

Charity Registration No 281276

Company Registration No 1513190 (England and Wales)

PROGRESSIVE FARMING TRUST LIMITED
TRADING AS - ORGANIC RESEARCH CENTRE - ELM FARM
COUNCIL MEMBERS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2010



PROGRESSIVE FARMING TRUST LIMITED
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LEGAL AND ADMINISTRATIVE INFORMATION

Members Of Council

C A Bielenberg (Chair)
A Astor
A Bielenberg
D R W Harrison
R Hood
A Jedwell
J F Jones
J Longfield
J S Skinner
Prof Dr H Vogtmann
D J Wilson

Executive Director and Company Secretary Prof N Lampkin

Charity number 281276
Company number 1513190

Principal address The Organic Research Centre
Elm Farm
Hamstead Marshall
Newbury
Berkshire
RG20 0HR

Registered office The Organic Research Centre
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Hamstead Marshall
Newbury
Berkshire
RG20 0HR

Auditors Russell New Limited
The Courtyard
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LEGAL AND ADMINISTRATIVE INFORMATION

Bankers

Triodos Bank
Brunel House
11 The Promenade
Bristol
BS8 3NN

CAF Bank Limited
P O Box 289
West Malling
Kent
ME19 4TA

National Westminster Bank Plc
City of London Office
1 Princes Street
London
EC3P 3AR

Investment advisors

Newton Investment Management Limited
The Bank of New York Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

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The Council Members present their report and financial statements for the period ended 31 October 2010

1 Members of Council, 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 has been 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.

Progressive Farming Trust Limited has a Council of Management which sets strategy and direction. The members of the Council in 2009/10 were C A Bielenberg (Chairman), A Astor, A Bielenberg, D R W Harrison, R Hood, A Jedwell, J F Jones, J Longfield, J S Skinner, D Wilson and Prof Dr H Vogtmann (President to 31st October 2010).

The Company's Council of Management sets strategy and direction and monitors performance. It meets four times per year formally to conduct routine business, with additional meetings as required for strategy reviews and to inform itself on particular issues.

In 2009/10 the Company was run on a day to day basis by the executive Directors L Woodward O B E (to 31st May 2010) and Prof N Lampkin, moderated via an Executive Board that includes the President Prof Dr H Vogtmann. From November 2010, the executive Directorship is the sole responsibility of Prof N Lampkin reporting to the Council of Management.

The Executive Director is responsible for implementing the plans approved by the Council of Management on the basis of a statement of Delegated Authority. In doing this, he is assisted by the senior management team Dr B Pearce (Senior Programme Manager) and the Principal researcher/consultant Team Leaders (Crops research: Dr T Doering, Socio-economic research: Dr S Padel, Information services: R Hitchings).

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 been pursuing a strategy to increase their number and broaden the range of expertise, paying particular attention to succession planning focusing on the age and gender composition. Recruitment of Trustees is undertaken primarily from individuals with whom the Charity has either personal experience or personal recommendation. Specialist agencies and recruitment groups may also be canvassed. During 2009/10 four new trustees were appointed (A Astor, A Jedwell, J F Jones and J Longfield). The expanded Council contains a broad range of business and finance experience, research, legal and international knowledge, and political experience linked with environmental interests.

Information is provided to help new trustees to familiarize 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, organization chart, Director's Responsibilities for Health and Safety (HSC), Investment of Charitable Funds – the effects of the Trustee Act 2000 (Charity Commission). They are referred to the Trustee Act 2000 and its provisions and any subsequent amendments on the Charity Commission website.

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All trustees give of their time freely and, with one exception (Prof H Vogtmann), no trustee remuneration was paid in the year. Details of trustee and related party transactions are disclosed in note 17 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. No relevant interests were identified in the year.

The remuneration of Prof Vogtmann was in return for scientific advice, reflecting his specific expertise in the field in which the Charity operates, and for his executive engagement as President with the Executive Board. The remuneration of Prof Vogtmann is consistent with provisions in the Charity's Memorandum and Articles of Association and with Charity Commission guidance, and was reviewed annually by the Council of Management, which also set the level of remuneration. Discussions relating to Prof Vogtmann's performance and remuneration were conducted in his absence. The agreement for the provision of his services extended to 31st October 2010 and has not been renewed.

2 Objects of the charity

The object of 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.

In particular, the business of the Organic Research Centre is to develop and support appropriate agriculture and food systems, primarily within local economies, which build on organic and agro-ecological principles, to ensure the health and wellbeing of soil, plant, animal, man and the environment.

The Centre has played a central role, in the UK and abroad in the development of organic food and farming research, policy and standards since 1980. Our aim, as restated in our Corporate Plan 2010-2012, is to strengthen our position and effectiveness as the leading independent UK research and development institution for organic food and farming, by

- 1 Developing ORC's research programme and conducting research on organic/agro-ecological approaches to food and farming in order to
 - a Improve the productivity and sustainability of such approaches and address key technical problems where current practice falls short of organic/agro-ecological principles, recognizing the importance of working with 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 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), and
 - b Facilitate the sound development of the organic sector primarily in the UK but also internationally

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- 3 Developing ORC's education and public relations programme in order to
 - a Educate and inform students, school children, consumers and civil society more generally about the issues affecting the sustainability of primary food/energy/fibre production, and
 - b Engage with the media on relevant food, farming and sustainability issues
- 4 Engaging with and influencing policy-makers at local, national and international level in order to ensure that the potential of organic/ agro-ecological approaches is recognized 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
- 5 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 detailed programme of activities as set out in our annual business plan, with a quarterly review process, internally and by the Council of Management, used to monitor progress of activities and the outputs delivered

2.1 Public benefit

From April 2008, section 4 of the Charities Act 2006 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. 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.

2.2 The context in which we work

At first sight, the development of the organic sector in the UK, and internationally, appears to be a success story. There has been significant and continuous growth over the last two decades, both in the area of land under organic management and in the market for organic food. At the same time, the institutional support for the organic movement has been strengthened, in a regulatory sense through the new EU organic regulation applying from 2009, and in terms of policy support for organic farming particularly through the EU's Rural Development Programme and national/regional action plans for organic farming. In the UK, organic farming now covers about 4-5% of the land area (over 8% in Wales and Southwest England), while in some other EU countries and Switzerland, organic farming exceeds 10% and is as high as 40% of the land area on a regional basis.

At the same time, there are a number of clouds on the horizon that threaten to undermine or reverse the progress that has been made.

- The focus on the market, and on certified organic production, has become dominant for many, so that it has become an end in itself, rather than a means to support organic land.

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management based on organic and agro-ecological principles delivering a range of environmental sustainability, health and quality goals

- The recession, which has impacted on the organic market quite significantly, has disrupted the previous growth trends and undermined confidence, although there is evidence in late 2009/early 2010 that the situation is stabilizing and some confidence is returning
- For many policy makers, there continues to be confusion about whether support for organic farming is about supplying a market niche, or a real contribution to meeting their policy goals. With the emergence of serious policy concerns relating to climate change and food security, as well as soil, water and biodiversity conservation, the relevance of organic land management is not (or barely) recognized. Even where it is, the limited extent of the adoption of organic practices is seen as problematic. Defra is actively cutting back its support for organic farming. In many recent policy documents, organic is not even worth a mention, even though there is a common desire, at least in words if not actions, for sustainability and health outcomes.
- The dominance of corporate interests, both in the organic marketplace and in the debate on future development paths for agriculture and food, also means that the emphasis on organic and agro-ecological principles is down played, and that there is a renewed confidence amongst those promoting an industrial/technological approach to addressing the key policy issues.
- Many producers who have converted to organic production have only really encountered the inspection process and the rulebook. The opportunities to engage with the underlying organic/agro-ecological principles, and with agro-ecosystem management approaches as a way of dealing with production problems, are extremely limited. As a consequence, the development of systems that are just certification compliant, reliant on substituting one slightly more acceptable input for an unacceptable one, is perhaps inevitable, but means that the systems in place are not delivering the ecosystem services and public benefits that many believe they should be.

The challenge for ORC in the next few years is to turn this process round by supporting with high quality research the development of sustainable farming systems based on organic/ agro-ecological principles, capable of making a real contribution to addressing local, national and global food security, climate change, biodiversity/resource conservation and socio-economic concerns. The achievement of this will involve not just research, but effective dissemination of information and communication.

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

This cannot be achieved by ORC alone – there is a need to build collaborative alliances with traditional and non-traditional partners. However, all of this needs to be done on the basis of a clear commitment to our core organic/agro-ecological principles.

3 Achievements of the Organic Research Centre in 2010

3.1 Chairman's summary

2010 marked both the 30th anniversary of the establishment of the Progressive Farming Trust and the research centre, which was celebrated in style with a visit by Prince Charles in May, and a period of significant change and development

The process of re-invigorating ORC with new staff, building on the appointment of Prof N Lampkin as Executive Director and Dr T Döring as Crops Research Team Leader in 2009 was continued in 2010 with the appointment of Dr S Padel as Socio-economic Research Team Leader and several other researchers (see Factfile below) The research teams have been very active in securing additional project funding, in particular from EU sources, resulting in a significant increase in research activity

These positive developments and achievements were celebrated on 24th May 2010 when Prince Charles visited ORC to mark its 30th anniversary and to officially open the new conference centre and refurbished buildings The event was also marked by a special 100th edition of the ORC Bulletin and a colour photographic supplement documenting the history of ORC The 30th anniversary celebrations were continued in July with an open day at ORC and a Food Festival attracting more than 700 participants

The 30th anniversary year also marked a turning point for the governance of the organisation, with several new trustees appointed (A Astor, A Jedwell and J Jones, J Longfield) and significant changes at Directorate level with Prof Dr H Vogtmann's term as President coming to an end and the departure of L Woodward as Director

L Woodward was the founding Director of ORC and responsible for its development, from the germ of an idea nurtured jointly with PFT's benefactor David Astor and Prof Dr H Vogtmann in the late 1970s As Director, he helped guide and sustain ORC through thick and thin, and made a significant contribution to the development of organic movement in the UK and internationally, with his contribution recognised by the award of an OBE and by Prince Charles in his address to our 30th anniversary event The vibrant organisation which remains is testament to his efforts over the last three decades

The period of transition that we have been through over the last three years, with significant senior staff changes and the completion of the building refurbishment programme, has not been without cost financially, with a significant loss recorded again in this financial year This period has also coincided with the recession, and we have not been isolated from the impact of the downturn on donors, with a significant reduction in income from these sources Fortunately, the success of the research team in securing project contracts means that we are looking forward to a 30% increase in the overall level of income and reduced overhead costs in 2011 and with this a very good prospect that we can move back into the black next year

3.2 Research for sustainable food systems

ORC's research to support the development of sustainable food systems aims to

- improve the productivity and sustainability of organic/agro-ecological approaches
- evaluate, with a view to improvement, the impacts of organic/agro-ecological approaches, including delivery of ecosystem services, pollution, resource use and biodiversity impacts,

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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 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

3.3 Crops research

(Team Leader Dr T Doring)

A major focus of the crops research programme is the use and maintenance of plant diversity to increase crop performance and stability and to enhance the provision of ecosystem services. Using a whole-system approach in highly participatory research projects, ORC aims to develop innovative solutions for farming systems in a range of arable and horticultural crops, including wheat, oats, barley, spelt, oil seed rape, broccoli, beans, and various forage legumes. ORC continues to collaborate with several UK and overseas universities in joint supervision of crops related PhD and MSc theses alongside our existing research programmes.

The public benefit from this programme includes the advancement of agricultural, ecological and plant breeding knowledge through research as well as contributing to food security (through more stable yielding and locally adapted populations), sustainable development, biodiversity conservation and the reduction of greenhouse gas emissions through better design of the fertility building (nitrogen and carbon capture) phase of rotations, reducing the need for industrially fixed nitrogen fertiliser inputs, fossil energy use and related emissions. All findings of the research programme are being, or will be, made available in the public domain.

Genetically diverse wheat for stable yields and quality Wheat Breeding LINK

One of our major research activities in the crops programme is the Wheat Breeding LINK project. It is led by ORC and follows on from a previous project on using high genetic diversity in wheat. The current project, running from 2008 to 2012, is funded by Defra and industry partners, including plant breeders, organic certification bodies, millers and bakers. A main aim of the project is to assess in how far the performance and stability of winter wheat yields and wheat quality can be increased over a wide range of (changing) environmental conditions by introducing a high degree of genetic diversity in the field. For this purpose Composite Cross Populations (CCPs) are being trialled both in replicated field experiments and on a large number of on-farm trials throughout England. We test the growing characteristics, agronomic properties and the processing qualities and marketing capabilities of the CCPs for end users, e.g. through baking and malting tests. CCPs also offer the possibility of selective adaptation to the local farm site on which they are grown. This issue is being tested using molecular tools in collaboration with the John Innes Centre, Norwich. We hope that through our wheat population research we will advance ecological and plant breeding knowledge and can contribute to food security in increasingly changing environments, by developing more stable yielding and locally adapted crops.

Species diversity in leys for improved functionality of rotations Legume LINK

A similar approach is being pursued in the Defra-funded Legume LINK project, which is also led by ORC. Legume LINK started in December 2008 and will run for 3 years. In the project, which is co-funded by industry partners, we investigate how increased species diversity in the ley phase of the rotation can help to improve nitrogen use efficiency of cropping systems. In addition we are collecting data on the growth characteristics and agronomic properties of several legume species across a wide geographical range in order to make targeted recommendations on using legume species in the rotation. Research partners in Legume LINK include the Institute of Grassland and Environmental Research (IBERS), Rothamsted Research, the Scottish Agricultural College (SAC),

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The Arable Group (TAG), and the Organic Studies Centre at Duchy College. Many successful low-input systems rely on a legume-based fertility-building ley as an alternative to mineral nitrogen applications. Thus, there is increasing interest in applying these systems more widely. Ultimately, Legume LINK aims to create a legume-based species mixture that can have significantly improved resilience in fertility building and nitrogen release dynamics compared to the traditional grass/clover mixtures.

Agricultural plant diversity on an even larger scale SOLIBAM

SOLIBAM (Strategies for Organic and Low-input Integrated Breeding and Management) started in March 2010 and will run for 4-5 years. The project brings together 22 partners from the private and public sectors, representing 10 different European countries and two African countries (Ethiopia and Mali), as well as one international research organisation (ICARDA). The involvement of such a large number of partners means that comparative trials can be coordinated within a single project across an extremely wide range of geographical locations, covering the main agro-ecosystems of Europe as well as sub-Saharan Africa and the Middle East. The project, led by the French National Institute for Agricultural Research (INRA), centres on the thesis that improving quality and stabilizing yields in organic and low-input agriculture depends on increased diversity in cropping systems, and requires an integrated approach combining innovative breeding and crop management techniques. Dissemination of the project findings is of high importance and there will be a number of knowledge transfer events in different countries. SOLIBAM is funded under the EU's 7th Framework Programme for Research and Development.

More diversity: QUOATS, Oilseed rape, Ecodyn and other projects

In addition to these major projects, ORC is also participating in a number of further crops research activities. The project QUOATS (Harnessing new technologies for sustainable oat production and utilisation) is a Defra and industry funded LINK project on oat breeding. It is running from 2009 to 2014, and is led by Aberystwyth University. ORC is trialling several oat varieties and newly bred lines under organic crop management in order to contribute to the development of oats that are best suited to organic conditions. In an HGCA funded project on new approaches to weed control in oilseed rape, ORC is assessing the use of vision guided hoes to control weeds without the use of herbicides in oilseed rape; this project is running from 2009-2012 and is led by The Arable Group (TAG). Finally, ORC has started a pilot trial on reduced tillage in collaboration with Duchy Home Farm, the Institute of Organic Advice and Training, and the Royal Agricultural College. On-farm field experiments have been set up to assess the possibility of reduced tillage in organic agriculture in order to develop cropping systems with higher energy efficiency, improved soil conservation, and better resilience against water stress.

3.4 Agro-forestry, agro-ecology, biodiversity and eco-system services

(Team Leader: Dr B Pearce)

This is a relatively new and expanding group of projects with a focus on the wider impacts of organic systems, the assessment of their sustainability and contribution to delivery of ecosystem services. 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. The results will be made available in the public domain.

Eco-agroforestry integrating agriculture, forestry and biodiversity

This project, with funding provided by the Ashden Trust and additional support from Frances Astor, focuses on promoting an eco-agroforestry approach that integrates agroforestry with organic/agro-ecological principles. The project objectives are to improve the output of food and fuel from these systems while also enhancing biodiversity. In the second year of this project, we have completed a review of how agroforestry sits within current UK agricultural policies and we have made recommendations for policy changes needed to support the wider adoption of agroforestry. We held a successful meeting to discuss with stakeholders the establishment of an eco-agroforestry.

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network - work is now underway to formalise the network and its activities. The website www.sustainable-agroforestry.org has been established and is being utilised, along with the ORC website, to publicise the work and outputs from the programme. We worked with the University of Reading on an MSc project to investigate the influence of tree rows on an ecosystem service (pest and disease control) and a joint PhD student started in October 2010 who will investigate the goods and services that agroforestry can provide.

RELU-Scale: an integrated analysis of scale effects in alternative agricultural systems

The RELU-Scale project brought together multiple scientific disciplines (sociology, geography, economics, ecology and soil science) to evaluate alternative agricultural systems (e.g. organic farming). It was initially planned for three years, starting in 2006, but was extended until October, 2010. The project addressed 2 key questions:

- what causes organic farms to be arranged in clusters at local, regional and national scales, rather than spread more evenly throughout the landscape? and
- how do the ecological, hydrological, socio-economic and cultural impacts of organic farming vary due to neighbourhood effects, at a variety of scales?

To address these questions, researchers undertook a comparative study of farms in areas of high and low concentrations of organic farming, to look for differences at field, farm, and local levels. The key findings of the project were:

- Higher concentrations of organic farms leads to higher average levels of biodiversity. This means it would be beneficial to many species for groups of farmers to co-operate to produce habitats for these species. However, some species would actually be worse off if this was the case, and would need alternative arrangements.
- Higher average biodiversity can be produced at no cost to farmers, where adoption of actions are widespread (e.g. on organic farms in hotspot locations). This also supports the case for farmer collaboration to produce biodiversity.
- Organic management of grasslands results in higher soil water infiltration rates. This could lead to land management measures to reduce flooding in vulnerable areas, through encouragement of conversion to grassland from arable, and reduced stocking density. This can apply not only to organic farms but also to more sensitive management of conventional grassland.
- Less productive agricultural areas are most likely to respond first if increased conversion rates step up the government's agenda.

3.5 Livestock research

(Team Leader: Dr B Pearce)

Compared with the other research programmes reported here, the livestock programme is currently in transition and was temporarily suspended in 2009/10 due to a combination of funding and staff changes. During 2009/10 we successfully bid for EU funding to enable us to start a dairy research programme in 2011. For a short period, work funded by the Sheepdrove Trust continued investigating home grown feed for pigs. This work built on successful previous work undertaken on both pigs and table poultry. The trials continued the work looked at substituting 50% home grown Triticale and Wheat Straights in place of bought in concentrate. This backed up our earlier work that substitution of these cereals with weaner pigs can produce a satisfactory pig with decreased feed and environmental costs.

The public benefit from this work will include 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. The results are and will be available in the public domain.

3.6 Socio-economics and resource accounting

(Team Leader: Dr S Padel)

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This research has developed into a distinct programme of activity with the appointment of Dr Susanne Padel as principal researcher/team leader. The focus of the programme ranges from markets and consumers to organic farming incomes, sustainability assessment and policy evaluation.

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 improving the effectiveness of regulation and policy-making by governments at national and European level.

Certcost Economic analysis of certification systems for organic food and farming

In November 2009, ORC became the UK partner of this EU-funded project, taking over the roles and responsibilities of Aberystwyth University. The main project objective is to generate research based knowledge on how to improve the organic food certification system in terms of efficiency, transparency and cost effectiveness. A report presenting a review of the most important European and international legislation that set the framework for organic certification and of scientific and applied literature organic standard setting and certification was published in March 2010. It discusses problems, future challenges of the organic control systems in Europe leading to suggestions for improvement.

Choice experiments to test consumer willingness to pay for different organic standards and logos and attitudes to common European Standards were carried out with more than 400 consumers in three supermarkets and one organic shop. The survey covered the old EU logo, two private logos (Soil Association and Organic Farmers and Growers) and products labelled just with the word organic. The responses to all questions revealed a very low awareness of the old EU logo and limited awareness of the other two logos.

A small survey of all UK control bodies was carried out which is currently being analysed and compared with responses from other countries. Parts of the result are published in an overview of organic certification at www.organicrules.org.

For further details see www.certcost.org.

Farmer Consumer Partnership (FCP) realising added values in organic food

In November 2009, ORC also became the UK partner in the final year of this European CORE Organic ERANET collaborative project where the UK work is funded by Defra. The project analyses the opportunities for added values in organic food through activities that are not part of the minimal requirements of organic standards. The aim of this project was to identify the most promising 'ethical' communication arguments exceeding the EU organic farming standards in a multi-step approach. This also involved the carrying out of choice experiments to establish the willingness of consumers to pay for additional ethical attributes of organic food. The research has shown that the communication of additional ethical attributes is a possibility for product differentiation in the organic market. Of 14 arguments tested with consumers in five European countries the attributes 'regional/local production', 'animal welfare', and 'fair prices for farmers' were found to be most important, whereas 'care farming', 'protection of biodiversity', 'consideration of cultural features in production' and 'social aspects of production' (e.g. working conditions) were less relevant. A summary of the results has been published by ORC as a short practical guide.

BOBL market reviews of the Welsh organic arable and horticultural sectors

ORC produced two reports reviewing the Welsh organic markets for horticulture and arable, pigs and poultry as part of the Organic Centre Wales Better Organic Business Links (BOBL) supply chain efficiencies programme funded by the Welsh Assembly Government and the EU. The reports covered the difficult period of 2009/10 when the UK organic market declined by about 12.9% and the sectors reviewed were particularly hard hit.

Financial performance of organic farming in England and Wales and the European Union

Since 1995, Defra has funded Aberystwyth University (AU) to produce an annual report on the financial performance of organic farms in England and Wales. In 2009/10, AU successfully bid for

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this work to be extended to cover the years 2008/9 and 2009/10 as a collaborative project between AU, Rural Business Research and ORC. The 2008/9 report was published in April 2010, showing that organic farms were continuing to perform as well as or better than non-organic farms, despite the early impacts of recession and the fall in demand for organic products reported elsewhere. The annual reports are published on the Defra and www.orgprints.org websites.

In a related study as part of the EU-funded FACEPA project, we analysed the costs of production for a variety of organic products (including milk, wheat and potatoes) across several EU countries (UK, Denmark, Sweden, Poland, France, Italy, and Netherlands). The results show considerable differences across Europe but also a lack of organic data in many countries and a lack of standardisation of cost categories at enterprise level.

Sustainability development of methods and tools for its assessment

Natural England with Defra support commissioned ORC as part of the Organic Conversion Information Service (OCIS) contract to create a 'rapid appraisal' tool to assess the public goods provided by farms participating in the Organic Entry Level Scheme (OELS). The aim of the tool is to raise awareness about 'public goods' accrued on farms and to encourage more active management to deliver them. A stakeholder workshop helped to identify 11 key areas to account for a range of public benefits - social, environmental and economic - which may be provided by farming systems. Building on the experience of previous projects at ORC (in particular the Defra-funded project on Quality and Environmental Benchmarking completed last year, the ongoing advisory Organic Systems Development Group and the EASI project (see below)), ORC developed a tool and tested it with the help of consultants on 40 farms in England. The tool was well received by both farmers and advisors and will be developed for wider applicability to non-organic farms, used in future research work.

The previous project on the development of an Energy, Emissions, Ecology and Agricultural Systems Integration (EASI) tool has been completed, thanks to financial support from the Ratcliff Foundation, with a final report featuring the pilot audits completed. The tool has been used in a number of advisory contexts and as part of research projects and was particularly valuable in developing the energy and emissions spur for the OCIS public goods tool. It also featured in a comparison of carbon calculators published by Organic Centre Wales as part of the BOBL project. A direct result of the development of the EASI tool is the involvement of ORC in the successful bid for a new project to improve data availability relating to greenhouse gas emissions.

In a separate Defra-funded project led by the Warwick Crop Centre (formerly HRI) at Wellesbourne, ORC is contributing to the development of methods for assessing the sustainability of farming systems. This project aims to describe the range of current UK farming systems, for example organic, low input, extensive, integrated, intensive, etc. and to develop methods to describe their environmental, economic and social characteristics. Previous studies were reviewed to inform the description of farming systems and work on selection of appropriate indicators has been initiated. Once completed, the methods will then be validated using case studies.

3.7 Information Services: supporting knowledge exchange through advice and education

(Team Leader R Hitchings)

The main objectives for our work in this area, as set out in the Corporate Plan 2010-12, are to

- 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.),
- facilitate the sound development of the organic sector in the UK and internationally;
- educate and inform students, school children, consumers and civil society more generally about the issues affecting the sustainability of primary food/energy/fibre production, and
- engage with the media on relevant food, farming and sustainability issues

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This work is now co-ordinated through an Information Services Team that is responsible for a range of activities including advice, education, events, website, bulletin and other publications. The main focus in 2009/10 was on the continuing delivery of OCIS in England and Wales, the annual producer conference and open days, work with Organic Centre Wales (OCW) and the Transatlantic Partnership (TAP) summer course.

The public benefit from our advisory and information services derives from the advancement of education, in particular knowledge transfer relating to sustainable agricultural production methods, food security and environmental protection, including climate change mitigation. With very few exceptions, the communication channels used are free-of-charge to the beneficiary. Where charges are imposed, for example conference fees, the costs reflect the costs of providing the communication vehicle, not a charge for the information itself.

Advisory services: OAS, OCIS and OSDG

The Organic Advisory Service (OAS) continued to deliver one-to-one advice and other consultancy work at a low level historically, in a context of overall low demand from producers and considerable competition in the market place. The delivery of planning advice remains a feature of OAS delivery with a very good success rate in terms of permissions granted. Other work included one-off contracts and training delivery. During the year discussions were started with a number of information providers with a view to forming a partnership that would have increased strength when bidding for funds and seeking work. As part of the OAS work, members of the Organic Systems Development Group (OSDG) continued to explore the implementation of organic principles on their farms under the guidance of Mark Measures.

OAS advisors continued to deliver the Defra-funded Organic Conversion Information Service (OCIS) in England (managed by Natural England as the contract moved into its final year). The service includes a helpline, information packs and advisory visits to producers considering converting to production. There was a decrease in promotional activity compared with previous years although some key events were attended. Numbers contacting the helpline and receiving visits (154 calls and 79 visits in the year to March 2010) continued to fall from previously disappointing levels, reflecting low interest in conversion as the organic sector struggles to deal with the fall in market demand following the recession. In the first half of the final year of the contract, the number of calls is broadly comparable, but the number of visits is lower. Because of the lower than anticipated demand, Natural England and Defra decided to use some of the unspent budget for the development and delivery of a tool to assess the public goods delivered by organic farming, described elsewhere in the report.

Producer conferences and events the Organic Inform legacy

Our Organic Producer Conference has become an established part of the organic events calendar, with the 4th conference held again at Harper Adams University College in Shropshire in January 2010. Unfortunately, severe snow just before the event hit attendance, with only about three quarters of the nearly 200 registered participants able to make it. For those that did, the conference again proved informative and was well received, benefitting from our continuing engagement with the Institute of Organic Training and Advice, the Organic Growers Alliance (OGA) and other producer groups.

The first three conferences in the series, and the (re)launch of the OGA at the first of them, were made possible as part of the Organic Inform project, which finished in 2009. The continuation of the conference series and the OGA as vibrant initiatives beyond the end of the project, as well as other events such as open days held during the year and the redevelopment of the ORC website, illustrate the longer term benefits flowing from projects which were recognised in the external evaluation of Organic Inform completed in 2010.

Looking to the future in England

The radical changes to rural development funding for vocational training following the change of government and the abolition of the regional development agencies, combined with the loss of the Organic Conversion Information Service in England in 2011, mean that information and advisory

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services for organic producers or potential converters are now very limited. Given the low level of demand for user-paid advisory services, a fresh approach is needed. ORC is engaging with other organisations to establish an Organic Knowledge Partnership to put training and advice back on a firmer footing in England.

Working in Wales Organic Centre Wales, Welsh OCIS and Farming Connect

Our work in Wales is primarily focused on engagement with Organic Centre Wales. ORC is a founder partner since OCW's establishment in 2000. The Welsh Assembly Government continues to fund OCW, but it became clear during the year that nature of this funding is likely to change significantly in 2011 following a review of OCW and its funding arrangements. ORC has continued to support the activities of OCW with involvement in the provision of policy advice, responses to consultations with a particular emphasis on GM issues, engagement with Lantra on education and training matters, and direct involvement in the management of OCW, including participation in the steering group of the Better Organic Business Links (BOBL) supply chain efficiencies programme (BOBL project activities are reported under socio-economic research above).

The OAS continues to contribute to the delivery of the Welsh OCIS. Over the year 36 visits were delivered, a significant reduction on the previous year. The delivery pattern is affected by the availability of the Organic Farming Conversion Scheme, no window for applications was opened in 2010. The OAS is engaged with Farming Connect on two levels. One is the Farming Connect Organic Development Programme operated by OCW. OAS staff participates in demonstration farm events, the annual Welsh organic producer conference, attendance at the Royal Welsh and other major shows and project work. The other is as an independent provider of technical information under the knowledge transfer activities of Farming Connect. A small number of technical advisory visits were undertaken during the year.

Educational activities with local schools and the community

The completion of the conference centre rebuilding in 2009 meant that work could start on restoring the education garden, which was achieved in time for the opening of the new facilities by Prince Charles in May 2010. Local primary schools were involved in planting the beds and sowing seeds, and some of the pupils from Enborne school met the Prince on the day. Financial support and volunteers from Vodafone Group plc, the Thames Valley Probation Service, the Volunteer Centre West Berkshire and ORC staff made it possible to complete the work. Grants were also received from Peter Baker Foundation, Englefield Charitable Trust, Gerald Palmer Trust, Greenham Common Trust, Zephyr Trust and Hamstead Marshall Parish Council to help pay for equipment and materials. All their support is very gratefully acknowledged.

Unfortunately, we were not successful with our efforts to secure funding for a full-time education officer and, following the retirement at the end of 2010 of 'Farmer Bob' Winfield, R Hitchings has taken responsibility for maintaining and building on the progress made in 2010. We continue to believe that, with the conference centre and garden facilities, there is real potential to develop an education programme focused on food systems and sustainability, and efforts to fund both an education officer and the continued development of the horticultural education site will be maintained.

As part of our education programme targeting the wider community, we received funding from the North Wessex AONB to produce a set of wayside notice boards and leaflets explaining the farm trail to children and adults, and a number of farm trail events were held during the year. We also organised a pilot Organic and Local Food Festival in July 2010, with food stands, cookery demonstrations, gardening and environmental displays as well as further farm-trail related activities. As a pilot, the Festival was very successful, attracting 700 visitors, and plans are in progress for a more ambitious event in 2011.

Educational activities with students and professionals

For the second year, ORC was actively involved with the Transatlantic Partnership (TAP). This tripartite project involves the College of the Atlantic (Bar Harbor, Maine, USA) and the University of Kassel (Witzenhausen, Germany) and ORC. It is funded by the Partridge Foundation and supports

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the education of students from the USA, Germany and the UK. CoA staff, including the new Partridge Chair in Food and Sustainable Agricultural Systems Prof. M. Anderson, and a student attended the ORC producer conference in January 2010 and then came to ORC on a fact finding visit. In the spring and early summer we hosted two CoA interns, S. Wagner and N. Barnett. S. Wagner worked on seed ownership and legislation while N. Barnett investigated the history of the Maine-UK apple trade. During August 2010 the second intensive course organised by the Organic Research Centre staff for 12 students from US, Germany and the UK was held at the Organic Research Centre and the University of Kassel. It focused on grains and covered issues relating to breeding, sustainable production, processing, bread-making and product quality through talks, visits and practical activities.

Spurred on by the TAP experience, we have actively developed an interns programme at ORC, with a total of eight interns hosted at ORC in 2010 (see FactFile below for details). We have also been building a programme of research training opportunities for BSc, MSc and PhD level students, including opportunities to work with our research teams and supervision of dissertations and theses. 2010 saw the successful completion of a PhD by C. Schader, supervised by Prof. N. Lampkin, which reviewed the cost-effectiveness of different agri-environmental policies including organic farming support in Switzerland. We see continued development of training provision for students, particularly at research level, and for producers and other industry professionals, as an important priority.

3.8 Supporting the development of the organic sector through advocacy and communication

(Team leader: Prof. N. Lampkin)

Our objective as defined in the ORC's Corporate Plan 2010-2012 is to engage with and influence policy-makers at local, national and international level in order to ensure that the potential of organic/ agro-ecological approaches is recognized 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. The public benefit from our policy and communication work therefore derives from the advancement of education, in particular relating to sustainable agricultural production methods, food security and environmental protection, including climate change mitigation.

This area was originally led by L. Woodward as Director with responsibility for policy and communications. With his standing down as Director in May 2010, responsibility for leading this work was taken on by Prof. N. Lampkin, with L. Woodward providing external support as Principal Policy Advisor from July 2010.

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.

Supporting the development of the organic movement

Facilitating the development of organic producer groups continues to be an activity, though at a reduced level compared with previous years. R. Hitchings continues to provide support to the Organic Growers Alliance, and L. Woodward has maintained his role as a Director/Board member of Organic Arable and Organic Seed Producers. Prof. N. Lampkin continued to serve as a Director/Board member of the Welsh meat levy company Hybu Cig Cymru/Meat Promotion Wales, representing organic sector interests. The Director role in the Institute of Organic Training and Advice was transferred from L. Woodward to Prof. N. Lampkin. During 2010 we have started exploring the potential for better relationships between the major organic charities (Soil Association, Garden Organic and ORC) and plan to progress this further in 2011.

At European level, we are involved with policy work through the International Federation of Organic Agriculture Movements (IFOAM) EU group, addressing research priorities (through TP Organics – see below), CAP Reform and organic regulation issues. We are represented both in the IFOAM EU group (with L. Woodward as a deputy UK representative), and in the forum of UK

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IFOAM members (represented by Prof N Lampkin) that started meeting regularly in 2009. We have maintained a low level engagement with the Food Quality and Health (represented by L Woodward) and Ecological Plant Breeding (represented by Dr T Doring) networks. In 2010, we also completed a five year financial support commitment to the development of organic farming in the Caucasus region, co-ordinated by our President, Prof Dr H Vogtmann.

Engagement with the European technology platform for organic food and farming (TP Organic www.tporganics.org) has been of particular significance. During 2010 ORC accepted the role of scientific co-ordination of the Research Implementation Action Plan. The work, led by Dr S Padel with support from Dr B Pearce, had as a main aim the setting out of the next steps necessary to improve the development of research priorities for organic farming research at European level. The Implementation Action Plan completes TP Organics' trilogy of key documents. The Research Vision to 2025 (published in 2008) discussed knowledge gaps in technology and science under three themes, 'Empowerment of rural economies', 'Eco-functional intensification', and 'High quality food to improve the quality of life and health'. Following extensive stakeholder consultation the Strategic Research Agenda (published 2009), provided a roadmap for how research could fill the knowledge gaps discussed in the Research Vision. The Implementation Action Plan (published in February 2011) considers how innovation in the organic sector can help Europe achieve the goals set out in the EU 2020 strategy for a smart, sustainable and inclusive economy and how can be stimulated through research. The importance of translating this into real change stimulated reflections on knowledge management and further development of participatory research methods for the organic sector as part of the document.

Working with other agricultural and environmental organisations

ORC continues to engage with a number of other organisations on relevant issues, with particular emphasis on GMOs and climate change in 2010. On genetic modification, we have continued to work on some aspects of the question, through participation in GM Freeze (represented by Dr B Pearce), through the development of alternative breeding approaches in our research (see above) and the investigation of seed regulation issues arising from these new developments, and through the promotion of agro-ecological alternatives to GM, which we are planning to progress as a research evidence resource for schools. On climate change, we have engaged in debate with the Soil Association following the publication of their Soil Carbon report, achieving some measure of consensus about the real potential of organic farming to deliver. We joined the IFOAM/FAO sponsored Round Table on Organic Farming and Climate Change (represented by L Smith) and participated in the development of an English agricultural industry greenhouse gas action plan (represented by Prof N Lampkin).

Working with government in the UK and internationally

ORC continued to be actively engaged with a number of government advisory committees. Two staff (R Hitchings and Dr S Padel) were members of the Advisory Committee on Organic Standards (ACOS), which was chaired by one of our new trustees, A Jedwell. ACOS was responsible for advising Defra on the implementation of the EU organic regulations in the UK, as well as on technical issues and research priorities. Regrettably, ACOS was closed down by the Government in 2010 as part of its Quango clearance programme, but the need for advisory input of this type remains. This is recognised at the European level, where the EU Commission has established a new expert group to provide technical advice on organic production (EGTOP). Four ORC staff have been appointed to this group – Prof. N Lampkin as a permanent member and Dr S Padel, Dr B Pearce and R Hitchings as 'pool' members to be invited to serve on sub-groups when required. The new group will start working actively in 2011.

Prof N Lampkin has continued as a member of the Welsh Assembly Government's Food and Drink Advisory Partnership and Chair of its Organic Strategy Group. He has also been an active member of the Natural England/Defra agri-environment stakeholders group, which has been reflecting on future directions for agri-environment policy (including organic farming support) in England in the light of public expenditure cuts.

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The UN Food and Agriculture Organisation (FAO), as part of its work on the development of policies to support the provision of public goods and environmental services, commissioned Prof N Lampkin to review the OECD experiences with agri-environmental policy support and key issues that might need to be considered in the development of future policies to support provision of public goods. The review and the proceedings of a workshop on the subject organised by FAO are due to be published in 2011.

Communication with the wider public

As a research organisation primarily, we do not see our role as a campaigning or membership organisation engaging directly with the wider public. We rely primarily on the ORC Bulletin and our website to make information available on a regular basis. In our 30th Anniversary Year, we also marked the publication of the 100th edition of the Bulletin with a special issue and a 'colour supplement' documenting the history of ORC. We subsequently reviewed the future format of the Bulletin, deciding to move to quarterly rather than bi-monthly publication from 2011 with a new monthly e-bulletin focusing on current developments. We also carried out a significant redevelopment of our website, which has received a positive response.

However, we are concerned to make information more widely available, particularly where the media debate has become partial or poorly informed. If in 2009, media attention focused on the publication of a Food Standards' Agency commissioned review on the nutritional status of organic foods, interest in 2010 was focused for some time on work published by Prof T Benton of Leeds University claiming that the environmental benefits of organic farming were low and not justified in terms of the yield reductions involved. Benton's original work was carried out as part of the RELU-Scale project in which ORC was also involved (see above), but the media spin went much further in attacking organic farming than the published results from this project warranted – in fact the results showed again that environment benefits were to be expected from organic farming. To address this, we submitted information directly to the media at the time, we debated the issues internally within RELU-Scale the project team, requesting (unsuccessfully) withdrawal of the misleading press release, and we produced a review of the research evidence for publication as a special supplement in the December 2010 Bulletin. In response to another critical piece, this time from Dick Taverne of Sense About Science, Prof N Lampkin was invited to contribute a review paper on organic farming to the journal *World Agriculture* (see Factfile below), and Dr S Padel also presented a review of evidence on the benefits of organic farming to the Organic Farmers and Growers conference in October 2010.

The proposal for an EU-funded consumer information campaign, match-funded by industry partners and led by Sustain and the Organic Trade Board with support from ORC in its development, was approved by the EU in 2010 with significant activity planned from 2011. Around £2 million has now been raised for the three-year campaign that should help the UK sector recover from the damaging impacts of the recession. ORC is continuing to support the delivery of the programme through providing advice on research evidence for claims made in support of the 'Why I Love Organic' theme.

3.9 Developing our own resources to support our work

2010 saw the completion of the landscaping works around the refurbished buildings, including the re-establishment of the education garden, and the official opening of the new facilities by Prince Charles on 24th May. The new facilities have proved their worth in enabling internal and external meetings, workshops, conferences and other events to take place on site, including local community activities. Work started on a gradual restoration of the farmhouse, with a new drainage system in the cellar, and two rooms converted to meeting rooms and potential office space.

The administrative, human resource and governance changes initiated in 2009 have bedded-in well, though the dispersed nature of the organisation, with research sites at Wakelyns Agroforestry in Suffolk and on 50 participatory research farms, and a team of self-employed consultants providing the input to our advisory work, provides particular challenges to ensure that multi-site working is efficient and effective. In particular, our IT systems need to be able to meet the needs of a modern, dispersed organisation, the lack of broadband access (in common with many rural

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communities), reliance on satellite links, and inability to access digital telephony remain significant barriers to achieving service standards that would be expected in the 21st century. Some new options to address this problem have been identified which will be explored further in 2011.

3.10 Future aims and objectives

The aims and objectives outlined in the report are drawn from the 2010-2012 Corporate Plan and they will continue to be our focus for 2010/11. However, in October 2010, the Council of Management undertook a further Strategy Review, and on the basis of this a new Corporate Plan for the period 2011-2015 is under development. Core to this plan is a revised mission statement which states that

The Organic Research Centre is a research organisation committed to

- *developing sustainable land management and food production systems based on IFOAM organic and agro-ecological principles,*
- *disseminating knowledge to current and future farmers/land managers (knowledge networks) and other related businesses,*
- *compiling evidence on systems performance, and*
- *informing public debate through dissemination of knowledge to policy makers and opinion leaders, and through them the wider public*

in order to ensure the health and wellbeing of soil, plant, animal, people and the environment

The Organic Research Centre continues to lead in the fields of research, development and advice for organic agriculture, with the public benefits that that entails. For more than 30 years, it has played a central role in the development of policy and standards for organic farming and food within the UK, EU and internationally. The Centre's alliance of practice and policy, on-farm and desk research and consultancy and advice is unique. We will continue to develop this approach, with an increased emphasis on working in partnership with other organisations.

4 Factfile

4.1 Funding

4.1.1 New grants/contracts

Strategies for Organic and Low-input Integrated Breeding and Management (SOLIBAM) - EU funded research project led by INRA, France, with 22 partners, 2010-2014. ORC share €400k

Economics Analysis of Certification Systems in Organic Food and Farming (Certcost), EU FP7 (Contract number 207727), £160 (Value to ORC) –2009 to 2011, University of Hohenheim co-ordinated multi-partner project

Farmer consumer partnerships (CORE FCP), CORE organic funding partnership (No. EU FP7 (Contract number 207727), £24000 (Value to ORC) –2009 to 2010, University of Kassel co-ordinated, multi-partner project

Farm Accountancy Cost Estimation and Policy Analysis of European Agriculture (FACEPA), EU FP7 (212292), € 9000 (£7500) Value to ORC, 2010, subcontract with von Thünen Institut, Germany

Better Organic Business Links (BOBL), Welsh Assembly Government, £22500, 2010, Organic Centre Wales (Aberystwyth University) co-ordinated, 3 sub-projects

Technology Platform TP organics, Variety of sponsors, £3,200, 2010, co-ordinated by IFOAM EU group, Brussel, various partners

OCIS Public Goods Tool. Natural England commissioned, Defra funded £40,000

4.1.2 Continuing statutory funders

Defra (LINK research)

Natural England (OCIS England)

South East England Develop. Agency (Organic Inform)

Welsh Assembly Government (Organic Centre Wales, OCIS Wales, Farming Connect)

European Commission (Research projects)

4.1.3 Individual donors/supporters

I Alexander, Lady Arbib, F Astor, R Aker, D Buffin, W&H Chester-Master, P Conford, C Coppard, T Deane, R Ewbank, B Feder, D Fleming, J&A Gear, E Goff, M Gillett, Mr Griffin, T Gwyn Jones, W Kendall, P Kearney, C Lavell, E Lord, Rev J Mason, C Merfield, D O'Neill, Mrs Oppenheimer, B Panvel, L Phillips, W & L Pope, Y Pye, S Richmond, R A Rowlands, C Sales, Mr Sandwith, A Sharples, E Scott, C Sinclair, J Skinner, R Tandy, C Wachter, R Weller, B Winfield, D Younie

4.1.4 Trusts and companies

Ashden Trust, David Alston Suffolk Ltd, Peter Baker Foundation, Ben Goldsmith Foundation, Birthday Trust,

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Bodfach Trust, Canon Frome Co-op, Doves Farm, Court of Noke Farm, Cuthbert Horn Trust, Duchy of Cornwall, Guy Fawkes Charitable Trust, Greenham Common Trust, Mitchell Trust, Henry Doubleday Research Association, Jersey Organic Association, Oakdale Trust, Organic farmers and Growers, Dr Mortimer & Theresa Sackler Foundation, Tinsley Charitable Trust, Turner Charitable Trust, Luddesdown Organic Farm, Paget Trust, Partridge Foundation, Polden Puckham Charitable Foundation, Pye Trust, Ratcliff Foundation, Sheepdrove Trust, Spear Charitable Trust, Stevenson Family Trust, Constance Travis Charitable Trust, Triodos Bank, Veolia plc, Vodafone Group plc, Zephyr Charitable Trust

4.2 Human resources

4.2.1 New staff

Dr Susanne Padel, Principal Researcher and Team Leader Socio-Economics
Dr Catherine Gerrard, Data Analyst

4.2.2 Staff leaving

L Woodward, Director
Claudia Sales, Fundraising and Public Relations Officer

4.2.3 Interns and volunteers

Dr Francesca Alberti, Italy
Natalie Barnett, USA
Cynl Bigot, France
Matthias Girschick, Germany
Julie Mabileau, France
Katrin Otto, Germany
Jemima Showering, UK
Stephen Wagner, USA

4.2.4 Co-supervised postgraduate students

PhD Robert Brown, University of Reading
Laura Hathaway-Jenkins, Cranfield University
Sascha Kirchner, University of Helsinki, Finland
Christian Schader, Aberystwyth University/FIBL
Alexa Varah, University of Reading
MSc Meike Grosse, University of Kassel, Germany
Tom Pinkham, University of Reading

4.2.5 Project partners

Research UK: University of Aberdeen, Aberystwyth University (IBERS and Organic Centre Wales), ADAS, University of Cambridge, Cranfield University, Duchy College, Harper Adams University College, Garden Organic, University of Gloucester (Countryside and Community Research Institute), Imperial College, London University of Leeds, John Innes Centre, Macaulay Land Use Research Institute, University of Manchester, Queen Mary University, London, University of Reading, Rothamsted Research, Scottish Agricultural College, Scottish Crops Research Institute, University of Sussex, Warwick University

Industry Abacus Organic Services Ltd, HGCA, Bernard Matthews Foods Ltd, Bread Matters Ltd, British Oat and Barley Millers Association (BOBMA), Causey Park Farms Ltd, CPB Twyford Ltd, Crisping Malting Group Ltd, DairyCo, Doves Farm Foods Ltd, Duchy

Home Farm, DuPont (UK), East Haydon Farm, EBLEX, Farmeco Ltd, Garfords, GBSeeds, Halo Foods Ltd, Institute of Organic Training and Advice, John Deere, J E Wardle and Sons, LEAF, Letheringsett Watermill, Mole Valley Feed Solutions, New Houses Farm, Nairns Oatcakes, Nickerson-Advanta Ltd, Norton Organic Grain Ltd, Oat Services Ltd, Organic Arable, Organic Farmers and Growers Ltd, Organic Seed Producers Ltd, Panary Ltd, Phytatec, Poultry Xperience, RAGT Seeds Ltd, Rushall Farms, SAC Commercial Ltd, Scottish Organic Producers Association, Senova Ltd, Shipton Mill Ltd, Soil Association Certification Ltd, Soil Association Ltd (Charity), The Arable Group, Tillet and Hague Technology, W & H Marriage & Sons Ltd, Wakelyns Agroforestry, Whitehall Farm
The participatory research engagement of many individual producers is particularly appreciated as is the participation of consumers in choice experiments

Overseas partners and affiliates Agencia Estatal Consejo Superior de Investigaciones científicas (ES), Agricultural Research Institute of the Hungarian Academy of Sciences (HU), Agroscope Reckenholz-Tänikon Research Station (CH), Agrovegetal (ES), Arcoiris (IT), Associazione Italiana per l'Agricoltura Biologica (IT), College of the Atlantic (Maine, USA), Coordination Nationale des Organisations Paysannes du Mali (Mali), Czech University of Life Sciences, Prague (CZ), Ecological Plant Breeding (EU), Ege University, Izmir (TK), Escola Superior Agraria de Coimbra (PT), FIBL - Research Institute of Organic Agriculture (CH), Gautier Semences (FR), Getreidezüchtung Darzau (DE), Instituto de Agricultura Sostenible (IT), Institute for Ethical and Environmental Certification (IT), Institut National de la Recherche Agronomique (FR), INRA Transfert (FR), Institut Technique de l'Agriculture Biologique (FR), Institute of Food and Research Economics, Institute for Marketecology (IMO, CH), Instituto de Tecnologia Quimica e Biologica (PT), International Center for Agricultural Research in the Dry Areas (INT), International Centre for Research in Organic Food Systems, University of Aarhus (DK), International Federation of Organic Agriculture Movements EU Group, Brussels (EU), Johann Heinrich von Thünen-Institute (DE), Louis Bolk Instituut, Driebergen (NL), Mediterranean Agronomic Institute, Bari (IT), Mekelle University (Ethiopia), Polytechnic University of Marche (IT), RISØ National Laboratory for Sustainable Energy (DK), Saatzaucht Donau (AT), Scuola Superiore Sant'Anna, Pisa (IT), Technical University of Munich (DE), University of Helsinki (FI), University of Hohenheim (DE), University of Kassel (DE), University of Perugia (IT), University of Natural Resources and Applied Life Sciences, Vienna (AT)

4.3 Outputs

4.3.1 Publications

Döring T F 2010 Genetic, ecological and economic approaches to improve yield reliability in cereals Organic Producer Conference 8-9 Jan 2010, Harper Adams College, UK

Döring T, Grosse M, Wolfe M 2010 Growing together – evolution of plant height in wheat composite cross populations In Goldringer I, Lammerts van Bueren

PROGRESSIVE FARMING TRUST

TRADING AS – ORGANIC RESEARCH CENTRE – ELM FARM

COUNCIL MEMBERS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2010

- E (Eds) Breeding for resilience a strategy for organic and low-input farming systems? Eucarpia 2nd Conference of the Organic and Low-Input Agriculture Section Paris, France, p 35
- Döring TF, Wolfe M, Jones H, Pearce H, Zhan J** 2010 Breeding for resilience in wheat - Nature's choice In Goldringer I, Lammerts van Bueren E (Eds) Breeding for resilience a strategy for organic and low-input farming systems? Eucarpia 2nd Conference of the Organic and Low-Input Agriculture Section Paris, France, pp 45-48
- Jones, H, Clarke, S, Haigh, Z, Pearce, H and Wolfe, M** (2010) The effect of the year of wheat variety release on productivity and stability of performance on two organic and two non-organic farms Journal of Agricultural Science 148, 303-317
- Kirchner SM, Hiltunen L, Döring TF, Virtanen E, Valkonen JPT** (2010) Phenology of aphids and their potential as virus vectors in a northern seed potato production area in Finland 11th International Plant Virus Epidemiology Symposium, June 20-24, 2010, Cornell University, Ithaca, New York, USA
- Lampkin, N** (2010) Organic farming myths and reality World Agriculture, 1(2)
- Moakes, S and Lampkin, N** (2010) Organic farm incomes in England and Wales, 2008/09 Aberystwyth University
- Padel, S (ed)** (2010) The European Regulatory Framework and its Implementation in Influencing Organic Inspection and Certification Systems in the EU, (Deliverable D11 of Certcost) Organic Research Centre - Elm Farm, Newbury www.certcost.org
- Padel, S, Zander, K & Gössinger, K** (2010) Regional production' and 'Fairness' in organic farming evidence from a CORE Organic project 9th European IFSA Symposium, 4-7 July 2009 WS4 3 – Fair and regional New trends of organic and sustainable food systems International Farming Systems Association, Vienna http://ifsa.boku.ac.at/cms/fileadmin/Proceeding2010/2010_WS4_3_Padel.pdf
- Saucke H, Juergens M, Döring T F, Lesemann D E, Fittje S, Vetten H J** 2009 Effect of sowing date and straw mulch on virus incidence and aphid infestation in organic faba-beans (*Vicia faba* L) Annals of Applied Biology 154 239-250
- Schmid, O, Padel, S, Halberg, N, Huber, M, Darnhofer, I, Micheloni, C, Koopmans, C, Bugel, S, Stopes, C, Willer, H, Schlüter, M & Cuoco, E** (2009) Strategic Research Agenda for organic food and farming, TP Organics Brussels <http://orgprints.org/17213/>
- Smith, J** (2010) Agroforestry Reconciling Production with Protection of the Environment A Synopsis of Research Literature Organic Research Centre, Newbury www.orgprints.org/18172/
- Smith, J** (2010) The History of Temperate Agroforestry Organic Research Centre, Newbury www.orgprints.org/18173/
- Smith, J** (2010) Agroforestry Policy Review Organic Research Centre, Newbury www.orgprints.org/18248/
- Wolfe M, Döring TF** 2010 Steps towards an ecological future In Goldringer I, Lammerts van Bueren E (Eds) Breeding for resilience a strategy for organic and low-input farming systems? Eucarpia 2nd Conference of the Organic and Low-Input Agriculture Section Paris, France, pp 38-41
- Zander, K, Hamm, U, Freyer, B, Gössinger, K, Hammett, M, Naspetti, S, Padel, S, Stolz, H, Stolze, M & Zanolli, R** (2010) Farmer Consumer Partnerships – successful communication of values of organic food production to consumers a handbook CORE Organic Project Report Department of Agricultural and Food Marketing, University of Kassel, Witzenhausen
- Zander, K, Hamm, U, Freyer, B, Gössinger, K, Hammett, M, Naspetti, S, Padel, S, Stolz, H, Stolze, M & Zanolli, R** (2010) Landwirte-Verbraucher-Partnerschaften – Erfolgreiche Kommunikation von Werten ökologischer Lebensmittel, Eigenverlag Fachgebiet Agrar- und Lebensmittelmarketing, Universität Kassel Witzenhausen
- #### 4.3.2 Events organised
- Organic Producer Conference (January 2010)
Stakeholder workshop for OCIS Public Goods Tool (February 2010)
Official opening of conference centre with HRH Prince Charles (May 2010)
Open Day, Wakelyns Agroforestry (June 2010)
Open Day, Elm Farm (July 2010)
Organic and Local Food Festival, Elm Farm (July 2010)
Training day for OCIS Public Goods Tool (September 2010)
- #### 4.3.3 Events contributed to
- Biofach congress (February 2010)
'Woodland The Untapped Agricultural Asset', North Wyke (March 2010)
European Congress of the International Farming Systems Association (July 2010)
TP Organics stakeholder platform (July 2010)
FAO workshop on payments for environmental services (September 2010)
Organic Systems Development Group workshop 'Opportunities for Agroforestry' (September 2010)
Organic Farmers and Growers conference 'Selling organic The next chapter' (October 2010)
'Trees The Untapped Agricultural Asset', Royal Agricultural College (October 2010)
- #### 4.3.4 Directorships, Membership of Boards and Government Committees
- Döring, T** Fellow, Royal Entomological Society
Hitchings, R Member, Defra Advisory Committee on Organic Standards Board
Hitchings, R Chair, Defra Advisory Committee on Organic Standards Technical Committee
Lampkin, N Member, Welsh Assembly Government Food and Drink Advisory Partnership
Lampkin, N Chair, Welsh Assembly Government Organic Strategy Group
Lampkin, N Member, Defra/Natural England Agri-environment Stakeholders Group
Lampkin, N Director, Hybu Cig Cymru
Lampkin, N Director, Institute Organic Training Advice
Lampkin, N Member, Agricultural Industry Greenhouse Gas Action Plan Steering Group

**PROGRESSIVE FARMING TRUST
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Padel, S Member, Defra Advisory Committee on Organic Standards Board
Padel, S Chair, Defra Advisory Committee on Organic Standards Technical Committee
Padel, S Member, Steering Group, Better Organic Business Links Programme, Organic Centre Wales
Pearce, B Member, Royal Horticultural Society Science and Horticultural Advice Committee
Pearce, B Director, GM Freeze
Smith, L Member, Parliamentary Renewable and Sustainable Energy Group

Smith, J Member, Farm Woodland Forum executive committee
Woodward, L Member, International Energy Agency Task 37 (Biogas) Group
Woodward, L Director, Organic Arable
Woodward, L Director, Organic Seed Producers
Woodward, L Director, Institute of Organic Training and Advice

5 Review of financial position: Year ended 31st October 2010

At £1,189,635, income generated from donations and grants, investments and charitable activities was 24% higher than the preceding year (£958,869). Both voluntary income and investment income were reduced, in large part due to the recession, with the total income from these sources down by 21% at £203,062 (following a similar fall the previous year). In contrast, income from other sources was up by nearly 41% at £986,573, representing 83% of the income in 2010 (73% in 2009). Of this, research income increased by 93% to £727,183.

Expenditure at £1,368,880 was up 36% compared with 2009 (£1,004,648). This reflected both increased staffing required to deliver the additional research projects, the continuation of the dual director roles until May 2010, and staff restructuring costs relating to the departure of one director. Overall expenditure on charitable activities increased by 54% to £1,290,488. Of this, expenditure on research projects increased by 79% to £995,124 and staff costs accounted for £566,301 (2009 £491,310). This increase in part reflected costs of retaining key staff between early ending of some funding streams and the new project funding becoming available (which is now in place). However, fundraising and publicity costs were down significantly to £64,159 (2009 £153,444), in part due to early staff departures without replacement.

Despite the increase in income overall, the loss of voluntary income (which covers a range of core-funded projects), and the increased expenditure on research and staff restructuring, led to a significant loss for the year. The trading deficit (net outgoing resources) increased to £179,245 (2009 £45,779). The stock market recovery increased the value of our investments/assets by £22,418 (2009 £41,632). As a result, the net overall loss for the year (net movement in funds) was £156,827 (2009 £4,147).

This large deficit was not consistent with the small trading surplus budget for the year, which had projected both higher income and expenditure than was actually achieved. The result reflects a challenging combination of circumstances, including staff restructuring costs, delays in project start-ups due to government expenditure reviews and the significant recession-related fall-off of voluntary donations. However, with senior management costs now slimmed down, project funding secure and increasing further in 2011, and staff costs covered to a greater extent by external project funding, we are optimistic that the out-turn in 2011 will be significantly better.

Compared with the significant investment in buildings in recent years, there was a smaller investment in finishing works amounting to £32,463, which was offset by buildings depreciation of £32,533, leaving tangible fixed assets, calculated on an historic cost basis, slightly higher at £2,270,443 (2009 £2,268,170). The decision of the Pye Trust to forgive a loan of £75,000 for the building refurbishment project (£50,000 in 2010 and the remainder in 2011) was a very welcome retrospective contribution to the cost of the refurbishment work completed in 2009.

As a result of the deficit for the year, total net assets fell to £2,064,297 (2009 £2,221,124). With tangible fixed assets slightly higher, the main reductions were due to sales of investments at

**PROGRESSIVE FARMING TRUST
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£273,841 (2009 £368,015) and in current debtors at £162,354 (2009 £195,379) While creditors falling due within one year increased to £388,833 (2009 £294,895), this was largely offset by creditors falling due after more than one year, which fell by £75,000 to £350,000 as a result of the Pye Trust loan changes The remaining change in creditors reflected cashflow management efforts to avoid the need for further investment sales

The budget for 2011 foresees a significant further increase in research and project funding income with costs constrained at or below 2010 levels, leading to a break-even trading position, This is based on conservative assumptions relating to voluntary donations due to the continuing difficulties in the wider economy, although increased efforts are being made to address this issue

5.1 Investment powers, policy and performance

Investment powers, policy and performance are incorporated into the Memorandum and articles of association This permits the Members of Council 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

During the year, the investment income including interest received totalled £16,348 (2009 £19,769) Investment income was affected both by the economic downturn and by asset sales required to finance the deficit

The company has indicated to its advisers areas of investment which are not thought appropriate or are in conflict with its aims

5.2 Reserves policy

The company, with due regard to normal practice in similar charities, has set a target of day-to-day reserves (calculated as fixed asset investments less net current liabilities) at least equivalent to 120 days of expenditure which the Trustees feel is a prudent level As a result of the deficit, our day-to-day reserves fell to £143,853 (2009 £377,954) With increased activity levels, this represents only 10.5% of expenditure (2009 37.6%), significantly below the 33% target set The level of free reserves the charity held at the year end was negative £206,146 (2009 negative £48,046) The values are negative due to the £350,000 mortgage from Triodos Bank which was used to part fund the building refurbishment in previous years

The Council Members consider that the day-to-day reserves are no longer sufficient to ensure that, in the event of a significant drop in funding, 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 be low, due to the three-five year terms of most of the research contracts, the trustees and executive director are acutely conscious of the need to address this problem, particularly as the still higher activity levels anticipated in future years will require even higher reserves to meet the 33% target and to repay the longer term liabilities

It is our intention that any surplus that might be generated in 2011, and a proportion of planned surpluses in future years, will be allocated to rebuilding reserves, and that the level of core-funded activity will be constrained to help achieve this

5.3 Risk factors

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 annually as part of the annual business plan The charity has taken all reasonable steps to mitigate these risks Risk assessment and management processes are in operation on an on-going basis through the organisation and cover all aspects of financial and non-financial performance

PROGRESSIVE FARMING TRUST
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COUNCIL MEMBERS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2010

5.4 Disclosure of information to auditors

Each of the trustees has confirmed that there is no information (as defined by Section 418 of the Companies Act 2006) of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.



C.A. Bialenberg
Council Member
Dated 23rd May 2011

PROGRESSIVE FARMING TRUST LIMITED

TRADING AS - ORGANIC RESEARCH CENTRE - ELM FARM

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The Members of Council, who are also the directors of Progressive Farming Trust Limited for the purpose of company law, are responsible for preparing the Council Members' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Members of Council to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year

In preparing these accounts, the Members of Council 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, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The Members of Council are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They 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

PROGRESSIVE FARMING TRUST LIMITED

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PROGRESSIVE FARMING TRUST LIMITED

We have audited the accounts of Progressive Farming Trust Limited for the year ended 31 October 2010 set out on pages 28 to 41. These accounts have been prepared in accordance with the accounting policies set out on pages 31 and 32.

This report is made solely to the charitable company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members of Council and auditors

As described on page 25, the Members of Council, who are also the directors of Progressive Farming Trust Limited for the purposes of company law, are responsible for preparing the Council Members' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for satisfying themselves that the charity's accounts give a true and fair view.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the Council Members' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Council Members' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Members of Council in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**PROGRESSIVE FARMING TRUST LIMITED
TRADING AS - ORGANIC RESEARCH CENTRE - ELM FARM
INDEPENDENT AUDITORS' REPORT (CONTINUED)**

TO THE MEMBERS OF PROGRESSIVE FARMING TRUST LIMITED

Opinion

In our opinion

- the accounts give a true and fair view of the state of affairs of the charity as at 31 October 2010, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended, and
- the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the accounts have been prepared in accordance with the Companies Act 2006,
- the information given in the Council Members' Report is consistent with the accounts



Mr Mark Cummins FCCA (Senior Statutory Auditor)

for and on behalf of Russell New Limited

Statutory Auditors

The Courtyard

Shoreham Road

Upper Beeding

Steyning

West Sussex

BN44 3TN

Dated **15 June 2011**

PROGRESSIVE FARMING TRUST LIMITED
TRADING AS - ORGANIC RESEARCH CENTRE - ELM FARM
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 OCTOBER 2010

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2010 £	Total 2009 £
<u>Incoming resources</u>						
Incoming resources from generated funds						
Voluntary income		186,714	-	-	186,714	237,404
Investment income	2	16,348	-	-	16,348	19,769
		203,062	-	-	203,062	257,173
Incoming resources from charitable activities	3b	51,552	108,600	826,421	986,573	701,696
Total incoming resources	3a	254,614	108,600	826,421	1,189,635	958,869
<u>Resources expended</u>						
Costs of generating funds						
Fundraising and publicity costs	4	64,159	-	-	64,159	153,444
Net incoming resources available		190,455	108,600	826,421	1,125,476	805,425
Charitable activities						
Farm		12,327	-	-	12,327	8,050
Research and projects		373,983	5,604	615,537	995,124	555,334
Advisory		53,326	-	173,913	227,239	234,491
Education and publications		3,962	-	51,836	55,798	40,438
Total charitable expenditure		443,598	5,604	841,286	1,290,488	838,313
Governance costs		14,233	-	-	14,233	12,891
Total resources expended		521,990	5,604	841,286	1,368,880	1,004,648
Net (outgoing)/incoming resources before transfers		(267,376)	102,996	(14,865)	(179,245)	(45,779)
Gross transfers between funds	14	(13,865)	-	13,865	-	-
Net (outgoing)/incoming resources		(281,241)	102,996	(1,000)	(179,245)	(45,779)
Other recognised gains and losses						
Gain/(loss) on investment assets	8	22,418	-	-	22,418	41,632
Net movement in funds		(258,823)	102,996	(1,000)	(156,827)	(4,147)
Fund balances at 1 November 2009		2,220,124	-	1,000	2,221,124	2,225,271
Fund balances at 31 October 2010		1,961,301	102,996	-	2,064,297	2,221,124

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006

All activities of the charity are classed as continuing

PROGRESSIVE FARMING TRUST LIMITED
TRADING AS - ORGANIC RESEARCH CENTRE - ELM FARM
SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2010

	2010 £	2009 £
Gross income	1,189,635	958,869
Gain on disposal of investment assets held by income funds	2,938	-
Total income	1,192,573	958,869
Total expenditure from income funds	1,368,880	1,004,648
Net expenditure for the year	(176,307)	(45,779)

STATEMENT OF RECOGNISED GAINS AND LOSSES

Net expenditure for the year	(176,307)	(45,779)
Unrealised gains on investment assets held by income funds	19,480	41,632
	(156,827)	(4,147)

PROGRESSIVE FARMING TRUST LIMITED
TRADING AS - ORGANIC RESEARCH CENTRE - ELM FARM
BALANCE SHEET

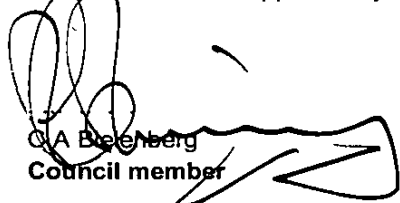
AS AT 31 OCTOBER 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	7	2,270,443		2,268,170	
Investments	8	273,841		388,015	
		<u>2,544,284</u>		<u>2,656,185</u>	
Current assets					
Stocks		4,805		6,538	
Debtors	9	162,354		195,379	
Cash at bank and in hand		91,687		82,917	
		<u>258,846</u>		<u>284,834</u>	
Creditors: amounts falling due within one year	10	<u>(388,833)</u>		<u>(294,895)</u>	
Net current liabilities		<u>(129,987)</u>		<u>(10,061)</u>	
Total assets less current liabilities		<u>2,414,297</u>		<u>2,646,124</u>	
Creditors amounts falling due after more than one year	11	<u>(350,000)</u>		<u>(425,000)</u>	
Net assets		<u>2,064,297</u>		<u>2,221,124</u>	
 Restricted funds	14		-		1,000
Unrestricted funds					
Designated funds	15	102,996		-	
Unrestricted funds		1,961,301		2,220,124	
		<u>2,064,297</u>		<u>2,221,124</u>	

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standards for Smaller Entities (effective April 2008)

The accounts were approved by the Board on

23rd May 2011


G.A. Breckenberg
Council member


Dr H. Vogtmann
Council member

Company Registration No 1513190

PROGRESSIVE FARMING TRUST LIMITED
TRADING AS - ORGANIC RESEARCH CENTRE - ELM FARM
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2010

1 Accounting policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention modified to include the revaluation of certain fixed assets

The accounts have been prepared in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 Incoming resources

Grants and donations are included in the Statement of Financial Activities as they are received, except when the donor specifies the period for which the donation is given is more than one year. In this case the donation is allocated to periods in which the money is to be used.

Activities in furtherance of the charity's activities are disclosed in greater detail in the notes to the accounts and are accounted for in the period in which the service is provided.

Investment income is accounted for in the period in which the charity is entitled to receipt.

1.3 Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

The majority of costs are directly attributable to specific activities. Support costs are apportioned on an income basis, excluding donations which are weighted towards fundraising costs.

Costs of generating funds comprise those costs directly attributable to fundraising and publicity.

Governance costs comprise the costs of complying with constitutional and statutory requirements, such as the cost of board meetings, preparing statutory accounts and satisfying public accountability.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated

Freehold buildings	2% on cost
Research Equipment	20% reducing balance
Fixtures, fittings & equipment	33% on cost
Motor vehicles	33% on cost

1.5 Investments

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

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

PROGRESSIVE FARMING TRUST LIMITED
TRADING AS - ORGANIC RESEARCH CENTRE - ELM FARM
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2010

1 Accounting Policies

(continued)

1.7 Pensions

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

1.8 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 into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net incoming/outgoing resources.

1.9 Fund accounting

Funds held by the charity are either

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds - these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

2 Investment income

	2010 £	2009 £
Investment income	13,365	16,375
Interest receivable	2,983	3,394
	<u>16,348</u>	<u>19,769</u>

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3a Incoming Resources	Total 2010 £	Total 2009 £
Pye Family Trust	160,000	110,000
SEEDA	-	40,000
Sheepdrove Trust	10,000	115,000
DEFRA	444,388	270,987
Natural England	86,931	135,261
Organic Centre Wales	47,627	-
College of the Atlantic	31,498	43,858
Other income	108,172	192,785
Investment income	16,111	16,375
Bank interest	236	3,394
Farm Rental Income	42,700	31,209
Ashden Trust	20,000	-
European Commission	86,658	-
M Langman - Bequest	55,100	-
Farm and Food Society	53,500	-
Other Donations	26,714	-
	1,189,635	958,869

3b. Incoming resources from charitable activities

	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2010 £	Total 2009 £
Farm	50,274	-	-	50,274	72,612
Research and projects	-	108,600	618,583	727,183	377,681
Advisory	1,278	-	166,744	168,022	207,544
Education and publications	-	-	41,094	41,094	43,859
	51,552	108,600	826,421	986,573	701,696

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4 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2010 £	Total 2009 £
Costs of generating funds					
Fundraising and publicity costs	41,960	1,162	21,037	64,159	153,444
Charitable activities					
<u>Farm</u>					
Support costs	-	-	12,327	12,327	8,050
<u>Research and projects</u>					
Activities undertaken directly	305,440	5,300	363,323	674,063	418,475
Support costs	128,774	26,881	165,406	321,061	136,859
Total	434,214	32,181	528,729	995,124	555,334
<u>Advisory</u>					
Activities undertaken directly	45,173	2,540	96,053	143,766	163,214
Support costs	34,967	7,308	41,198	83,473	71,277
Total	80,140	9,848	137,251	227,239	234,491
<u>Education and publications</u>					
Activities undertaken directly	1,423	251	33,696	35,370	25,769
Support costs	8,564	1,787	10,077	20,428	14,669
Total	9,987	2,038	43,773	55,798	40,438
	524,341	44,067	722,080	1,290,488	838,313
Governance costs	-	-	14,233	14,233	12,891
	566,301	45,229	757,350	1,368,880	1,004,648

Governance costs include payments to the auditors of £5,750 (2009 £6,000) for audit fees and £350 (2009 £Nil) for other services

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5 Employees

Number of employees

The average monthly number of employees during the year was

	2010	2009
	Number	Number
Administration	6	7
Research	10	8
Consultants	2	2
	18	17

Employment costs

	2010	2009
	£	£
Wages and salaries	489,722	433,991
Social security costs	59,572	44,379
Other pension costs	17,007	12,940
	566,301	491,310

The number of employees whose annual remuneration was £60,000 or more were

	2010	2009
	Number	Number
£60,000 - £70,000	2	1

Contributions totalling £8,681 (2009 £5,371) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000

6 Taxation

The company has no liability for taxation due to its charitable status

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7 Tangible fixed assets

	Freehold land & buildings	Research equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 November 2009	2,344,138	40,548	229,728	18,951	2,633,365
Additions	32,463	3,259	11,780	-	47,502
Disposals	-	-	(933)	(6,481)	(7,414)
At 31 October 2010	2,376,601	43,807	240,575	12,470	2,673,453
Depreciation					
At 1 November 2009	104,194	35,292	206,758	18,951	365,195
On disposals	-	-	(933)	(6,481)	(7,414)
Charge for the year	32,533	1,516	11,180	-	45,229
At 31 October 2010	136,727	36,808	217,005	12,470	403,010
Net book value					
At 31 October 2010	2,239,874	6,999	23,570	-	2,270,443
At 31 October 2009	2,239,944	5,256	22,970	-	2,268,170

Included within Freehold land and buildings is land with an historical cost of £750,000 which is not depreciated

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8 Fixed asset investments

	Unlisted investments £	Listed investments £	Total £
Market value at 1 November 2009	12,626	375,389	388,015
Disposals at opening book value	-	(133,654)	(133,654)
Change in value in the year	-	19,480	19,480
Market value at 31 October 2010	12,626	261,215	273,841
Historical cost			
At 31 October 2010	12,626	248,388	261,014
At 31 October 2009	12,626	415,428	428,054

The following investments represent more than 5% of the total market value of the listed investments held by the charity

Global Growth Income Fund £247,230

Gains on investment assets totalling £22,418 as shown in the Statement on Financial Activities are detailed as follows

Realised gain on disposal of investments £2,938

Unrealised gain in value of investments held at the year end £19,480

9 Debtors	2010 £	2009 £
Trade debtors	124,112	149,904
Other debtors	32,093	39,749
Prepayments	6,149	5,726
	162,354	195,379

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10 Creditors: amounts falling due within one year	2010	2009
	£	£
Bank overdrafts	54,715	-
Trade creditors	89,814	149,789
Pye Loan	25,000	-
Other creditors	12,430	16,856
Accruals	60,874	12,450
Deferred income	146,000	115,800
	<u>388,833</u>	<u>294,895</u>

11 Creditors: amounts falling due after more than one year	2010	2009
	£	£
Bank loans	350,000	350,000
Pye loans	-	75,000
	<u>350,000</u>	<u>425,000</u>
Analysis of loans		
Wholly repayable within five years	404,715	425,000
included in current liabilities	(54,715)	-
	<u>350,000</u>	<u>425,000</u>
Loan maturity analysis		
Debt due in one year or less	25,000	-
In more than one year but not more than two years	-	75,000
In more than two years but not more than five years	350,000	350,000
	<u>375,000</u>	<u>425,000</u>

The bank loan & overdraft is secured by way of legal charge dated 29 June 2009 over the freehold land and buildings known as Elm Farm, Hamstead Marshall, Newbury, RG20 0HR

The Pye loan is interest free and repayable by 31 December 2010 during the year The Pye Trust made a donation to forgive part of the outstanding loan for £50,000 with respect to the building refurbishment project

12 Pension and other post-retirement benefit commitments
Defined contribution

	2010	2009
	£	£
Contributions payable by the company for the year	<u>17,007</u>	<u>12,940</u>

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13 Share capital

The company is limited by guarantee and does not have any share capital with no one member having overall control. In the event of the company being wound up, the maximum contribution payable by each member is £1.

14 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			
	Balance at 1 November 2009	Incoming resources	Resources expended	Transfers
	£	£	£	£
Ashden Trust	-	20,000	(33,865)	13,865
Wheatbreeding Link	-	135,929	(135,929)	-
Legume Link	-	264,867	(264,867)	-
Natural England	-	86,931	(86,931)	-
Organic Centre Wales	-	47,627	(47,627)	-
Core FCP	-	43,592	(43,592)	-
Solibam	-	38,423	(38,423)	-
Certcost	-	48,235	(48,235)	-
Other projects	1,000	140,817	(141,817)	-
	<u>1,000</u>	<u>826,421</u>	<u>(841,286)</u>	<u>13,865</u>
				<u>-</u>

The Ashden Trust gave funds in support of an Agro-forestry project including the employment of an Agro-ecology researcher. As planned, a transfer from unrestricted fund has been made in respect of match funding for this position.

Research contracts or partner subcontracts (LINK) financed by DEFRA LINK, by the EU or by private Trusts are all restricted to the area of research in which they are commissioned (as mentioned in the trustees report), Alternative, non-animal based nutrient sources for organic plant raising (DEFRA), Generating and evaluating a generic resource in wheat in diverse environments (DEFRA).

CORE-FCP (Farmer-consumer partnerships) is a Defra-funded project transferred from Aberystwyth University to ORC.

Other advisory, education and development projects are also restricted.

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15 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes

	Balance at 1 November 2009	Movement in funds		Balance at 31 October 2010
	£	Incoming resources £	Resources expended £	£
M Langman - Bequest	-	53,500	(1,778)	51,722
Farm and Food Society	-	55,100	(3,826)	51,274
	-	108,600	(5,604)	102,996

These funds have been designated to support work on conceptual and scientific aspects of food quality and health in the case of the M Langman 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

16 Analysis of net assets between funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
Fund balances at 31 October 2010 are represented by				
Tangible fixed assets	2,270,443	-	-	2,270,443
Investments	273,841	-	-	273,841
Current assets	155,850	102,996	-	258,846
Creditors amounts falling due within one year	(388,833)	-	-	(388,833)
Creditors amounts falling due after more than one year	(350,000)	-	-	(350,000)
	1,961,301	102,996	-	2,064,297

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17 Related parties

Dr H Vogtmann is President of the board of Trustees. During the year, expenses totalling £3,593 (2009 £3,979) were reimbursed to Dr H Vogtmann. In addition, consultancy costs totalling £30,000 (2009 £30,000) were paid to Dr H Vogtmann under a contract for the provision of professional services. A donation of €2,000 in support of related work in the Caucasus region was made to the Verein zur Foerderung einer natur- und sozialvertraeglichen Ernaehrungs- und Landschaftskultur (e V), a charity directed by Prof Dr H Vogtmann.

During the year A Jedwell, a trustee, made an interest free bridging loan to the charity for £30,000 which was repaid during the year.

Nic Lampkin, the executive director, made an interest free bridging loan to the charity for £5,000 which was repaid during the year.

J Longfield, a trustee, is also a co-ordinator of Sustain. During the year the charity paid subscription and project fees totalling £1,640 to Sustain.

R Harrison, a trustee, is also a trustee of the Gerard Palmer Trust. The trust made a donation to the charity during the year of £5,000.

No other trustee was remunerated other than for out of pocket expenses.