

Registered number. 04712419
Charity number: 1097174

THE MORLEY AGRICULTURAL FOUNDATION

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2011



THE MORLEY AGRICULTURAL FOUNDATION
(A company limited by guarantee)

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THE MORLEY AGRICULTURAL FOUNDATION
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2011**

Trustees	N J Steed, Chair M J W Gamble Mrs C E A P Hill P E Richardson R J Salmon J S Wallace
Company registered number	04712419
Charity registered number	1097174
Registered office	Morley Business Centre Deopham Road Morley Norfolk NR18 9DF
Company secretary	D R Pask
Auditors	Larking Gowen Chartered Accountants King Street House 15 Upper King Street Norwich NR3 1RB
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
Investment Managers	Barratt & Cooke 5 Opie Street Norwich Norfolk NR1 3DW J P Morgan Asset Management (UK) Ltd Finsbury Dials 20 Finsbury Street London EC2Y 9AQ

THE MORLEY AGRICULTURAL FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2011

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Morley Agricultural Foundation (the parent company and the group) for the ended 31 August 2011. The Trustees confirm that the Annual report and financial statements of the company and the group comply with current statutory requirements, the requirements of the companies governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. CONSTITUTION

The parent company and the group is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 23 April 2003 and is a registered charity number 1097174.

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
- Grant to the Centre for Contemporary Agriculture
- Grant to the Eastern Associations Research Studentship for honey bee disease research
- Grant to the Royal Norfolk Agricultural Association

b METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

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 2010 was 694.

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, D Pask, who is

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2011

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 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.

c. RISK MANAGEMENT

The Trustees have assessed the major risks to which the parent company and the group is exposed, in particular those related to the operations and finances of the parent company and the group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

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. An independent consultant has been employed 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 Barratt and Cooke.

Objectives and Activities

Achievements and performance

a. REVIEW OF ACTIVITIES

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 the two proposals from The Arable Group for five years
- b) The Foundation continues to make funds available for relevant research by PhD students
- c) Support for a further year of £15,000 per annum to the Centre for Contemporary Agriculture
- d) Continuing support to a 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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2011

g) Continuing support to educational projects of The Royal Norfolk Agricultural Association, and The Suffolk Agricultural Association

b. INVESTMENT POLICY AND PERFORMANCE

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.

Financial review

a. RESERVES POLICY

The trustees continue to regard the charity's property and investment assets and its temporary loan of £50,000 (2010 £112,500) 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 2011 amounted to £411,259 (2010 £778,034). The trustees intend to use substantially all of the surplus investment income for the purpose of making grants.

Plans for the future

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 outgoing resources amounted to £774,513 (2010 £308,744 incoming resources) as shown in the Consolidated Statement of Financial Activities on page 8. This includes net profit from the subsidiary company of £70,281 (2010 £191,338) prior to any Gift Aid payment.

There was a net decrease in funds of £380,302 (2010 £5,177,854 increase).

The charity's investment portfolio generated a profit 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 decreased. The value of the portfolio at 30 November 2011 was £7,738,949.

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

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of The Morley Agricultural Foundation for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity 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 charitable company and the group and of the incoming

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2011

resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation

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

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable group's auditors in connection with preparing their report and to establish that the charitable group's auditors are aware of that information

This report was approved by the Trustees on 8 December 2011 and signed on their behalf, by



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N J Steed, Chair

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

We have audited the financial statements of The Morley Agricultural Foundation for the year ended 31 August 2011 set out on pages 8 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Julie Grimmer FCA DChA (Senior statutory auditor)

for and on behalf of

Larking Gowen

Chartered Accountants
Statutory Auditors

King Street House
15 Upper King Street
Norwich
NR3 1RB
9 December 2011

THE MORLEY AGRICULTURAL FOUNDATION
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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2011

	Note	Unrestricted funds 2011 £	Total funds 2010 £
INCOMING RESOURCES			
Incoming resources from generated funds			
Activities for generating funds	2	719,927	885,704
Investment income	3	318,953	317,235
Other incoming resources	4	86,621	4,303
TOTAL INCOMING RESOURCES		1,125,501	1,207,242
RESOURCES EXPENDED			
Costs of generating funds			
Fundraising expenses and other costs		582,307	690,136
Investment management expenses	5	66,397	107,519
Charitable activities	6	1,237,120	90,771
Governance costs	7	14,190	10,072
TOTAL RESOURCES EXPENDED		1,900,014	898,498
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE INVESTMENT ASSET DISPOSALS		(774,513)	308,744
Gains and losses on disposals of investment assets	12,13	662,045	-
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE REVALUATIONS		(112,468)	308,744
Gains and losses on revaluations of investment assets	12,13	(267,834)	4,869,108
NET MOVEMENT IN FUNDS FOR THE YEAR		(380,302)	5,177,852
<i>Total funds at 1 September 2010</i>		<i>18,318,347</i>	<i>13,140,495</i>
TOTAL FUNDS AT 31 AUGUST 2011		17,938,045	18,318,347

All activities relate to continuing operations

The notes on pages 12 to 23 form part of these financial statements

THE MORLEY AGRICULTURAL FOUNDATION
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SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2011

	Note	Unrestricted funds 2011 £	Total funds 2010 £
TOTAL INCOME		1,125,501	1,207,240
LESS: TOTAL EXPENDITURE		1,900,014	898,497
Net (expenditure)/income for the year before investment asset disposals		(774,513)	308,743
Gain/(loss) on disposal of investment assets	18	662,045	-
NET (EXPENDITURE)/INCOME FOR THE YEAR	18	(112,468)	308,743

The notes on pages 12 to 23 form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 2011

	Note	Unrestricted funds 2011 £	Total funds 2010 £
NET (EXPENDITURE)/INCOME FOR THE YEAR	18	(112,468)	308,743
Gains and losses on revaluations of investment assets		(267,834)	4,869,108
TOTAL GAINS AND LOSSES RECOGNISED SINCE 1 SEPTEMBER 2010	18	(380,302)	5,177,851

There is no difference between the (expenditure)/income on ordinary activities for the year stated above and its historical cost equivalent

The notes on pages 12 to 23 form part of these financial statements

THE MORLEY AGRICULTURAL FOUNDATION
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CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	11		452,668		454,264
Investment property	12		9,260,762		9,270,785
Investments	13		7,763,356		7,702,764
			17,476,786		17,427,813
CURRENT ASSETS					
Stocks	14	287,905		268,740	
Debtors	15	368,946		395,878	
Cash at bank		1,367,359		902,160	
			2,024,210		1,566,778
CREDITORS: amounts falling due within one year	16		(559,469)		(569,499)
NET CURRENT ASSETS			1,464,741		997,279
TOTAL ASSETS LESS CURRENT LIABILITIES			18,941,527		18,425,092
CREDITORS: amounts falling due after more than one year	17		(1,003,482)		(106,745)
NET ASSETS			17,938,045		18,318,347
CHARITY FUNDS					
Unrestricted funds	18		17,938,045		18,318,347
			17,938,045		18,318,347

The financial statements were approved by the Trustees on 8 December 2011 and signed on their behalf, by


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N J Steed, Chair

The notes on pages 12 to 23 form part of these financial statements

THE MORLEY AGRICULTURAL FOUNDATION
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COMPANY BALANCE SHEET
AS AT 31 AUGUST 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	11		12,125		13,309
Investment property	12		9,260,762		9,270,785
Investments	13		8,150,693		8,090,101
			17,423,580		17,374,195
CURRENT ASSETS					
Debtors	15	189,772		237,180	
Cash at bank			1,346,575		847,322
			1,536,347		1,084,502
CREDITORS: amounts falling due within one year	16		(404,812)		(418,622)
NET CURRENT ASSETS			1,131,535		665,880
TOTAL ASSETS LESS CURRENT LIABILITIES			18,555,115		18,040,075
CREDITORS amounts falling due after more than one year	17		(960,468)		-
NET ASSETS			17,594,647		18,040,075
CHARITY FUNDS					
Unrestricted funds	18		17,594,647		18,040,075
			17,594,647		18,040,075

The financial statements were approved by the Trustees on 8 December 2011 and signed on their behalf, by



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N J Steed, Chair

The notes on pages 12 to 23 form part of these financial statements

THE MORLEY AGRICULTURAL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 2006.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP. See note 22 for a breakdown of the assets of the company alone.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

1.4 Incoming resources

All incoming resources are included in the Statement of financial activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

1. ACCOUNTING POLICIES (continued)

1.6 Basis of consolidation

The financial statements consolidate the accounts of The Morley Agricultural Foundation and all of its subsidiary undertakings ('subsidiaries')

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	-	10% to 15% straight line or reducing balance
Motor vehicles	-	15% reducing balance or 15% straight line
Fixtures & fittings	-	33 33% straight line
Assets in the course of construction	-	Not depreciated

1.8 Investments

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year

(i) **Subsidiary undertakings**

Investments in subsidiaries are valued at cost less provision for impairment

1.9 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the Trustees, necessary in order to give a true and fair view of the financial position of the company and the group

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

1. ACCOUNTING POLICIES (continued)

1 10 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1 11 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.12 Pensions

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 FUNDRAISING INCOME

	Unrestricted funds 2011 £	<i>Total funds 2010 £</i>
Farming Income	719,927	<i>885,704</i>

3 INVESTMENT INCOME

	Unrestricted funds 2011 £	<i>Total funds 2010 £</i>
Investment income	238,181	<i>266,749</i>
Rent received	59,645	<i>39,269</i>
Bank interest	19,727	<i>6,561</i>
TAG loan interest	1,400	<i>4,656</i>
	318,953	<i>317,235</i>

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NOTES TO THE FINANCIAL STATEMENTS
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4 OTHER INCOMING RESOURCES

	Unrestricted funds 2011 £	<i>Total funds 2010 £</i>
Option grant fee	64,327	-
Profit on disposal of fixed assets	21,654	-
Other income	640	4,303
	<u>86,621</u>	<u>4,303</u>

5 INVESTMENT MANAGEMENT COSTS

	Unrestricted funds 2011 £	<i>Total funds 2010 £</i>
Property Maintenance	39,117	48,292
Investment management fees	27,280	41,847
Legal & professional fees - investment properties	-	17,380
	<u>66,397</u>	<u>107,519</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011**

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2011 £	<i>Total funds 2010 £</i>
Grants payable - Arable research projects (see analysis below)	1,229,214	79,490
Morley business centre	7,906	11,281
	<u>1,237,120</u>	<u>90,771</u>

Analysis of arable research projects - other grants

	Grants to institutions £	Grants to individuals £	2011 £	<i>2010 £</i>
K Watson	-	-	-	15,000
Norfolk Showground	6,667	-	6,667	8,000
Suffolk County Fair	2,000	-	2,000	2,000
Agri Foods	500	-	500	500
Honey Bees	-	-	-	1,000
Centre for Contemporary Agriculture	-	-	-	45,000
Other	10,634	-	10,634	7,990
TAG - New Farming Systems	514,066	-	514,066	-
TAG - National Agronomy Centre	679,021	-	679,021	-
TAG - Asset Programme	9,000	-	9,000	-
T Chamen	-	7,326	7,326	-
Total	<u>1,221,888</u>	<u>7,326</u>	<u>1,229,214</u>	<u>79,490</u>

The TAG grants for New Farming Systems (£514,066) and the National Agronomy Centre (£679,021) are payable in equal installments over 5 years. The TAG asset programme grant for £9,000 is payable in equal annual installments over 3 years. The total payable in over one year to TAG is £960,468 as set out in note 17. 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 2005.

7. GOVERNANCE COSTS

	Unrestricted funds 2011 £	<i>Total funds 2010 £</i>
The Morley Agricultural Foundation support costs	<u>14,190</u>	<u>10,072</u>

THE MORLEY AGRICULTURAL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

8 NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging/(crediting)

	2011	2010
	£	£
Depreciation of tangible fixed assets		
- owned by the charitable group	47,721	43,809
- held under finance leases	29,378	29,378
Governance Auditors' remuneration	4,010	4,800
Governance Auditors' non audit costs	2,230	4,720
Profit/(loss) on sales of fixed assets	52,452	(20,220)
	52,452	(20,220)

During the year, no Trustees received any remuneration, benefits in kind or reimbursement of expenses (2010 - £NIL)

9. STAFF COSTS

Staff costs were as follows

	2011	2010
	£	£
Wages and salaries	104,038	97,616
Other pension costs	3,102	3,102
	107,140	100,718

The average monthly number of employees during the year was as follows

	2011	2010
	No.	No
	2	2
	2	2

No employee received remuneration amounting to more than £60,000 in either year

10 TAXATION

Factors affecting tax charge for the year

The charitable company is exempt from corporation tax on its charitable activities under s466/493 Corporation Tax Act 2010

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011**

11. TANGIBLE FIXED ASSETS

Group	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost					
At 1 September 2010	301,131	541,569	18,420	9,431	870,551
Additions	39,855	37,850	1,000	-	78,705
Disposals	(19,155)	(30,430)	-	-	(49,585)
At 31 August 2011	<u>321,831</u>	<u>548,989</u>	<u>19,420</u>	<u>9,431</u>	<u>899,671</u>
Depreciation					
At 1 September 2010	163,294	239,646	5,111	8,236	416,287
Charge for the year	21,037	52,967	2,184	911	77,099
On disposals	(16,205)	(30,178)	-	-	(46,383)
At 31 August 2011	<u>168,126</u>	<u>262,435</u>	<u>7,295</u>	<u>9,147</u>	<u>447,003</u>
Net book value					
At 31 August 2011	<u>153,705</u>	<u>286,554</u>	<u>12,125</u>	<u>284</u>	<u>452,668</u>
<i>At 31 August 2010</i>	<u>137,837</u>	<u>301,923</u>	<u>13,309</u>	<u>1,195</u>	<u>454,264</u>
					Fixtures & fittings £
Company					
Cost					
At 1 September 2010			18,420		
Additions			1,000		
At 31 August 2011			<u>19,420</u>		
Depreciation					
At 1 September 2010			5,111		
Charge for the year			2,184		
At 31 August 2011			<u>7,295</u>		
Net book value					
At 31 August 2011			<u>12,125</u>		
<i>At 31 August 2010</i>			<u>13,309</u>		

THE MORLEY AGRICULTURAL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

12. INVESTMENT PROPERTY

Group and Company	Freehold investment property	Property under construction	Total
	£	£	£
Cost			
At 1 September 2010	9,270,785	-	9,270,785
Additions at cost	-	16,327	16,327
Disposals	(26,350)	-	(26,350)
At 31 August 2011	<u>9,244,435</u>	<u>16,327</u>	<u>9,260,762</u>

The freehold investment property was valued by Messrs Irelands, Chartered Surveyors in August 2010. Mr MJW Gamble, a partner in Messrs Irelands, is a director of the company. The next scheduled formal revaluation of the properties is due to take place in 2015.

The property in the course of construction relates to the new grain store.

The investment property is held within the following categories:

	2011	2010
	£	£
Freehold agricultural land and buildings	7,434,762	7,444,785
Residential buildings	830,000	830,000
Commercial buildings	996,000	996,000
Total	<u>9,260,762</u>	<u>9,270,785</u>

13. FIXED ASSET INVESTMENTS

Group	Listed securities	Unlisted securities	Total
	£	£	£
Market value			
At 1 September 2010	7,702,714	50	7,702,764
Additions	8,130,939	-	8,130,939
Disposals	(8,464,558)	-	(8,464,558)
Revaluations	(267,834)	-	(267,834)
Gains on disposals	662,045	-	662,045
At 31 August 2011	<u>7,763,306</u>	<u>50</u>	<u>7,763,356</u>
Historical cost	<u>8,055,802</u>	<u>50</u>	<u>8,055,852</u>

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FOR THE YEAR ENDED 31 AUGUST 2011

13. FIXED ASSET INVESTMENTS (continued)

Group material investments

Individual investments held at 31 August 2011 which are over 5% of the total portfolio by value are

	31 August 2011	<i>31 August 2010</i>
	£	£
JP Morgan UK Equity Fund for Charities	-	4,014,929
JP Morgan Bond Fund for Charities	-	2,861,118
JP Morgan Overseas Equities	-	826,666
2 5% IL Treasury Stock 2020	429,992	-
2 5% IL Treasury Stock 2016	427,355	-

As explained in the trustees report, during the year the charity transferred their listed investment portfolio from JP Morgan Asset Managers to Barratt & Cooke Stockbrokers. The proceeds from the sale of the JP Morgan investments were £8,364,758 and at the sale generated gains on disposal of £662,045. All the proceeds were fully reinvested in the Barratt & Cooke portfolio.

	Listed securities	Sub total carried forward
Company	£	£
Market value		
At 1 September 2010	7,702,714	7,702,714
Additions	8,130,939	8,130,939
Disposals	(8,464,558)	(8,464,558)
Revaluations	(267,834)	(267,834)
Gains on disposals	662,045	662,045
	<hr/>	<hr/>
At 31 August 2011	7,763,306	7,763,306
	<hr/> <hr/>	<hr/> <hr/>

	Sub total brought forward	Shares in group undertakings	Total
Company	£	£	£
Market value			
At 1 September 2010	7,702,714	387,387	8,090,101
Additions	8,130,939	-	8,130,939
Disposals	(8,464,558)	-	(8,464,558)
Revaluations	(267,834)	-	(267,834)
Gains on disposals	662,045	-	662,045
	<hr/>	<hr/>	<hr/>
At 31 August 2011	7,763,306	387,387	8,150,693
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

14. STOCKS

	<u>Group</u>		<u>Company</u>	
	2011 £	2010 £	2011 £	2010 £
Raw materials	40,680	35,007	-	-
Work in progress	108,034	89,411	-	-
Finished goods and goods for resale	139,191	144,322	-	-
	<u>287,905</u>	<u>268,740</u>	<u>-</u>	<u>-</u>

15. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	158,788	121,001	993	10,203
Amounts owed by group undertakings	-	-	125,000	62,035
Other debtors	209,808	274,585	63,429	164,650
Prepayments and accrued income	350	292	350	292
	<u>368,946</u>	<u>395,878</u>	<u>189,772</u>	<u>237,180</u>

Other debtors include a loan to The Arable Group of £50,000 (2010 £112,500)

The balance due from the charity's trading subsidiary Morley Farms Ltd is £125,000 which is payable within one year. The funding provided to the company carries interest at 2.5% above the bank base rate.

16. CREDITORS.

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2011 £	2010 £	2011 £	2010 £
Bank loans and overdrafts	-	21,167	-	1,124
Net obligations under finance leases and hire purchase contracts	63,688	63,611	-	-
Trade creditors	65,147	50,363	2,086	831
Amounts owed to group undertakings	-	-	44,863	-
Social security and other taxes	3,667	4,176	-	590
Other creditors	420,016	378,669	350,912	364,564
Accruals and deferred income	6,951	51,513	6,951	51,513
	<u>559,469</u>	<u>569,499</u>	<u>404,812</u>	<u>418,622</u>

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17. CREDITORS:
Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2011 £	2010 £	2011 £	2010 £
Net obligations under finance leases and hire purchase contracts	43,014	106,745	-	-
Grants payable	960,468	-	960,468	-
	<u>1,003,482</u>	<u>106,745</u>	<u>960,468</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<u>Group</u>		<u>Company</u>	
	2011 £	2010 £	2011 £	2010 £
Between one and five years	<u>43,014</u>	<u>106,745</u>	<u>-</u>	<u>-</u>

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

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Fund	13,643,357	382,075	(1,316,837)	(495,894)	662,045	12,874,746
Funds retained in non-charitable subsidiary	628,030	743,426	(583,177)	-	-	788,279
Revaluation reserve	4,046,960	-	-	495,894	(267,834)	4,275,020
	<u>18,318,347</u>	<u>1,125,501</u>	<u>(1,900,014)</u>	<u>-</u>	<u>394,211</u>	<u>17,938,045</u>

Transfer represents realisation of profits on the disposal of investments

The revaluation reserve represents the reserve on the property of £4,542,854 and a listed investment reserve deficit

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011**

19. RELATED PARTY TRANSACTIONS

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

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

Mr RJ Salmon - The Arable Group (TAG)
JS Wallace - Chadacre Agricultural Trust
PE Richardson - John Mann Trust and JC Harrison Trust

MJW Ganble is a director of Easton College Farms Limited, with whom Morley Farms Limited traded on a normal commercial basis in the year

During the year the charity committed to make grants to TAG of £1,202,087 (2010 £nil) At 31 August 2011 grants of £1,264,051 (2010 £315,699) remained payable to TAG

The charity also made loans to TAG At 31 August 2011 £50,000 (2010 £75,000) 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 £1,400 (2010 £4,656)

20. CONTROLLING PARTY

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

21. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Morley Farms Limited	UK	100	Arable farmer

The company has a wholly owned subsidiary, Morley Farms Limited 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

	2011 £	2010 £
Turnover	770,947	923,790
Cost of sales	(662,996)	(689,767)
Gross profit	<u>107,951</u>	<u>234,023</u>
Administrative expenses	(37,670)	(42,685)
Interest receivable	26	16
Interest payable	(5,181)	(5,779)
Gift Aid payment	-	(99,430)
Net profit	<u><u>65,126</u></u>	<u><u>86,145</u></u>