

Company no. 1513190
Charity no. 281276

Progressive Farming Trust Limited
Report and Audited Financial Statements
31 October 2016



Progressive Farming Trust Limited

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For the year ended 31 October 2016

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Reference and administrative details

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Company number	1513190
Charity number	281276
Registered office and operational address	The Organic Research Centre Elm Farm Hamstead Marshall Newbury Berkshire RG20 0HR
Members of council	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: V Agrawal - Treasurer A M F Astor A M Jedwell C Marriage (resigned 05/10/16) P Thomas (resigned 30/09/16) M Turnbull - Chair D J Wilson D Wolfe
Senior management team	N H Lampkin - Executive Director B D Pearce - Deputy Director S Padel - Senior Programme Manager
Company secretary	N H Lampkin
Bankers	Triodos Bank Deanery Road Bristol BS1 5AS Lloyds Bank 3 - 5 Bridge Street Newbury RG14 5BQ
Investment advisors	Newton Investment Management Limited The Bank of New York Mellon Centre 160 Queen Victoria Street London EC4V 4LA
Solicitors	Gardner Leader LLP White Hart House Market Place Newbury RG14 5BA
Auditors	Godfrey Wilson Limited Chartered accountants and statutory auditors 5th Floor, Mariner House 62 Prince Street Bristol BS1 4QD

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2016

The Trustees present their report and financial statements for the period ended 31 October 2016.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (effective from January 2015).

1 Aims, objectives and activities of the charity

The defined object for the charity is the advancement of public education by the promotion, encouragement and advancement of knowledge of, and research and experiments into, agriculture, biological (organic) husbandry and technical, economic and social sciences or intermediate technology whether within the UK or otherwise.

Our vision is a world which meets the nutritional needs of current and future generations with safe, affordable, high quality food, produced in a way that sustains and enhances the natural environment, and ensures the health and wellbeing of all.

Our mission is to work, nationally and internationally, to:

- research and develop practical, sustainable land management and food production systems based on organic and agro-ecological principles;
- foster knowledge exchange with and between current and future producers, food businesses and related professionals; and
- influence policy and public debates on the future of food and farming based on sound evidence.

The charity, through the work of the Organic Research Centre (ORC), has played a central role, in the UK and abroad, in the development of organic food and farming research, policy and standards since 1980. In the context of our current Corporate Plan, we want to see:

- organic/agroecological approaches widely recognised as relevant to sustainable food production;
- a wider range of agroecosystem management practices and renewable resources used by all producers, organic and non-organic;
- more organic producers adopting best practice, supported by improvements in minimum standards;
- greater food industry and retailer engagement with organic/agroecological approaches;
- a positive government policy environment to support the development of the organic sector.

To achieve this, we are working to strengthen our position and effectiveness as the leading independent UK research/development institution for organic/agroecological food and farming, by:

- extending our areas of operation and impact while ensuring that the boundaries and focus of work are realistic with respect to available staff and financial resources;
- building collaborative links with other organisations;
- increasing the capacity of the organisation in terms of staff and other resources;
- increasing and diversifying our funding sources;
- ensuring that the results of our work are disseminated effectively to users and more widely.

In terms of specific operational objectives, we are:

1. Developing ORC's **research programme** and conducting research on organic/agroecological approaches to farming/land management for the sustainable production of food, energy and ecosystem services, so as to:
 - a. Improve the productivity and sustainability of such approaches and address key technical problems where current practice falls short of organic/agroecological principles while

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recognising the importance of working within the participatory/farming systems research tradition;

- b. Evaluate, with a view to improvement, the economic, social, environmental, quality and other impacts of such systems, including delivery of ecosystem services; pollution, resource use and biodiversity impacts; greenhouse gas emissions and potential for climate change mitigation; food security, food sovereignty and sustainability of food production systems; food quality, safety and human/animal health and wellbeing.
2. Developing ORC's **information, education and PR services** in order to:
 - a. Communicate organic principles/best practice and disseminate technical and market information to producers, consultants, food businesses and others, so as to improve both business performance and delivery of public goods (climate change, animal welfare, biodiversity etc.);
 - b. Educate and inform students, consumers and civil society more generally about the issues affecting the sustainability of primary food/energy/fibre production;
 - c. Engage with the media on relevant food, farming and sustainability issues.
 3. Engaging with and influencing **policy-makers** at local, national and international level in order to:
 - a. Facilitate the sound development of the organic sector, primarily in the UK, but also internationally;
 - b. Ensure that the potential of organic/agroecological approaches is recognised in climate change, food security, biodiversity, animal health/welfare, food quality/health and agri-environmental/rural development policy debates and that appropriate policies are developed.
 4. Developing the **farm and estate** of ORC as a resource, and its **administration and governance systems**, to support the above activities.

These objectives are pursued by means of a detailed programme of activities as set out in our annual business plans, with a quarterly review process, internally and by the Council of Management, used to monitor progress of activities and the outputs delivered.

1.1 Public benefit

The Charities Act 2011 requires explicit reporting of the public benefit derived from the charity's activities. The Trustees have complied with the duty under this section to have due regard to the public benefit guidance published by the Charity Commission when exercising any powers or duties to which the guidance is relevant. As indicated above, the charity was established for the advancement of education through research. In the context of the Charity Commission's broader range of 13 areas of potentially relevant public benefit purposes, the advancement of education, i.e. activities to promote, sustain and increase individual and collective knowledge and understanding of specific areas of study, skills and expertise, remains the primary one of relevance. However, the work of the charity also addresses the advancement of health, advancement of environmental protection and improvement (in particular the promotion of sustainable development and biodiversity; the promotion of recycling and sustainable waste management; and research projects into the use of renewable energy sources) and the advancement of animal welfare through research into improved livestock production systems. Specific examples of how these public benefit issues are addressed are provided at various points in this report. All findings of our research programmes are made available in the public domain.

1.2 Why we do what we do

Organic farming and similar agroecological approaches work with natural ecosystems and biological processes to produce high quality food, maintain and encourage genetic diversity of farms and their

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surroundings, and encourage fair rewards for farmers and others participating in the food system. Organic farmers capture solar energy to build soil life and soil fertility through biological nitrogen and carbon fixation. They use crop rotations and diversity to encourage natural weed, pest and disease control. Animals are kept free-range with access to pasture for foraging, which allows them to express their natural behaviours, and greater use of pastures ensures that they complement, rather than compete with, human food needs. Manures and crop residues are recycled to help close nutrient cycles, minimising waste and conserving non-renewable resources.

Organic farms are less reliant on external inputs, such as synthetic nitrogen fertilisers, fossil energy and pesticides. The result is food production that is less resource consuming, more diverse and more resilient, and therefore better equipped to cope with uncertainty at multiple levels. While individually all these practices can be used by any farmer, a key feature of organic/agroecological land management is combining them in a system-driven approach that can make food production and land management more sustainable and generates greater health and wellbeing of society and the individual as well as the environment.

Our work focuses on:

- **Building resilience and conserving wildlife through diversity:** Scientific studies have demonstrated that organic farming can enhance the diversity of species, both cultivated and wild, with benefits for soil organisms and invertebrates, pollinators, plants, birds and other animals. Restricted pesticide inputs, more diverse crop rotations and the greater number of species grown all contribute to greater diversity and to natural weed, pest and disease control.
- **Protecting and improving our soils:** The return of carbon-rich crop residues, green manures and fertility-building phases in organic crop rotations help to conserve and enhance organic matter levels in soils, soil structure and soil biological activity. Organic management also improves soil water infiltration and retention, reducing surface run-off, the risk of soil erosion and flooding, and the loss of nutrients to water courses.
- **Conserving non-renewable resources and developing renewable alternatives:** By reducing external input use, the consumption of non-renewable resources such as fossil energy and minerals is reduced and the use of renewable energy sources is encouraged. Organic farms emphasise nitrogen self-sufficiency through biological fixation and the recycling of other nutrients. By avoiding most pesticides and synthetic nitrogen, the fossil energy required to produce these inputs is substantially reduced. Organic practices also enhance the conservation of soil and water resources and reduce the risk of pollution.
- **Climate-smart agriculture:** Greenhouse gas emissions associated with most organic systems are reduced, compared with similar non-organic systems, because they use less fossil energy-based inputs (such as nitrogen fertilisers and pesticides) and because organic crop rotations help restore soil carbon in soil organic matter.
- **Promoting animal health and welfare:** On organic farms animals of all species are kept free-range, with regular outdoor access to areas with green vegetation for most of their life. High quality housing and reduced stocking rates also support animal welfare. Prophylactic use of medication is discouraged and organic producers seek to enhance health and minimise disease incidence through good husbandry and grazing management practices.
- **Food security, productivity and public health:** The interactions of soil, plant, animal, humans and the planet through 'health' is a key principle of the organic agriculture movement. Human health is seen to be dependent on a healthy soil, healthy plants and healthy farm animals. This includes the provision of safe, nutritious, high quality food in sufficient quantities.
- **Sustainable livelihoods:** All farmers need to earn a living. Despite not using yield-enhancing inputs, most organic producers achieve similar incomes to comparable non-organic farms. Many consumers are willing to pay a premium for products with legally-backed certification of organic authenticity. To make good organic food available to all, many organic producers have

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developed innovative marketing and processing initiatives and close links with consumers in new business models such as community supported agriculture.

- **Supporting farmer innovation:** Farmers have always been at the forefront of agricultural innovation and are familiar with finding new solutions to cope with changing market, climatic and political conditions. Whereas other farms rely on external inputs, organic farmers have to be innovative in finding solutions to solving production problems.

The achievement of these outcomes involves not just research, but effective dissemination of information and communication with:

- producers to upgrade and operate their farms successfully for public and private benefit;
- supply-chain businesses to understand what it is they are selling when they engage with organic food, and to aid their survival in an economic environment dominated by large corporations;
- consumers to better understand and commit to what they are buying; and
- citizens, control bodies and policy-makers to understand and engage with the solutions that are needed, and the potential of organic farming to address the issues about which they are concerned.

All of these activities are undertaken on the basis of a clear commitment to our core organic/ agroecological principles.

2 Achievements and performance in 2016

2.1 Overview

2016 was a year of good progress and recovery for the Organic Research Centre. During the year, we:

- Completed the OSCAR cover crops decision support tool and information platform (www.covercrops.eu);
- Launched with partners the OK-Net Arable European knowledge hub on organic arable production (<http://farmknowledge.org/index.php>);
- Broadened collaboration with many UK partners on the Agricolgy sustainable farming knowledge hub (www.agricology.co.uk) including substantially increased resources as well as social media activities and events;
- Published a collection of 12 technical leaflets on organic and low-input dairy farming summarising relevant information from the SOLID project (<http://farmadvice.solidairy.eu/>);
- Produced practical guidelines for organic pig and poultry producers on how to produce economically profitable and locally sourced organic feeds supporting animal health and welfare as an output of the ICOPP project (www.organicresearchcentre.com/icopp);
- Produced a synthesis of research on the first five years of establishing a novel silvopastoral agroforestry system combining energy crops with livestock production on Elm Farm;
- Completed four years of research demonstrating the potential of agroforestry as an approach to reducing copper in organic apple production as part of the CO-Free project;
- Published jointly with IFOAM EU Group a stakeholder guide on organic action plans (www.ifoam-eu.org/sites/default/files/ifoameu_organic_action_plans_guide_report_2015.pdf);
- Launched a partnership with SRUC to jointly deliver teaching for the distance-learning MSc/ PGDip programme on organic farming;
- Produced as part of the SOLID project an e-learning tool aimed at farmers, researchers, students and advisors on how to conduct participatory research (www.icar.org/solid/participatory_research), which also helped support our contribution to the development of farmer-led innovation and experimentation as part of the Innovative Farmers programme;

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- Completed an evaluation project for European Commission's DG Agri that showed higher added value is created in organic compared to conventional supply chains, but that in both organic and conventional food supply chains, farmers capture only a relative small share of the added value and the price paid by consumers;
- Continued to see significant growth in our social media profile with Facebook, Twitter, Flickr and e-bulletin subscriptions all increasing rapidly.

And of particular of importance in helping to secure a more sustainable financial future, we:

- Secured £1.34 million (2015: £1.05 million) in new project funding for use in 2017 and beyond, including five new EU Horizon 2020 research and thematic network projects.

These achievements were against a background of strong growth in the market for organic food, in the UK as well as in the EU, and increasing recognition given to organic/ agroecological approaches by practitioners, the food industry, citizens and policy makers. However, the Brexit referendum result from June 2016 has resulted in significant uncertainties with respect to future access to EU funding from 2020 and the status of EU researchers working at ORC, as well as future support for organic farming in the UK. To an extent this has been mitigated by government assurances concerning access to funding programmes and citizenship rights at least until 2019.

Despite the successes with securing new project income for 2017 and beyond, we are continuing to explore a range of options to ensure the long-term continuity of our work, including new areas of activity, asset sales and fundraising to restore reserves. In 2016, Trustees reviewed potential partnership or merger arrangements with selected like-minded organisations, but determined that in the short-term PFT should remain independent. As a result of the positive impact of new project funding secured on cashflow, plans for asset sales have been postponed to 2018.

2.2 Research for sustainable food systems

ORC's research aims to support the development of organic/agroecological approaches to farming/land management for the sustainable production of food, energy and ecosystem services, so as to:

- Improve the productivity and sustainability of such approaches and address key technical problems where current practice falls short of organic/agroecological principles, while recognising the importance of working within the participatory/farming systems research tradition;
- Evaluate, with a view to improvement, the economic, social, environmental, quality and other impacts of such systems, including delivery of ecosystem services; pollution, resource use and biodiversity impacts; greenhouse gas emissions and potential for climate change mitigation; food security, food sovereignty and sustainability of food production systems; food quality, safety and human/animal health and wellbeing.

Our research programmes deliver public benefits by the advancement of health, advancement and improvement of environmental protection (in particular the promotion of sustainable development and biodiversity; the promotion of recycling and sustainable waste management; and research projects into the use of renewable energy sources), and the advancement of animal welfare through research into improved livestock production systems.

ORC continues to collaborate with several UK and overseas universities in joint teaching and supervision/ examination of PhD and MSc projects alongside our existing research programmes.

Our research is divided into five programme areas: plant breeding, cropping systems, livestock systems, agroforestry, and environment, sustainability and health, although there are also interactions with our information services work.

Further details of any of the projects mentioned in this report can be found on our website: www.organicresearchcentre.com.

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2.2.1 Plant breeding for crop resilience

Plant breeding is important to ensure that crops are well adapted to the environment in which they are grown and capable of resisting harmful pests and diseases, particularly if the use of fungicides and pesticides is to be reduced to protect the environment and improve sustainability. However, traditional plant breeding methods can result in genetic monocultures that are susceptible to pest and diseases overcoming their resistance, and some breeding technologies such as GM are not accepted in organic farming.

The focus of our breeding programme is on increasing genetic diversity to produce crops that are more resilient to variations in climate and weather conditions; weed, pest and disease pressures; and other challenges, for example through the use of variety mixtures or composite cross populations. As most modern varieties have been selected for high use of inputs not permitted in organic farming, we also aim to develop crop varieties specifically suited to organic production, e.g. which incorporate traits such as lower nitrogen requirements and higher competitive ability with weeds.

This programme supports the advancement of agricultural, ecological and plant breeding knowledge through research as well as contributing to food security (through more stable yielding and more resilient crops). We have successfully contributed to the development and promotion of the concept of 'population' breeding, where each plant is genetically distinct, the opposite of conventional variety breeding with its emphasis on genetic uniformity. In 2014, we secured a temporary marketing experiment under the relevant EU seed marketing regulations to enable trade in seed from the populations, a process which will be developed further in coming years.

Completed projects

- **Coordinating organic plant breeding activities for diversity (COBRA)**, led by ORC and funded by Defra as part of CORE Organic ERANET (2013-2016)

Continuing projects

- **Wheat and barley legacy for breeding improvement (WHEALBI)**, led by INRA, France and funded by EU Framework Programme 7 (2014-2018)
- **European Consortium for Organic Plant Breeding (ECOPB)** membership and provision of secretarial/co-ordination services (ongoing)
- **Composite cross population marketing trial**, led by ORC and featuring ORC Wakelyns Wheat population (2014-2019)

Future funding secured

- **Improve performance of organic agriculture by boosting organic seed and plant breeding efforts across Europe (LIVESEED)**, led by IFOAM EU and funded by EU Horizon 2020 Programme (2017-2021), value to ORC £361k.

2.2.2 Soils and cropping systems

Conserving soils, building soil fertility and designing systems to produce healthy crops, sufficient yields and quality food are fundamental to ensuring food security and public health. The return of carbon-rich crop residues to the soil, and the use of green manures and legumes for fertility-building in crop rotations help to conserve and enhance organic matter levels in soils, soil structure and soil biological activity. Crop rotations and polycultures also help regulate weed, pest and disease incidence, particularly in systems where the use of chemical inputs is restricted.

Our work in this area is focused on the development of productive organic cropping systems including the use of legumes, cover crops and reduced tillage without the use of herbicides. We emphasise the use and maintenance of plant diversity to increase crop performance and stability and to enhance the provision of ecosystem services. We have demonstrated that complex legume mixtures contribute to

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fertility building while supporting pollinators, and that reduced tillage can contribute to reduced energy consumption and enhanced soil protection.

The public benefits from this programme include sustainable development, biodiversity conservation and the reduction of greenhouse gas emissions through better design of the fertility building phase of rotations, reducing the need for industrially fixed nitrogen fertiliser inputs, fossil energy use and related emissions.

Completed projects

- **Optimising subsidiary crop application in rotations (OSCAR)**, led by University of Kassel, Germany and funded by EU Framework Programme 7 (2012-2016)
- **Organic protected cropping (Biogreenhouse)**, led by Wageningen University, Netherlands and funded by EU COST programme (2012-2016)

Continuing projects

- **Sheep grazing of cereals to assist with blackgrass weed control in arable systems**, funded by Prince of Wales Charitable Foundation as part of Duchy Originals Future Farming Programme led by Soil Association (2014-2016)
- **Embedding crop diversity and networking for local high quality food systems (DIVERSIFOOD)**, led by INRA, France and funded by EU Horizon 2020 programme (2015-2019)
- **Organic Knowledge Network Arable (OK-Net Arable)**, led by IFOAM EU and funded by EU Horizon 2020 programme (2015-2018)
- **Great Soils**, led by Soil Association and funded by Agricultural and Horticultural Development Board (2015-2018)

Future funding secured

- **Large-scale analysis of the productive capacity of organic farming (ALECAPAB/ Agribio)**, led and funded by INRA, France (2016-2019), value to ORC £5k
- **Diversification through rotation, intercropping, multiple cropping, promoted by actors and value chains towards sustainability (DIVERIMPACTS)**, led by INRA, France and funded by EU Horizon 2020 programme (2017-2022), value to ORC £366k
- **Designing innovative plant teams for ecosystem resilience and agricultural sustainability (DIVERSIFY)**, led by James Hutton Institute and funded by EU Horizon 2020 programme (2017-2021), value to ORC £133k
- **Soil biology and health research partnership (SoilBioHealth)**, led by Newcastle University and funded by Agricultural and Horticultural Development Board (2017-2021), value to ORC £12k
- **Innovative salt reduction and fibre enhancement of artisanal sourdough bread products**, led by Modern Baker, Oxford and funded by Innovate UK (2017-2018), value to ORC £7k

2.2.3 Agroforestry research

Agroforestry is the integration of shrubs and trees with crops and livestock to benefit from the complementarity between the different species. This can lead to increased productivity compared with species produced separately, as a result of better solar energy capture during the growing season, improved resource utilisation and cycling, soil fertility benefits, shelter from wind, water conservation, and barrier effects on the spread of disease pathogens. Agroforestry also offers significant environmental benefits, from biodiversity, soil conservation, water quality and flood resilience through to climate change mitigation and carbon sequestration.

The focus of our agroforestry research programme is the evaluation of a range of agroforestry systems (including crops and livestock) in terms of their productivity, environmental and economic impacts, and

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their potential for agri-environmental policy. We are also investigating the potential of hedges and other landscape elements as sources for biofuels, generating an income to support their management and conservation.

ORC has a long-standing engagement with research and development work on this topic, in particular at the Wakelyns Agroforestry site in Suffolk, but also at Elm Farm, where we have established an integrated bioenergy/livestock agroforestry system. ORC is working with the European Agroforestry Federation (EURAF), the Woodland Trust, Farm Woodland Forum and other partners to further develop this approach.

Completed projects

- **Innovative strategies for copper-free low input and organic farming systems (CO-Free)**, led by Julius-Kuhn Institute, Germany and funded by EU Framework Programme 7 (2012-2016)

Continuing projects

- **Agroforestry that will advance rural development (AGFORWARD)**, led by Cranfield University and funded by EU Framework Programme 7 (2014-2017)

New projects started

- **Innovative and sustainable intensification of integrated food and non-food systems to develop climate-resilient agro-ecosystems in Europe and beyond (SustainFarm)**, led by University of Copenhagen, Denmark and funded by Defra as part of FACCE SURPLUS ERANET (2016-2019)

Future funding secured

- **Agroforestry innovation networks (AFINET)**, Thematic Network led by University of Santiago de Compostela, Spain and funded by EU Horizon 2020 programme (2017-2019), value to ORC £90k

2.2.4 Livestock research

Keeping livestock is an integral part of many organic farming systems. Ruminant livestock (in the UK mainly cattle and sheep) can utilise grass and roughage as a feed resource so they do not compete with human food needs. For monogastric livestock (pigs and poultry), the main challenges arise from securing sufficient supply of protein to meet their dietary needs without undue reliance on imported feedstuffs, particularly soya. Organic farming systems also aim to improve animal welfare through access to pasture and to promote health through good animal husbandry while maintaining animal productivity at optimal levels.

Our work in the area covers both ruminants (cattle and sheep) and non-ruminants (pigs and poultry) with particular focus on forage production and utilisation, including the role of legumes as a home grown protein feed resource. We are also investigating animal nutrition, in particular minerals and trace elements in ruminants and key proteins in monogastrics. The impact of forage, supplementary nutrients, grassland management, housing and husbandry on animal health and productivity is also addressed.

The public benefit from this work includes the advancement of agricultural and ecological knowledge through research, and the advancement of animal welfare, as well as contributing to food security, sustainable development and climate change mitigation through improved utilisation of on-farm resources.

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Completed projects

- **Sustainable organic and low-input dairy production (SOLID)**, led by Aberystwyth University and funded by EU Framework Programme 7 (2011-2016)

Continuing projects

- **Optimal grazing systems (Optgraze)**, led by Bioforsk, Norway and funded by NORSOK (2014-2016)
- **Animal health and welfare events and small projects**, funded with proceeds from the closure of the Farm and Food Society (ongoing)

New projects started

- **Innovation for sustainable sheep and goat production in Europe (ISAGE)**, led by Aristotle University of Thessaloniki, Greece and funded by EU Horizon 2020 programme (2016-2020)

2.2.5 Environment, sustainability and health

Food and agriculture have major impacts on the environment and health, both as a result of the production methods employed and the quality of the food produced. Research has shown that organic methods can conserve and enhance biodiversity and soils, reduce non-renewable energy and other input use, reduce pollution, protect water resources and mitigate climate change. Restricted pesticide and fertiliser inputs, more diverse crop rotations and the greater number of species grown all contribute.

Our research focuses on the wider impacts of organic and other farming systems and the assessment of their sustainability and contribution to delivery of ecosystem services. It also explores concepts of health applicable to individual organisms and ecosystems, reflecting that the interactions of soil, plant, animal, humans and the planet through 'health' is a key principle of organic agriculture. Human health is seen to be dependent on a healthy soil, healthy plants and healthy farm animals. This includes the provision of safe, nutritious, high quality food in sufficient quantities.

The public benefit from this work includes the advancement of agricultural and ecological knowledge through research, as well as contributing to food security, climate change mitigation, sustainable development and biodiversity.

Completed projects

- **Sustainable intensification research platform (SIP1)**, led by NIAB and funded by Defra (2014-2016)

Continuing projects

- **Assessing the Greenhouse Gas impacts of widespread conversion to organic farming in the UK (PhD Thesis)**, undertaken by Laurence Smith at Cranfield University (2011-2017)
- **Health Networks**, led by ORC and funded by Ekhaga Foundation (2015-2016)
- **Food quality and health (FQH)**, occasional small projects and events led by ORC funded by a bequest from the late Mary Langman (ongoing)

New projects

- **Sustainability Monitoring and Assessment Routine (SMART)**, led and funded by FiBL, Switzerland, value to ORC £12k.

2.3 Information services: supporting the people who use our work

The main objectives for our work in this area are to:

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- Communicate organic principles/best practice and disseminate technical and market information to producers, consultants, food businesses and others, so as to improve both business performance and delivery of public goods (climate change mitigation, animal welfare, biodiversity etc.);
- Educate and inform students, school children, consumers and civil society more generally about the issues affecting the sustainability of primary food/energy/fibre production;
- Engage with the media and policy makers on relevant food, farming and sustainability issues, providing sound evidence to support the arguments presented.

Our information services work is divided into three programme areas: business and markets, knowledge exchange and communication, and policy development and evaluation. Our primary focus is on engagement with producers, professionals such as advisers and land agents that engage with producers, young people preparing for careers in agriculture or the related professional support services, as well as policy makers and administrators.

2.3.1 Business and markets

All farmers need to earn a living and have sufficient income to ensure that their businesses are sustainable. The development of specialist markets for certified organic food provides a means by which consumers can access organic food and producers and food businesses can gain some financial return for adopting practices that yield environmental and other benefits not normally compensated by the market mechanism. Despite not using yield-enhancing inputs, most organic producers achieve similar incomes to comparable non-organic farms, thanks to consumer willingness to pay a premium for products with legally-backed certification of organic authenticity. As part of this, many organic producers have developed innovative marketing and processing initiatives and close links with consumers in new business models such as community supported agriculture.

This programme focuses on the analysis of farm incomes and costs of production, the availability and quality of organic market data, sector/market development as well as consumer attitudes, behaviour and willingness to pay, helping producers, food businesses and policy-makers to make better informed decisions.

Public benefit is generated by enabling a range of users, including producers, supply-chain businesses, and consumers, to improve their financial and environmental sustainability, and by improving the effectiveness of regulation and policy-making by governments at national and European level.

Completed projects

- **Organic Farm Incomes in England and Wales 2014/15**, led by ORC and funded by Welsh Government as part of the Organic policy advice project (see below)

New projects

- **Distribution of the added value of the organic food chain**, led by Thünen Institute Germany and funded by EU DG Agri (2016), value to ORC £42k

Future funding secured

- **Cereal renaissance in rural Europe: embedding diversity in organic and low-input food systems (CERERE)**, Thematic Network led by Reading University and funded by EU Horizon 2020 Programme (2016-2019), value to ORC £83k
- **Transitions to agroecological systems**, led by ORC and funded by Scottish Natural Heritage (2016-2017), value to ORC £20k
- **Welsh Organic Producer Survey**, led by Aberystwyth University and funded by Welsh Government Rural Development Programme (2016-2017), value to ORC £4k
- **2017 Organic Farm Management Handbook (OFMH)**, led by ORC and funded by sponsors, advertisers and sales (ongoing)

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2.3.2 Knowledge exchange and communication

Knowledge exchange recognizes that the learning process and dissemination of research results is not a one way process but involves the active engagement of the users of research outputs, as well as the willingness of researchers and intermediaries to learn from users and practitioners, and to ensure their active engagement in the whole research process.

This programme builds on the participatory ethos in our research programmes, actively involving producers and other stakeholders in the development and implementation of trials and interpretation of results. We are also developing our approach to knowledge sharing using the internet, printed publications and events including conferences and training courses.

Continuing projects

- **Agricology** on-line information hub, funded and managed by the Daylesford Foundation (2015-2018), extended funding value to ORC £143k
- **Bulletins, printed and electronic**, led by ORC and funded by subscriptions and donations (ongoing)
- **Consultancy and teaching**, led by ORC and funded by fees (ongoing)
- **Innovative Farmers**, led by the Soil Association and funded by the Prince of Wales' Charitable Foundation (2015-2017)
- **Institute of Organic Training and Advice (IOTA)**, led by ORC and funded by fees and subscriptions (ongoing)
- **MSc/PG-Dip degree in Organic Agriculture**, led by Scotland's Rural College's (SRUC) and funded by participant fees (ongoing)
- **National Organic Combinable Crops event**, led by Organic Farmers & Growers CIC and funded by sponsors and participant fees (ongoing)
- **Organic Producers' Conference**, led by ORC and funded by sponsors and participant fees (ongoing)
- **Research/technical publications and library resources**, led by ORC and funded by Research Institute of Organic Agriculture (FIBL Switzerland, joint technical guides and dossiers, value to ORC £16k), sales and donations (ongoing)
- **Website and social media (Facebook, Twitter, YouTube and Flickr)**, led by ORC and funded by donations (ongoing)

2.3.3 Policy development and evaluation

EU and government policies impact on organic producers in two main areas: a) the support available to producers for production and marketing of organic products in recognition of the environmental and other public goods produced, and b) the regulations defining organic farming and related certification systems enabling the organic market to function.

Our work focuses on both the development and evaluation of policy support and payments for public good benefits, and the development and evaluation of regulations, standards and certification systems. We engage with external governmental and non-governmental organisations in order to facilitate the sound development of the organic sector in the UK and inter-nationally, and to influence policy-makers at local, national and international level in order to ensure that the potential of organic/ agro-ecological approaches is recognized and appropriate policies are developed.

Our policy engagement is primarily at three levels – within the organic community, with other NGOs and the agricultural industry, and with governmental agencies and committees, both in the UK and at European level.

The public benefit from our policy work therefore relates to the advancement of education, in particular relating to sustainable agricultural production methods, food security and environmental protection, including climate change mitigation.

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2016

Completed projects

- **Wales organic policy advice**, led by ORC and funded by Welsh Government (2013-2016)

Continuing projects

- **Policy advocacy programme**, funded by the A Team Foundation (£10k) and other donations, including:
 - *Co-ordination of English Organic Forum (EOF)*
 - *Organisational support* for International Federation of Organic Agriculture Movements (IFOAM) UK member co-ordination, Organic Growers Alliance, Organic Arable, GM Freeze
 - *European-level engagement* with IFOAM EU Group; EU Technology platform for organic food and farming (TP Organics); EU Commission expert group for technical advice on organic production (EGTOP); Food Quality and Health (FHQ); European Consortium for Organic Plant Breeding (ECO-PB)
 - *UK-level engagement* with English agricultural industry greenhouse gas action plan (GHGAP); Natural England agri-environment stakeholders group; NFU Organic Forum; Organic Trade Board; Sustain

New projects

- **European organic action plans**, led by ORC, funded by IFOAM-EU and co-financed by the EU Executive Agency for Small and Medium-sized Enterprises (EASME) (2015-2016), value to ORC £5k
- **Enhancing SME competitiveness and sustainability in the organic sector (SME Organics)**, IFOAM EU subcontract, led by INTIA Navarra and funded by Interreg Europe (2016-2018), value to ORC £10k

Directorships, Memberships of Boards and Government Committees

- **Costanzo, A** Secretary, European Consortium for Organic Plant Breeding
- **Lampkin, N** Member, Agricultural Industry Greenhouse Gas Action Plan Steering Group
- **Lampkin, N** Member, BBSRC Agriculture and Food Security Strategy Advisory Panel
- **Lampkin, N** Member, Defra/Natural England Agri-environment Stakeholders Group
- **Lampkin, N** Co-ordinator, English Organic Forum
- **Lampkin, N** Permanent member, European Commission Expert Group for Technical Advice on Organic Production.
- **Lampkin, N** Member, NFU Organic Forum
- **Lampkin, N** Associate, Royal Agricultural Society of England
- **Measures, M** Director, Neil Wates Trust (Commonwork)
- **Measures, M** Trustee, Foundation of Rachel and Pamela Schiele
- **Measures, M** Associate, Royal Agricultural Society of England
- **Padel, S** Member, Expert Advisory Group, EU Technology Platform 'TP Organics'
- **Padel, S** Pool member, European Commission Expert Group for Technical Advice on Organic Production
- **Padel, S** Member, Executive Board, Agricollogy
- **Padel, S** Member, Steering Committee of Sustainable Organic Agriculture Action Network (SOAAN)
- **Pearce, B** Director and Member of Management Committee, GM Freeze
- **Pearce, B** Pool Member, European Commission Expert Group for Technical Advice on Organic Production
- **Pearce, B** Member, IFOAM EU Poultry Expert Group
- **Smith, J** Member, Farm Woodland Forum Executive Committee
- **Smith, J** Member, European Agroforestry Federation Executive Committee

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2016

- **Smith, L** Member, All Party Parliamentary Group on Renewable and Sustainable Energy
- **Smith, L** Member, Round Table for Organic Agriculture and Climate Change
- **Smith, L** Deputy Member, Greenhouse Gas Action Plan for England Steering Group
- **Smith, L** Trustee, Biodynamic Agricultural College
- **Sumption, P** Committee Member, Organic Growers Alliance
- **Sumption, P** Director of Biodynamic and Organic Plant Breeding and Seeds Limited
- **Westaway, S** Member, HedgeLINK Board
- **Woodward, L** Director, Organic Arable (representing ORC)
- **Wolfe, M** Hon. Member, British Society for Plant Pathology
- **Wolfe, M** Director, East Anglia Food Link

2.4 Sources of funding

2.4.1 New grants/contracts secured

A total of £1.34 million (2015: £1.05 million) new project funding was secured during the year, representing a substantial increase on previous years, from the following funders:

- Agricultural and Horticultural Development Board (£12k)
- A Team Foundation (£10k)
- Daylesford Foundation (£143k)
- European Commission (£1,075k, 6 projects)
- IFOAM EU (£5k)
- Innovate UK - Shimpling Park Farms sub-contract (£7k)
- INRA France (£5k)
- Interreg Europe – IFOAM EU sub-contract (£10k)
- Research Institute of Organic Agriculture (FiBL, Switzerland) (£38k)
- Scottish Natural Heritage (£20k)
- Welsh Government (£4k)
- Various other funders (£6k)

The individual projects concerned are listed in sections 2.2 and 2.3 above.

2.4.2 Continuing statutory funders

- Defra
- European Commission (DG Research & DG Agri)
- Welsh Government

2.4.3 Individual donors/supporters

I Alexander; C Allen; A Astor; M Barratt; C v Beuningen; P Bier; P Conford; W Copas; S Coppard; R Crowder; P Davies; A Dennis; R Ewbank; R Gantlett; A&J Gear; E Goff; D Harding; C Haynes; A Jedwell; PT Jones; P Kearney; W Kendall; V King; M Kunz; N Lampkin; T Latter; C Lavell; C Marriage; Rev Mason; G. Mayall; C Morris; D Morton; J Norman; D Owen; D & L Peck; P Plate; L & W Pope; Duchess of Richmond; RA Rowlands; T Sackler; A Sandwith; S Sarikhani; C Sinclair; B Smith; A Srivastava; T Stenning; R Tandy; P Thomas; M Turnbull; T Turner; M Wagner; K Wallis; C Wardle; D Watts; D Wilson; R Winfield; D Wolfe; D Younie.

2.4.4 Trusts and companies

Abacus Organic Associates; Anson Trust; A Team Foundation; Birchpiece Farms Ltd.; Bernhard Richard Body Charitable Trust; Bradwell Grove Farm; Bread Matters; Commonwork Trust; Cuthbert Horn Trust; Daylesford Foundation; JCJ Eaton Charitable Trust; Ekhaga Foundation; Glyme Farm; Goodwood Estate (public collection); Hamstead Marshall Village; Hemsworth Farm; Lee House Farm; Little Sunflowers; W&H Marriage & Sons; Morecambe Bay Conservation Grazing Co. Ltd.;

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2016

Meadowbrook Trust; Methodist Church Newbury; Mitchell Trust; Paget Trust; PayPal Giving; Mr & Mrs JA Pye Charitable Settlement; Ratcliff Foundation; Riverford Organic Farmers; Rushall Organics; Sandford Trust; Shimpling Park Farm; South Devon Organic Producers; WO Steele & Sons; Triodos Bank; Tedworth Trust; Tinsley Charitable Trust; R Vere Foundation; Prince of Wales's Charitable Foundation; Waterfield & White Ltd.

3 Review of financial position: Year ended 31 October 2016

In marked contrast to 2015, 2016 saw a significant increase in income received, presaged by the £1.05 million new project income secured in 2015 compared with £565,000 in the preceding year. During 2016, further significant progress was made in securing new funding for future years (see above). Expenditure reductions were also achieved, resulting in a substantial reduction in the loss for the year. As a result of the change to FRS 102 accounting basis (see note 1), a number of the 2015 comparatives below have been restated.

At £1,000,422, income generated from donations and grants, investments and charitable activities was up 13% on the preceding year (£950,002). Income from research and information projects increased by 14% to £814,402 (2015: £714,042), representing 81.4% of total income before gains on asset sales (2015: 80.9%). Key contributory factors included the securing of a large EU-funded research project (ISAGE) and other projects, as well as the decline in the value of the pound following the Brexit referendum.

Voluntary donations increased by 12.1% to £135,353 (2015: £120,754), while investment and estate income (other trading activities) increased by 5.7% to £50,667 (2015: £47,944).

In line with our planned reductions in expenditure to reduce losses, total expenditure at £1,063,434 was down 6.6% compared with 2015 (£1,138,887 restated to include annual leave accrual). Expenditure on charitable activities fell by 7.5% to £997,067 (2015: £1,079,230 restated to exclude estates (other trading activities)), with expenditure on research projects down by 9.9% to £608,670 (2015: £673,987 restated) despite the increased activity. Expenditure on information service projects was also down, by 3.6% at £389,397 (2015: £405,243 restated). Total staff costs fell 4.1% to £693,625 (2015: £723,032 restated). The proportion of total staff costs covered by the staffing component of project funding increased to 64% (2015: 56%).

Fundraising costs increased to £42,747 (2015: £22,890) as a result of the employment of a part-time fundraiser and other activities to secure additional voluntary donations. Project bidding costs fell to £44,241 (2015: £49,645), giving a combined total of £86,988 (2015: £72,435). The expenditure on fundraising represents 31.6% (2015: 19.0%) of the voluntary donations received (see above), and that on project bidding 3.3% of the £1.335 million (2015: 4.8% of £1.05 million) new project funds secured during the year.

The increased income and decreased expenditure was not sufficient to generate the budgeted surplus, but the net deficit situation improved substantially compared with 2015. The net income and expenditure deficit was reduced by £193,135 to £63,012 (2015 deficit: £256,147 restated, before £42,108 gain on asset sales), continuing a run of earlier deficits. Investment assets increased in value by £1,158 (2015: £3,920). The net overall deficit for the year (net movement in funds) was £61,854 (2015 deficit: £210,119 restated including the gain on asset sales).

Unlike previous years, there were no asset sales or significant investments in new assets in 2016. Total depreciation of £42,892 was slightly lower than 2015 (£43,944). The total net book value of tangible fixed assets, calculated on an historic cost basis, fell to £2,303,061 (2015: £2,329,716).

As a result of the deficit for the year, total net assets fell to £1,590,992 (2015: £1,652,846 restated). The main changes were an increase in creditors due within one year to £636,062 (2014: £543,158 restated) and an increase in current assets to £247,545 (2015: £217,909). Both changes were in part attributable to changes in deferred income from pre-financing of EU-funded and other projects to

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2016

£245,520 (2015: £214,829) as well as to an increase in project accrued income to £218,805 (2015: £97,922). The bank overdraft also increased substantially to £284,784 (2015: £116,726).

Despite the progress made during 2016, the budgeted trading surplus for the year of £22,000 before depreciation was not achieved, as a result of overall income falling 4.2% short of target and project income 2.5% below target. However, expenditure was 0.1% below budget despite deliberate decisions to spend unplanned funds on professional advice concerning merger options and new accounting software.

3.1 Investment powers, policy and performance

Investment powers, policy and performance are incorporated into the Memorandum and Articles of Association. This permits the Trustees to invest the monies of the Trust not immediately required for its purposes in, or upon such investments, securities or property as may be thought fit, but so that monies subject, or representing property subject, to the jurisdiction of the Charity Commissioners for England and Wales, shall only be invested in such securities, and with such sanction, if any, as may, for the time being, be prescribed by law. The company has indicated to its advisors areas of investment which are not thought appropriate or are in conflict with its aims.

During the year, the investment income including interest received totalled £247 (2015: £870).

3.2 Reserves policy

The company, with due regard to normal practice in similar charities, has previously set a target of day-to-day reserves (investment assets less net current liabilities) at least equivalent to 120 days of expenditure, which the Trustees considered to be a prudent level. However, this has not been achieved since 2010. Following the large deficit in 2015 and the smaller deficit in 2016, accessible reserves (net current liabilities plus investment assets) fell to negative £378,356 (2015: negative £316,246 restated), of which £245,520 is deferred project income (2015: £214,829; see note 17). The level of free reserves (accessible reserves less long-term liabilities of £333,713 (2015: £360,624) and restricted funds £21,458 (2015: £19,286)) that the charity held at the year end was negative £733,527 (2015: negative £696,156 restated).

The Trustees recognise that the level of accessible and free reserves is not sufficient to ensure that, in the event of a significant drop in funding or delays in payments, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. While the risk of a sudden drop in income may normally be low, due to the three to five year terms of most of the project grants and contracts, recent experiences have made the Trustees and Senior Management Team even more conscious of the need to address this problem.

The company has fixed assets in terms of land and buildings valued in historic cost terms at £2.3 million. In 2015, these assets were given a current market value of over £3.5 million, so that the company still has more than sufficient assets to meet all its obligations. Some of these assets will need to be sold in order to restore accessible reserves to the normally desired level without impact on the main research and information services business. However, most of the land and farm buildings are subject to a Farm Business Tenancy agreement expiring in October 2018. The increase in project funding secured will enable a surplus to be generated in 2017, and the significant increase in prepayment income will reduce the need for overdraft facilities for most of the year. The Trustees have therefore agreed an interim reserves policy for 2017 which foresees a small reduction in net current liabilities to £380,000 (2016: £388,517) (including a reduction in overdraft borrowings to below £100,000 (2016: £284,784)), and a reduction in long-term liabilities to £305,456 (2016: £333,713). On this basis, the sale of assets can be postponed until 2018, reducing the potential for penalties to be incurred were the tenancy to be ended early. The aim is to reinstate and comply with the original policy with effect from the 2018/19 financial year.

3.3 Risk factors and management

The Trustees have given due consideration to the major risks to which the charity is exposed and holds a register of these. This is reviewed six-monthly, as part of the annual business plan and then midway during the year. The charity has taken all reasonable steps to mitigate these risks. Risk assessment

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2016

and management processes are in operation on an on-going basis throughout the organisation and cover all aspects of financial and non-financial performance.

The monitoring of the charity's financial control systems and procedures and risk-management strategies is delegated to the Treasurer and the Finance Committee, which meets quarterly and reports to the Council of Management. The major risks identified relate to failure to achieve income goals, particularly in the context of a growth strategy to achieve a surplus that relies on these goals being realized, and including the risk of exchange rate volatility given the proportion of funds derived from EU sources. The economic environment and government austerity policies during the past several years have not been conducive either to growth in voluntary donations or increased UK statutory funding, although strategies to diversify funding sources have yielded significant success. However, the Brexit referendum result now gives rise to fresh uncertainties over the future of some of these sources.

4 Plans for future periods

As a result of the significant increase in project income secured for future periods during the year, it has been possible to agree a budget for 2017 which anticipates a 25% increase in total turnover including an increase in voluntary donations resulting from increased fundraising activity. This is expected to generate trading surplus in excess of £50,000, and an overall surplus (net movement in funds) of more than £10,000.

This will however also involve a proportionate increase in staffing and related expenditure, with total staff numbers expected to increase from 24 to 30. These are expected to be recruited and in post by May 2017.

To reduce the risk of income targets not being realised, the budgets have been based on secured project income only, so that any new funds secured for work during the year will be additional. While research and information projects will continue to be the main focus for future income generation, the development of complementary business information and consultancy services as well as initiatives to increase income generated directly from the charity's land and building assets will also be pursued with vigour.

Our work needs to be underpinned by good quality facilities, and it is likely that the increased staff numbers will put these under pressure. ORC is fortunate that it owns land and buildings donated by its founders, David and Bridget Astor, including the farmhouse at Elm Farm which is currently under-utilised. Plans have been prepared for extension and refurbishment of the farmhouse to provide residential accommodation for staff and participants in events, as well as additional meeting rooms/office space. Fundraising to enable the work to be undertaken without adding to the charity's liabilities will be undertaken during 2017, with the aim to complete the work in 2018.

Further work is needed to improve our IT systems and in particular broadband access, as we are still dependent on satellite for internet connection and experience poor landline quality issues. West Berkshire Council has contracted Gigaclear to install a fibre to property network throughout the county to address the lack of rural broadband provision, which we expect to reach us in 2017.

The conference venue in the refurbished, Grade 2 listed barn has become increasingly popular for external events, including weddings and parties, and we will be building this further in 2017 with the support of local business partners.

We will continue to develop our fundraising activities with a focus on unrestricted and restricted core donations to ensure that we cover our core costs, as well as provide adequate funding for the activities we undertake that are not covered by project funding.

We have invested in significant improvements to our financial management and accounting systems which we expect to yield benefits in 2017.

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2016

5 Structure, Governance and Management

The Progressive Farming Trust Ltd was established as a Limited Company and registered as a charity in 1980. Its objects and the scope of its activities are defined in the Memorandum and Articles of Association. Since 2006, its trading name is The Organic Research Centre, Elm Farm; previously the trading name was Elm Farm Research Centre.

The company is limited by guarantee and does not have a share capital.

The company has no subsidiary companies or legal association with other organisations. As described in more detail below, the company does work in partnership with many organisations on the delivery of projects and other charitable activities.

Governance structure

Progressive Farming Trust Ltd has a Council of Management consisting of 6-10 unpaid Trustees/Company Directors, which sets strategy and direction and monitors performance. The members of the Council in 2015/16 were V Agrawal (Treasurer), A Astor, A Jedwell, C Marriage (resigned October 2016), P Thomas (resigned September 2016), M Turnbull (Chair), D Wilson and D Wolfe.

The company's Council of Management meets four times per year formally, undertakes strategy review meetings and gathers to inform itself on particular issues.

The Council's work is supported by three sub-committees, all of which report directly to it:

1. Finance – detailed review of quarterly financial situation, annual reports and audits, effectiveness of financial and quality controls and risk management policy
2. Remuneration – terms and conditions of senior management team and performance review of Executive Director
3. Estates – policy on the farm tenancy, significant capital investments and disposals

Senior management

The company is run on a day-to-day basis by the Executive Director Nicolas Lampkin reporting to the Council of Management. He is joined in the senior management team by Bruce Pearce (Deputy Director, responsible for the Research programme and human resources), and Susanne Padel (Senior Programme Manager, responsible for the Information Services programme).

The senior management team is responsible for implementing the plans approved by the Council of Management on the basis of a statement of Delegated Authority.

The remuneration of the Senior Management Team, as the charity's key management personnel, is set by the Council as advised by the Remuneration Committee. The remuneration policy seeks to ensure that a) as this is a research organisation, for all staff relative pay levels compared with the Higher Education sector are maintained, albeit at lower levels, and b) that for the Senior Management comparability with remuneration in other similar charities is also maintained. A full comparability review is carried out every five years; relativities with the HE sector are reviewed annually. The bonus scheme for the Executive Director was suspended in 2012 in the context of the charity's financial situation.

Trustee recruitment and induction

The Trustees (members of the Council of Management) are elected by the Founder Members of the Progressive Farming Trust at the Annual General Meeting, with one-third retiring annually and eligible for re-election.

The Trustees have a strategy to increase their number and broaden the range of expertise, paying particular attention to succession planning focusing on skills needs, age and gender composition. Recruitment of Trustees is undertaken primarily targeting individuals of whom the charity has either personal experience or personal recommendation. Specialist agencies and recruitment groups may also be canvassed. The Council contains a broad range of business and finance experience, research,

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2016

legal and international knowledge, and political experience linked with environmental interests. Two trustees resigned in 2016.

Information is provided to help new Trustees to familiarise themselves with the objectives and activities of the company: Company Memorandum and Articles of Association; latest audited Annual Accounts; latest Annual Report; last Trustees' meeting minutes and relevant papers; the Charity Commission publication on Responsibilities of Trustees; organisation chart; Director's Responsibilities for Health and Safety (HSC); Investment of Charitable Funds – the effects of the Trustee Act 2000 (Charity Commission) as well as Public Benefit guidance documentation. They are referred to the Trustee Act 2000 and its provisions and any subsequent amendments and the Charity Commission website.

All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee and related party transactions are disclosed in note 21 to these accounts. Trustees are required to disclose all relevant interests and register them with the Company Secretary and, in accordance with the Trust's policy, withdraw from decisions where a conflict of interest arises.

6 Statement of responsibilities of the trustees

The trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

The trustees confirm that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware. The trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

6.1 Auditors

Godfrey Wilson Limited were re-appointed as auditors to the charitable company during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees on 29 March 2017 and signed on their behalf by


M Turnbull, Trustee and Chair of Council of Management

Independent auditors' report

To the members of

Progressive Farming Trust Limited

We have audited the financial statements of Progressive Farming Trust Limited for the year ended 31 October 2016 which comprise the statement of financial activities, balance sheet, statement of cash flows and the related notes. 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 charity'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 charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to accounting policy 1 (b) and the balance sheet, which indicates that the charitable company had net current liabilities of £388,517 as at 31 October 2016 (2015: £325,249). This indicates the existence of a material uncertainty that may cast significant doubt about the charitable company's ability to continue as a going concern.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances, and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 October 2016 and of its 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.

Independent auditors' report

To the members of

Progressive Farming Trust Limited

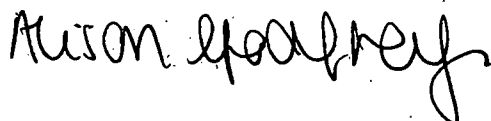
Opinion on other matters prescribed by the Companies Act 2006

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

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:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- 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.



Date: **4 APRIL 2017**

Alison Godfrey FCA
(Senior Statutory Auditor)
For and on behalf of:

GODFREY WILSON LIMITED
Chartered accountants and statutory auditors
5th Floor, Mariner House
62 Prince Street
Bristol
BS1 4QD

Progressive Farming Trust Limited

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 October 2016

				2016	Restated
	Note	Restricted £	Unrestricted £	Total £	2015 Total £
Income from:					
Donations and legacies	3	6,500	128,853	135,353	120,754
Charitable activities:					
Research and projects	4	483,131	25,197	508,328	439,482
Information services	5	243,650	62,424	306,074	274,560
Other trading activities	6	-	50,420	50,420	47,074
Investments		-	247	247	870
Other income	7	-	-	-	42,108
Total income		733,281	267,141	1,000,422	924,848
Expenditure on:					
Raising funds:					
Fundraising		-	42,747	42,747	22,890
Other trading activities	43	-	22,577	22,620	36,767
Charitable activities:					
Research and projects		452,896	155,774	608,670	673,987
Information services		268,490	120,907	389,397	405,243
Total expenditure	9	721,429	342,005	1,063,434	1,138,887
Net gains / (losses) on investments		-	1,158	1,158	3,920
Net income / (expenditure)		11,852	(73,706)	(61,854)	(210,119)
Transfers between funds		(9,680)	9,680	-	-
Net movement in funds	10	2,172	(64,026)	(61,854)	(210,119)
Reconciliation of funds:					
Total funds brought forward		19,286	1,633,560	1,652,846	1,862,965
Total funds carried forward		21,458	1,569,534	1,590,992	1,652,846

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 20 to the accounts.

The 2015 comparatives have been restated in line with the Charities SORP (FRS 102). Details of the restatements can be found in Note 1 (c).

Progressive Farming Trust Limited

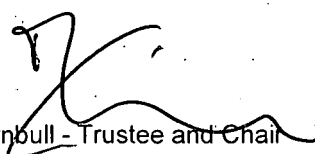
Balance sheet

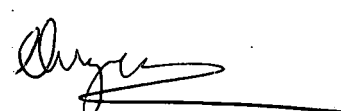
As at 31 October 2016

	Note	£	2016 £	Restated 2015 £
Fixed assets				
Tangible assets	13		2,303,061	2,329,716
Investments	14		10,161	9,003
			2,313,222	2,338,719
Current assets				
Stock	15	-	-	1,560
Debtors	16	245,929		197,760
Cash at bank and in hand		1,616		18,589
		247,545		217,909
Liabilities				
Creditors: amounts falling due within 1 year	17	636,062		543,158
Net current liabilities			(388,517)	(325,249)
Total assets less current liabilities			1,924,705	2,013,470
Creditors: amounts falling due after more than 1 year	18		333,713	360,624
Net assets	19		1,590,992	1,652,846
Funds	20			
Restricted income funds			21,458	19,286
Unrestricted funds				
Designated funds			105,281	86,045
General funds			1,464,253	1,547,515
Total charity funds			1,590,992	1,652,846

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 29 March 2017 and signed on their behalf by


M Turnbull - Trustee and Chair


Vikas Agrawal - Treasurer

Progressive Farming Trust Limited

Statement of cash flows

For the year ended 31 October 2016

	2016 £	2015 £
Net movement in funds	(61,854)	(210,119)
Adjustments for:		
Depreciation charges	42,892	43,944
(Gains) / losses on investments	(1,158)	(3,920)
Dividends, interest and rents from investments	(247)	(870)
Interest paid	(15,830)	(14,442)
Loss / (profit) on the sale of fixed assets	-	(42,108)
Decrease / (increase) in stock	1,560	5,359
Decrease / (increase) in debtors	(48,169)	56,843
Increase / (decrease) in creditors	(48,398)	61,005
Increase / (decrease) in provisions	-	(49,942)
Net cash provided by / (used in) operating activities	(131,204)	(154,250)
Cash flows from investing activities:		
Dividends, interest and rents from investments	247	870
Proceeds from the sale of property, plant and equipment	-	48,849
Purchase of tangible fixed assets	(16,237)	(111,066)
Proceeds from the sale of investments	-	60,000
Net cash provided by / (used in) investing activities	(15,990)	(1,347)
Cash flows from financing activities:		
Repayment of borrowing	(37,837)	(3,246)
Cash inflows from new borrowing	168,058	133,837
Net cash provided in / (used in) financing activities	130,221	130,591
Increase / (decrease) in cash and cash equivalents in the year	(16,973)	(25,006)
Cash and cash equivalents at the beginning of the year	18,589	43,595
Cash and cash equivalents at the end of the year	1,616	18,589

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Progressive Farming Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern, which the trustees consider appropriate having regard to the increase in the secured grant and contract income for 2017 and subsequent periods, and our tangible assets of £2,303,061 (2015: £2,329,716), including land and buildings valued in the accounts on a historic cost basis, which were given a market value in 2015 in excess of £3.5 million.

c) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. Income and expenditure classifications have been restated to comply with the Charities SORP FRS102.

In addition, at the date of transition in applying the requirement to recognise a holiday pay accrual, a liability was recognised for £14,070. No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

Reconciliation of funds and balances

	31 October 2015 £
Funds balances as previously stated	1,666,916
Less: holiday pay accrual	(14,070)
Funds balances as restated	<u>1,652,846</u>

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

d) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Grants, restricted donations and contract income are included in the statement of financial activities as they are received, except when the funder specifies that the period for which the funding is given is more than one year. In this case the funding is allocated to periods in which the money is to be used. Prepayment income for EU-funded research and other projects is deferred until eligible costs have been incurred which give entitlement to the income received. Where fixed project budgets are distributed on a regular monthly or quarterly basis, and may not match expenditure incurred, this is not considered as prepayment income, but is recorded as a restricted fund balance.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have been met, then the legacy is treated as a contingent asset and disclosed if material.

e) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item, is probable and the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity: this is normally upon notification of the interest paid or payable by the bank.

g) Funds accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred, except in the case of EU FP7 projects where this is not permitted, and annual apportionment adjustments.

i) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs are the costs of meeting statutory obligations. These costs have been allocated to activities on an income basis, excluding unrestricted donations.

	2016	2015
Raising funds - fundraising	0.0%	0.0%
Other trading activities	5.0%	7.5%
Research and projects	60.0%	57.0%
Information services	35.0%	35.5%

j) Tangible fixed assets

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Freehold land is not depreciated	
Freehold buildings	2% on cost
Solar PV	4% on cost
Research equipment	20% reducing balance
Fixture, fittings and equipment	33% on cost
Motor vehicles	25% on cost

k) Investments

Fixed asset quoted investments are stated at market value. Unquoted purchased investments are stated at cost and unquoted gifted investments at par.

l) Stock

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

o) Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

p) Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently recognised at amortised cost using the effective interest method.

q) Pension costs

The charity operates a defined contribution pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

r) Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated in to sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net income / expenditure.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

2. Prior period comparatives

	Restricted £	Unrestricted £	2015 Total (restated) £
Income from:			
Donations and legacies	-	120,754	120,754
Charitable activities:			
Research and projects	437,534	1,948	439,482
Information services	222,412	52,148	274,560
Other trading activities			
Farm and estates	-	47,074	47,074
Investments	-	870	870
Other income	-	42,108	42,108
Total income	659,946	264,902	924,848
Expenditure on:			
Raising funds			
Fundraising	-	22,890	22,890
Other trading activities	-	36,767	36,767
Charitable activities			
Research and projects	494,044	179,943	673,987
Information services	231,365	173,878	405,243
Total expenditure	725,409	413,478	1,138,887
Net gains on investments	-	3,920	3,920
Net expenditure	(65,463)	(144,656)	(210,119)
Transfers between funds	67,756	(67,756)	-
Net movement in funds	2,293	(212,412)	(210,119)

3. Donations and legacies

	Restricted £	Unrestricted £	2016 Total £	2015 Total £
JA Pye Charitable Settlement	-	50,000	50,000	75,000
Other donations	6,500	78,853	85,353	45,754
Total donations and legacies	6,500	128,853	135,353	120,754

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

4. Charitable activities: research and projects

	Restricted £	Unrestricted £	2016 Total £	2015 Total £
AHDB	29,640	-	29,640	14,820
Ashden Trust	-	-	-	20,000
Defra	54,374	-	54,374	70,633
Ekhaga Foundation	39,623	-	39,623	33,250
European Commission	352,108	-	352,108	245,118
FIBL	-	22,000	22,000	-
Interreg	-	-	-	35,903
Other project income	7,386	3,197	10,583	19,758
Total research and projects income	483,131	25,197	508,328	439,482

5. Charitable activities: information services

	Restricted £	Unrestricted £	2016 Total £	2015 Total £
Daylesford Foundation	114,836	-	114,836	58,282
European Commission	42,168	-	42,168	-
FIBL	-	16,055	16,055	-
Prince of Wales' Charitable Foundation	22,675	-	22,675	34,548
Producer conference	-	35,634	35,634	41,217
Policy	15,285	-	15,285	18,060
Welsh Government	46,472	-	46,472	110,919
Other project income	2,214	10,735	12,949	11,534
Total information services income	243,650	62,424	306,074	274,560

6. Other trading activities

	Restricted £	Unrestricted £	2016 Total £	2015 Total £
Farm rental income	-	25,965	25,965	24,750
Other estate income	-	24,455	24,455	22,324
Total other trading activities income	-	50,420	50,420	47,074

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

7. Other income

	Restricted £	Unrestricted £	2016 Total £	2015 Total £
Gain on disposal of fixed assets	-	-	-	42,108

8. Government grants and contracts

The charitable company receives government grants and contracts, defined as funding from Defra and the Welsh Government, to fund charitable activities. The total value of such income in the period ending 31 October 2016 was £100,846 (2015: £181,552). There are no unfulfilled conditions or contingencies attaching to these grants or contracts.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

9. Total expenditure

	Raising funds: fundraising £	Raising funds: other trading activities £	Charitable activities: research and projects £	Charitable activities: information services £	Support and governance costs £	2016 Total £	2015 Total (restated) £
Staff costs (note 11)	38,274	6,067	325,547	195,575	128,162	693,625	723,032
Activity delivery costs	4,259	1,157	94,343	86,050	2,275	188,084	246,975
Office / facility operation and maintenance	-	-	-	-	22,033	22,033	40,146
Other office costs	-	-	-	-	14,038	14,038	15,979
Computing and IT support	-	-	-	-	20,758	20,758	8,942
Bank charges and interest	-	-	-	-	29,691	29,691	25,682
Insurance	-	-	-	-	9,722	9,722	9,015
Audit and accountancy	-	-	-	-	15,239	15,239	6,000
Governance costs	-	-	-	-	5,427	5,427	3,754
Legal and professional fees	-	-	-	-	12,132	12,132	2,654
Depreciation	-	-	-	-	42,892	42,892	43,944
Irrecoverable VAT	214	-	4,029	-	4,801	9,044	5,459
Miscellaneous costs	-	-	-	-	749	749	7,305
Sub-total	42,747	7,224	423,919	281,625	307,919	1,063,434	1,138,887
Allocation of support and governance costs	-	15,396	184,751	107,772	(307,919)	-	-
Total expenditure	42,747	22,620	608,670	389,397	-	1,063,434	1,138,887

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

10. Net movement in funds

This is stated after charging:

	2016 £	2015 £
Depreciation	42,892	43,944
Trustees' indemnity insurance	-	-
Trustees' remuneration	-	-
Trustees' reimbursed expenses	5,427	1,209
Auditors' remuneration:		
▪ Statutory audit	6,755	6,000

Trustees expenses include £2,641 donated back to the charity.

11. Staff costs and numbers

Staff costs were as follows:

	2016 £	2015 £
Salaries and wages	597,707	643,848
Social security costs	55,289	52,259
Pension contributions	40,629	26,925
	<u>693,625</u>	<u>723,032</u>

One employee earned between £60,000 and £70,000 during the year (2015: one employee £60,000 - £70,000).

The key management personnel of the charitable company comprise the senior management team. Total employee benefits paid to key management personnel were £167,352 (2015: £166,559).

The average staff head count during the year was:

	2016 No.	2015 No.
Administration	5	5
Research / project staff	18	19
	<u>23</u>	<u>24</u>
Average full-time equivalents (all staff)	<u>18</u>	<u>19</u>

12. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

13. Tangible fixed assets

	Freehold land £	Buildings £	Solar PV £	Research equipment £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost							
At 1 November 2015	716,791	1,844,135	72,301	47,162	261,647	4,200	2,946,236
Additions	-	9,753	-	-	6,484	-	16,237
At 31 October 2016	<u>716,791</u>	<u>1,853,888</u>	<u>72,301</u>	<u>47,162</u>	<u>268,131</u>	<u>4,200</u>	2,962,473
Depreciation							
At 1 November 2015	-	305,402	2,892	44,878	259,628	3,720	616,520
Charge for the year	-	36,940	2,892	457	2,123	480	42,892
At 31 October 2016	<u>-</u>	<u>342,342</u>	<u>5,784</u>	<u>45,335</u>	<u>261,751</u>	<u>4,200</u>	659,412
Net book value							
At 31 October 2016	<u>716,791</u>	<u>1,511,546</u>	<u>66,517</u>	<u>1,827</u>	<u>6,380</u>	<u>-</u>	2,303,061
At 31 October 2015	<u>716,791</u>	<u>1,538,733</u>	<u>69,409</u>	<u>2,284</u>	<u>2,019</u>	<u>480</u>	2,329,716

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

14. Investments

	Unlisted investments £	Listed investments £	Total 2016 £	Total 2015 £
Market value at 1 November 2015	1,278	7,725	9,003	65,083
Additions	-	-	-	-
Disposals proceeds	-	-	-	(60,000)
Realised gains / (losses)	-	-	-	3,663
Unrealised gains / (losses)	-	1,158	1,158	257
Market value at 31 October 2016	<u>1,278</u>	<u>8,883</u>	<u>10,161</u>	<u>9,003</u>
Historical cost			<u>8,688</u>	<u>8,688</u>

All of the listed investments are held in the BNY Mellon Newton Growth and Income Fund for Charities since May 2014.

15. Stock

	2016 £	2015 £
Finished goods	<u>-</u>	<u>1,560</u>

16. Debtors

	2016 £	2015 £
Trade debtors	22,130	99,838
Prepayments	4,994	-
Accrued income	<u>218,805</u>	<u>97,922</u>
	<u>245,929</u>	<u>197,760</u>

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

17. Creditors : amounts due within 1 year

	2016 £	Restated 2015 £
Bank overdraft	284,784	116,726
Trade creditors	25,865	66,748
Accruals	25,306	24,216
Deferred income (see below)	245,520	214,829
Other creditors	27,676	66,972
Private loan	-	28,000
Bank 5 year loan	7,561	7,167
Bank 15 year repayment loan	19,350	18,500
	<u>636,062</u>	<u>543,158</u>

Movements in deferred income consist of:

Balance brought forward	214,829	126,586
Amount released to income	(387,129)	(208,598)
Amount deferred	<u>417,820</u>	<u>296,841</u>
Balance carried forward	<u>245,520</u>	<u>214,829</u>

18. Creditors : amounts due after more than 1 year

	2016 £	2015 £
Private 10 year loan repayable 2024	35,000	35,000
Bank 5 year repayment loan repayable 2019	25,272	32,833
Bank 15 year repayment loan repayable 2028	<u>273,441</u>	<u>292,791</u>
	<u>333,713</u>	<u>360,624</u>

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

18. Creditors : amounts due after more than 1 year (continued)

Analysis of debt maturity

	2016 £	2015 £
Amounts payable:		
In less than 1 year	26,911	25,667
In 1 - 2 years	28,216	26,911
In 2 - 5 years	83,763	88,820
In more than 5 years	<u>221,734</u>	<u>244,893</u>
	<u>360,624</u>	<u>386,291</u>

The bank loans and overdraft are secured by way of a first legal charge dated 29 June 2009 over the freehold land and farm buildings (excluding farmhouse and offices) known as Elm Farm, Hamstead Marshall, Newbury, RG20 0HR, and by a first debenture dated 17 June 2010 comprising a fixed and floating charge over all assets and undertakings of the charity.

19. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	2,303,061	2,303,061
Investments	-	10,161	10,161
Current assets	275,190	(27,645)	247,545
Current liabilities	(253,732)	(382,330)	(636,062)
Non-current liabilities	-	(333,713)	(333,713)
Net assets at 31 October 2016	<u>21,458</u>	<u>1,569,534</u>	<u>1,590,992</u>

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

20. Movements in funds

	At 1 November 2015 £	Income £	Expenditure £	Investment gains / (losses) £	Transfers between funds £	At 31 October 2016 £
Restricted funds						
A Team Foundation/Other: Policy	-	15,285	(24,937)	-	9,652	-
AHDB: Great Soils	3,102	29,640	(23,417)	-	-	9,325
Daylesford Foundation: Agricology info-hub	2,635	114,836	(117,471)	-	-	-
Defra: COBRA Core II Eranet	-	9,203	(9,470)	-	267	-
Defra: SustainFarm FACCE Eranet	-	42,278	(42,406)	-	-	(128)
Ekhaga Foundation: Health Networks	7,969	39,623	(38,660)	-	-	8,932
EU COST: Biogreenhouse	(1,084)	1,144	(1,502)	-	1,442	-
EU DG Agri: Value Added	-	42,168	(43,452)	-	1,284	-
EU DG Research: Agforward	-	61,356	(61,356)	-	-	-
EU DG Research: CO-FREE	(687)	2,938	(3,443)	-	1,192	-
EU DG Research: Diversifood	-	55,678	(55,678)	-	-	-
EU DG Research: ISAGE	-	65,111	(65,111)	-	-	-
EU DG Research: OK-Net Arable	-	41,614	(41,614)	-	-	-
EU DG Research: OSCAR	-	22,091	(12,871)	-	(9,220)	-
EU DG Research: SOLID	(850)	63,867	(49,584)	-	(13,433)	-
EU DG Research: WHEALBI	-	38,308	(38,308)	-	-	-
EU Interreg/IFOAM: SME Organic	-	2,214	(1,263)	-	-	951
PW Charitable Foundation: Duchy Future Farming	8,703	22,675	(31,378)	-	-	-
PW Charitable Foundation: Sheep grazing weeds	(792)	4,296	(3,768)	-	-	(264)
Welsh Government: Organic Advice	740	46,472	(49,988)	-	2,776	-
Farmhouse renovation	-	6,500	(43)	-	(6,457)	-
Other externally-funded projects	(450)	5,984	(5,709)	-	2,817	2,642
Total restricted funds	19,286	733,281	(721,429)	-	(9,680)	21,458

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

20. Movements in funds

	At 1 November 2015 £	Income £	Expenditure £	Investment gains / (losses) £	Transfers between funds £	At 31 October 2016 £
Unrestricted funds						
<i>Designated funds:</i>						
FIBL: SMART, Publications, Project Acquisition	-	38,055	(18,819)	-	-	19,236
M Langman: Food quality & health bequest	41,712	-	-	-	-	41,712
Farm and Food Society: Animal health and welfare	44,333	-	-	-	-	44,333
<i>Total designated funds</i>	<u>86,045</u>	<u>38,055</u>	<u>(18,819)</u>	<u>-</u>	<u>-</u>	<u>105,281</u>
General funds	<u>1,547,515</u>	<u>229,086</u>	<u>(323,186)</u>	<u>1,158</u>	<u>9,680</u>	<u>1,464,253</u>
Total unrestricted funds	<u>1,633,560</u>	<u>267,141</u>	<u>(342,005)</u>	<u>1,158</u>	<u>9,680</u>	<u>1,569,534</u>
Total funds	<u>1,652,846</u>	<u>1,000,422</u>	<u>(1,063,434)</u>	<u>1,158</u>	<u>-</u>	<u>1,590,992</u>

Transfers between funds

Transfers from unrestricted funds into restricted projects are normally made to cover deficits when projects are closed, or when shortfalls are identified during a project that are not expected to be recovered during the remaining life of the project. Where transfers out from restricted funds are made, these only occur either as a result of exchange rate gains where the restrictions imposed by the funder have been met, or where transfers in were made in previous years and the anticipated deficits have not been realised in practice (as in the case of the OSCAR and SOLID projects).

Transfers from the farmhouse renovation restricted fund to general funds represent the purchase of fixed assets, for which the restriction on the income has been discharged.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2016

20. Movements in funds (continued)

Purposes of restricted funds

Research contracts or partner subcontracts financed by Defra and Welsh Government are treated as restricted to the area of research in which they are commissioned (as detailed in the Council Members' report) although small surpluses may be transferred to general funds when contracts end. Grants from EU sources and Foundations are by definition restricted.

For projects with positive closing balances, the surplus restricted resources have been retained to meet future commitments, consistent with project funding agreements. For projects with negative closing balances, these are planned to be covered by income due in future periods.

Purpose of designated funds

These funds have been designated to support work on conceptual and scientific aspects of food quality and health in the case of the M Langham bequest, and on farm animal welfare in the case of the Farm and Food Society, in recognition of communications between the individuals concerned and the Director and Trustees of the Progressive Farming Trust at the time the funds were received. The funds are used to support events and projects. In 2016, a donation of €50,000 (£38,055) was received from the Swiss Research Institute of Organic Agriculture (FIBL) where freedom was given to PFT to allocate the resources to areas of mutual benefit, including joint publications, project acquisition and the development of sustainability assessment tools (SMART).

22. Related party transactions

A Astor, a Trustee, is also a Trustee of Meadowbrook Trust, which donated £5,000 (2015: £5,000) to Progressive Farming Trust.

Trustees donated a total of £6,041 (including £2,641 travel expenses not claimed and £3,000 to the Farmhouse Renovation project) to Progressive Farming Trust.

D Wilson, a Trustee, is Farm Manager at Duchy Home Farm, which participates in, but does not benefit financially from, a number of research projects.

D Wolfe, a Trustee, is son of M Wolfe, who is an employee of the charity. The former office and facility rental at Wakelyns Agroforestry, owned by M Wolfe, was terminated in October 2015.

In 2014-15, S Padel, a member of staff, made an interest-free loan of £28,000 to the Progressive Farming Trust, which was repaid in February 2016.

No Trustee was remunerated other than for out of pocket expenses (see note 10).

N Lampkin, Executive Director, donated £550 to Progressive Farming Trust.