will address the following objectives in the forthcoming year:-

- Complete the buildings works at Park Farm and the Crop Science Centre on time and on budget.
- Consider further funding opportunities to continue to develop the Park Farm site.
- Finalise and implement the agreements with NIAB and the NIAB Pension Scheme resulting in the regulatory action by the Pensions Regulator to cease.
- Provision of facilities, research funding and covenant support to NIAB.

FINANCIAL REVIEW

Income

The total incoming resources for the year were £4,314k (2018: £854k). The income is derived from charges for the use of the Trust's charitable assets, as well as investment income and other activities. Other funding sources include proceeds from sale of surplus assets from property developers.

Expenditure

The total outgoing expenditure totalled £4,462k (2018: £3,275k). Costs directly associated with the provision of research facilities to NIAB totalled £2,131k (2018: £534k) and the total cost of research funding was £1,000k (2018: £1,018k).

Capital Expenditure

The charity funded the capital purchases from unrestricted reserves. Capital additions for the year total £18,498k (2018: £1,957k).

Business Review and key performance indicators

The Trustees are considering the most appropriate Key Performance Indicators by which the development, performance or position of the various elements of its operation can effectively be measured.

The following financial indicators have been reviewed:-

	2019	2018
	£'000	£'000
Charitable Expenditure	4,960	3,275
Income from Investments	305	271
Support Costs	580	662

The Charitable Expenditure is a measure of the facilities and research funding provided to NIAB. The Trustees are reviewing how they can best show the impact of this funding, which has been directed at supporting public benefit plant genetic research.

Investment Policy

Land

Surplus land assets are subject to a consortium agreement and will be disposed of in due course. The Trustees will seek to obtain the maximum sale proceeds available.

Redundancy Fund

Capital sums are held separately in respect of the NIAB Redundancy Fund. This fund was established to provide for the redundancy costs associated with staff in post as at 31 March 1996. Interest on capital is refunded to Defra, together with repayment of capital when staff leave NIAB through retirement/resignation. Sums relating to this fund are disclosed within note 14. The capital sum relating to the 1996 provision at 31 March 2019 was £936k (2018: £936k).

Going Concern

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

The Trust delivers its charitable objects primarily through its support for NIAB (Charity No: 1064230). The two charities were formed in 1998, following the separation of the National Institute of Agricultural Botany from government in 1996. The Trust held the charitable assets from the original charitable scheme, and the operational activities were transferred to NIAB. The two charities have continued to work closely, the trustees continue to believe that NIAB is the best vehicle to deliver the charitable objects of the Trust.

When the new legal structure was finalised in 1998, NIAB became the sponsoring employer of a defined benefit pension scheme, the NIAB (1996) Pension Scheme (the Scheme). The Scheme was initially funded by a lump sum from government. It is now over 20 years since the Scheme's inception and the most recent valuation (March 2018) reported a significant funding deficit, which it is probable that NIAB would be unable to support from its own resources. The NIAB trustees have approached the Trust for support to enable a settlement to be reached regarding the funding of this deficit.

In the present circumstances, the Trust is not liable as a matter of statute or contract to support the Scheme. However, if NIAB are unable to secure sufficient support to underwrite the deficit position, a material uncertainty exists regarding NIAB's ability to continue as a going concern, which would impact directly on the Trust's ability to deliver its charitable objects.

In September 2018 the Pensions Regulator served a Warning Notice to the Trust stating that it was considering issuing a Financial Support Direction against the Trust.

The trustees have been working closely with NIAB and the Scheme to resolve this matter in a form acceptable to the Pensions Regulator. This had proven to be complex and a proposal had been agreed by the three parties and submitted to the Pensions Regulator. In that proposal the Trust has agreed to become a participating employer in the Scheme with NIAB in order to fully satisfy the regulator. It is anticipated that the proposal will be fully implemented early in 2020 but after the date of signing these accounts.

In the meantime the TRUST has resolved to utilise its charitable assets to support NIAB's balance sheet and to support payments for 5 years towards the recovery payments agreed under the recovery plan.

In the unlikely sequence of events that

- there is a failure to implement the proposal,
- the Scheme's Trustees decide to use their power to trigger the Scheme's s.75 debt (estimated at 31 March 2018 as £38.6m),
- consequently NIAB ceases to be a going concern,
- the Pensions Regulator pursues and is successful in its action against the Trust,
- the s.75 debt not funded by NIAB would fall to the Trust to fund out of its assets (£51.0m at the balance sheet date) and
- the Trust assets were insufficient at the time of the debt becoming due because the value of the assets had diminished and/or the value of the s.75 debt had increased

then the Trust's ability to continue as a going concern would be jeopardised.

As all parties have agreed the proposal in its legal form and it has the approval of the Pensions Regulator, it is more likely than not that the implementation process will proceed and the regulatory action against the Trust will cease.

The trustees have reviewed the cash flow and management accounts supporting its own activities for the next five years. This includes the commitment to a programme of site development, which will provide replacement and upgraded facilities for NIAB to occupy.

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 and accordingly they adopt the going concern basis in preparing the annual report and accounts.

Reserves Policy

The Trustees have reviewed the reserves of the Trust. There has been considerable cost associated with making the land available for development. The Trustees deem the current level of reserves as appropriate given their current commitments.

The Trustees have designated unrestricted funds to reflect their funding intentions towards achieving their charitable objects and completing agreed capital works. The Trustees review their reserves policy on an annual basis.

The Trustees will re-consider their reserves policy in conjunction with plans to realise their facilities ambitions at Lawrence Weaver Road and Park Farm. Funding for the investment in capital works will be provided from a mix of fundraising, allocation of proceeds from land sale and longer term asset finance. The Trustees will seek to balance the aim of providing new facilities (requiring significant capital investment) with their desire to provide continuing annual funding for research initiatives.

The Trust had total reserves of £50.6m at the balance sheet date of which £4.9m is restricted and £45.7m is unrestricted.

Accounting Period

The financial year is 28 March 2019, however the financial statements continue to be prepared to 31 March 2019 as permitted by section 390(3) of the Companies Act 2006.

RISK ASSESSMENT AND MANAGEMENT

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

Principal Risks and Uncertainties

Risk Area	Risk	Management
Compliance	<ul style="list-style-type: none"> Performance of contractual obligations with third parties Delivery of Charitable Objects 	<ul style="list-style-type: none"> Clear delegation to NIAB for management of key projects and contracts, with regular reporting back to the Trustees. The Chairman of the Trust attends NIAB Board meetings by invitation. NIAB reports regularly to the Trustees regarding its activities and reports specifically on the impact of Trust support.
Financial	<ul style="list-style-type: none"> Failure to generate sufficient funds to support planned activities Risks related to Site Development Project Regulatory Action as a result of the Pension Regulators review of the NIAB (1996) Pension Scheme. 	<ul style="list-style-type: none"> The Finance Committee monitor plans and financial forecasts to ensure a regular review of on-going commitments and review of the reserves policy. Day to day management delegated to COO who reports to both TRUST and NIAB Board regarding project progress and expenditure. Trust approved all expenditure relating to capital projects. The development programme is supported by legal and professional advisors who report regularly to the project team. Long term cash flow forecasts are reviewed regularly. There is also a trustee on the Project Delivery Board which meets on a monthly basis to review the project The Trust has resolved and notified NIAB that it intends to fulfil the requirements of the Pensions Regulator and create a mechanism whereby the Trust will share jointly with NIAB the primary responsibility for the pension scheme. The Pensions regulator has indicated previously its preference is a recombination of NIAB and the Trust resulting in a single entity as the statutory employer to the scheme and achieving that outcome would bring about an end to its regulatory action. At the date of signing these accounts the mechanism for achieving this has been agreed by all parties and is in the process of being implemented.
Strategy / Process	<ul style="list-style-type: none"> Capital Projects not delivered on time or not to budget 	<ul style="list-style-type: none"> Professional services are appropriately procured from 3rd parties; all projects have their own risk register; contracts contain penalty clauses where appropriate; regular financial and project reports are provided to Trustees.

STRUCTURE, GOVERNANCE and MANAGEMENT

Members and Board of Trustees

The members of the Trust are the Trustee/Directors. The Board of Trustees comprises the Chair and up to seven additional trustee directors.

The Board has established the following sub-committees:-

- Finance (1)

The following Trustees have served during the period:

J W Lewis	1	(Chair)
Dr C W Looker	1	
R Pemberton		
A M Slack	1	
R C Butler		(appointed 4/12/18)
J A Elliot	1	(appointed 4/12/18)
Dr H Ferrier		(appointed 4/12/18)
A W D Pexton, OBE		(retired 3/12/18)
C B Montgomery		(retired 3/12/18)
J B Shropshire, OBE		(resigned 10/9/18)

Recruitment, induction and training of Trustees

The National Institute of Agricultural Botany Trust 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.

Organisation and governance

The National Institute of Agricultural Botany was founded by a Deed of Trust dated 13 January 1919 and, up until 31 March 1998 regulated by a scheme made by the Secretary of State for Education and Science under section 18 of the Charities Act 1960. The Institute's registered charity number was 306069.

A new structure was initiated in 1996 and agreed with the Charity Commission from 1 April 1998, which saw the formation of two charities which would operate in tandem. The National Institute of Agricultural Botany Trust provide land, facilities and financial support to the National Institute of Agricultural Botany (NIAB) who perform the charitable activities. The activities of the unincorporated entity were transferred to a new charitable company on 6th July 2012.

The National Institute of Agricultural Botany Trust was incorporated in England and Wales as a company limited by

guarantee on 26 October 2011, and is governed by its Memorandum and Articles of Association dated 26 October 2011, and amended 19 July 2013. It is registered as a charity with the Charity Commission (Charity No: 1144528). Its principal operating address is Huntingdon Road, Cambridge, CB3 0LE.

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).

Charge

When the structure was changed in 1996, the interests of DEFRA were expressed within a legal charge over certain properties and parcels of land. The original 1996 Debenture was revised in 2007, as a result of negotiations regarding land sales. The fair value of this interest (£4,377k) is detailed in note 20.

Trustee Remuneration

Charity Commission approval has been received to enable the Trust to make payments to Trustees. The Trust provides an honorarium for the Chairman of the Board and the Chairman of the Finance Committee. In addition to this, a per diem fee is payable to qualifying Trustees. This is subject to regular review.

Decision making and key management

The Board of Directors (Trustees) administer the company, and meet quarterly.

The Trust has no employees. To facilitate effective operations, members of the executive within NIAB have delegated authority, within terms of delegation approved by the trustees, for operational matters.

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 AUDIT REPORT AND FINANCIAL STATEMENTS

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom general accepted accounting practise (United Kingdom accounting standards and applicable law), including FRS102, the financial reporting standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless that they are satisfied that they give a true and fair view of the state of affairs of the charitable 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 the Annual 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 National Institute of Agricultural Botany Trust



J W Lewis, Trustee
19 December 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL INSTITUTE OF AGRICULTURAL BOTANY TRUST

Opinion

We have audited the financial statements of National Institute of Agricultural Botany Trust (the 'charity') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows 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 2019 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL INSTITUTE OF AGRICULTURAL BOTANY TRUST
(CONTINUED)**

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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have 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 including the Strategic 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL INSTITUTE OF AGRICULTURAL BOTANY TRUST
(CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, 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. 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

St Bride's House

10 Salisbury Square

London

EC4Y 8EH

19 December 2019

National Institute of Agricultural Botany Trust

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2019

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:					
Donations and legacies	4	-	1,046	1,046	-
Charitable activities	5	500	-	500	500
Investments	6	305	-	305	271
Other income	7	2,007	-	2,007	83
Total income		2,812	1,046	3,858	854
Expenditure on:					
Charitable activities	9	4,223	467	4,690	3,275
Total expenditure		4,223	467	4,690	3,275
Net gains on investments		2,613	-	2,613	1,973
Net income		1,202	579	1,781	(448)
Transfers between funds	20	1,046	(1,046)	-	-
Total transfers		1,046	(1,046)	-	-
Net movement in funds before other recognised gains		2,248	(467)	1,781	(448)
Other recognised gains:					
Gains on revaluation of fixed assets		345	-	345	(1,584)
Net movement in funds		2,593	(467)	2,126	(2,032)
Reconciliation of funds:					
Total funds brought forward		43,501	4,963	48,464	50,496
Net movement in funds		2,593	(467)	2,126	(2,032)
Total funds carried forward		46,094	4,496	50,590	48,464

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

The notes on pages 16 to 35 form part of these financial statements.

National Institute of Agricultural Botany Trust
REGISTERED NUMBER: 7823588

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	14	26,722	20,630
Investment property	15	27,693	29,883
		<u>54,415</u>	<u>50,513</u>
Current assets			
Debtors	16	9,370	1,953
Cash at bank and in hand		1,516	983
		<u>10,886</u>	<u>2,936</u>
Creditors: amounts falling due within one year	17	(13,775)	(4,049)
Net current liabilities		<u>(2,889)</u>	<u>(1,113)</u>
Total assets less current liabilities		<u>51,526</u>	<u>49,400</u>
Provisions for liabilities	19	(936)	(936)
Net assets		<u>50,590</u>	<u>48,464</u>
Total net assets		<u><u>50,590</u></u>	<u><u>48,464</u></u>
Charity funds			
Restricted funds	20	4,496	4,963
Unrestricted funds	20	46,094	43,501
Total funds		<u><u>50,590</u></u>	<u><u>48,464</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 were approved and authorised for issue by the Trustees on 19 December 2019 and signed on their behalf by:



.....
J W Lewis

The notes on pages 16 to 35 form part of these financial statements.

National Institute of Agricultural Botany Trust

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019	<i>2018</i>
	£000	<i>£000</i>
Cash flows from operating activities		
Net cash used in operating activities (note 23)	(5,999)	(155)
	<hr/>	<hr/>
Cash flows from investing activities		
Dividends, interests and rents from investments	305	271
Proceeds from the sale of tangible fixed assets	14,711	-
Purchase of tangible fixed assets	(18,498)	(1,957)
Proceeds from sale of investments	4,620	1,787
Purchase of investment properties	-	(600)
Interest paid	(106)	(28)
	<hr/>	<hr/>
Net cash provided by/(used in) investing activities	1,032	(527)
	<hr/>	<hr/>
Cash flows from financing activities		
Cash inflows from new borrowing	5,500	750
	<hr/>	<hr/>
Net cash provided by financing activities	5,500	750
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	533	68
Cash and cash equivalents at the beginning of the year	983	915
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	1,516	983
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 16 to 35 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. General information

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity has elected to apply all amendments to FRS 102, as set out in the Financial Reporting Council's triennial review published in December 2017, and included in Update Bulletin 2 to the Charities SORP (FRS 102), prior to mandatory adoption for accounting periods beginning on or after 1 January 2019.

National Institute of Agricultural Botany Trust 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.

2. Accounting policies

2.1 Going concern

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

The Trust delivers its charitable objects primarily through its support for NIAB (Charity No: 1064230). The two charities were formed in 1998, following the separation of the National Institute of Agricultural Botany from government in 1996. The Trust held the charitable assets from the original charitable scheme, and the operational activities were transferred to NIAB. The two charities have continued to work closely, the trustees continue to believe that NIAB is the best vehicle to deliver the charitable objects of the Trust.

When the new legal structure was finalised in 1998, NIAB became the sponsoring employer of a defined benefit pension scheme, the NIAB (1996) Pension Scheme (the Scheme). The Scheme was initially funded by a lump sum from government. It is now over 20 years since the Scheme's inception and the most recent valuation (March 2018) reported a significant funding deficit, which it is probable that NIAB would be unable to support from its own resources. The NIAB trustees have approached the Trust for support to enable a settlement to be reached regarding the funding of this deficit.

In the present circumstances, the Trust is not liable as a matter of statute or contract to support the Scheme. However, if NIAB are unable to secure sufficient support to underwrite the deficit position, a material uncertainty exists regarding NIAB's ability to continue as a going concern, which would impact directly on the Trust's ability to deliver its charitable objects.

In September 2018 the Pensions Regulator served a Warning Notice to the Trust stating that it was considering issuing a Financial Support Direction against the Trust.

The trustees have been working closely with NIAB and the Scheme to resolve this matter in a form acceptable to the Pensions Regulator. This had proven to be complex and a proposal had been agreed by the three parties and submitted to the Pensions Regulator. In that proposal the Trust has agreed to become a participating employer in the Scheme with NIAB in order to fully satisfy the regulator. It is anticipated that the proposal will be fully implemented early in 2020 but after the date of signing these accounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

Going concern (continued)

In the meantime the TRUST has resolved to utilise its charitable assets to support NIAB's balance sheet and to support payments for 5 years towards the recovery payments agreed under the recovery plan.

In unlikely sequence of events that

- there is a failure to implement the proposal,
- the Scheme's Trustees decide to use their power to trigger the Scheme's s.75 debt (estimated at 31 March 2018 as £38.6m),
- consequently NIAB ceases to be a going concern,
- the Pensions Regulator pursues and is successful in its action against the Trust,
- the s.75 debt not funded by NIAB would fall to the Trust to fund out of its assets (£51.0m at the balance sheet date) and
- the Trust assets were insufficient at the time of the debt becoming due because the value of the assets had diminished and/or the value of the s.75 debt had increased

the Trust's ability to continue as a going concern would be seriously jeopardised.

As all parties have agreed the proposal in its legal form and it has the approval of the Pensions Regulator, it is more likely than not that the implementation process will proceed and the regulatory action against the Trust will cease.

The trustees have reviewed the cash flow and management accounts supporting its own activities for the next five years. This includes the commitment to a programme of site development, which will provide replacement and upgraded facilities for NIAB to occupy.

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 and accordingly they adopt the going concern basis in preparing the annual report and accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.2 Fund accounting

General unrestricted funds

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

Designated funds

Designated funds are unrestricted funds of the charity which the trustees have decided, at their discretion, to set aside to use for a specific purpose.

Restricted funds

Restricted funds represent grant funded assets which are allocated by the donor for specific purposes and in which the donor maintains a residual interest.

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

2.3 Income

Income has been analysed in accordance with the service provided.

Income from charitable activities:

Incoming resources are recognised, when the charity has entitlement to the funds.

Grant income, whether 'capital' or 'revenue', is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. They are recognised as restricted funds in the statement of financial activities where relevant under the particular terms of the grant.

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

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2.4 Accrued and deferred income

Income within charitable activities, other activities and investment income 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 made 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 group to the expenditure. Expenditure is allocated as follows:

Cost of raising funds

Costs of raising funds comprise the costs incurred in relation to the disposal of surplus assets, including investment management costs and fundraising costs and their associated support costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.5 Resources expended (continued)

Charitable Activities

Expenditure incurred directly in the fulfilment of the objectives of the charity including allocated overheads

Support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administrative and governance costs which support the objectives of the charity. These costs have been allocated across fundraising and charitable activities. The bases on which support costs have been allocated are set out in note 10.

Governance costs

Expenditure incurred in running and administering the charity which is not directly attributable to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

2.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.7 Tangible fixed assets and depreciation

The charity's policy is to carry all land and buildings at fair value. Depreciation is not provided on freehold land. Assets in the course of construction are carried at cost and not depreciated. On other assets depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated lives of the assets.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Freehold property	- between 20 and 50 years
Plant and machinery	- 5 to 15 years
Fixtures and fittings	- 4 to 10 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of financial activities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.8 Investments

Land held for re-sale and properties held to earn rental or for capital appreciation rather than for use in the supply of service are held at fair value. Net movements are transferred to the statement of financial activities and to the appropriate fund holding the investment. No depreciation is provided in respect of land held for re-sale or investment properties. .

2.9 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.

2.10 Cash at bank and in hand

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. The cash balance includes funds of £936k relating to the DEFRA redundancy fund.

2.11 Debtors

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

2.12 Provisions

Provisions are recognised when the Charity has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.13 Liabilities

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.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.14 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

The Charity's functional and presentational currency is GBP

3. Critical accounting estimates and areas of judgement

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

- The Trust has made a significant judgement in revaluing the land held for re-sale at Darwin Green, for which forecasted cash flow receipts, from disposal strategy reports prepared by Bidwells, have been used as a basis for the revaluation.
- A purchase contract has been signed for a significant amount of the land holdings. This will complete in multiple stages. Two (2018 - one) completed in the year. The Trust believes that the buyer is more likely than not to contract to purchase the remaining portion of land and therefore includes the land held for re-sale at a discounted valuation (note 11).
- Investment Properties (note 11) are also shown at fair value.

4. Income from donations and legacies

	Restricted funds 2019 £000	Total funds 2019 £000
Donations	1,046	1,046

5. Income from charitable activities

	Unrestricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Provision of facilities to enable charitable activities to be performed	500	500	<i>500</i>

National Institute of Agricultural Botany Trust

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

6. Investment income

	Unrestricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Rental income	265	265	236
Interest receivable	40	40	35
	<hr/> 305 <hr/>	<hr/> 305 <hr/>	<hr/> 271 <hr/>

7. Other incoming resources

	Unrestricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Profit on disposal of land and buildings	2,007	2,007	83
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8. Analysis of grants

	Grants to Institutions 2019 £000	Total funds 2019 £000
Grant to NIAB for research funding	1,000	1,000
	<hr/> <hr/>	<hr/> <hr/>
	<i>Grants to Institutions 2018 £000</i>	<i>Total funds 2018 £000</i>
Grant to NIAB for research funding	1,000	1,000
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Legal and professional	563	-	563
Provision of facilities	2,131	-	2,131
Research funding	1,046	-	1,046
Restricted funds	35	-	35
Other expenditure	448	467	915
	<u>4,223</u>	<u>467</u>	<u>4,690</u>

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Legal and professional	518	-	518
Provision of facilities	534	-	534
Research funding	1,018	-	1,018
Restricted funds	37	-	37
Other expenditure	1,142	26	1,168
	<u>3,249</u>	<u>26</u>	<u>3,275</u>

National Institute of Agricultural Botany Trust

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Grant funding of activities 2019 £000	Support costs 2019 £000	Total funds 2019 £000
Legal and professional	433	-	130	563
Provision of facilities	1,762	-	369	2,131
Research funding	-	1,000	46	1,046
Restricted funds	-	-	35	35
Other expenditure	915	-	-	915
	<u>3,110</u>	<u>1,000</u>	<u>580</u>	<u>4,690</u>

	Activities undertaken directly 2018 £000	Grant funding of activities 2018 £000	Support costs 2018 £000	Total funds 2018 £000
Raising funds	445	-	73	518
Provision of facilities	-	-	534	534
Research funding	-	1,000	18	1,018
Restricted funds	-	-	37	37
Other expenditure	1,168	-	-	1,168
	<u>1,613</u>	<u>1,000</u>	<u>662</u>	<u>3,275</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Raising funds	Provision of facilities	Research funding	Other expenditure	Total funds
	2019	2019	2019	2019	2019
	£000	£000	£000	£000	£000
Legal and professional	88	23	18	-	129
Management	13	48	9	15	85
Governance costs	29	298	19	20	366
	<u>130</u>	<u>369</u>	<u>46</u>	<u>35</u>	<u>580</u>
	<i>Raising funds</i>	<i>Provision of facilities</i>	<i>Research funding</i>	<i>Other expenditure</i>	<i>Total funds</i>
	<i>2018</i>	<i>2018</i>	<i>2018</i>	<i>2018</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Legal and professional	48	201	2	3	254
Provision of facilities	13	48	9	15	85
Governance costs	12	285	7	19	323
	<u>73</u>	<u>534</u>	<u>18</u>	<u>37</u>	<u>662</u>

11. Auditors' remuneration

	2019	2018
	£000	£000
Fees payable to the Charity's auditor and its associates for the audit of the Charity's annual accounts	9	14
Fees payable to the Charity's auditor and its associates in respect of:		
All taxation advisory services not included above	-	7

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Taxation

The Trust 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 deferred tax liabilities have been recognised for assets held at fair value.

13. Trustees' remuneration and expenses

There were nine (2018 - eight) serving Trustees during the year. During the year eight Trustees were paid honorariums or *per diem* fees totalling £15,764 (2018 - eight trustees £12,599).

During the year ended 31 March 2019, expenses totalling £2,605 were reimbursed or paid directly to 4 Trustees (2018 - £2,759 to 4 Trustees). This principally reflects reimbursed travelling expenses incurred in attending meetings.

14. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Assets in the course of construction £000	Total £000
Cost or valuation					
At 1 April 2018	18,031	313	380	2,585	21,309
Additions	-	-	-	18,498	18,498
Disposals	(12,250)	-	-	-	(12,250)
Transfers between classes	7,584	-	-	(7,584)	-
Revaluations	345	-	-	-	345
At 31 March 2019	13,710	313	380	13,499	27,902
Depreciation					
At 1 April 2018	58	284	337	-	679
Charge for the year	462	14	25	-	501
At 31 March 2019	520	298	362	-	1,180
Net book value					
At 31 March 2019	13,190	15	18	13,499	26,722
At 31 March 2018	17,973	29	43	2,585	20,630

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. Tangible fixed assets (continued)

During the year the Trust disposed of the current offices occupied by NIAB subject to a lease back until March 2020.

The Trust is continuing to develop the Park Farm and Bingham sites. Building costs are held as "Assets in the course of construction" until completed when they are transferred to the relevant asset class. During the year Barn 2 at Park Farm was completed and the cost transferred to Freehold property. Costs of the ongoing work on Barn 1 and the Bingham site are carried forward.

As stated in the accounting policy (note 1), the Trust carries land and freehold buildings at valuation at their fair value, provided by Carter Jonas Commercial Property Consultants at 31 March 2018.

When the new scheme was initiated in 1996, the interests of DEFRA were expressed within a legal charge over certain properties and parcels of land. This interest amounts to £1,455k of the cost of the land and buildings.

The Charity has adopted a policy of revaluation for tangible fixed assets. Had these assets been measured at historic cost, the carrying values would have been as follows:

	2019	<i>2018</i>
	£000	<i>£000</i>
Freehold property	28,949	<i>10,952</i>

The charity's bankers have a legal charge secured on certain of the freehold land and buildings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

15. Investment property

	Freehold investment property £000	Land held for resale £000	Total £000
Valuation			
At 1 April 2018	8,092	21,791	29,883
Disposals	(922)	(3,881)	(4,803)
(Loss) on revaluation	-	2,613	2,613
At 31 March 2019	<u>7,170</u>	<u>20,523</u>	<u>27,693</u>

The Trustees have reviewed the market value of the Trust's freehold investments at 31 March 2019.

They have valued the investment properties at £7,170k (2018: £8,092k) based upon a valuation carried out by Messrs Carter Jonas, Commercial Property Consultants on 31 March 2018. DEFRA has an interest of £2,934k in the investment properties which is detailed in note 20.

The Trustees have valued the land held for re-sale at £20,523k (2018: £21,791k) based upon a valuation carried out by Savills on 31 March 2018. The valuation is based on projected future cash flows, which have been discounted to the net present value at a rate of 5%, and 10% for part of the site to be sold under separate agreement. The rate of 5% is representative of the Trust's current rate of debt (2.85%) uplifted for the uncertain timing of projected future cash flows, due to the proposed put and call options on the land. The rate of 10% reflects an additional risk factor associated with the separate sale.

16. Debtors

	2019 £000	2018 £000
Due within one year		
Trade debtors	591	261
Loan to NIAB EMR	1,500	1,501
Other debtors	407	178
Prepayments and accrued income	17	13
Amount due on disposal of office property	6,855	-
	<u>9,370</u>	<u>1,953</u>

The loan to NIAB EMR (a subsidiary company of NIAB see note 27) is repayable in full by 8 February 2026.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

17. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Bank loans	6,850	1,350
Trade creditors	1,277	82
Amount owed to NIAB	1,194	-
Other creditors	2,646	644
Accruals and deferred income	1,808	1,973
	<u>13,775</u>	<u>4,049</u>

Barclays Bank Plc has made available a revolving loan facility of up to £9,700k repayable by October 2022 for which a charge over certain land and buildings has been given.

Other creditors include monies due to DEFRA £2,588k (2018: £596k) (see note 20).

18. Financial instruments

	2019 £000	2018 £000
Financial assets		
Financial assets measured at fair value through income and expenditure	<u>10,869</u>	<u>2,924</u>
	2019 £000	2018 £000
Financial liabilities		
Other financial liabilities measured at fair value through income and expenditure	<u>11,467</u>	<u>2,076</u>

19. Provisions

	Redundancy Fund £000
At 1 April 2018	936
	<u>936</u>

The provision reflects the potential costs of future redundancies of staff employed at 31 March 1996 for their service to that date and is cash backed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

20. Statement of funds

Statement of funds - current year

	Balance at 1 April 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 March 2019 £000
Unrestricted funds						
General Funds	3,568	2,812	(4,223)	10,901	-	13,058
Revaluation reserve	39,933	-	-	(9,855)	2,958	33,036
	<u>43,501</u>	<u>2,812</u>	<u>(4,223)</u>	<u>1,046</u>	<u>2,958</u>	<u>46,094</u>
Restricted funds						
ERDF	574	-	(14)	-	-	560
DEFRA Charitable Assets reserve	1,455	-	(12)	-	-	1,443
DEFRA Investment Property reserve	2,934	-	(441)	-	-	2,493
Relocation fund	-	1,046	-	(1,046)	-	-
	<u>4,963</u>	<u>1,046</u>	<u>(467)</u>	<u>(1,046)</u>	<u>-</u>	<u>4,496</u>
Total of funds	<u>48,464</u>	<u>3,858</u>	<u>(4,690)</u>	<u>-</u>	<u>2,958</u>	<u>50,590</u>

National Institute of Agricultural Botany Trust

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

20. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 March 2018 £000</i>
Unrestricted funds					
General Funds	5,696	854	(3,249)	-	3,301
Revaluation reserve	39,544	-	-	656	40,200
	<u>45,240</u>	<u>854</u>	<u>(3,249)</u>	<u>656</u>	<u>43,501</u>
Restricted funds					
ERDF	588	-	(14)	-	574
DEFRA Charitable Assets reserve	1,467	-	(12)	-	1,455
DEFRA Investment Property reserve	3,201	-	-	(267)	2,934
	<u>5,256</u>	<u>-</u>	<u>(26)</u>	<u>(267)</u>	<u>4,963</u>
Total of funds	<u><u>50,496</u></u>	<u><u>854</u></u>	<u><u>(3,275)</u></u>	<u><u>389</u></u>	<u><u>48,464</u></u>

The ERDF restricted fund relates to a capital grant for the Sophi Taylor Building and associated glasshouse facilities. The funds will be written off over the relevant reporting period.

DEFRA have an interest in a proportion of the Charitable Assets, which is secured by a legal charge. The DEFRA Charitable Assets reserves £1,443k (2018: £1,455k) reflects the fair value of this interest, should the Trust dispose of their estate. The DEFRA Investment property reserve reflects the fair value of the interest in investment properties of £2,934k (2018: £2,934k).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	24,720	2,002	26,722
Investment property	25,199	2,494	27,693
Current assets	10,886	-	10,885
Creditors due within one year	(13,775)	-	(13,775)
Provisions for liabilities and charges	(936)	-	(936)
Total	46,094	4,496	50,590

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	18,601	2,029	20,630
Investment property	26,949	2,934	29,883
Current assets	1,953	984	2,937
Creditors due within one year	(4,001)	(48)	(4,049)
Provisions for liabilities and charges	-	(936)	(936)
Total	43,502	4,963	48,465

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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

	2019 £000	2018 £000
Net income for the year (as per Statement of Financial Activities)	1,781	(448)
Adjustments for:		
Depreciation charges	501	529
Losses on investments	(2,429)	(1,973)
Interest paid	106	28
Loss/(profit) on the sale of fixed assets	(2,463)	822
Increase in debtors	(7,416)	(167)
Increase in creditors	4,226	1,367
Investment income	(305)	(271)
Net expenditure relating to the redundancy fund	-	(42)
Net cash used in operating activities	(5,999)	(155)

23. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	534	1
Short term investments	982	982
Total cash and cash equivalents	1,516	983

24. Analysis of Net Debt

	At 1 April 2018 £000	Cash flows £000	At 31 March 2019 £000
Cash at bank and in hand	983	533	1,516
Debt due within 1 year	(1,350)	(5,500)	(6,850)
	(367)	(4,967)	(5,334)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

25. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

26. Contingent liabilities

In the past certain purchases of land and buildings were partly or wholly financed by a capital grant received from DEFRA. It is a condition of such grants that, in the event of the property being sold, the net sale proceeds will be apportioned between the Trust and DEFRA based upon their respective contributions to the original purchase price, and an allocation of agreed deductible costs incurred since the original acquisition. The Trustees have disclosed the DEFRA interest of £1,443k in charitable assets and £2,934k in investment properties (totalling £4,379k) within note 20.

27. Related party transactions

The National Institute of Agricultural Botany Trust has an object to support NIAB. A facilities charge is made for the occupation of the land and buildings owned by the Trust. The Trust receives an invoice from NIAB relating to the provision of support through a Research Funding Agreement between the two parties. These transactions will be represented by both cash and non-cash, due to accruals made for activities at the end of the financial year.

Transactions during the year relate to receipt of a facilities charge, and expenditure on research contracts conducted by NIAB. No charge is made with respect to the Sophi Taylor Building.

These transactions are summarised below:

	2019	<i>2018</i>
	£000	<i>£000</i>
Income	500	<i>500</i>
Annual support	(1,125)	<i>(1,125)</i>
Additonal support towards legal and pension costs	(1,200)	<i>-</i>
Net payments made by NIAB	630	<i>(9)</i>
Net movement in balance	(1,195)	<i>(634)</i>

NIAB also has the option to take an interest free loan from National Institute of Agricultural Botany Trust, secured by a first fixed and floating charge on its assets.

The National Institute of Agricultural Botany Trust has previously provided a loan of £1,500,000 to NIAB EMR. This loan is secured by a first fixed and floating charge on the assets of NIAB EMR and, while there is no fixed repayment timetable, it is repayable within 10 years (by 8 February 2026). Interest is charged at 2% above the Bank of England base rate, which is considered to be a market value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

28. Capital commitments

	2019	<i>2018</i>
	£000	<i>£000</i>
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	7,610	<i>6,045</i>

The Charity is engaged in renewing the facilities which NIAB occupys (see page 3 of the Trustees Report). The first building was brought into use during the year with the remainder scheduled for completion in 2020.

29. Related undertaking

The Trust has an objective to support NIAB (a company limited by guarantee) and delivers its charitable aims through this associated company. Copies of the NIAB accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.