

REGISTERED IN ENGLAND
COMPANY NO 4712419
CHARITY NO. 1097174

THE MORLEY AGRICULTURAL FOUNDATION
(a company incorporated under guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007



LARKING GOWEN
CHARTERED ACCOUNTANTS
DISS

THE MORLEY AGRICULTURAL FOUNDATION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

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THE MORLEY AGRICULTURAL FOUNDATION

OFFICERS AND ADVISERS

FOR THE YEAR ENDED 31 AUGUST 2007

President The Marquess Townshend of Raynham DCL, FRSA

Directors N J Steed (Chairman)
M J W Gamble
Mrs C E A P Hill
P Hovesen (resigned 25 January 2007)
P E Richardson
R J Salmon
J S Wallace

Company secretary R B Osborne

Trust address and registered office The Old Rectory
Deopham Road
Morley
Wymondham
Norfolk
NR 18 9DB

Bankers Barclays Bank plc
PO O Box 614
1st Floor St Cuthberts House
7 Upper King Street
Norwich
NR3 1WX

Solicitors Birketts Solicitors
16-18 Queen Street
Norwich
NR2 2SQ

Auditors Larking Gowen
Chartered Accountants
Faiers House
Gilray Road
Diss
Norfolk
IP22 4WR

Investment managers J P Morgan Asset Management (UK) Ltd
Finsbury Dials
20 Finsbury Street
London
EC2Y 9AQ

THE MORLEY AGRICULTURAL FOUNDATION

TRUSTEES' REPORT

The directors, who are also the trustees of the charity, present their annual report and the audited financial statements for the year ended 31 August 2007

PRINCIPAL ACTIVITIES 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

- Establishment of a website which will promote its objectives and enable it to seek proposals for grants from a wider audience. The website should be up and running within the next few months
- Grants to The Arable Group (as detailed below) and continuing support to nominated PhD students
- Widening the scope of its activities by assisting the AgriFood Charities Partnership, a newly formed organisation, which seeks to improve co-operation between charities funding the sectors of agricultural research and education and to increase the overall effectiveness & influence of the sector
- To enable demonstration of arable farming techniques and practice for the benefit of the industry

STATUS

The organisation is a charitable company limited by guarantee, incorporated on 26 March 2003 and registered as a charity on 23 April 2003 under the number 1097174

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association

ORGANISATIONAL STRUCTURE

The charity is controlled by its directors. Under the company's Articles of Association, the directors are elected at the AGM. At each AGM, one-third of the elected directors will retire. If a vacancy is not filled, a retiring director, if willing, is deemed to be re-elected. All directors except an elected director retiring by rotation, must be nominated in writing to the chairman by at least three members, two of which must already be directors. The directors may appoint a person who is willing to act to be an elected director either to fill a vacancy or as an additional director but he shall hold office only until the next AGM where he may be reappointed.

Members of the Council, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 1

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 August 2007 was 777

Annually, prior to the AGM, the chairman writes to all members seeking proposals to be considered at the AGM to fill any trustee or Council vacancies

The trustees each contribute their professional expertise in different specific areas and as such no additional training is deemed necessary in those areas. However, the trustees consider and attend any relevant training opportunities which enhance their knowledge of the generic role and responsibilities of a trustee

The day to day management of The Foundation has been delegated to the company secretary, R Osborne, who is contracted by The Foundation on an annual basis. Decisions relating to the acquisition or disposal of assets are made by the trustees at one of their regular meetings

THE MORLEY AGRICULTURAL FOUNDATION

TRUSTEES' REPORT (CONT'D)

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Foundation's policy is to fund independent research and education in all aspects of arable farming and husbandry, preferably within East Anglia

To that end, The Foundation considered two five year proposals put forward by The Arable Group and agreed to fund them. The proposals were to

- a) establish an agronomy centre in East Anglia at Morley, Norfolk, and
- b) to research new farming methods on land made available at Morley

The results of both of these projects are published by The Arable Group to its members and demonstrated at its annual open day. We are now in the second year of the projects and so far all benchmarks have been achieved and reports received on a regular basis.

The Foundation is currently funding several PhD students and aims to continue to fund at least three students in the future, subject to relevant research proposals being put forward.

FINANCIAL REVIEW

Income from the portfolio, rent from properties and farming profit from Morley Farms Limited enable The Foundation to maintain its grants programme and cover its overheads.

The Foundation's net incoming resources amounted to a net deficit of £274,111 (2006 Surplus £311,942) as shown in the Consolidated Statement of Financial Activities on page 8.

After adding realised gains on the disposal of quoted investments of £nil (2006 £493,265), and the unrealised gains on the revaluation of the investment portfolio at the year end of £288,882 (2006 £142,812), there was a net increase in funds of £14,771 (2006 £948,019).

In order to help the trustees to consider funding projects beyond its current financial period, a budget process that extends two years beyond the current one is in operation.

A positive cashflow has enabled substantial funds to be put aside to fund the building of a new head office.

RELATED PARTIES

In pursuit of its charitable objectives, the company co-operates with a number of other charities including The Arable Group.

During the year, the directors noted below served on the board of the following charities:

Mr P Hoverson	The Arable Group
Mr R J Salmon	The Arable Group

The Foundation has a 100% owned subsidiary, Morley Farms Limited. Morley Farms Limited operates on a commercial basis and is charged market rent for the land it farms. Working capital and start up loans from The Foundation to Morley Farms Limited are charged interest at a commercial rate and are expected to be cleared down as the farm profitability and cash flow allows.

RESERVES POLICY

The directors continue to regard the charity's property and investment assets and its temporary loan of £250,000 (2006 £300,000) 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 as at 31 August 2007 amounted to £255,449 (2006 £326,062), after exclusion of £791,000 (2006 £482,000) that has been set aside for capital expenditure on the Old Rectory. The directors intend to use substantially all of the surplus investment income for the purpose of making grants.

THE MORLEY AGRICULTURAL FOUNDATION

TRUSTEES' REPORT (CONT'D)

RISK MANAGEMENT

The directors keep under review the major risks to which the charity is exposed. A major review of the farming operation of its subsidiary Morley Farms Limited is currently being conducted by examining various alternative operational options.

The major risk to The Foundation's income is the level of the dividend stream from the portfolio. This risk is in two parts, namely the performance of the portfolio managers (J P Morgan Asset Management (UK) Ltd) and the effect that the general UK and worldwide economy has on the portfolio. The trustees will be reviewing the performance of its current portfolio managers in the summer of 2008. The risk factor associated with the general economic outlook is considered beyond the trustees' control and can only be minimised by the expertise of the portfolio managers.

INVESTMENT POLICY

The trustees believe the current mix of property assets and investment portfolio provide the best long term strategy for the sustained level of income to enable it to continue its grants programme at existing levels. During the year, and immediately following the year end, properties surplus to requirements have been sold and funds put aside for financing the investment in a new head office for which detailed planning permission has been received. The principal tenant of the office will be The Arable Group.

J P Morgan Asset Management (UK) Ltd operates within risk guidelines set by the trustees which are reviewed on an annual basis. The trustees have not put in place any ethical, social or environmental barriers to those investments. No investments are made in hedge funds.

TAXATION

The charity is exempt from charge to corporation tax under s505 ICTA 1988. No liability arises in the trading subsidiary at present in view of the historic tax losses available.

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.

AUDITORS

Larking Gowen were re-appointed as auditors on 25 January 2007. They have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

TRUSTEES' RESPONSIBILITIES

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and the incoming resources and application of resources, including the net income and expenditure, of the group for the year. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and to enable them to ensure that the financial statements comply with Companies Act 1985. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE MORLEY AGRICULTURAL FOUNDATION

TRUSTEES' REPORT (CONT'D)

TRUSTEES RESPONSIBILITIES - continued

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

STATEMENT OF DISCLOSURE TO AUDITOR

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities issued in January 2005.

Approved by the Board on

and signed on its behalf by

A handwritten signature in black ink, appearing to read 'N Steed', with a flourish at the end.

N Steed
Trustee
22 November 2007



CHARTERED
ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE MORLEY AGRICULTURAL FOUNDATION**

We have audited the group and parent company financial statements of The Morley Agricultural Foundation for the year ended 31 August 2007 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the The Morley Agricultural Foundation for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charity 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 trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.



**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE MORLEY AGRICULTURAL FOUNDATION**

**CHARTERED
ACCOUNTANTS**

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 an opinion we also evaluated the overall accuracy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the group's and the parent company's affairs as at 31 August 2007 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended, and

- have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the Trustees' Annual Report is consistent with the financial statements

**LARKING GOWEN
REGISTERED AUDITORS
DISS
NORFOLK**

3 December 2007

THE MORLEY AGRICULTURAL FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure Account) FOR THE YEAR ENDED 31 AUGUST 2007

	Notes	Unrestricted Fund £	Restricted Fund £	Total Funds 2007 £	Total Funds 2006 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	3	-	-	-	16,907
Activities for generating funds	2	536,123	-	536,123	353,404
Investment income	4	423,977	-	423,977	445,590
Net gain on disposal of investment property		23,038	-	23,038	283,763
Other incoming resources		8,189	-	8,189	8,294
Total incoming resources		991,327	-	991,327	1,107,958
Resources expended					
Cost of generating funds					
Fundraising trading farming costs	5	442,067	-	442,067	383,383
Investment management costs	6	65,219	-	65,219	87,325
Charitable activities	7a	725,027	-	725,027	297,278
Governance costs	8	33,125	-	33,125	28,030
Total resources expended		1,265,438	-	1,265,438	796,016
Net (outgoing)/incoming resources before other recognised gains and losses		(274,111)	-	(274,111)	311,942
Other recognised gains and losses					
Realised gains on investment assets	13	-	-	-	493,265
Net (expenditure)/income for the year		(274,111)	-	(274,111)	805,207
Unrealised gains on investment assets	13	288,882	-	288,882	142,812
Net movement in funds		14,771	-	14,771	948,019
Balances brought forward at 1 September 2006		13,873,627	-	13,873,627	12,925,608
Balances carried forward at 31 August 2007		13,888,398	-	13,888,398	13,873,627

All activities derive from continuing activities

THE MORLEY AGRICULTURAL FOUNDATION

BALANCE SHEET

AS AT 31 AUGUST 2007

	Notes	2007		2006	
		Charity £	Consolidated £	Charity £	Consolidated £
Fixed assets					
Tangible assets	11	-	186,732	-	203,642
Investments (property)	12	3,864,846	3,864,846	3,864,846	3,864,846
Investments (quoted)	13	8,945,938	8,945,938	8,657,056	8,657,056
Investments (unquoted)	14	387,387	50	387,387	50
		<u>13,198,171</u>	<u>12,997,566</u>	<u>12,909,289</u>	<u>12,725,594</u>
Current assets					
Stock	15	-	209,275	-	171,745
Debtors	16	575,834	532,809	637,185	553,818
Cash at bank		817,997	817,997	482,123	492,060
		<u>1,393,831</u>	<u>1,560,080</u>	<u>1,119,308</u>	<u>1,217,623</u>
Creditors amounts falling due within one year	17	(328,188)	(430,365)	(11,246)	(69,590)
Net current assets/(liabilities)		<u>1,065,644</u>	<u>1,129,715</u>	<u>1,108,062</u>	<u>1,148,033</u>
Total assets less current liabilities		<u>14,263,814</u>	<u>14,127,282</u>	<u>14,017,352</u>	<u>13,873,627</u>
Creditors amounts falling due after more than one year	17b	(238,883)	(238,883)	-	-
Total net assets		<u>14,024,932</u>	<u>13,888,398</u>	<u>14,017,352</u>	<u>13,873,627</u>
Unrestricted funds					
General fund	18	13,593,238	13,205,848	13,874,540	13,487,154
Revaluation reserve		431,694	431,694	142,812	142,812
Funds retained within non-charitable subsidiary		-	250,856	-	243,661
		<u>14,024,932</u>	<u>13,888,398</u>	<u>14,017,352</u>	<u>13,873,627</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the Board on 22 November 2007

and signed on its behalf by



N Steed
Chairman

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

1. Principal accounting policies

a Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the inclusion of tangible assets and investments at market value, the special provisions of Part VII of the Companies Act 1985 and follow the recommendations in *Accounting and Reporting by Charities Statement of Recommended Practice* issued in March 2005

b Consolidated accounts

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Charity and its wholly owned trading subsidiary undertaking Morley Farms Ltd. The results of the subsidiary are consolidated on a line by line basis.

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

Grants are recognised in full in the Statement of Financial Activities on an accruals basis once a legal or constructive obligation exists, and any conditions on the grant are out of the Charity's control. Full details of grant expenditure recognised in the year are set out in notes 7a & 7b on pages 13 & 14 of the financial statements.

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 1/3% straight line

g Quoted investments

Quoted investments are stated at their market value. The realised profit/loss on sale of investments represents the difference between the proceeds of the sale and the balance sheet value at the previous 31 August or subsequent cost where appropriate. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the period.

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

h Investment property

In accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities, investment properties are not depreciated. The directors consider that this accounting policy, which represents a departure from statutory accounting principles, is necessary to provide a true and fair view as these properties are not held for consumption but for investment and the directors feel that systematic depreciation would not be appropriate. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Investment properties are subject to annual valuations by the directors with a professional valuation considered on a 5 yearly basis. The properties are stated at their open market value based on such valuations. Changes in the value of the investment properties are disclosed in the statement of total recognised gains and losses (being a movement on an investment revaluation reserve), unless a deficit (or its reversal) on an individual investment property is expected to be permanent, in which case it is charged (or credited) to the profit and loss account of the period.

i Stocks

Stocks are valued at the lower of cost and net realisable value.

j 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.

k. Deferred tax

Deferred tax is provided in full in respect of taxation deferred by the subsidiary by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

l. Funds

The charity maintains two types of fund as follows:

Unrestricted funds represent unrestricted income which is expendable at the discretion of the trustees in furtherance of the objectives of the charity.

Restricted funds represent amounts received which are allocated by the donor for a specific purpose.

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

2 Net income from trading activities of subsidiary

The company has a wholly owned subsidiary, Morley Farms Ltd. 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.

	2007 £	2006 £
Turnover	536,123	353,403
Cost of sales	(484,260)	(424,761)
	<hr/>	<hr/>
Gross profit	51,863	(71,358)
Administrative expenses	(24,543)	(23,008)
Other operating income	8,189	8,293
Interest receivable	400	1,510
Interest payable	(21,959)	(13,925)
	<hr/>	<hr/>
Net profit	13,950	(98,488)
	<hr/>	<hr/>

The aggregate of the assets, liabilities and funds is

Assets	618,608	584,332
Liabilities	(367,752)	(340,671)
	<hr/>	<hr/>
Funds	250,856	243,661
	<hr/> <hr/>	<hr/> <hr/>

3 Donations and similar incoming resources

	Consolidated	
	2007 £	2006 £
Grants	-	16,907
	<hr/> <hr/>	<hr/> <hr/>

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

4	Income from investments	Consolidated	
		2007 £	2006 £
	Equities - quoted	337,724	221,857
	Gilts and government securities	-	149,840
	Bank deposits	28,609	10,676
	Rents	36,602	39,090
	Other interest	21,042	24,127
		<hr/>	<hr/>
		423,977	445,590
		<hr/> <hr/>	<hr/> <hr/>
5	Fundraising trading farming costs		
	Cost of sales	184,924	152,158
	Cost of employment	98,329	99,707
	Property costs	26,005	28,658
	Equipment and vehicles	115,252	108,583
	Administration	17,557	(5,723)
		<hr/>	<hr/>
		442,067	383,383
		<hr/> <hr/>	<hr/> <hr/>
6	Investment management costs		
	Property maintenance	16,567	40,617
	Investment management fees	48,652	47,065
	Exchange rate variances	-	(357)
		<hr/>	<hr/>
		65,219	87,325
		<hr/> <hr/>	<hr/> <hr/>
7a	Charitable activities		
	Grants payable		
	To support PhD research	19,825	19,012
	Morley historical archive project	5,875	20,434
	Arable research projects	692,688	250,000
	Other grants	1,476	1,440
	Administration	5,163	6,392
		<hr/>	<hr/>
		725,027	297,278
		<hr/> <hr/>	<hr/> <hr/>

Further analysis of grants payable is set out in note 7b

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

7b Charitable activities - continued

	Grants to institutions £	Grants to individuals £
Analysis of grants		
To support PhD research	-	19,825
Morley historical archive project	5,875	-
Arable research projects		
The Arable Group - Morley Centre for New Farming Systems	291,985	-
The Arable Group - Agronomy Centre in East Anglia	400,703	-
Other grants	1,476	-
	<u>700,039</u>	<u>19,825</u>

The amount recognised in respect of the Morley Centre for New Farming Systems includes £197,985 which is to be paid in the next two accounting periods. The amount recognised for the Agronomy Centre in East Anglia includes £271,703 to be paid over the same period. The recognition of these amounts reflects the unconditional obligation by The Morley Agricultural Foundation for this funding and is in accordance with the treatment required by the Statement of Recommended Practice (issued in March 2005) - Accounting and Reporting by Charities.

8 Governance costs

	Consolidated	
	2007 £	2006 £
The Morley Agricultural Foundation administration costs	19,031	14,211
Morley Farms Limited administration costs	14,094	13,819
	<u>33,125</u>	<u>28,030</u>

9 Resources expended

Resources expended includes

Depreciation of tangible fixed assets		
- owned	57,905	74,838
Profit on disposal of fixed assets	(23,038)	(283,763)
Auditors' remuneration - Current year	2,500	2,742
- Prior year	-	(1,175)
Gain on foreign currency exchange	-	(357)

10 Employees

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

Farm employees	2	3
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Staff costs

Wages and salaries	82,681	84,661
Pension contributions	7,240	7,240
Social security costs	7,004	6,877
	<u>96,925</u>	<u>98,778</u>

No employee earned more than £60,000 in the year

No remuneration or expenses were paid to any of the trustees

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

11 Tangible fixed assets - Consolidated	Motor vehicles & tractors £	Implements and machinery £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2006	355,786	383,895	2,428	742,109
Additions	-	40,995	-	40,995
Disposals	-	(17,175)	-	(17,175)
Revaluation	-	-	-	-
At 31 August 2007	355,786	407,715	2,428	765,929
Depreciation				
At 1 September 2006	213,825	322,684	1,958	538,467
Charge for the year	35,296	22,374	235	57,905
On disposals	-	(17,175)	-	(17,175)
At 31 August 2007	249,121	327,883	2,193	579,197
Net book value at 31 August 2007	106,665	79,832	235	186,732
Net book value at 31 August 2006	141,961	61,211	470	203,642

12 Investments (property)	Investment property £	Total £
Valuation		
At 1 September 2006 and 31 August 2007	3,864,846	3,864,846

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 trustees are not aware of any material changes since the last valuation

	Market value	
	2007 £	2006 £
The investment property is held in the following categories		
Freehold agricultural land and buildings	2,929,847	2,929,847
Residential buildings	570,000	570,000
Commercial buildings	365,000	365,000
	3,864,847	3,864,847

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

13 Investments (quoted)	2007 £	2006 £
Market value at 1 September 2006	8,657,056	8,154,613
Acquisitions at cost	-	16,127,966
Sale proceeds from disposal	-	(16,261,600)
Unrealised profit in the year	288,882	142,812
Realised profit in the year	-	493,265
	<hr/>	<hr/>
Market value at 31 August 2007	8,945,938	8,657,056
	<hr/> <hr/>	<hr/> <hr/>

Individual investments held at 31 August 2007 which are over 5% of the total portfolio by value are

	Market value	
	2007 £	2006 £
J P Morgan UK Equity Fund for Charities	5,425,638	5,141,224
J P Morgan Bond Fund for Charities	2,559,297	2,678,059
J P Morgan Overseas Equities	961,004	837,773
	<hr/>	<hr/>

	2007 £	2006 £
Investments at historical cost as at 31 August 2007 comprise		
Investment portfolio	8,514,244	8,514,244
	<hr/> <hr/>	<hr/> <hr/>

Investments are revalued annually at a value determined by the trust's investment managers, J P Morgan Asset Management

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

14 Investments (unquoted)	Company		Consolidated	
	2007 £	2006 £	2007 £	2006 £
At cost				
Anglia Farmers Ltd				
50 Ordinary shares of £1 each fully paid	-	-	50	50
Morley Farms Ltd				
387,387 Ordinary shares of £1 each fully paid	387,387	387,387	-	-

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

Name of company	Class of shares	Holding	Year end
Morley Farms Ltd - Arable farmer	Ordinary	100%	31 August

15 Stocks	Company		Consolidated	
	2007 £	2006 £	2007 £	2006 £
Raw materials and consumables	-	-	146,525	137,703
Growing crops	-	-	55,513	34,042
	-	-	202,038	171,745

16 Debtors	Company		Consolidated	
	2007 £	2006 £	2007 £	2006 £
Trade debtors	5,180	6,272	101,580	48,367
Other debtors	305,078	348,511	399,890	473,999
Prepayments	-	76	9,039	2,405
Deferred tax	-	-	22,300	29,047
Amount due from subsidiaries	265,576	282,326	-	-
	575,834	637,185	532,809	553,818

Other debtors include a loan to The Arable Group of £250,000 this balance includes an amount of £200,000 due to be repaid after more than one year (2006 - £250,000)

The balance due from the charity's trading subsidiary, Morley Farms Ltd, is reflected under debtors. The funding provided to the company carries interest at 2.5% above bank base rates. The directors are currently finalising proposals for the longer term funding of Morley Farms Ltd. A formal repayment schedule will be agreed as part of these proposals.

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

17a Creditors amounts falling due within one year	Company		Consolidated	
	2007 £	2006 £	2007 £	2006 £
Bank loans and overdrafts	-	546	30,332	546
Trade creditors	277	4,721	68,037	53,880
Other creditors	700	545	1,354	4,458
Taxation and social security	-	-	-	250
Grants payable	318,805	-	318,805	-
Accruals	8,406	5,434	11,837	10,456
	<u>328,188</u>	<u>11,246</u>	<u>430,365</u>	<u>69,590</u>

17b. Creditors. amounts falling due after more than one year	Company		Consolidated	
	2007 £	2006 £	2007 £	2006 £
Grants payable	238,883	-	238,883	-

18. Company	General fund	Revaluation reserve	Funds retained in non-charitable subsidiary	Total
	£	£	£	£
Opening reserves	13,874,540	142,812	-	14,017,352
Deficit for the year	(281,302)	-	-	(281,302)
Surplus arising on revaluation of fixed asset investments	-	288,882	-	288,882
Closing reserves	<u>13,593,238</u>	<u>431,694</u>	<u>-</u>	<u>14,024,932</u>
Consolidated	General fund	Revaluation reserve	Funds retained in non-charitable subsidiary	Total
	£	£	£	£
Opening reserves	13,487,154	142,812	243,661	13,873,627
Deficit for the year	(281,306)	-	7,195	(274,111)
Surplus arising on revaluation of fixed asset investments	-	288,882	-	288,882
Closing reserves	<u>13,205,848</u>	<u>431,694</u>	<u>250,856</u>	<u>13,888,398</u>

All funds at the year end relate to unrestricted funds

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

19 Taxation

The charitable company is exempt from corporation tax on its charitable activities under s505 ICTA 1988

20 Related parties

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 paragraph 3(c) not to make disclosure concerning intercompany transactions

The following directors were trustees of a charity with which the Group has an association

P E Richardson	The Arable Group
Mr R J Salmon	The Arable Group

Mr M J W Gamble was also a director of Easton Farms Ltd, with whom Morley Farms Ltd traded during the year

21 Control

The company is controlled by the trustees who are listed on page 1

22 Results of The Morley Agricultural Foundation

The results arising in the Income and Expenditure Account of the parent company are shown below

	Company	
	2007	2006
	£	£
Incoming resources		
Gross income	527,973	792,903
Resources expended		
Cost of generating funds	65,219	87,325
Cost of charitable activities	725,025	297,276
Governance costs	19,031	14,212
	<hr/>	<hr/>
	809,275	398,813
	<hr/>	<hr/>
Net incoming resources before other recognised gains and losses	(281,302)	394,090
Gains on investment assets		
Realised	-	493,265
Unrealised	288,882	142,812
	<hr/>	<hr/>
Net surplus arising	7,580	1,030,167
	<hr/>	<hr/>