

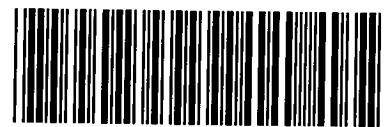
Registered number: 04712419  
Charity number: 1097174

**THE MORLEY AGRICULTURAL FOUNDATION**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

TUESDAY



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**THE MORLEY AGRICULTURAL FOUNDATION**  
**(A company limited by guarantee)**

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**THE MORLEY AGRICULTURAL FOUNDATION**  
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2014**

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<b>Trustees</b>	N J Steed, Chair M J W Gamble Mrs C E A P Hill P E Richardson R J Salmon J S Wallace
<b>Company registered number</b>	04712419
<b>Charity registered number</b>	1097174
<b>Registered office</b>	Morley Business Centre Deopham Road Morley Norfolk NR18 9DF
<b>Company secretary</b>	D R Pask
<b>Independent auditors</b>	Larking Gowen Chartered Accountants King Street House 15 Upper King Street Norwich NR3 1RB
<b>Bankers</b>	Barclays Bank plc PO Box 614 1st Floor St Cuthberts House 7 Upper King Street Norwich NR3 1WX
<b>Solicitors</b>	Birketts Solicitors 16 - 18 Queen Street Norwich NR2 2SQ
<b>Investment Managers</b>	Barratt & Cooke 5 Opie Street Norwich Norfolk NR1 3DW

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**THE MORLEY AGRICULTURAL FOUNDATION**  
(A company limited by guarantee)

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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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 year ended 31 August 2014. 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's remit was met during the period by:

- Grants to NIAB 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 PhD student for research into blight in potatoes and tomatoes.
- Grant to PhD student for research into perennial wheat trials.
- Grant to Green Shoots Productions for the development of 'Farming is Magic' videos.
- Grant to Easton and Otley College for the Centre of Contemporary Agriculture.
- Grant to the John Forrest Memorial Award.
- Grant to the Royal Norfolk Agricultural Association.
- Grant to the Suffolk County Fair.
- Grant to the Holt Farmers Club

**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.

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**THE MORLEY AGRICULTURAL FOUNDATION**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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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 2014 was 509.

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 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, and also the volatility of farm income.

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**THE MORLEY AGRICULTURAL FOUNDATION**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**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 the funding of independent research and education in all aspects of farming and husbandry, preferably within East Anglia.

To that end:

- a) Funding for the two proposals from NIAB for five years.
- b) The Foundation continues to make funds available for relevant research by PhD students.
- c) Providing funding of Morley Farms Ltd in support of the ancillary research and educational activities it conducts.

**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.

NIAB 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.

The Foundation is part of the Blue Living Consortium to promote the development of land at Sprowston and we have signed an option agreement with Blue Living.

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**THE MORLEY AGRICULTURAL FOUNDATION**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Financial review**

**a. RESERVES POLICY**

The trustees regard the charity's property & investment assets as permanent funds. The trustees policy is that these funds should be maintained in real terms, in order to generate income to finance current and future grant giving in accordance with the Foundation's objectives to:

Promote the study & knowledge of agricultural science & the application of modern scientific techniques to agriculture & husbandry in all their branches

As part of these objectives, the trustees remain committed to funding significant agricultural research projects. Funding commitments for such projects routinely extend to a period of between 3-5 years. The trustees therefore take account of these longer term commitments when considering the level of reserves to be retained by the Foundation.

In determining the level of resources the board is mindful of the need to maintain a contingency fund in order to meet any unexpected repair costs in relation to the charity's property assets. Similarly reserves are required to fund ongoing working capital requirements of Morley Farms Limited. After taking account of these issues and retaining a suitable level of funds to cover these aspects, the trustees' policy is to use substantially all of the charity's surplus investment over a 3-5 year time frame in order to fund the Foundation's grant making activity over the same period.

At 31 August 2014 the charity's free reserves amounted to £1,321,687 (2013: £224,910).

Free reserves at the year end included a significant amount transferred from listed fixed asset investments to short term cash deposits in anticipation of an acquisition of freehold investment property.

**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 £595,596 (2013: £713,029) as shown in the Consolidated Statement of Financial Activities on page 10. This includes net profit from the subsidiary company of £230,508 (2013: £301,542) prior to any Gift Aid payment.

There was a net increase in funds of £1,031,440 (2013: £1,452,007).

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 01.12.14 was £7,062,448.

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.

Auditors are required to obtain details of the identity of related parties and of the nature of any expected transactions with them. Where our audit testing uncovers previously unidentified related parties or related party transactions we are required to extend our audit procedures.

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**THE MORLEY AGRICULTURAL FOUNDATION**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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To assist our initial identification, Appendix 1 includes the list of related parties identified in previous years. Would you please review this to confirm that this remains complete or alternatively please add any further details required.

For your information, Appendix 2 provides a definition of related parties.

Please return the completed form to us before the audit fieldwork commences.

**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.

**DISCLOSURE 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 11 December 2014 and signed on their behalf by:



.....  
**N J Steed, Chair**



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**THE MORLEY AGRICULTURAL FOUNDATION**  
**(A company limited by guarantee)**

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

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We have audited the financial statements of The Morley Agricultural Foundation for the year ended 31 August 2014 set out on pages 9 to 25. 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, section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. 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.

We have been appointed as auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report to you in accordance with those Acts. 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2014 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 and the Charities Act 2011.

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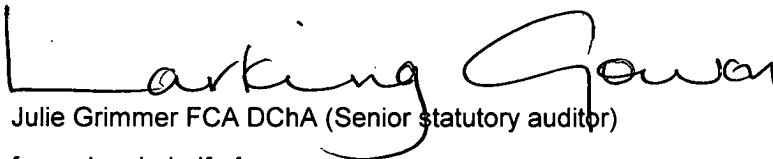
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MORLEY AGRICULTURAL  
FOUNDATION**

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**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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient 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; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Group strategic report.



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  
12 December 2014

**THE MORLEY AGRICULTURAL FOUNDATION**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>			
Incoming resources from generated funds:			
Activities for generating funds	2	1,091,431	1,129,813
Investment income	3	423,385	400,141
Other incoming resources	4	2,132	15,858
<b>TOTAL INCOMING RESOURCES</b>		<b>1,516,948</b>	<b>1,545,812</b>
<b>RESOURCES EXPENDED</b>			
Costs of generating funds:			
Fundraising expenses and other costs		775,314	751,319
Investment management expenses	5	31,636	33,514
Charitable activities	7	95,314	29,754
Governance costs	8	19,088	18,196
<b>TOTAL RESOURCES EXPENDED</b>		<b>921,352</b>	<b>832,783</b>
<b>NET INCOMING RESOURCES BEFORE INVESTMENT ASSET DISPOSALS</b>		<b>595,596</b>	<b>713,029</b>
Gains and losses on disposals of investment assets	16	196,648	153,724
<b>NET INCOMING RESOURCES BEFORE REVALUATIONS</b>		<b>792,244</b>	<b>866,753</b>
Gains and losses on revaluations of investment assets	16	239,196	585,254
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>1,031,440</b>	<b>1,452,007</b>
<i>Total funds at 1 September 2013</i>		<i>20,433,017</i>	<i>18,981,010</i>
<b>TOTAL FUNDS AT 31 AUGUST 2014</b>		<b>21,464,457</b>	<b>20,433,017</b>

All activities relate to continuing operations.

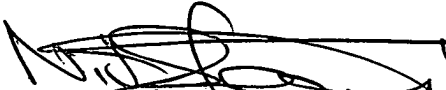
The notes on pages 12 to 25 form part of these financial statements.

**THE MORLEY AGRICULTURAL FOUNDATION**  
(A company limited by guarantee)  
04712419

**CONSOLIDATED BALANCE SHEET**  
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	14		398,989		442,224
Investment property	15		11,988,834		11,777,853
Investments	16		7,713,059		7,925,220
			20,100,882		20,145,297
<b>CURRENT ASSETS</b>					
Stocks	17	410,294		395,333	
Debtors	18	231,648		316,254	
Cash at bank		1,438,802		490,101	
			2,080,744		1,201,688
<b>CREDITORS:</b> amounts falling due within one year	19		(445,658)		(424,732)
<b>NET CURRENT ASSETS</b>			1,635,086		776,956
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			21,735,968		20,922,253
<b>CREDITORS:</b> amounts falling due after more than one year	20		(271,511)		(489,236)
<b>NET ASSETS</b>			21,464,457		20,433,017
<b>CHARITY FUNDS</b>					
Unrestricted funds	21		21,464,457		20,433,017
<b>TOTAL FUNDS</b>			21,464,457		20,433,017

The financial statements were approved by the Trustees on 11 December 2014 and signed on their behalf, by:

  
.....  
**N J Steed, Chair**

The notes on pages 12 to 25 form part of these financial statements.

**THE MORLEY AGRICULTURAL FOUNDATION**  
(A company limited by guarantee)  
04712419

**COMPANY BALANCE SHEET**  
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	14		9,301		11,502
Investment property	15		11,988,834		11,777,853
Investments	16		8,100,396		8,312,557
			<b>20,098,531</b>		<b>20,101,912</b>
<b>CURRENT ASSETS</b>					
Debtors	18	250,592		308,533	
Cash at bank		1,373,428		463,307	
		<b>1,624,020</b>		<b>771,840</b>	
<b>CREDITORS:</b> amounts falling due within one year	19		<b>(368,361)</b>		<b>(351,702)</b>
<b>NET CURRENT ASSETS</b>			<b>1,255,659</b>		<b>420,138</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>21,354,190</b>		<b>20,522,050</b>
<b>CREDITORS:</b> amounts falling due after more than one year	20		<b>(271,511)</b>		<b>(489,236)</b>
<b>NET ASSETS</b>			<b>21,082,679</b>		<b>20,032,814</b>
<b>CHARITY FUNDS</b>					
Unrestricted funds	21		<b>21,082,679</b>		<b>20,032,814</b>
<b>TOTAL FUNDS</b>			<b>21,082,679</b>		<b>20,032,814</b>

The financial statements were approved by the Trustees on 11 December 2014 and signed on their behalf, by:



.....  
**N J Steed, Chair**

The notes on pages 12 to 25 form part of these financial statements.

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**THE MORLEY AGRICULTURAL FOUNDATION**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**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.

The incoming resources of the company alone were £799k (2013: £814k), whilst the resources expended were £185k (2013: £155k). Hence the surplus was £614k (2013: £659k), which includes gift aid from the wholly owned subsidiary, Morley Farms Limited, of £249k (2013: £283k).

**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 has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

**1.5 Resources expended**

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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**THE MORLEY AGRICULTURAL FOUNDATION**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**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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**THE MORLEY AGRICULTURAL FOUNDATION**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**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**

	<b>Unrestricted funds 2014 £</b>	<i>Total funds 2013 £</i>
Farming Income	<b>1,091,431</b>	<i>1,129,813</i>

**3. INVESTMENT INCOME**

	<b>Unrestricted funds 2014 £</b>	<i>Total funds 2013 £</i>
Investment income	<b>311,441</b>	<i>311,272</i>
Rent received	<b>103,516</b>	<i>74,535</i>
Bank interest	<b>7,948</b>	<i>12,894</i>
Bank & other interest receivable	<b>480</b>	<i>1,440</i>
	<b>423,385</b>	<i>400,141</i>



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**THE MORLEY AGRICULTURAL FOUNDATION**  
**(A company limited by guarantee)**

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**4. OTHER INCOMING RESOURCES**

	<b>Unrestricted funds 2014 £</b>	<i>Total funds 2013 £</i>
Profit on disposal of fixed assets	<b>844</b>	15,125
Other income	<b>1,288</b>	733
	<hr/> <b>2,132</b> <hr/>	<hr/> 15,858 <hr/>

**5. INVESTMENT MANAGEMENT COSTS**

	<b>Unrestricted funds 2014 £</b>	<i>Total funds 2013 £</i>
Property maintenance	<b>19,013</b>	21,485
Investment management fees	<b>12,623</b>	12,029
	<hr/> <b>31,636</b> <hr/>	<hr/> 33,514 <hr/>

**6. GRANTS TO INSTITUTIONS**

	<b>Unrestricted funds 2014 £</b>	<i>Total funds 2013 £</i>
Grants payable - Arable research projects	<b>74,672</b>	11,785
	<hr/> <b>74,672</b> <hr/>	<hr/> 11,785 <hr/>

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**7. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	<b>Unrestricted funds 2014 £</b>	<i>Total funds 2013 £</i>
Grants payable - Arable research projects (see analysis below)	74,672	11,785
Morley Business Centre	20,642	17,969
	<u>95,314</u>	<u>29,754</u>

Analysis of arable research projects - other grants:

	<b>Grants to institutions £</b>	<b>Grants to individuals £</b>	<b>2014 £</b>	<i>2013 £</i>
Honey Bees	-	-	-	1,000
Royal Norfolk Agricultural Association	8,000	-	8,000	8,000
Suffolk Agricultural Association Country Fair	2,500	-	2,500	5,000
Agri Foods Charity Partnership	1,000	-	1,000	542
J Forrest Memorial fund	-	4,000	4,000	8,493
Holt Farmers club	-	1,000	1,000	1,000
S Fawke	-	5,000	5,000	1,000
Soil Pathogen	375	-	375	(9,000)
Kirsty Watson (withdrawal of grant)	-	(5,005)	(5,005)	(4,250)
NIAB (amendments to grants)	(7,948)	-	(7,948)	-
Easton College - Centre for Contemporary Agriculture	45,000	-	45,000	-
Easton College - Lecturers Course	2,500	-	2,500	-
Perennial Wheat Trials	13,500	-	13,500	-
Green Shoots	4,750	-	4,750	-
Total	<u>69,677</u>	<u>4,995</u>	<u>74,672</u>	<u>11,785</u>

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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**8. GOVERNANCE COSTS**

	<b>Unrestricted funds 2014 £</b>	<i>Total funds 2013 £</i>
The Morley Agricultural Foundation support costs	<b>19,088</b>	<i>18,196</i>

**9. DIRECT COSTS**

	<b>Morley business centre £</b>	<b>Total 2014 £</b>	<i>Total 2013 £</i>
Canteen & committee supplies	282	282	<i>293</i>
Travel & entertaining	425	425	<i>707</i>
Postage and delivery costs	331	331	<i>348</i>
Office supplies	787	787	<i>567</i>
Telephone & fax	767	767	<i>598</i>
General insurance	3,276	3,276	<i>4,992</i>
Sundry expenses	7,416	7,416	<i>1,479</i>
Bank charges	168	168	<i>142</i>
PR Services	2,289	2,289	<i>6,031</i>
Depreciation	2,201	2,201	<i>2,282</i>
	<b>17,942</b>	<b>17,942</b>	<i>17,439</i>

**10. SUPPORT COSTS**

	<b>Governance £</b>	<b>Morley business centre £</b>	<b>Total 2014 £</b>	<i>Total 2013 £</i>
Software maintenance	-	2,700	2,700	<i>530</i>
Audit fees	6,530	-	6,530	<i>6,545</i>
Admin & accounting	10,500	-	10,500	<i>10,279</i>
Legal fees	1,674	-	1,674	<i>565</i>
Bank charges	384	-	384	<i>807</i>
	<b>19,088</b>	<b>2,700</b>	<b>21,788</b>	<i>18,726</i>

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**11. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

	2014	2013
	£	£
Depreciation of tangible assets owned by the charitable group	84,911	75,334
- held under finance leases	-	7,095
Auditors' remuneration	5,750	5,500
Auditors' remuneration - non-audit	4,780	3,600
Profit on sale of fixed assets	(844)	(15,125)
	<b>94,597</b>	<b>76,404</b>
	<b>94,597</b>	<b>76,404</b>

During the year, no Trustees received any remuneration, benefits in kind or reimbursement of expenses (2013: £NIL).

**12. STAFF COSTS**

Staff costs were as follows:

	2014	2013
	£	£
Wages and salaries	109,151	103,928
Social security costs	11,675	10,566
Other pension costs	4,202	3,102
	<b>125,028</b>	<b>117,596</b>
	<b>125,028</b>	<b>117,596</b>

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

	2014	2013
	No.	No.
	<b>3</b>	<b>3</b>
	<b>3</b>	<b>3</b>

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

**13. 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.

All taxable profits of the 100% owned subsidiary, Morley Farms Limited, are paid under gift aid to the parent charity, The Morley Agricultural Foundation, hence no tax liability arises in the subsidiary.

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**14. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Plant &amp; machinery £</b>	<b>Motor vehicles £</b>	<b>Fixtures &amp; fittings £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 September 2013	353,239	585,188	23,045	9,431	970,903
Additions	45,645	1,317	-	-	46,962
Disposals	(7,250)	-	-	-	(7,250)
At 31 August 2014	<u>391,634</u>	<u>586,505</u>	<u>23,045</u>	<u>9,431</u>	<u>1,010,615</u>
<b>Depreciation</b>					
At 1 September 2013	193,511	314,194	11,543	9,431	528,679
Charge for the year	28,470	54,240	2,201	-	84,911
On disposals	(1,964)	-	-	-	(1,964)
At 31 August 2014	<u>220,017</u>	<u>368,434</u>	<u>13,744</u>	<u>9,431</u>	<u>611,626</u>
<b>Net book value</b>					
At 31 August 2014	<u>171,617</u>	<u>218,071</u>	<u>9,301</u>	-	<u>398,989</u>
At 31 August 2013	<u>159,728</u>	<u>270,994</u>	<u>11,502</u>	-	<u>442,224</u>
<b>Company</b>					<b>Fixtures &amp; fittings £</b>
<b>Cost</b>					
At 1 September 2013 and 31 August 2014					<u>23,045</u>
<b>Depreciation</b>					
At 1 September 2013					11,543
Charge for the year					<u>2,201</u>
At 31 August 2014					<u>13,744</u>
<b>Net book value</b>					
At 31 August 2014					<u>9,301</u>
At 31 August 2013					<u>11,502</u>

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**15. INVESTMENT PROPERTY**

<b>Group and Company</b>	<b>Freehold investment property</b>
<b>Valuation</b>	<b>£</b>
At 1 September 2013	<b>11,777,853</b>
Additions at cost	<b>210,981</b>
	<hr/>
At 31 August 2014	<b>11,988,834</b>
	<hr/> <hr/>

The freehold investment property was valued by Messrs Irelands, Chartered Surveyors, in August 2010. 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 investment property is held within the following categories:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Freehold agricultural land and buildings	<b>10,162,834</b>	<b>9,951,853</b>
Residential buildings	<b>830,000</b>	<b>830,000</b>
Commercial buildings	<b>996,000</b>	<b>996,000</b>
	<hr/>	<hr/>
Total	<b>11,988,834</b>	<b>11,777,853</b>
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. FIXED ASSET INVESTMENTS**

<b>Group</b>	<b>Listed securities £</b>	<b>Unlisted securities £</b>	<b>Total £</b>
<b>Market value</b>			
At 1 September 2013	7,925,170	50	7,925,220
Additions	1,114,165	-	1,114,165
Disposals	(1,762,171)	-	(1,762,171)
Revaluations	239,197	-	239,197
Gains on disposals	196,648	-	196,648
At 31 August 2014	<u>7,713,009</u>	<u>50</u>	<u>7,713,059</u>

**Group material investments**

Individual investments held at 31 August 2014 which are over 5% of the total portfolio by value are:

	<b>31 August 2014 £</b>	<b>31 August 2013 £</b>
2.5% IL Treasury Stock 2020	459,173	456,748
1.875% IL Treasury Stock 2022	506,686	489,915

<b>Company</b>	<b>Listed securities £</b>	<b>Unlisted securities £</b>	<b>Total £</b>
<b>Market value</b>			
At 1 September 2013	7,925,170	387,387	8,312,557
Additions	1,114,165	-	1,114,165
Disposals	(1,762,171)	-	(1,762,171)
Revaluations	239,197	-	239,197
Gains on disposals	196,648	-	196,648
At 31 August 2014	<u>7,713,009</u>	<u>387,387</u>	<u>8,100,396</u>

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**17. STOCKS**

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Raw materials	46,560	21,308	-	-
Work in progress	233,862	244,720	-	-
Finished goods and goods for resale	129,872	129,305	-	-
	<u>410,294</u>	<u>395,333</u>	<u>-</u>	<u>-</u>

**18. DEBTORS**

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Trade debtors	67,062	129,478	-	531
Amounts owed by group undertakings	-	-	248,933	283,182
Other debtors	162,927	161,956	-	-
Prepayments and accrued income	1,659	24,820	1,659	24,820
	<u>231,648</u>	<u>316,254</u>	<u>250,592</u>	<u>308,533</u>

**19. CREDITORS:**  
**Amounts falling due within one year**

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Net obligations under finance leases and hire purchase contracts	-	17,252	-	-
Trade creditors	86,049	88,659	3,316	4,115
Amounts owed to group undertakings	-	-	41,888	62,810
Other taxation and social security	6,737	6,759	1,823	2,276
Other creditors	318,805	303,026	287,267	273,465
Accruals and deferred income	34,067	9,036	34,067	9,036
	<u>445,658</u>	<u>424,732</u>	<u>368,361</u>	<u>351,702</u>



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**20. CREDITORS:**  
Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Grants payable	<u>271,511</u>	<u>489,236</u>	<u>271,511</u>	<u>489,236</u>

Within the £271,511 (2013: £489,236) grants payable, there are £240,386 (2013: £477,234) payable to NIAB for an agronomy centre and a new farming system. These were committed in previous years and hence are not shown in note 7.

**21. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>					
General Fund	13,595,579	358,575	(146,978)	196,648	14,003,824
Funds retained in non-charitable subsidiary	1,510,866	1,158,373	(774,374)	-	1,894,865
Revaluation reserve	5,326,572	-	-	239,196	5,565,768
	<u>20,433,017</u>	<u>1,516,948</u>	<u>(921,352)</u>	<u>435,844</u>	<u>21,464,457</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>20,433,017</u>	<u>1,516,948</u>	<u>(921,352)</u>	<u>435,844</u>	<u>21,464,457</u>

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**22. CAPITAL COMMITMENTS**

At 31 August 2014 the group and company had capital commitments as follows:

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Contracted for but not provided in these financial statements	<u>1,870,000</u>	<u>185,026</u>	<u>1,870,000</u>	<u>185,026</u>

**23. RELATED PARTY TRANSACTIONS**

During the year there were transactions between The Morley Agricultural Foundation and its wholly owned subsidiary, Morley Farms Limited. Purchases by the parent from the subsidiary were £241,944 (2013: £375,133), whilst sales from the parent to the subsidiary were £665,446 (2013: £573,714). No amounts remained outstanding at the year end (2013: £-).

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

JS Wallace - Chadacre Agricultural Trust  
PE Richardson - John Mann Trust and JC Harrison Trust

PE Richardson is also a director of Agrifood Charities Partnership, to whom The Morley Agricultural Foundation made grants in the year.

At 31 August 2014 grants of £750 (2013: £-) remained payable to Agrifood Charities Partnership.

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

At 31 August 2014 grants of £40,000 (2013: £15,000) remained payable to Easton Otley College.

MJW Gamble is also a partner in Messrs Irelands, Chartered Surveyors. During the year, professional fees paid to Messrs Irelands by The Morley Agricultural Foundation were £8,088 (2013: £4,178). No amounts remained payable at the year end (2013: £-).

**24. CONTROLLING PARTY**

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

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**25. PRINCIPAL SUBSIDIARIES**

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

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:

	2014 £	2013 £
Turnover	1,198,130	1,195,763
Cost of sales	(921,397)	(853,386)
Gross profit	<u>276,733</u>	<u>342,377</u>
Administrative expenses	(46,635)	(37,451)
Interest payable	410	(3,384)
Gift Aid payment	(248,933)	(283,182)
Net (loss)/profit	<u><u>(18,425)</u></u>	<u><u>18,360</u></u>