

Company no. 01513190
Charity no. 281276

Progressive Farming Trust Limited
Report and Audited Financial Statements
31 October 2022



Progressive Farming Trust Limited

Reference and administrative details

For the year ended 31 October 2022

Company number 01513190

Charity number 281276

Registered office and operational address Trent Lodge
Stroud Road
Cirencester
Gloucestershire
GL7 6JN

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

A M F Astor Resigned 15 December 2021

T Bennett

A Blackshaw Resigned 15 December 2021

J Dwyer

H Eldridge

R Kerr

Resigned 14 December 2022

D Peck

J Pickering

S Rajani

C Watson

N Westaway

Senior management team L MacLennan - CEO
T Connett - Head of Finance (reappointed 1 November 2021)
P Jenkins - Head of Finance (resigned 12 November 2021)
W Simonson - Head of Research
A Costanzo - Deputy Head of Research (resigned 31 October 2022)

Company secretary L MacLennan

Bankers Triodos Bank
Deanery Road
Bristol
BS1 5AS

Auditors Godfrey Wilson Limited
Chartered accountants and statutory auditors
5th Floor Mariner House
62 Prince Street
Bristol
BS1 4QD

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2022

The trustees present their report and financial statements for the year ended 31 October 2022. Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (effective from January 2019).

Objectives and activities

The Progressive Farming Trust (trading as The Organic Research Centre) (PFT) aims to combine scientific excellence with practical experience to deliver real benefits on the ground for all our futures by working, nationally and internationally, to:

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

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

The trustees have identified the following public benefits derived from the charity's activities:

- 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;
- 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.

All findings of our research programmes are made available in the public domain.

PFT carries on certain other activities in addition to fundraising and administering the organisation. These include the management and administration of Agricology, which is a collaboration of 40 organisations who share their findings and provide practical information regarding sustainable farming practices, regardless of labels. It also manages and administers the Dean Organic Fund, which offers interest free loans to organic growers and farmers who may not otherwise be able to secure finance.

Achievements and performance

In 2021-22 ORC have worked on 22 research projects, collectively worth £2.2M with over 200 partners from all over Europe. We have published 18 technical reports as well as a peer-reviewed journal article and made 5 presentations at an international conference and 9 presentations at national conferences and events.

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2022

During the year, Agricology received sufficient funding from ORC's fundraising efforts in order to start redevelopment work on its new website which will go live in Spring 2023. This work will improve the user experience and make site navigation (and site management) much easier. In addition to this activity Agricology continued to use its communication channels to promote the work of its 40 collaborating organisations through a range of farmer profiles, blogs and events. In addition after a one-year hiatus, Agricology returned to sponsor the Discussion Tent at Groundswell which gained over 5,000 visitors across two days.

In 2021-22, the Dean Organic Fund granted six new interest free loans with a cumulative value of £100,194 to a variety of developing businesses including market gardens, vegetable box schemes and pig and poultry businesses across the UK. These loans are in addition to the sixteen active loans which have an accumulated outstanding balance of £76,565.

In 2021-22 ORC's own fundraising activities generated income of £393,000 from a cost of £187,403 (£203,000 income in 2020-21 from a cost of £145,554). This was achieved through a mixture of donations from individuals, trusts and foundations and major donors.

The COVID pandemic continued to cause significant impact to organisational ways of working during 2021-22. Although the team operated effectively 'working from home' this change to working life has resulted in the dispersal of the team to live in different parts of the country, thereby reducing its ability to meet in person. It is therefore unlikely that we will return to having all staff working in a company office environment and the organisation is finding the best way to respond to this in order to create a longer-term solution to ways of working.

Financial review

The financial performance of the charity is set out in the attached financial statements.

Total incoming resources, including income from charitable activities, was £747,132 for the year (£970,338 in 2020-21). There are two key contributing factors to this. Firstly the change in funding of Horizon Europe projects, which have previously been funded directly by the EU with payments of 40% funding in advance of the project start. However due to the complexities of Brexit, funding for these projects has now begun to be routed through UKRI, which pays quarterly in arrears. This change in funding is responsible for a shortfall of reported income of £333,000 in the 2021-22 financial year.

Secondly there was an unrealised loss on our investment portfolio of £184,906 due to the market volatility seen over the course of the past year – see 'Investment Policy'.

The result is a net negative movement of funds of (£524,030), compared to a net negative movement of (£29,488) in the previous year. This result is disappointing given that a significant effort had been made by the team to return the business to breakeven. Total expenditure was £1,086,256 (£1,221,096 in 2020-21), however, representing continued cost savings of over £100,000.

The shortfall in income was funded from PFT's reserves.

Sources of funding

A range of funding is utilised by PFT including restricted funding gained through project funding bids and applications to charitable trusts and major donors and unrestricted funds donated by charitable trusts and individual donors.

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2022

Risk factors and management

The trustees have given due consideration to the major risks to which PFT is exposed and holds a register of these. We have taken all reasonable steps to mitigate these risks. Risk assessment and management processes are in operation on an on-going basis throughout the organisation and cover all aspects of financial and non-financial performance.

The monitoring of our financial control systems and procedures and risk-management strategies is delegated to the Finance Committee, which meets quarterly and reports to the Council of Management. The major risk identified relates to failure to achieve income goals, which was unfortunately not realised this year. As a result Trustees have a programme of activity to review the organisation's business model with the aim to ensure that it returns to breakeven in 2022-23.

Reserves policy

The charity's reserve policy is to maintain liquid reserves equating to four months of its regular expenditure, currently £350,000 - £400,000. The charity's total free reserves consist of the unrestricted funds held within net current assets together with the portfolio of listed investments which is held in order to generate income and support its long-term business strategies.

Investment policy

The market value of the Trust's investments on 31 October 2022 were £861,024 (2020-21 £1,242,656).

The investment policy setting out the investment objectives, risk, liquidity and policy provides the strategic constraints within which the Trust's finances are managed. It is reviewed annually. In summary, the investment objectives of the Trust are:

- growth of long-term investments achieving the highest possible return within an acceptable level of risk;
- growth investment to generate a return of UK CPI plus 3.5% per annum over the long term after fees and expenses; and
- growth investment yield to generate cash returns of 3.5% per annum, required to support ORC's operating surplus.

The detailed management of the investment portfolio is the responsibility of the appointed professional investment managers.

Structure, governance and management

The Progressive Farming Trust is a company limited by guarantee governed by its Memorandum and Articles of Association dated 19th August 1980 as amended on 11 July 2019. It is a charity and has been registered with the Charity Commission since 1980.

The company does not have a share capital. It has no subsidiary companies or legal association with other organisations. The company does work in partnership with many organisations on the delivery of projects and other charitable activities.

The PFT has a Council of Management consisting of not less than three and not more than fifteen unpaid Trustees (Directors), which sets strategy and direction and monitors performance.

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2022

The company is run on a day-to-day basis by a Senior Management Team led by a Chief Executive Officer, supported by a Head of Research and a Head of Finance. The Senior Management Team is responsible for implementing the plans approved by the Council on the basis of a statement of Delegated Authority.

The remuneration of the Senior Management Team is set by the Council as advised by the Remuneration Committee. The remuneration policy seeks to ensure that a) as this is a research organisation, for all staff relative pay levels compared with the Higher Education sector are maintained, and b) that for the Senior Management comparability with remuneration in other similar charities is also maintained.

Trustee recruitment and induction

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

Recruitment of trustees is achieved through personal recommendation or utilising specialist agencies. The Council contains a broad range of farming, business, finance and organic experience, research, legal and international knowledge, and political experience linked with environmental interests.

Information is provided to help new trustees to familiarise themselves with the objectives and activities of PFT. They are also referred to the Trustee Act 2000 and relevant Charity Commission guidance.

Details of trustee and related party transactions are disclosed in note 19 to these accounts.

Statement of responsibilities of the trustees

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

Progressive Farming Trust Limited

Report of the trustees

For the year ended 31 October 2022

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Auditors

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

Approved by the trustees on 8 March 2023 and signed on their behalf by

TM Bennett

Tim Bennett – Trustee and Chair

Independent auditors' report

To the members of

Progressive Farming Trust Limited

Opinion

We have audited the financial statements of Progressive Farming Trust Limited (the 'charity') for the year ended 31 October 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 October 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditors' report

To the members of

Progressive Farming Trust Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report

To the members of

Progressive Farming Trust Limited

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The procedures we carried out and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

(1) We obtained an understanding of the legal and regulatory framework that the charity operates in, and assessed the risk of non-compliance with applicable laws and regulations. Throughout the audit, we remained alert to possible indications of non-compliance.

(2) We reviewed the charity's policies and procedures in relation to:

- Identifying, evaluating and complying with laws and regulations, and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risk of fraud, and whether they were aware of any actual, suspected or alleged fraud; and
- Designing and implementing internal controls to mitigate the risk of non-compliance with laws and regulations, including fraud.

(3) We inspected the minutes of trustee meetings.

(4) We enquired about any non-routine communication with regulators and reviewed any reports made to them.

(5) We reviewed the financial statement disclosures and assessed their compliance with applicable laws and regulations.

(6) We performed analytical procedures to identify any unusual or unexpected transactions or balances that may indicate a risk of material fraud or error.

(7) We assessed the risk of fraud through management override of controls and carried out procedures to address this risk. Our procedures included:

- Testing the appropriateness of journal entries;
- Assessing judgements and accounting estimates for potential bias;
- Reviewing related party transactions; and
- Testing transactions that are unusual or outside the normal course of business.

Independent auditors' report

To the members of

Progressive Farming Trust Limited

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. Irregularities that arise due to fraud can be even harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Alison Godfrey

Date: 10 March 2023

Alison Godfrey FCA
(Senior Statutory Auditor)

For and on behalf of:

GODFREY WILSON LIMITED

Chartered accountants and statutory auditors

5th Floor Mariner House

62 Prince Street

Bristol

BS1 4QD

Progressive Farming Trust Limited

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

For the year ended 31 October 2022

	Note	Restricted £	Unrestricted £	2022 Total £	2021 Total £
Income from:					
Donations and legacies	3	40,440	119,493	159,933	203,029
Charitable activities:					
Research and projects	4	351,791	17,247	369,038	475,793
Information services	5	175,815	-	175,815	42,195
Other trading activities	6	-	15,869	15,869	5,255
Investments		-	26,477	26,477	23,578
Other:					
Miscellaneous income		-	-	-	2,525
Gain on disposal of fixed assets		-	-	-	217,963
Total income		568,046	179,086	747,132	970,338
Expenditure on:					
Raising funds:					
Fundraising		42,124	145,279	187,403	145,554
Charitable activities:					
Research and projects		473,774	181,024	654,798	865,098
Information services		92,162	151,893	244,055	210,444
Total expenditure	8	608,060	478,196	1,086,256	1,221,096
Net gains / (losses) on investments		-	(184,906)	(184,906)	221,270
Net expenditure		(40,014)	(484,016)	(524,030)	(29,488)
Transfers between funds		(143,362)	143,362	-	-
Net movement in funds	9	(183,376)	(340,654)	(524,030)	(29,488)
Reconciliation of funds:					
Total funds brought forward		903,733	1,271,726	2,175,459	2,204,947
Total funds carried forward		720,357	931,072	1,651,429	2,175,459

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 18 to the accounts.

Progressive Farming Trust Limited

Balance sheet

As at 31 October 2022

	Note	£	2022 £	2021 £
Fixed assets				
Tangible assets	12		1,428	8,319
Social investments	13		176,759	156,647
Investments	14		<u>861,024</u>	<u>1,242,656</u>
			1,039,211	1,407,622
Current assets				
Debtors	15	112,288		162,411
Current asset investments	22	355,308		375,186
Cash at bank and in hand	22	<u>210,690</u>		<u>325,458</u>
		678,286		863,055
Liabilities				
Creditors: amounts falling due within 1 year	16	<u>(66,068)</u>		<u>(95,218)</u>
Net current assets			<u>612,218</u>	<u>767,837</u>
Net assets	17		<u><u>1,651,429</u></u>	<u><u>2,175,459</u></u>
Funds	18			
Restricted income funds				
Dean Organic Fund			538,848	538,848
Other restricted funds			181,509	364,885
Unrestricted funds				
General funds			<u>931,072</u>	<u>1,271,726</u>
Total charity funds			<u><u>1,651,429</u></u>	<u><u>2,175,459</u></u>

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

Approved by the trustees on 8 March 2023 and signed on their behalf by

TM Bennett

Tim Bennett- trustee and chair

Progressive Farming Trust Limited

Statement of cash flows

As at 31 October 2022

	Note	2022 £	2021 £
Net movement in funds		(524,030)	(29,488)
Adjustments for:			
Depreciation charges		7,320	9,687
(Gains) / losses on investments		184,906	(221,270)
Dividends, interest and rents from investments		(26,477)	(23,578)
Profit on the sale of fixed assets		-	(217,962)
Decrease in stock		-	375
Decrease / (increase) in debtors		50,408	(19,507)
Decrease in creditors		(29,150)	(27,189)
Net cash provided used in operating activities		(337,023)	(528,932)
Cash flows from investing activities:			
Proceeds from disposal of investments		331,057	251,822
Proceeds from disposal of fixed assets		-	631,824
Dividends, interest and rents from investments		26,477	23,578
Purchase of tangible fixed assets		(429)	(603)
Purchase of investments		(134,616)	(744,070)
Consessionary loans repaid		113,662	81,653
Consessionary loans awarded		(133,774)	(1,000)
Net cash provided by investing activities		202,377	243,204
Decrease in cash and cash equivalents in the year		(134,646)	(285,728)
Cash and cash equivalents at the beginning of the year		700,644	986,372
Cash and cash equivalents at the end of the year	22	565,998	700,644

The charity has not provided an analysis of changes in net debt as it does not have any long term financing arrangements.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

b) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern, which the trustees consider appropriate having regard to the current level of unrestricted reserves. There are no material uncertainties about the charity's ability to continue as a going concern.

c) Income

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

Income from the government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

1. Accounting policies (continued)

d) Donated services and facilities

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

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

e) Interest receivable

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

f) Funds accounting

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

g) Expenditure and irrecoverable VAT

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

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs are the costs associated with the governance arrangements of the charity, including the costs of complying with constitutional and statutory requirements and any costs associated with the strategic management of the charity's activities. Where these costs are not directly attributable to charitable activities, they have been allocated between cost of raising funds and expenditure on charitable activities on the basis of staff time as follows:

	2022	2021
Raising funds: Fundraising	12.2%	9.6%
Charitable activities: Research and projects	59.1%	75.1%
Charitable activities: Information services	28.7%	15.3%

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

1. Accounting policies (continued)

i) Tangible fixed assets

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

Fixture, fittings and equipment	33% on cost
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j) Social investments

Social investments are concessionary loans made to third parties that directly further the charitable purposes of the charity. The loans are recognised as the amount paid, less cumulative repayments. They are reviewed annually for impairment.

k) Investments

Investments held at the year end are valued at the current market value at that date. Investment income from dividends is included in incoming resources while realised and unrealised losses and gains on investments are shown separately on the statement of financial activities (SOFA). Realised gains and losses are calculated on investment disposals during the year as the difference between the opening market value and the proceeds received on sale. Unrealised gains and losses are calculated on investment holdings at the year end as the difference between the closing market value and the opening market value or purchase value during the year.

l) Debtors

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

m) Current asset investments

Current asset investments are cash held on deposit that will be used to fund social investments. Current asset investments are measured at cost.

n) Cash at bank and in hand

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

o) Creditors

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

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

1. Accounting policies (continued)

p) Financial instruments

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

q) Pension costs

The company operates a defined contribution pension scheme for its employees. There are no further liabilities other than that already recognised in the SOFA.

r) Foreign currency transactions

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction. Balances denominated in foreign currencies are translated at the rate of exchange prevailing at the year end.

s) Accounting estimates and key judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Depreciation

As described in note 1i to the financial statements, depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2021 Total £
Income from:			
Donations and legacies	95,203	107,826	203,029
Charitable activities			
Research and projects	475,793	-	475,793
Information services	42,195	-	42,195
Other trading activities	-	5,255	5,255
Investments	-	23,578	23,578
Other income	-	2,525	2,525
Gain on disposal of fixed asset	-	217,963	217,963
Total income	613,191	357,147	970,338
Expenditure on:			
Raising funds:			
Fundraising	39,580	105,974	145,554
Charitable activities:			
Research and projects	453,026	412,072	865,098
Information services	161,994	48,450	210,444
Total expenditure	654,600	566,496	1,221,096
Net losses on investments	-	221,270	221,270
Net income / (expenditure)	(41,409)	11,921	(29,488)
Transfers between funds	137,570	(137,570)	-
Net movement in funds	96,161	(125,649)	(29,488)

3. Income from donations and legacies

	Restricted £	Unrestricted £	2022 Total £
John Ellerman Foundation	40,440	-	40,440
Yarrow Trust	-	30,020	30,020
Other donations < £15k	-	89,473	89,473
Total	40,440	119,493	159,933

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

3. Income from donations and legacies (continued)

Prior period comparative:

	Restricted £	Unrestricted £	2021 Total £
John Ellerman Foundation	39,580	-	39,580
Yarrow Trust	-	30,000	30,000
Garfield Weston	-	25,000	25,000
Boltini Trust	15,000	-	15,000
Other donations < £15k	40,623	52,826	93,449
Total	95,203	107,826	203,029

4. Income from charitable activities: research and projects

	Restricted £	Unrestricted £	2022 Total £	2021 Total £
Defra	108,386	-	108,386	157,161
European Commission	92,515	-	92,515	212,918
The Soil Association	58,667	-	58,667	-
John Pain	50,000	-	50,000	-
UK Research and Innovation	5,419	-	5,419	-
Other project income	36,804	-	36,804	11,713
Consultancy	-	17,247	17,247	-
Biotechnology and Biological Sciences Research Council	-	-	-	33,867
Rural Payments Agency	-	-	-	29,487
Campaign to Protect Rural England	-	-	-	20,960
Welsh European Innovation Partnership	-	-	-	13,575
Ekhaga Foundation	-	-	-	(3,888)
Total research and project income	351,791	17,247	369,038	475,793

All income from research and projects in the prior period is restricted.

Negative figures in income in the prior year represent accrued income balances which had to be written back after they were found to be irrecoverable.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

5. Income from charitable activities: information services

	2022	2021
	Total	Total
	£	£
Esmée Fairbairn	80,000	-
Rothschild Foundation	54,000	-
The Soil Association	9,865	-
Other project income	31,950	-
Daylesford Foundation	-	31,873
Prince of Wales' Charitable Foundation	-	10,322
	<u>175,815</u>	<u>42,195</u>
Total information services income	175,815	42,195

All income from information services in the current and prior period is restricted.

6. Income from other trading activities

	2022	2021
	£	£
Sponsorship	14,590	-
Other estate income	1,279	5,255
	<u>15,869</u>	<u>5,255</u>
Total	15,869	5,255

All income from other trading activities in the current and prior period is unrestricted.

7. Government grants

The charitable company receives government grants, defined as funding from Defra and UK Research and Innovation, to fund charitable activities. The total value of such grants in the period ending 31 October 2022 was £113,805 (2021: £170,736). There are no unfulfilled conditions or contingencies attaching to these grants.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

8. Total expenditure

	Raising funds: fundraising £	Charitable activities: research £	Charitable activities: information services £	Support and governance costs £	2022 Total £
Staff costs (note 10)	59,391	286,558	138,932	175,512	660,393
Activity delivery costs	4,861	168,985	8,519	38,322	220,687
Office/facility operation & maintenance	-	-	-	20,840	20,840
Other office costs	-	-	-	6,528	6,528
Computing and IT support	-	-	-	42,780	42,780
Bank charges/interest	-	-	-	1,362	1,362
Insurance	-	-	-	8,001	8,001
Audit and accountancy	-	-	-	8,642	8,642
Governance costs	-	-	-	4,281	4,281
Legal and professional fees	73,758	-	-	6,992	80,750
Investment manager fees	8,096	-	-	-	8,096
Depreciation	-	-	-	7,320	7,320
Miscellaneous costs	-	-	-	16,576	16,576
Sub-total	146,106	455,543	147,451	337,156	1,086,256
Allocation of support and governance costs	41,297	199,255	96,604	(337,156)	-
Total expenditure	187,403	654,798	244,055	-	1,086,256

Total governance costs were £12,921.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

8. Total expenditure
Prior period comparative

	Raising funds: fundraising £	Charitable activities: research £	Charitable activities: information services £	Support and governance costs £	2021 Total £
Staff costs (note 10)	55,217	431,897	88,180	208,895	784,189
Activity delivery costs	4,990	127,226	59,794	12,094	204,104
Office/facility operation & maintenance	-	-	-	33,852	33,852
Other office costs	-	-	-	4,083	4,083
Computing and IT support	-	-	-	43,402	43,402
Bank charges/interest	-	-	-	1,212	1,212
Insurance	-	-	-	9,576	9,576
Audit and accountancy	-	-	-	16,425	16,425
Governance costs	-	-	-	923	923
Legal and professional fees	36,408	-	-	54,254	90,662
Investment manager fees	9,821	-	-	-	9,821
Depreciation	-	-	-	9,687	9,687
Farm tenancy and sharefarming expenditure	-	-	-	(1,800)	(1,800)
Miscellaneous costs	-	-	-	14,960	14,960
Sub-total	106,436	559,123	147,974	407,563	1,221,096
Allocation of support and governance costs	39,118	305,975	62,470	(407,563)	-
Total expenditure	145,554	865,098	210,444	-	1,221,096

Total governance costs were £9,563.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

9. Net movement in funds

This is stated after charging:

	2022 £	2021 £
Depreciation	7,320	9,687
Trustees' indemnity insurance	Nil	Nil
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	743	44
Auditors' remuneration:		
▪ Statutory audit (including VAT)	8,640	8,640

Trustees expenses comprise amounts relating to 3 trustees for travel and subsistence costs (2021: 1 trustee).

10. Staff costs and numbers

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	548,583	659,810
Social security costs	50,719	50,255
Pension costs	61,091	74,124
	<u>660,393</u>	<u>784,189</u>

No employees earned between £60,000 and £70,000 during the year (2021: nil).

The key management personnel of the charitable company comprise the senior management team. Total employee benefits paid to the key management personnel were £226,961 (2021: £223,208).

The average staff head count during the year was:

	2022 No.	2021 No.
Administration	12.6	12.0
Research / project staff	10.0	10.3
	<u>22.6</u>	<u>22.3</u>
Average full-time equivalents (all staff)	<u>17.7</u>	<u>20.5</u>

11. Taxation

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

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

12. Tangible fixed assets

	Fixtures, fittings and equipment £	Total £
Cost		
At 1 November 2021	42,618	42,618
Additions	429	429
At 31 October 2022	43,047	43,047
Depreciation		
At 1 November 2021	34,299	34,299
Charge for the year	7,320	7,320
At 31 October 2022	41,619	41,619
Net book value		
At 31 October 2022	1,428	1,428
At 31 October 2021	8,319	8,319

13. Social investments

	2022 £	2021 £
Debtor brought forward	156,647	237,300
New loans committed	133,774	1,000
Loans repaid in year	(113,662)	(81,653)
Debtor carried forward	176,759	156,647

Concessionary social investment loans comprise interest-free loans of up to £25,000 made to fund the purchase of equipment, stock or similar items to enable the borrower to carry out certified or closely aligned organic/agroecological farming and/or food business activities. They are repayable in monthly installments beginning 12 months after the loan was agreed. Amounts receivable within one year is £71,826 and amounts receivable in more than one year is £104,933 (2021: £77,883 receivable within one year, £78,764 receivable in more than one year).

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

14. Investments

	Listed investments £	2022 £	2021 £
Market value at 1 November 2021	1,242,656	1,242,656	529,138
Additions	134,616	134,616	744,070
Disposals proceeds	(331,057)	(331,057)	(251,822)
Realised gains / (losses)	(1,733)	(1,733)	41,535
Unrealised gains / (losses)	(183,458)	(183,458)	179,735
Market value at 31 October 2022	861,024	861,024	1,242,656
Historic cost:	882,734	882,734	1,101,945

Listed investments comprise funds held by Rathbones, which are shown at the market value at the balance sheet date.

15. Debtors

	2022 £	2021 £
Trade debtors	50,115	81,059
Accrued income	51,504	70,263
Prepayments	10,669	11,089
	112,288	162,411

16. Creditors : amounts due within 1 year

	2022 £	2021 £
Trade creditors	9,144	23,645
Accruals	34,606	40,735
Other creditors	22,318	30,838
	66,068	95,218

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

17. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	1,428	1,428
Social investments	176,759	-	176,759
Investments	-	861,024	861,024
Net current assets	543,598	68,620	612,218
Net assets at 31 October 2022	720,357	931,072	1,651,429
Prior period comparative			
	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	8,319	8,319
Social investments	156,647	-	156,647
Investments	-	1,242,656	1,242,656
Net current assets	747,086	20,751	767,837
Net assets at 31 October 2021	903,733	1,271,726	2,175,459

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

18. Movements in funds

	At 1 November 2021 £	Income £	Expenditure £	Net losses on investments £	Transfers between funds £	At 31 October 2022 £
Restricted funds						
EU funded projects	161,080	92,515	(275,010)	-	8,083	(13,332)
UK statutory funded projects	95,343	189,137	(196,047)	-	(87,630)	803
Foundation funded projects	24,450	160,524	(67,919)	-	(10,970)	106,085
Other projects	84,012	125,870	(69,084)	-	(52,845)	87,953
Dean Organic Fund	538,848	-	-	-	-	538,848
Total restricted funds	903,733	568,046	(608,060)	-	(143,362)	720,357
Unrestricted funds						
General funds	1,271,726	179,086	(478,196)	(184,906)	143,362	931,072
Total unrestricted funds	1,271,726	179,086	(478,196)	(184,906)	143,362	931,072
Total funds	2,175,459	747,132	(1,086,256)	(184,906)	-	1,651,429

Purposes of restricted funds

EU funded projects

EU-Funded projects are part of international framework programmes (Horizon 2020, Horizon Europe) and typically are large collaborative international projects, of a 3 to 5 years duration, where typically ORC partners with more than 10 partners, both scientific and stakeholder, according to a 'multi-actor approach', from different EU or associated countries. Such projects cover all ORC thematic areas and can be of three types: 'Research and Innovation Action', mostly aimed at producing original knowledge, 'Innovation Actions', mostly aimed at bringing innovative practices closer to market readiness on an international scale, and 'Thematic Network', mostly focused on knowledge exchange on an international scale.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

18. Movements in funds (continued)

UK statutory funded projects

UK Statutory projects are a wide array of activities funded directly or indirectly by UK governmental bodies and typically are aimed at a regional-to-national scale. They can take the shape of high-consultancy contracts, like with DEFRA or other public and private bodies, or subcontracts to a university or public research centre (like those funded by the UKRI), or grants from various organisations and programmes e.g. the Innovative Farmers programme.

Foundation funded projects

Foundation funded projects support specific programmes of work identified by the research team with funding sourced from Foundations. Projects cover a variety of activities such as the Systems Health project, a project to promote health at all levels in the farming system, funded by Ekhaga Foundation.

Other projects

This funding stream covers a variety of programmes of work identified by ORC whereby funding is received from multiple sources including individuals. This covers internal programmes such as the development of our fundraising capabilities and the implementation of a CRM system supported by The John Ellerman Foundation, or improving our community engagement which has been supported by the Boltini Trust.

Dean Organic Fund

The Dean Organic Fund was established following a major bequest from the late Jennie Bone to ORC, along with the transfer of funds from the former Dean Organic Trust which she established in 1993. Her idea was to support the conservation of wildlife in the farmed environment by providing interest free loans to organic producers. ORC is committed to continuing this process and launched a third round of funding in January 2022.

Transfers between funds

Transfers from unrestricted funds to restricted funds represent the coverage of restricted overspends with general funds.

Fund misallocations in previous years have been rectified in these accounts by transfers from restricted funds to unrestricted funds.

Restricted funds in deficit

Restricted fund balances in deficit represent recoverable overspends in this financial year on restricted projects, to be cleared by the receipt of income in 2022-23.

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

18. Movements in funds (continued) - prior period comparative

	At 1 November 2020 £	Income £	Expenditure £	Net gains on investments £	Transfers between funds £	At 31 October 2021 £
Restricted funds						
EU Funding	166,556	212,918	(254,813)	-	36,419	161,080
UK Statutory Funding	33,802	260,550	(205,701)	-	6,692	95,343
Foundation funding	34,404	38,307	(141,277)	-	93,016	24,450
Other projects	33,962	101,416	(52,809)	-	1,443	84,012
Dean Organic Fund	538,848	-	-	-	-	538,848
Total restricted funds	807,572	613,191	(654,600)	-	137,570	903,733
Unrestricted funds						
<i>Designated funds:</i>						
M Langman: Food quality and health bequest	38,305	-	-	-	(38,305)	-
Farm and Food Society: Animal health and welfare	44,101	-	-	-	(44,101)	-
<i>Total designated funds</i>	82,406	-	-	-	(82,406)	-
General funds	1,314,969	357,147	(566,496)	221,270	(55,164)	1,271,726
Total unrestricted funds	1,397,375	357,147	(566,496)	221,270	(137,570)	1,271,726
Total funds	2,204,947	970,338	(1,221,096)	221,270	-	2,175,459

Progressive Farming Trust Limited

Notes to the financial statements

For the year ended 31 October 2022

19. Related party transactions

Trustees donated a total of £1,643 (2021: £10,160) (of which, all were travel and subsistence expenses not claimed (2021: £160)) to Organic Research Centre during the year.

In the prior year, Organic Research Centre paid £10,290 in membership fees to IFOAM during the year. Roger Kerr was a trustee of Organic Research Centre (until 14 December 2022) and IFOAM.

20. Financial instruments at fair value

	2022 £	2021 £
Financial assets measured at fair value	<u>861,024</u>	<u>1,242,656</u>

Financial assets measured at fair value comprise listed investments.

21. Operating lease commitments

The charity had operating leases at the year end with total future minimum lease payments as follows:

	2022 £	2021 £
Amount falling due:		
Within 1 year	37,200	37,200
Within 1 - 5 years	<u>43,400</u>	<u>80,600</u>
	<u>80,600</u>	<u>117,800</u>

22. Cash and cash equivalents

	2022 £	2021 £
Current asset investments	355,308	375,186
Cash at bank	<u>210,690</u>	<u>325,458</u>
Total	<u>565,998</u>	<u>700,644</u>