

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 2009

WEDNESDAY



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PC2 27/01/2010 323
COMPANIES HOUSE

LARKING GOWEN
CHARTERED ACCOUNTANTS
NORWICH

THE MORLEY AGRICULTURAL FOUNDATION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2009

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THE MORLEY AGRICULTURAL FOUNDATION

OFFICERS AND ADVISERS

FOR THE YEAR ENDED 31 AUGUST 2009

President: The Marquess Townshend of Raynham DCL, FRSA

Directors: N J Steed (Chairman)
M J W Gamble
Mrs C E A P Hill
P E Richardson
R J Salmon
J S Wallace

Company secretary: D R Pask

Trust address and registered office: Morley Business Centre
Deopham Road
Morley
Wymondham
Norfolk
NR18 9DF

Bankers: Barclays Bank plc
PO 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
King Street House
15 Upper King Street
Norwich
Norfolk
NR3 1RB

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

THE MORLEY AGRICULTURAL FOUNDATION

TRUSTEES' REPORT

The trustees, who are also the directors of the charity, present their annual report and the audited financial statements for the year ended 31 August 2009.

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:

- Grants to The Arable Group and continuing support to nominated PhD's.
- Grants to AgriFood Charities Partnership.
- Continuing support to the East of England Apples and Orchard project.
- Grant to the Eastern Associations Research Studentship for honey bee disease research.
- Grant to the Royal Norfolk Agricultural Association.

PUBLIC BENEFIT

The trustees confirm that, in exercising their powers and duties, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The charity provides a public benefit through the achievement of its objectives.

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 trustees. Under the company's Articles of Association, the trustees are elected at the AGM. At each AGM, one-third of the elected trustees will retire. If a vacancy is not filled, a retiring trustee, if willing, is deemed to be re-elected. All trustees except an elected trustee retiring by rotation, must be nominated in writing to the chairman by at least three members, two of which must already be trustees. The trustees may appoint a person who is willing to act to be an elected trustee either to fill a vacancy or as an additional trustee 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 2009 was 749.

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 MORLEY AGRICULTURAL FOUNDATION

TRUSTEES' REPORT (CONT'D)

ORGANISATIONAL STRUCTURE (CONTINUED)

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. After the year end of 31 August 2009 Mr Osborne has indicated his intention to retire and Mr D Pask has been appointed as his replacement and Company Secretary.

The Foundation's subsidiary trading company carries out commercial farming activities, historically with a view to profits generated being paid by gift aid to The Foundation. Morley Farms Ltd continues to carry out and support various ancillary research and educational activities for the benefit of the Foundation. The farm management works closely with a regional agricultural educational organisation to develop training schemes for its students.

The capital base of Morley Farms will need to expand to finance these activities. This is likely to be through programme related loan funding from The Foundation but also from the retention of some future commercial farming profits. Where profits are retained in future this may give rise to a liability to corporation tax within Morley Farms Limited.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Foundation's policy continues to be funding of independent research and education in all aspects of arable farming and husbandry, preferably within East Anglia.

To that end:

- a) Funding for years 4 and 5 of the two proposals from The Arable Group detailed last year has been confirmed.
- b) The Foundation continues to make funds available for relevant research by PhD students.
- c) Continuing support to the East of England Apple and Orchard project.
- d) Continuing support to a three year £1,000 pa research project into disease pressures on the honey bee.
- e) Providing funding to Morley Farms Ltd in support of the ancillary research and educational activities it conducts.
- f) Continuing support to the AgriFood Charities Partnership.
- g) Continuing support to educational projects of The Royal Norfolk Agricultural Association.

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 £23,330 (2008: £477,358) as shown in the Consolidated Statement of Financial Activities on page 8. This includes net profit from the subsidiary company of £256,642 (2008: £128,641) prior to any Gift Aid payment.

After adding realised gains on investment property of £171,154 (2008: £54,114), and the unrealised loss on the revaluation of the investment portfolio at the year end of £701,813 (2008: £772,048), there was a net decrease in funds of £507,329 (2008: £240,577).

The charity's investment portfolio generated a loss for the year reflecting the performance of the Stock Market as a whole across the period. Since the year end the value of the stock market investments have increased. The value of the portfolio at 30 November 2009 was £7,699,976.

THE MORLEY AGRICULTURAL FOUNDATION

TRUSTEES' REPORT (CONT'D)

FINANCIAL REVIEW (CONTINUED)

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 cash flow enabled funds to be put aside to build the new head office, named as Morley Business Centre, and completed in December 2008.

RELATED PARTIES

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

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 trustees continue to regard the charity's property and investment assets and its temporary loan of £137,500 (2008: £212,500) 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 2009 amounted to £1,135,948 (2008: £532,950). The trustees intend to use substantially all of the surplus investment income for the purpose of making grants.

RISK MANAGEMENT

The trustees keep under review the major risks to which the Charity is exposed.

A management committee, under the chairmanship of a Foundation trustee, has been established for Morley Farms Limited and meets regularly to review performance. A independent consultant has been employed for one year to assist the new farm manager in preparing budgets and reviewing procedures and controls against industry benchmarks.

The major risk to the Foundations income is the level of the dividend stream from its portfolio currently managed by J P Morgan Asset Management (UK) Limited. The trustees believe it is prudent to review on a regular basis who will manage the portfolio and have started that process for completion the spring of 2010.

INVESTMENT POLICY

The trustees continue to believe the current mix of property assets and investment portfolio provide the best long term strategy for the creation of income to support its grants programme. Together with portfolio managers, the trustees review investment performance against objectives set.

The Arable Group has signed a ten year lease to occupy a substantial part of the Morley Business Centre

Morley Farms Limited continues to pay a commercial rent to the Foundation.

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 and Gift Aid payment.

FIXED ASSETS

Movements in fixed assets are shown in the notes to the accounts. The Board considered it was inappropriate to revalue the property assets during 2009 and now intends to do so before the completion on the financial year ended 31 August 2010.

THE MORLEY AGRICULTURAL FOUNDATION

TRUSTEES' REPORT (CONT'D)

AUDITORS

Larking Gowen were re-appointed as auditors on 22 January 2009. 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 2006. 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 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

STATEMENT OF DISCLOSURE TO AUDITOR

So far as each trustee is aware, there is no relevant audit information of which the company's auditors are unaware. Each trustee has taken all the steps that he ought to have taken in his duty as a trustee 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 2 December 2009 and signed on its behalf by:



N. Steed
Trustee



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE MORLEY AGRICULTURAL FOUNDATION

CHARTERED ACCOUNTANTS

We have audited the financial statements of The Morley Agricultural Foundation for the year ended 31 August 2009 which comprise the Consolidated Statement of Financial Activities, Consolidated and Parent Company Balance Sheets and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 and section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees 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 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) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed under the Companies Act 2006 and section 43 of the Charities Act 1993 and report to you in accordance with those acts. 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006 and the Charities Act 1993. 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 adequate accounting records, if the financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosure of trustees' remuneration specified by law are not made.

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 group's and the parent charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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.



**CHARTERED
ACCOUNTANTS**

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 August 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

- the financial statements have been properly prepared in accordance with the Companies Act 2006 and the Charities Act 1993; and

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

**JULIE GRIMMER FCA, SENIOR STATUTORY AUDITOR
FOR AND ON BEHALF OF**

**LARKING GOWEN CHARTERED ACCOUNTANTS
STATUTORY AUDITORS**

NORWICH

11 December 2009

Company Registration No. 04712419

THE MORLEY AGRICULTURAL FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure Account) FOR THE YEAR ENDED 31 AUGUST 2009

	Notes	Unrestricted Fund £	Restricted Fund £	Total Funds 2009 £	Total Funds 2008 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	3	-	-	-	34
Activities for generating funds	2	856,302	-	856,302	679,527
Investment income	4	396,685	-	396,685	440,818
Other incoming resources		3,557	-	3,557	6,780
Total incoming resources		1,256,544	-	1,256,544	1,127,159
Resources expended					
Cost of generating funds					
Fundraising trading: farming costs	5	553,830	-	553,830	510,433
Investment management costs	6	95,870	-	95,870	63,337
Charitable activities	7a	547,679	-	547,679	41,370
Governance costs	8	35,835	-	35,835	34,661
Total resources expended		1,233,214	-	1,233,214	649,801
Net incoming resources before other recognised gains and losses		23,330	-	23,330	477,358
Other recognised gains and losses					
Realised gains on investment assets	12	171,154	-	171,154	54,114
Net income for the year		194,484	-	194,484	531,471
Unrealised losses on investment assets	13	(701,813)	-	(701,813)	(772,048)
Net movement in funds		(507,329)	-	(507,329)	(240,577)
Balances brought forward at					
1 September 2008		13,647,821	-	13,647,821	13,888,398
Balances carried forward at 31 August 2009		13,140,492	-	13,140,492	13,647,821

All activities derive from continuing activities.

THE MORLEY AGRICULTURAL FOUNDATION

BALANCE SHEET

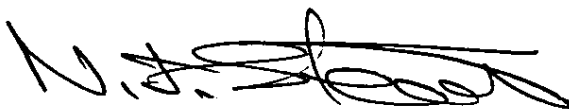
AS AT 31 AUGUST 2009

	Notes	2009		2008	
		Charity £	Consolidated £	Charity £	Consolidated £
Fixed assets					
Tangible assets	11	15,657	381,588	589,458	755,685
Investments (property)	12	4,394,918	4,394,918	3,764,846	3,764,846
Investments (quoted)	13	7,472,077	7,472,077	8,173,890	8,173,890
Investments (unquoted)	14	387,387	50	387,387	50
		<u>12,270,039</u>	<u>12,248,633</u>	<u>12,915,581</u>	<u>12,694,471</u>
Current assets					
Stock	15	-	354,010	-	266,359
Debtors	16	343,726	390,976	486,493	641,218
Cash at bank		959,985	992,031	707,433	707,640
		<u>1,303,710</u>	<u>1,737,016</u>	<u>1,193,926</u>	<u>1,615,217</u>
Creditors: amounts falling due within one year	17a	(368,484)	(459,241)	(453,794)	(661,867)
Net current assets		<u>935,225</u>	<u>1,277,775</u>	<u>740,132</u>	<u>953,350</u>
Total assets less current liabilities		<u>13,205,265</u>	<u>13,526,408</u>	<u>13,655,713</u>	<u>13,647,821</u>
Creditors: amounts falling due after more than one year	17b	(256,897)	(385,916)	-	-
Total net assets		<u>12,948,367</u>	<u>13,140,492</u>	<u>13,655,713</u>	<u>13,647,821</u>
Unrestricted funds	18				
General fund		12,948,367	12,598,608	13,655,713	13,268,323
Revaluation reserve		-	-	-	-
Funds retained within non-charitable subsidiary		-	541,884	-	379,498
		<u>12,948,367</u>	<u>13,140,492</u>	<u>13,655,713</u>	<u>13,647,821</u>

These accounts have been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board on 2 December 2009 and signed on its behalf by:

N Steed
Chairman



THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2009

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 in Part 15 of the Companies Act 2006 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 and 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	10% to 15% straight line or reducing balance
Motor vehicles and tractors	15% reducing balance or 15% straight line
Computer equipment	33 1/3% straight line
Assets under the course of construction	None

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 2009

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. 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 2009

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 arable farming. All activities have been consolidated on a line by line basis in the SOFA. A summary of the results is noted below:

	2009 £	2008 £
Turnover	883,606	724,961
Cost of sales	(568,871)	(536,886)
Gross profit	314,735	188,075
Administrative expenses	(53,686)	(29,219)
Other operating income	3,557	6,780
Interest receivable	22	716
Interest payable	(7,986)	(15,411)
Gift Aid payment	(56,628)	-
Net profit	200,014	150,941
The aggregate of the assets, liabilities and funds is:		
Assets	920,298	713,766
Liabilities	(340,784)	(334,267)
Funds	579,514	379,499

3. Donations and similar incoming resources

	Consolidated	
	2009 £	2008 £
Grants	-	34

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2009

4. Income from investments	Consolidated	
	2009 £	2008 £
Equities - quoted	345,001	343,848
Bank deposits	7,211	47,392
Rents	36,628	33,118
Other interest	7,845	16,460
	<u>396,685</u>	<u>440,818</u>
5. Fundraising trading: farming costs		
Cost of sales	229,100	220,889
Cost of employment	103,682	110,483
Property costs	44,580	41,592
Equipment and vehicles	126,915	98,921
Administration	49,553	38,548
	<u>553,830</u>	<u>510,433</u>
6. Investment management costs		
Property maintenance	66,046	19,302
Investment management fees	29,824	44,034
	<u>95,870</u>	<u>63,336</u>
7a. Charitable activities		
Grants payable		
To support PhD research	-	12,401
Morley historical archive project	-	7,292
Arable research projects	503,141	-
Other grants	21,766	10,424
Administration	22,772	11,253
	<u>547,679</u>	<u>41,370</u>

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

In addition to the above grants, the Foundation has also made a grant to Morley Farms Ltd of £27,303 (2008: £45,434) in respect of charitable work undertaken by the subsidiary company. This grant is eliminated on consolidation.

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2009

7b. Charitable activities - continued

	Grants to institutions £	Grants to individuals £
Analysis of other grants		
Morley historical archive project	-	7,292
Norfolk Showground	10,007	10,424
TAG asset programme	3,000	-
Agri Foods	3,000	-
Honey Bee's	3,000	-
Other	2,759	-
	<hr/> 21,766	<hr/> 17,716

8. Governance costs

	Consolidated	
	2009 £	2008 £
The Morley Agricultural Foundation administration costs	26,280	21,393
Morley Farms Limited administration costs	9,555	13,268
	<hr/> 35,835	<hr/> 34,661

9. Resources expended

Resources expended includes:

Depreciation of tangible fixed assets		
- owned	44,882	40,028
- held under hire purchase	17,489	-
Profit on disposal of fixed assets	(3,522)	(36,213)
Auditors' remuneration - audit services	3,980	2,960
- non-audit services	4,175	4,105

10. Employees

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

Farm employees	2	2
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Staff costs

Wages and salaries	90,912	89,740
Pension contributions	3,460	6,911
Social security costs	9,310	7,524
	<hr/> 103,682	<hr/> 104,175

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 2009

11. Tangible fixed assets -

a) Company

	Fixtures & Fittings	Building in the course of construction £	Total £
Cost			
At 1 September 2008	-	589,458	589,458
Additions	18,420	405,614	424,034
Transfer to Investment Properties	-	(995,072)	(995,072)
At 31 August 2009	18,420	-	18,420
Depreciation			
At 1 September 2008	-	-	-
Charge for the year	2,763	-	2,763
On disposals	-	-	-
At 31 August 2009	2,763	-	2,763
Net book value at 31 August 2009	15,657	-	15,657
Net book value at 31 August 2008	-	589,458	589,458

b) Consolidated

	Building in the course of construction £	Motor vehicles & tractors £	Implements and machinery £	Fixtures, Fittings and Computer equipment £	Total £
Cost					
At 1 September 2008	589,458	258,328	327,508	6,696	1,181,990
Additions	405,614	247,199	27,740	21,155	701,708
Transfer to Investment Properties	(995,072)	-	-	-	(995,072)
Disposals	-	(11,927)	(106,933)	-	(118,860)
At 31 August 2009	-	493,600	248,315	27,851	769,766
Depreciation					
At 1 September 2008	-	159,572	262,882	3,851	426,305
Charge for the year	-	44,405	13,152	4,814	62,371
On disposals	-	(11,926)	(88,572)	-	(100,498)
At 31 August 2009	-	192,051	187,462	8,665	388,178
Net book value at 31 August 2009	-	301,549	60,853	19,186	381,588
Net book value at 31 August 2008	589,458	98,756	64,626	2,845	755,685

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2009

12. Investments (property)

Investment property

	£
Valuation	
At 1 September 2008	3,764,846
Transfer from tangible fixed assets	995,072
Realised gain on disposal	171,154
Disposal (at proceeds)	(536,154)
	4,394,918

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 next scheduled formal revaluation of the properties was due to take place in 2009. However due to the uncertainty in the property market the directors agreed to delay this until 2010 when it was expected that stability would have returned allowing a more meaningful valuation to be undertaken.

	Market value	
	2009	2008
	£	£
The investment property is held in the following categories:		
Freehold agricultural land and buildings	2,929,847	2,929,846
Residential buildings	470,000	470,000
Commercial buildings	995,071	365,000
	4,394,918	3,764,846

13. Investments (quoted)

	Market value	
	2009	2008
	£	£
Market value at 1 September 2008	8,173,890	8,945,938
Unrealised loss	(701,813)	(772,048)
	7,472,077	8,173,890

Individual investments held at 31 August 2009 which are over 5% of the total portfolio by value are:

	Market value	
	2009	2008
	£	£
J P Morgan UK Equity Fund for Charities	3,873,354	4,679,408
J P Morgan Bond Fund for Charities	2,731,703	2,588,761
J P Morgan Overseas Equities	867,020	905,720

Investments at historical cost as at 31 August 2009 comprise:

	Market value	
	2009	2008
	£	£
Investment portfolio	8,514,244	8,514,244

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 2009

14. Investments (unquoted)

	Company		Consolidated	
	2009 £	2008 £	2009 £	2008 £
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	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

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	
	2009 £	2008 £	2009 £	2008 £
Raw materials and consumables	-	-	254,156	215,945
Growing crops	-	-	99,854	50,414
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	354,010	266,359
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

16. Debtors

	Company		Consolidated	
	2009 £	2008 £	2009 £	2008 £
Trade debtors	39,337	18,831	84,209	205,861
Other debtors	188,822	341,466	305,176	431,221
Prepayments	401	-	1,591	4,136
Amount due from subsidiary	115,166	126,196	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	343,726	486,493	390,976	641,218
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Other debtors include a loan to The Arable Group of £137,500 (2008 : £212,500) this balance includes an amount of £87,500 due to be repaid after more than one year (2008 : £162,500).

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 MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2009

17a. Creditors: amounts falling due within one year

	Company		Consolidated	
	2009 £	2008 £	2009 £	2008 £
Bank loans and overdrafts	4,592	341	7,215	98,963
Trade creditors	271	29,323	20,664	130,387
Net obligations under hire purchase contracts	-	-	42,990	-
Other creditors	675	-	675	160
Taxation and social security	14,684	-	8,845	-
Grants payable	307,967	296,593	307,967	296,593
Accruals	40,295	127,537	70,885	135,764
	<u>368,484</u>	<u>453,794</u>	<u>459,241</u>	<u>661,867</u>

17b. Creditors: amounts falling due after more than one year

	Company		Consolidated	
	2009 £	2008 £	2009 £	2008 £
Net obligations under hire purchase contracts	-	-	129,019	-
Grants payable	256,897	-	256,897	-
	<u>256,897</u>	<u>-</u>	<u>385,916</u>	<u>-</u>

The hire purchase liability is secured against the asset to which it relates.

18. Company

	General fund £	Revaluation reserve £	Funds retained in non-charitable subsidiary £	Total £
Opening reserves	13,655,713	-	-	13,655,713
Deficit for the year	(176,688)	-	-	(176,688)
Realised gain on disposal of investments	171,154	-	-	171,154
Unrealised loss on revaluation of investments	(701,812)	-	-	(701,812)
Closing reserves	<u>12,948,367</u>	<u>-</u>	<u>-</u>	<u>12,948,367</u>

	General fund £	Revaluation reserve £	Funds retained in non-charitable subsidiary £	Total £
Opening reserves	13,268,323	-	379,498	13,647,821
(Deficit)/surplus for the year	(139,056)	-	162,386	23,330
Realised gain on disposal of investments	171,154	-	-	171,154
Unrealised loss on revaluation of investments	(701,813)	-	-	(701,813)
Closing reserves	<u>12,598,608</u>	<u>-</u>	<u>541,884</u>	<u>13,140,492</u>

All funds at the year end are unrestricted.

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2009

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 inter-group transactions.

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

Mr R J Salmon	The Arable Group (TAG)
J S Wallace	Chadacre Agricultural Trust
P E Richardson	John Mann Trust and J C Harrison Trust

M J W Gamble is a director of Easton College Farms Limited, with whom Morley Farms Limited traded with on a normal commercial basis in the year.

During the year the charity committed to make grants to TAG of £503,141 (2008: £7,291). At the 31 August 2009 grants of £563,864 (2008: £238,883) remained payable to TAG.

The charity has also made loans to TAG. At the 31 August 2009 £137,500 (2008: £212,500) remained outstanding and due to the charity. Interest is charged on the loan at 2.5% above the base rate. The interest charged for the period was £7,845 (2008: £16,427).

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	
	2009	2008
	£	£
Incoming resources		
Gross income	520,444	520,249
Resources expended		
Cost of generating funds	95,867	63,337
Cost of charitable activities	574,982	86,804
Governance costs	26,280	21,393
	697,129	171,534
Net (outgoing)/incoming resources before other recognised gains and losses	(176,684)	348,715
(Losses)/gains on investment assets		
Realised	171,154	54,114
Unrealised	(701,813)	(772,048)
Net deficit arising	(707,343)	(369,219)

THE MORLEY AGRICULTURAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2009

23. Capital commitments

At 31 August 2009 the company had capital commitments as follows:

	Company	
	2009	2008
	£	£
Contracted for but not provided in the financial statements	-	338,975