

Company Number: 4712419
Charity Number: 1097174

THE MORLEY AGRICULTURAL FOUNDATION
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2004

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THE MORLEY AGRICULTURAL FOUNDATION

STATUTORY INFORMATION

FOR THE PERIOD ENDED 31 AUGUST 2004

The Morley Agricultural Foundation is a company limited by guarantee and does not have a share capital. It was incorporated on 26 March 2003. It was subsequently approved by the Inland Revenue Charity Division and registered with the Charity Commission (registration number 1097174). The primary objective is to promote for public benefit the study and knowledge of agricultural science and the application of modern scientific techniques to agriculture and husbandry in all their branches.

Address: Morley, Wymondham, Norfolk, NR18 9DB

President: The Marquess Townshend of Raynham DCL, FRSA

Directors: N J Steed (Chairman) (appointed 26 March 2003)
M J W Gamble (appointed 27 January 2004)
Mrs C E A P Hill (appointed 8 October 2003)
P Hovesen (appointed 8 October 2003)
P E Richardson (appointed 26 March 2003)
R J Salmon (appointed 26 March 2003)
J S Wallace (appointed 26 March 2003)

Company Secretary: R B Osborne

Bankers: Barclays Bank plc
5-7 Red Lion Street, Norwich

Legal Advisors: Eversheds
Holland Court, The Close, Norwich, NR1 4DX

Investment Managers: J P Morgan International Bank Limited
125 London Wall, London, EC2Y 5AJ

Auditors: Lovewell Blake
102 Prince of Wales Road, Norwich, Norfolk, NR1 1NY

THE MORLEY AGRICULTURAL FOUNDATION
REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 31 AUGUST 2004

The directors, who are also the trustees of the charity, submit their report and audited financial statements for the period from 26 March 2003 to 31 August 2004. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 in preparing the annual report and financial statements of the Charity.

Principal activity and objectives

The Foundation exists to promote for public benefit the study and knowledge of agricultural science and the application of modern techniques to agriculture and husbandry in all their branches.

The Foundation's remit was met during the period by:

- Grants to The Arable Group to support its activities in the first year of the merger between Morley Research Centre and Arable Research Centres.
- Grants to Reading University to support research by nominated PhD students.

Results

The Foundation's net incoming resources for the year amounted to £11,228,735 as shown in the Consolidated Statement of Financial Activities on page 6. Incoming resources include the following assets transferred by deed of gift from Morley Research Centre:

On 3 April 2003	Freehold Property	£ 3,833,418
	Investment Portfolio	5,470,256
	Bank Balances	1,552,740
On 31 August 2003	Shares in Morley Farms Limited	<u>387,387</u>
		<u>11,243,801</u>

After adding realised gains on the disposal of quoted investments of £281,834, and the unrealised gains on the revaluation of the investment portfolio at the year end of £414,696 there was a net increase in funds of £11,925,265.

Future Strategy

The Foundation believes it is vital for the agricultural industry that there should continue to be a viable national independent research organisation and will therefore continue to support The Arable Group where appropriate for at least the next two years.

The Foundation will seek to fund, by itself or jointly with others, relevant agricultural research, preferably within East Anglia.

THE MORLEY AGRICULTURAL FOUNDATION

REPORT OF THE DIRECTORS

FOR THE PERIOD ENDED 31 AUGUST 2004

Reserves Policy

The directors regard the charity's property and investment assets and its temporary loan of £400,000 to The Arable Group as permanent funds which are to be retained for capital growth and to produce income from which grants can be made to meet its charitable objectives. The remaining funds of the charity are regarded as free reserves and at 31 August 2004 amounted to £208,033. The directors intend to use substantially all the surplus investment income for the purpose of making grants, retaining free reserves of less than £500,000.

Risk Management and Investment Policy

The directors have conducted a review of the major risks to which the Charity is exposed and systems have been established to mitigate those risks. Internal risks are minimised by the implementation of procedures for authorisation of all transactions. These procedures are periodically reviewed to ensure that they still meet the needs of the Charity.

The directors have identified the two principal risk areas as:

- The investment portfolio.

The portfolio is currently managed by J P Morgan International Bank Limited who have been given guidelines by the directors within which to operate. Those guidelines reflect a conservative low risk investment strategy with a ratio of 75% equities to 25% bonds and cash. The directors will review these ratios on an annual basis with J P Morgan International Bank Limited. The directors have recently agreed to invest up to 5% of the total portfolio in hedge funds. The performance of J P Morgan International Bank Limited will be monitored against that of similar organisations.

- The rental income from its properties.

To ensure appropriate returns from the residential properties they will be regularly maintained and any new tenants found will be vetted by a professional Lettings Agency.

Board of Directors

The board of directors, who are also the trustees of the Charity, at 31 August 2004 is shown on page 1.

Directors' responsibilities

Company law requires the directors, to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the charitable company during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;

THE MORLEY AGRICULTURAL FOUNDATION

REPORT OF THE DIRECTORS

FOR THE PERIOD ENDED 31 AUGUST 2004

Directors' responsibilities (continued)

- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis.

The directors are responsible for maintaining accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

Company status and member liability

The Morley Agricultural Foundation is a private company limited by guarantee and is registered as a charity. It has 848 members, each of whom is liable to contribute a sum not exceeding £1 if required in the event of the company being wound up.

Taxation

The company has no liability to corporation tax or capital gains tax.

Fixed assets

Movements in fixed assets are shown in the notes to the accounts. The land and buildings were independently valued on 11 September 2003.

Relationships with other charities

In pursuit of its charitable objectives, the company co-operates with a number of other charities including:

The Arable Group

The Chadacre Agricultural Trust

The Perry Foundation

The directors noted below serve on the board of the following charities:

P E Richardson	The Arable Group
Mr R J Salmon	The Arable Group
J S Wallace	The Chadacre Agricultural Trust

Signed on behalf of the Directors.



R B Osborne
Secretary

Date: 23 December 2004

**INDEPENDENT REPORT OF THE AUDITORS
TO THE MEMBERS OF
THE MORLEY AGRICULTURAL FOUNDATION**

We have audited the financial statements on pages 6 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors Responsibilities the directors, who are also trustees of The Morley Agricultural Foundation, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Auditing Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent mis-statements within it.

Basis of Audit Opinion

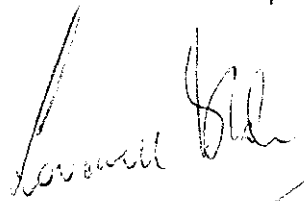
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charity and group as at 31 August 2004 and of the group's incoming resources and resources expended, including its income and expenditure, for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

102 Prince of Wales Road, Norwich
23 December 2004



Lovewell Blake
**LOVEWELL BLAKE
REGISTERED AUDITOR
Chartered Accountants**

**THE MORLEY AGRICULTURAL FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
FOR THE PERIOD ENDED 31 AUGUST 2004**

	Notes	Period to 31 August 2004		Total £
		Unrestricted fund £	Restricted fund £	
Incoming Resources				
Donations and similar incoming resources	3	-	9,900	9,900
Activities for generating funds:				
Income from farming activities		426,498	-	426,498
Investment income	4	526,208	-	526,208
Net gain on disposal of fixed assets		6,423	-	6,423
Assets transferred by deed of gift from Morley Research Centre	5	11,243,801	-	11,243,801
Other incoming resources		<u>10,408</u>	<u>-</u>	<u>10,408</u>
Total Incoming Resources		<u>12,213,338</u>	<u>9,900</u>	<u>12,223,238</u>
Resources Expended				
Costs of generating funds				
Farming costs	6	<u>240,519</u>	<u>-</u>	<u>240,519</u>
Charitable Expenditure				
Grants payable in furtherance of the charity's objects	7	547,744	9,900	557,644
Support costs	8	14,565	-	14,565
Management and administration	9	<u>181,775</u>	<u>-</u>	<u>181,775</u>
		<u>744,084</u>	<u>9,900</u>	<u>753,984</u>
Total resources expended		<u>984,603</u>	<u>9,900</u>	<u>994,503</u>
Net Incoming Resources		11,228,735	-	11,228,735
Other recognised gains				
Realised gains on quoted investments		281,834	-	281,834
Unrealised gains on quoted investments		<u>414,696</u>	<u>-</u>	<u>414,696</u>
Net movements in funds and funds carried forward 31 August 2004		<u>11,925,265</u>	<u>-</u>	<u>11,925,265</u>

All of the above results are derived from activities which commenced on 3 April 2003. All gains and losses recognised in the period are included above. The surplus for the period for Companies Act purposes comprises the net incoming resources for the period plus realised gains on investments and was £11,510,569. Page 8 gives details of changes in resources applied for fixed assets for charity use.

THE MORLEY AGRICULTURAL FOUNDATION

BALANCE SHEET
31 AUGUST 2004

	Notes	Charity		2004 Consolidated	
		£	£	£	£
Fixed assets					
Tangible assets	12		3,846,862		4,049,799
Investments (quoted)	13		7,087,260		7,087,260
Investments (unquoted)	14		<u>387,387</u>		<u>50</u>
			<u>11,321,509</u>		<u>11,137,109</u>
Current assets					
Debtors and prepayments					
- within one year	15	232,624		546,339	
- after one year	15	<u>350,000</u>		<u>350,000</u>	
			582,624		896,339
Cash at bank and in hand			<u>84,026</u>		<u>84,026</u>
			666,650		980,365
Creditors - Amounts falling due within one year	16		<u>(58,617)</u>		<u>(192,209)</u>
Net current assets			608,033		788,156
			<u>11,929,542</u>		<u>11,925,265</u>
Unrestricted Funds					
General fund	18		11,514,846		11,510,569
Revaluation reserve	18		<u>414,696</u>		<u>414,696</u>
Total reserves			<u>11,929,542</u>		<u>11,925,265</u>

These accounts were approved by the Board on 23 December 2004.

N J Steed



The notes on pages 9 to 19 form an integral part of these accounts

THE MORLEY AGRICULTURAL FOUNDATION
CONSOLIDATED CASHFLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2004

	Notes	31 August 2004 £
Net cash inflow from operating activities	24	503,838
Returns on investments and servicing of finance	25	526,111
Capital expenditure and financial investments	25	(968,551)
Increase in cash in the year	26	<u>61,398</u>

THE MORLEY AGRICULTURAL FOUNDATION
NOTES TO THE ACCOUNTS - 31 AUGUST 2004

1. Principal accounting policies

(a) Basis of accounting

These accounts have been prepared under the historical cost convention (except for the revaluation of tangible assets and fixed asset investments), and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) issued in October 2000 and applicable accounting standards. The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

(b) Consolidated accounts

The consolidated accounts incorporate the results of the company and its wholly owned trading subsidiary, Morley Farms Limited.

(c) Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

(d) Grants income

Grants are recognised in full in the Statement of Financial Activities in the year in which they are due to be received.

(e) Resources expended

All expenditure is accounted for on an accruals basis.

(f) Depreciation

Depreciation is provided on fixed assets at rates sufficient to write off the costs of the assets less their estimated residual value over their expected useful lives. The principal annual rates used for this purpose are:

Implements and machinery	15% to 25% straight line or reducing balance
Motor vehicles and tractors	25% reducing balance or 25% straight line
Computer equipment	33.33% straight line

No depreciation has been charged on any other freehold buildings as the amount involved would not be material.

(g) Quoted investments

Quoted investments are included in the accounts at their market value. The profit/loss on sale of investments represents the difference between the proceeds of the sale and the balance sheet value at the previous 5 April or subsequent cost where appropriate. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the period.

(h) Investment property

The directors consider the carrying value of the investment properties on an annual basis and modify the value accordingly based upon a professional opinion of the open market value. Movements in valuation are taken to the Investment Revaluation Reserve.

THE MORLEY AGRICULTURAL FOUNDATION
NOTES TO THE ACCOUNTS - 31 AUGUST 2004

(i) **Pension contributions**

Morley Farms Limited makes contributions to the Personal Pension Policies of certain employees. The charge in the accounts represents the contributions payable by Morley Farms Limited to the Personal Pension Policies for the accounting period.

2. **Net Income from Trading Activities of Subsidiary**

The company has a wholly owned subsidiary, Morley Farms Limited. The company's principal activity is that of contract farming. All activities have been consolidated on a line by line basis in the SOFA. A summary of the results is noted below:-

	Total 2004 £
Turnover	426,498
Cost of sales	(234,096)
	192,402
Gross profit	192,402
Administrative expenses	(43,971)
Other operating income	414
Interest receivable	11,747
	160,592
Net profit	160,592
	166,000
Gift aid payment to the charity	166,000
	166,000
The aggregate of the assets, liabilities and funds is:-	
Assets	641,929
Liabilities	(258,819)
	383,110
Funds	383,110
	383,110

3. **Donations and similar incoming resources**

	Consolidated 2004 £
Grants	9,900
	9,900

THE MORLEY AGRICULTURAL FOUNDATION
NOTES TO ACCOUNTS - 31 AUGUST 2004

4. Income from investments	Consolidated 2004 £
Equities – quoted	280,807
Gilts and Government Securities	73,433
Bank deposits	27,755
Rents	131,553
Other interest	12,660
	526,208
5. Assets transferred by deed of gift	Consolidated 2004 £
Assets transferred by deed of gift from Morley Research Centre:-	
On 3 April 2003	3,833,418
Freehold Property	5,470,256
Investment Portfolio	1,552,740
Bank Balances	
On 31 August 2003	387,387
Shares in Morley Farms Limited	
	11,243,801
6. Farming costs	Consolidated 2004 £
Cost of employment	92,606
Property costs	18,960
Equipment and vehicles	128,953
	240,519
7. Grants payable to other organisations	Consolidated 2004 £
Reading University	11,148
The Arable Group Limited	200,000
- Assistance re ADAS acquisition	41,907
- Morley historical archive project	250,029
- Arable research projects	54,560
- Other grants re merger agreement	
	557,644

The company has conditionally agreed to make further grants to The Arable Group Limited of up to £250,000 in each of the two years to 31 August 2005 and 2006.

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE ACCOUNTS - 31 AUGUST 2004

8. Support Costs	Consolidated 2004 £
Property maintenance	14,468
Finance charges	97
	<hr/>
	14,565
	<hr/>
9. Management and administration	Consolidated 2004 £
Investment management fees	68,743
The Morley Agricultural Foundation administration costs	8,573
Morley Farms Limited administration costs	43,971
	<hr/>
	121,287
Exceptional items	
Restructuring and merger costs	60,488
	<hr/>
	181,755
	<hr/>
10. Resources expended	Consolidated 2004 £
Resources expended includes	
Depreciation of tangible fixed assets	
- owned	93,522
Profit on disposal of fixed assets	(6,423)
Amounts payable to the auditors in respect of:	
- audit services	6,750
Gain on foreign currency exchange	(1,258)
	<hr/>

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE ACCOUNTS - 31 AUGUST 2004

11. Employees

Consolidated
2004
No

The average number of persons employed during the period is analysed below:

Farm employees

5

Staff costs

Consolidated
2004
£

Wages and salaries

104,932

Pension contributions

6,971

Social security costs

10,095

121,998

No one member of staff earned over £50,000 during the period.

THE MORLEY AGRICULTURAL FOUNDATION
NOTES TO THE ACCOUNTS - 31 AUGUST 2004

12. Tangible fixed assets – Company

	Investment property £
Cost or valuation	
Transfer from The Morley Research Centre	3,833,418
Additions	13,444

Net book value	
31 August 2004	3,846,862

Tangible fixed assets - Consolidated

	Total £	Investment Property £	Motor Vehicles and Tractors £	implements and machinery £	Computer equipment £
Cost or valuation					
Transfer from The Morley Research Centre	4,566,533	3,833,418	363,783	369,332	-
Addition	64,127	13,444	11,927	37,033	1,723
Disposal	(30,350)	-	(10,500)	(19,850)	-
	-----	-----	-----	-----	-----
31 August 2004	4,600,310	3,846,862	365,210	386,515	1,723
	-----	-----	-----	-----	-----
Depreciation					
Transfer from The Morley Research Centre	477,662	-	181,706	295,956	-
Charge	93,522	-	57,368	35,580	574
Eliminated on disposal	(20,673)	-	(10,500)	(10,173)	-
	-----	-----	-----	-----	-----
31 August 2004	550,511	-	228,574	321,363	574
	-----	-----	-----	-----	-----
Net book amount					
31 August 2004	4,049,799	3,846,862	136,636	65,152	1,149
	-----	-----	-----	-----	-----

The freehold investment property, was valued by Messrs Irelands, Chartered Surveyors in September 2003. Mr M J W Gamble, a partner in Messrs Irelands, is a director of the company.

THE MORLEY AGRICULTURAL FOUNDATION
NOTES TO THE ACCOUNTS – 31 AUGUST 2004

13. Investments (quoted) – Company and Consolidated

	31 August 2004 £
Transfer from The Morley Research Centre	5,470,256
Additions	6,821,748
Disposal proceeds	(5,901,274)
Net unrealised investment gains	414,696
Net realised investment gains	281,834

Value at 31 August 2004	7,087,260

Individual investments held at 31 August 2004 which are over 5% of the total portfolio by value are:

	Market Value £
UK Treasury 5.75% 2009	692,869
UK Treasury 8% 2013	635,671
JP Morgan Fleming Fund	363,276
JP Morgan Fleming Liquidity	443,050

14. Investments (unquoted)

	31 August 2004	
	Company £	Consolidated £
At cost		
Anglia Farmers Limited		
50 Ordinary shares of £1 each fully paid	-	50
Morley Farms Limited		
387,387 Ordinary shares of £1 each fully paid	<u>387,387</u>	-
	<u>387,387</u>	<u>50</u>

Details of group companies at the balance sheet date are as follows:

Name of company	Class of shares	Holding	Year End
Morley Farms Limited	Ordinary	100%	31 August
Contract farmer			

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE ACCOUNTS - 31 AUGUST 2004

15. Debtors

	31 August 2004	
	Company £	Consolidated £
Trade debtors	52,431	54,373
Other debtors	404,890	840,759
Prepayments	76	76
Deferred tax	-	1,131
Amount due from subsidiaries	<u>125,227</u>	<u>-</u>
	<u>582,624</u>	<u>896,339</u>

Other debtors include a loan to The Arable Group of £400,000. A balance of £350,000 is due to be repaid after one year.

16. Creditors - amounts falling due within one year

	31 August 2004	
	Company £	Consolidated £
Bank loans and overdrafts	-	22,628
Trade creditors	22,277	90,026
Other creditors	8,576	45,094
Accruals	27,764	34,461
	<u>58,617</u>	<u>192,209</u>

17. Operating lease commitments

Annual commitments under operating leases.

	Company Land and Buildings 2004 £	Consolidated Land and Buildings 2004 £
Operating leases expiring: Within two to five years	<u>-</u>	<u>2,940</u>
	<u>-</u>	<u>2,940</u>

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE ACCOUNTS - 31 AUGUST 2004

18. Reconciliation of movements in funds

Company

	General Fund £	Revaluation Reserve £	Total 31 August 2004 £
Surplus for the year	11,514,846	-	11,514,846
Surplus arising on revaluation of fixed asset investments	-	414,696	414,696
Closing reserves	11,514,846	414,696	11,929,542

Consolidated

	General Fund £	Revaluation Reserve £	Total 31 August 2004 £
Surplus for the year	11,510,569	-	11,510,569
Surplus arising on revaluation of fixed asset investments	-	414,696	414,696
Closing reserves	11,510,569	414,696	11,925,265

The restricted fund relates to the part sponsorship of a PhD student from Reading University assisted by a grant from The Chadacre Agricultural Trust.

All funds at the period end relate to unrestricted funds.

19. Directors' remuneration and expenses

No payments by way of remuneration or expenses have been made to any director.

20. Company status and member liability

The Morley Agricultural Foundation is a company limited by guarantee and is registered as a charity. It has 848 members, each of whom is liable to contribute a sum not exceeding £1 if required in the event of the company being wound up.

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE ACCOUNTS - 31 AUGUST 2004

21. Capital and other commitments

	2004
	£
Capital and other commitments:	
Authorised but not contracted	-

22. Related party transactions and controlling party

The company has taken advantage of the exemption conferred by Financial Reporting Standard No.8 paragraph 3(c) not to make disclosures concerning inter company transactions.

As disclosed in note 20, the company is limited by guarantee with no individual able to control the company.

The following directors are trustees of charities with which the Group has an association:

P E Richardson	The Arable Group
Mr R J Salmon	The Arable Group
J S Wallace	The Chadacre Agricultural Trust

23. Result of The Morley Agricultural Foundation

In accordance with the exemption provisions of section 230 Companies Act 1985, a separate Income and Expenditure Account for the parent undertaking has not been presented. The net surplus arising in the Income and Expenditure Account of the parent company was £11,929,542.

24. Cash flow information for the group

Reconciliation of changes in resources to net inflow from operating activities.

	31 August
	2004
	£
Net incoming resources before revaluations	11,228,735
Non-cash donation	(9,691,061)
Depreciation	93,522
Gain on disposal of fixed assets	(6,423)
Decrease in stock	131,809
Increase in debtors	(896,339)
Increase in creditors	169,706
Investment income	(526,208)
Interest payable	97

Net cash inflow from operating activities	503,838
	=====

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE ACCOUNTS - 31 AUGUST 2004

25. Analysis of cashflow for headings netted in the cashflow statement

	31 August 2004 £
Returns on investment and servicing of finance	
Investment income	526,208
Interest payable	(97)
	<u>526,111</u>
Net cash inflow for returns on investment and servicing of finance	
Capital expenditure and financial investment	
Sale of tangible fixed assets	16,100
Purchase of tangible fixed assets	(64,127)
Purchase of fixed asset investments	(6,821,798)
Sale of fixed asset investments	5,901,274
	<u>(968,551)</u>

26. Analysis of changes in net fund

	Group Cashflows £	31 August 2004 £
Cash at bank	84,026	84,026
Bank overdraft	(22,628)	(22,628)
	<u>61,398</u>	<u>61,398</u>