

Registered number: 04712419
Charity number: 1097174

THE MORLEY AGRICULTURAL FOUNDATION

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2012



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 COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2012

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

THE MORLEY AGRICULTURAL FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2012

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 2012. 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 PhD student for research into soil borne pathogens of oilseed rape
- 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 2012 was 619.

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 2012

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 Foundation's income is the level of the dividend stream from its portfolio currently managed by Barratt and Cooke.

Objectives and Activities

Achievements and performance

a GOING CONCERN

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. REVIEW OF ACTIVITIES

The Foundation's policy contributes 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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2012

- c) £18,000 has been granted to support a PhD student conducting research into soil borne pathogens of oilseed rape
- d) Continuing support to a research project into disease pressures on the honey bee
- e) Providing funding of Morley Farms Ltd in support of the ancillary research and educational activities it conducts
- f) Continuing support to the AgriFood Charities Partnership

c. 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 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 activities (2011 This included a £50,000 temporary loan to The Arable Group, which has been repaid in full) The remaining funds of the charity are regarded as free reserves and as at 31 August 2012 these amounted to £1,681,744 (2011 £411,259) 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 incoming resources amounted to £518,836 (2011 £774,513 outgoing resources) as shown in the Consolidated Statement of Financial Activities on page 8. This includes net profit from the subsidiary company of £103,543 (2011 £70,281) prior to any Gift Aid payment

There was a net increase in funds of £1,007,965 (2011 £380,302 decrease)

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

THE MORLEY AGRICULTURAL FOUNDATION
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2012

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 law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming 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 accounting 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 are sufficient to show and explain the charitable company and the group's transactions and 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 AUDITOR

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 12 December 2012 and signed on their behalf by



.....
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 2012 set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standard (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 2012 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.

THE MORLEY AGRICULTURAL FOUNDATION
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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
13 December 2012

THE MORLEY AGRICULTURAL FOUNDATION
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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2012

	Note	Unrestricted funds 2012 £	Total funds 2011 £
INCOMING RESOURCES			
Incoming resources from generated funds			
Voluntary income	2	35,000	-
Activities for generating funds	3	775,609	719,928
Investment income	4	413,398	318,953
Other incoming resources	5	21,086	86,621
TOTAL INCOMING RESOURCES		1,245,093	1,125,502
RESOURCES EXPENDED			
Costs of generating funds			
Fundraising expenses and other costs		604,496	582,307
Investment management expenses	6	27,237	66,397
Charitable activities	8	42,617	1,237,120
Governance costs	9	16,907	14,189
TOTAL RESOURCES EXPENDED		691,257	1,900,013
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE INVESTMENT ASSET DISPOSALS		553,836	(774,511)
Gains and losses on disposals of investment assets	17	22,831	662,045
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE REVALUATIONS		576,667	(112,466)
Gains and losses on revaluations of investment assets	16,17	466,298	(267,834)
NET MOVEMENT IN FUNDS FOR THE YEAR		1,042,965	(380,300)
<i>Total funds at 1 September 2011</i>		17,938,045	18,318,345
TOTAL FUNDS AT 31 AUGUST 2012		18,981,010	17,938,045

All activities relate to continuing operations

The notes on pages 12 to 24 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 2012

	Note	Unrestricted funds 2012 £	Total funds 2011 £
TOTAL INCOME		1,245,093	1,125,502
LESS: TOTAL EXPENDITURE		691,257	1,900,013
Net income/(expenditure) for the year before investment asset disposals		553,836	(774,511)
Gain/(loss) on disposal of investment assets	22	22,831	-
NET INCOME / (EXPENDITURE) FOR THE YEAR	22	576,667	(774,511)

The notes on pages 12 to 24 form part of these financial statements

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 2012

	Note	Unrestricted funds 2012 £	Total funds 2011 £
NET INCOME / (EXPENDITURE) FOR THE YEAR	22	576,667	(112,468)
Gains and losses on revaluations of investment assets		466,298	(267,834)
TOTAL GAINS AND LOSSES RECOGNISED SINCE 1 SEPTEMBER 2011	22	1,042,965	(380,302)

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


The notes on pages 12 to 24 form part of these financial statements

THE MORLEY AGRICULTURAL FOUNDATION
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CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	15		452,119		452,668
Investment property	16		9,641,569		9,260,762
Investments	17		7,205,578		7,763,356
			<u>17,299,266</u>		<u>17,476,786</u>
CURRENT ASSETS					
Stocks	18	415,636		287,905	
Debtors	19	343,516		368,946	
Cash at bank		2,259,050		1,367,359	
			<u>3,018,202</u>	<u>2,024,210</u>	
CREDITORS: amounts falling due within one year	20		<u>(586,103)</u>	<u>(559,469)</u>	
NET CURRENT ASSETS			<u>2,432,099</u>		<u>1,464,741</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,731,365</u>		<u>18,941,527</u>
CREDITORS: amounts falling due after more than one year	21		<u>(750,355)</u>		<u>(1,003,482)</u>
NET ASSETS			<u>18,981,010</u>		<u>17,938,045</u>
CHARITY FUNDS					
Unrestricted funds	22		<u>18,981,010</u>		<u>17,938,045</u>
TOTAL FUNDS			<u>18,981,010</u>		<u>17,938,045</u>

The financial statements were approved by the Trustees on 12 December 2012 and signed on their behalf, by



N J Steed, Chair

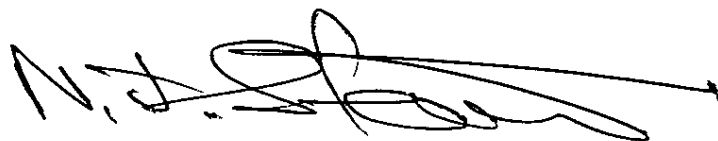
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THE MORLEY AGRICULTURAL FOUNDATION
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COMPANY BALANCE SHEET
AS AT 31 AUGUST 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	15		11,250		12,125
Investment property	16		9,641,569		9,260,762
Investments	17		7,592,915		8,150,693
			17,245,734		17,423,580
CURRENT ASSETS					
Debtors	19	206,206		189,774	
Cash at bank		2,246,212		1,346,575	
		2,452,418		1,536,349	
CREDITORS: amounts falling due within one year	20	(365,882)		(404,814)	
NET CURRENT ASSETS			2,086,536		1,131,535
TOTAL ASSETS LESS CURRENT LIABILITIES			19,332,270		18,555,115
CREDITORS: amounts falling due after more than one year	21		(733,103)		(960,468)
NET ASSETS			18,599,167		17,594,647
CHARITY FUNDS					
Unrestricted funds	22		18,599,167		17,594,647
TOTAL FUNDS			18,599,167		17,594,647

The financial statements were approved by the Trustees on 12 December 2012 and signed on their behalf, by



.....
N J Steed, Chair

The notes on pages 12 to 24 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 2012

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.

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.

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 2012

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 2012

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. VOLUNTARY INCOME

	Unrestricted funds 2012 £	<i>Total funds 2011 £</i>
Donations	35,000	-
	<u><u>35,000</u></u>	<u><u>-</u></u>

The £35,000 donation represents the market value of an agricultural storage building which was transferred to The Morley Agricultural Foundation during the year.

3. FUNDRAISING INCOME

	Unrestricted funds 2012 £	<i>Total funds 2011 £</i>
Farming Income	775,609	719,928
	<u><u>775,609</u></u>	<u><u>719,928</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

4. INVESTMENT INCOME

	Unrestricted funds 2012 £	<i>Total funds 2011 £</i>
Investment income	333,873	238,181
Rent received	66,365	59,645
Bank interest	12,569	19,727
Loan interest	591	1,400
	413,398	<i>318,953</i>
	413,398	<i>318,953</i>

5. OTHER INCOMING RESOURCES

	Unrestricted funds 2012 £	<i>Total funds 2011 £</i>
Option grant fee	-	64,327
Profit on disposal of fixed assets	20,285	21,654
Other income	801	640
	21,086	<i>86,621</i>
	21,086	<i>86,621</i>

6. INVESTMENT MANAGEMENT COSTS

	Unrestricted funds 2012 £	<i>Total funds 2011 £</i>
Property Maintenance	11,640	39,117
Investment management fees	15,597	27,280
	27,237	<i>66,397</i>
	27,237	<i>66,397</i>

THE MORLEY AGRICULTURAL FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

7. GRANTS TO INSTITUTIONS

	Unrestricted funds 2012 £	<i>Total funds 2011 £</i>
Grants payable - Arable research projects	32,028	1,229,214

8. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2012 £	<i>Total funds 2011 £</i>
Grants payable - Arable research projects (see analysis below)	32,028	1,229,214
Morley Business Centre	10,589	7,906
	42,617	1,237,120

Analysis of arable research projects - other grants

	Grants to institutions £	Grants to individuals £	2012 £	<i>2011 £</i>
Honey Bees	2,000	-	2,000	-
Norfolk Showground	6,667	-	6,667	6,667
Suffolk County Fair	-	-	-	2,000
Agri Foods	500	-	500	500
Other	-	19,861	19,861	10,634
TAG - New Farming Systems	-	-	-	514,066
TAG - National Agronomy Centre	-	-	-	679,021
TAG - Asset Program	3,000	-	3,000	9,000
T Chamen	-	-	-	7,326
Total	12,167	19,861	32,028	1,229,214

A new grant made in year for a PhD researching soil borne pathogens of oilseed rape for £18,000 is payable in equal annual installments over 3 years. In the previous year grants were made to TAG for New Farming Systems (£514,066) and the National Agronomy Centre (£679,021), which are payable in equal installments over 5 years. The TAG asset program grant for £9,000 is payable in equal annual installments over 3 years. The total payable in over one year to TAG is £733,103 as set out in note 20. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

9. GOVERNANCE COSTS

	Unrestricted funds 2012 £	<i>Total funds 2011 £</i>
The Morley Agricultural Foundation support costs	16,907	<i>14,189</i>

10. DIRECT COSTS

	Morley business centre £	Total 2012 £	<i>Total 2011 £</i>
Canteen & committee supplies	318	318	<i>166</i>
Travel & entertaining	649	649	<i>275</i>
Postage and delivery costs	354	354	<i>263</i>
Office supplies	1,500	1,500	<i>966</i>
Telephone & fax	923	923	<i>987</i>
General insurance	2,757	2,757	<i>1,372</i>
Sundry expenses	410	410	<i>37</i>
Bank charges	170	170	<i>-</i>
Depreciation	1,965	1,965	<i>2,184</i>
	9,046	9,046	<i>6,250</i>

11. SUPPORT COSTS

	Governance £	Morley business centre £	Total 2012 £	<i>Total 2011 £</i>
Software maintenance	-	1,543	1,543	<i>1,656</i>
Audit fees	4,428	-	4,428	<i>4,010</i>
Admin & accounting	9,765	-	9,765	<i>9,145</i>
Annual return fees	40	-	40	<i>30</i>
Legal fees	1,850	-	1,850	<i>-</i>
Bank charges	824	-	824	<i>1,004</i>
	16,907	1,543	18,450	<i>15,845</i>

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12. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	2012	2011
	£	£
Depreciation of tangible fixed assets		
- owned by the charitable group	55,803	47,721
- held under finance leases	26,552	29,378
Auditors' remuneration	4,428	4,010
Auditors' remuneration - non-audit	3,120	2,230
Profit/(loss) on sales of fixed assets	20,285	52,452
	<u><u> </u></u>	<u><u> </u></u>

During the year, no Trustees received any remuneration, benefits in kind or reimbursement of expenses (2011 - £NIL)

13. STAFF COSTS

Staff costs were as follows

	2012	2011
	£	£
Wages and salaries	104,611	104,038
Other pension costs	3,102	3,102
	<u><u>107,713</u></u>	<u><u>107,140</u></u>

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

	2012	2011
	No.	No
	<u><u>3</u></u>	<u><u>3</u></u>

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

14. 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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15. TANGIBLE FIXED ASSETS

Group	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost					
At 1 September 2011	321,831	548,989	19,420	9,431	899,671
Additions	9,004	72,757	1,090	-	82,851
Disposals	(1,394)	(43,000)	-	-	(44,394)
At 31 August 2012	<u>329,441</u>	<u>578,746</u>	<u>20,510</u>	<u>9,431</u>	<u>938,128</u>
Depreciation					
At 1 September 2011	168,126	262,435	7,295	9,147	447,003
Charge for the year	21,335	58,701	1,965	284	82,285
On disposals	(279)	(43,000)	-	-	(43,279)
At 31 August 2012	<u>189,182</u>	<u>278,136</u>	<u>9,260</u>	<u>9,431</u>	<u>486,009</u>
Net book value					
At 31 August 2012	<u>140,259</u>	<u>300,610</u>	<u>11,250</u>	<u>-</u>	<u>452,119</u>
At 31 August 2011	<u>153,705</u>	<u>286,554</u>	<u>12,125</u>	<u>284</u>	<u>452,668</u>
					Fixtures & fittings £
Company					
Cost					
At 1 September 2011					19,420
Additions					1,090
At 31 August 2012					<u>20,510</u>
Depreciation					
At 1 September 2011					7,295
Charge for the year					1,965
At 31 August 2012					<u>9,260</u>
Net book value					
At 31 August 2012					<u>11,250</u>
At 31 August 2011					<u>12,125</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

16. INVESTMENT PROPERTY

Group	Freehold investment property £	Property under construc- tion £	Total £
Valuation			
At 1 September 2011	9,244,435	16,327	9,260,762
Additions at cost	390,482	-	390,482
Disposals	(9,675)	-	(9,675)
Transfers between classes	16,327	(16,327)	-
	<u>9,641,569</u>	<u>-</u>	<u>9,641,569</u>
At 31 August 2012	<u>9,641,569</u>	<u>-</u>	<u>9,641,569</u>

The 2010 valuations were made by Messrs Irelands, Chartered Surveyors, on an open market value for existing use basis

Company	Freehold investment property £	Property under construc- tion £	Total £
Valuation			
At 1 September 2011	9,244,435	16,327	9,260,762
Additions at cost	390,482	-	390,482
Disposals	(9,675)	-	(9,675)
Transfer from property under construction	16,327	(16,327)	-
	<u>9,641,569</u>	<u>-</u>	<u>9,641,569</u>
At 31 August 2012	<u>9,641,569</u>	<u>-</u>	<u>9,641,569</u>

The 2010 valuations were provided by Messrs Irelands, Chartered Surveyors, on an open market value for existing use basis

The investment property is held within the following categories

	2012 £	2011 £
Freehold agricultural land and buildings	7,815,569	7,434,762
Residential buildings	830,000	830,000
Commercial buildings	996,000	996,000
	<u>9,641,569</u>	<u>9,260,762</u>
Total	<u>9,641,569</u>	<u>9,260,762</u>

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17. FIXED ASSET INVESTMENTS

Group	Listed securities	Unlisted securities	Total
	£	£	£
Market value			
At 1 September 2011	7,763,306	50	7,763,356
Additions	990,749	-	990,749
Disposals	(2,037,656)	-	(2,037,656)
Revaluations	466,298	-	466,298
Gains on disposals	22,831	-	22,831
	<u>7,205,528</u>	<u>50</u>	<u>7,205,578</u>
At 31 August 2012	<u>7,205,528</u>	<u>50</u>	<u>7,205,578</u>
Historical cost	<u>7,036,232</u>	<u>-</u>	<u>7,036,232</u>

Group material investments

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

	31 August	31 August
	2012	2011
	£	£
2 5% IL Treasury Stock 2020	466,998	429,992
2 5% IL Treasury Stock 2016	-	427,355

Company	Listed securities	Unlisted securities	Total
	£	£	£
Market value			
At 1 September 2011	7,763,306	387,387	8,150,693
Additions	990,749	-	990,749
Disposals	(2,037,656)	-	(2,037,656)
Revaluations	466,298	-	466,298
Gains on disposals	22,831	-	22,831
	<u>7,205,528</u>	<u>387,387</u>	<u>7,592,915</u>
At 31 August 2012	<u>7,205,528</u>	<u>387,387</u>	<u>7,592,915</u>
Historical cost	<u>7,036,232</u>	<u>-</u>	<u>7,036,232</u>

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FOR THE YEAR ENDED 31 AUGUST 2012

18. STOCKS

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Raw materials	42,771	40,680	-	-
Work in progress	250,905	108,034	-	-
Finished goods and goods for resale	121,960	139,191	-	-
	<u>415,636</u>	<u>287,905</u>	<u>-</u>	<u>-</u>

19. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	175,889	158,788	781	995
Amounts owed by group undertakings	-	-	170,573	125,000
Other debtors	152,873	209,808	20,098	63,429
Prepayments and accrued income	14,754	350	14,754	350
	<u>343,516</u>	<u>368,946</u>	<u>206,206</u>	<u>189,774</u>

The balance due from the charity's trading subsidiary Morley Farms Ltd is £95,000 (2011 £125,000) which is payable within one year. The funding provided to the company carries interest at 2.5% above the bank base rate.

20. CREDITORS

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Bank loans and overdrafts	25,420	-	16,509	-
Net obligations under finance leases and hire purchase contracts	60,290	63,688	-	-
Trade creditors	155,363	65,147	1,851	2,088
Amounts owed to group undertakings	-	-	37,139	44,863
Social security and other taxes	3,870	3,667	-	-
Other creditors	303,645	420,016	272,868	350,912
Accruals and deferred income	37,515	6,951	37,515	6,951
	<u>586,103</u>	<u>559,469</u>	<u>365,882</u>	<u>404,814</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

21. CREDITORS
Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Net obligations under finance leases and hire purchase contracts	17,252	43,014	-	-
Grants payable	733,103	960,468	733,103	960,468
	<u>750,355</u>	<u>1,003,482</u>	<u>733,103</u>	<u>960,468</u>

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

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Between one and five years	17,252	43,014	-	-

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

22. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds					
General Fund	12,874,746	857,754	(605,320)	22,831	13,150,011
Funds retained in non-charitable subsidiary	788,279	387,339	(85,937)	-	1,089,681
Revaluation reserve	4,275,020	-	-	466,298	4,741,318
	<u>17,938,045</u>	<u>1,245,093</u>	<u>(691,257)</u>	<u>489,129</u>	<u>18,981,010</u>

The revaluation reserve represents the surplus on the revaluation property of £4,542,854 together with a surplus on revaluation of listed investments

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
General funds	<u>17,938,045</u>	<u>1,245,093</u>	<u>(691,257)</u>	<u>489,129</u>	<u>18,981,010</u>

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NOTES TO THE FINANCIAL STATEMENTS
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23. 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 £nil (2011 £1,202,087) At 31 August 2012 grants of £958,971 (2011 £1,264,051) remained payable to TAG

The charity also made loans to TAG in previous years At 31 August 2011 £50,000 remained outstanding and due to the charity which was repaid in the year to 31 August 2012 Interest is charged on the loan at 2.5% above the base rate The interest charged for the period was £591 (2011 £1,400)

24. CONTROLLING PARTY

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

25. 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

	2012 £	2011 £
Turnover	822,637	770,947
Cost of sales	(677,470)	(662,996)
Gross profit	145,167	107,951
Administrative expenses	(25,257)	(37,670)
Interest receivable	-	26
Interest payable	(5,893)	(5,181)
Gift Aid payment	(75,573)	-
Net profit	<u>38,444</u>	<u>65,126</u>