

HENRY DOUBLEDAY RESEARCH ASSOCIATION

(Company Limited by guarantee No. 2188402)

(Registered Charity No. 298104)

Reports and Financial Statements for the

Year ended 31st December 1994



HENRY DOUBLEDAY RESEARCH ASSOCIATION

Patron

H.R.H. The Prince of Wales, KG, KT, GCB

Council of Management in 1994

The Rt Hon The Earl Kitchener TD, DL, MA (President)

Dr Bill Blyth (Chairman)

Dr Bill Bourne (Vice Chairman)

Gerald Pearson

Pauline Russack

Dr John Garrett

Alan McCulloch

Dr Peggy Ellis (resigned 28.4.95)

Dr David Hodges (resigned 29.10.94)

Jeff Bull

Dr Bob Haskins

Jon Lucas

Anthony Harbour

Ruth Silver

Sue Stickland

Executives

Alan Gear, Chief Executive and Secretary

Jackie Gear, BSc, Executive Director

Treasurer

Graham Dodd FCA

Senior Staff

Pauline Pears, MSC, Head of Advisory Department

Bob Sherman, BA, Curator

Margi Lennartsson, PhD, Head of Temperate Research

Phil Harris, PhD, Head of International Research

Jeremy Cherfas, PhD, Head of Genetic Resources

Peter Bateman, HND, FETC, Project Manager, Yalding Organic Gardens

Michael Walker, Consultancy Manager

Auditors

Lonsdale & Marsh

Registered Auditor, Chartered Accountants,

5/7, James Street,

Liverpool, L2 7XB.

Bankers

The Co-Operative Bank plc

6, Warwick Road,

Coventry, CV1 1EE.

Registered Office

Ryton Organic Gardens,

Ryton-on-Dunsmore,

Coventry, CV8 3LG.

Telephone: 01203 303517 Fax: 01203 639229

HENRY DOUBLEDAY RESEARCH ASSOCIATION

Directors' Report

The Directors present their report together with the financial statements of the Association for the year ended 31st December 1994.

Principal Activities

The principal activities of the Association continue to be those of researching and offering of advice on sustainable, i.e. organic growing methods, both in the U.K. and overseas, and the running of the demonstration and research grounds at Ryton Gardens.

Results and Review of the Business

The Association had an operating surplus of £167,353 after transferring £1,997 to the buildings fund.

The accompanying Chief Executive's report gives a detailed review of the Association's activities during the year, including the financial position.

Auditors

The auditors, Messrs Lonsdale & Marsh, will retire at the forthcoming annual general meeting and, having indicated their willingness to continue in office, offer themselves for reappointment.

Registered Office:
Ryton Gardens,
Ryton-on-Dunsmore
Coventry, CV8 3LG
29th July 1995

By Order of the Council



Secretary

HENRY DOUBLEDAY RESEARCH ASSOCIATION

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period.

In preparing those financial statements, the Directors are required:

- a) to select suitable accounting policies and then apply them consistently;
- b) to make judgments and estimates that are reasonable and prudent;
- c) to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Auditors to the Members
of Henry Doubleday Research Association

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and under the accounting policies set out on page 4.

As described on page 2, the Associations Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association'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 financial statements 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 financial statements.

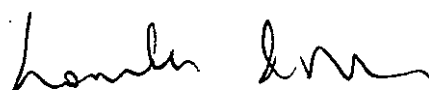
Opinion

In our opinion the financial statements give a true and fair view of the state of the Association's affairs as at 31st December 1994 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

In our opinion the company is entitled, for the year ended 31st December 1994, to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

Liverpool

29th July 1995



Lonsdale & Marsh
Chartered Accountants
Registered Auditor

HENRY DOUBLEDAY RESEARCH ASSOCIATION

Statement of Accounting Policies for the Year ended 31st December 1994

a) Basis of Accounting

The financial statements have been prepared in accordance with the Companies Act 1985 and with applicable Accounting Standards and the Statement of Recommended Practice No. 2 "Accounting by Charities".

b) Tangible Assets

Depreciation is charged on all tangible fixed assets, other than freehold land, to write off the cost over their expected useful lives by equal annual instalments at the following rates:

| | <u>Per annum</u> |
|--|------------------|
| Freehold Buildings | 2% - 10% |
| Leashold Properties | 2% |
| Ground Improvements | 20% |
| Ground and Research Equipment | 10% - 25% |
| Shop, Cafe and Establishment Equipment | 10% - 25% |
| Computers | 20% |

c) Stocks

Stocks are stated at the lower of cost or net realisable value.

d) Deferred Income

Income received from life membership subscriptions and deposit covenanted donations is credited to separate accounts, shown on the Balance Sheet as Deferred Income and split according to whether the receipt will be credited to the Income and Expenditure Account within one year.

e) Restricted Fund

All Income and Expenditure in connection with the Restricted Fund is dealt with via the Income and Expenditure Account.

f) Pension Costs

The Association contributes to a defined benefit pension scheme. The regular pension cost is charged to the Income and Expenditure Account and is based on the expected pension costs over the service lives of the employees. The current pension surplus is spread in the Income and Expenditure Account over the remaining service lives of current employees, now estimated at 10 years (see note 19).

HENRY DOUBLEDAY RESEARCH ASSOCIATION

Balance Sheet as at 31st December 1994

| | Note | 1994 | 1993 |
|---|------|------------------------|------------------------|
| <u>Fixed Assets</u> | | | |
| Tangible Assets | 1 | 842,627 | 723,942 |
| Investments | 2 | <u>1</u> | <u>1</u> |
| | | 842,628 | 723,943 |
| <u>Current Assets</u> | | | |
| Stocks | 3 | - | 3,500 |
| Debtors | 4 | 116,797 | 107,653 |
| Cash at Bank and in Hand | | <u>190,765</u> | <u>65,348</u> |
| | | 307,562 | 176,501 |
| <u>Creditors Due Within One Year</u> | 5 | <u>206,774</u> | <u>198,616</u> |
| <u>Net Current Assets/(Liabilities)</u> | | <u>100,788</u> | <u>(22,115)</u> |
| <u>Total Assets less Current Liabilities</u> | | 943,416 | 701,828 |
| <u>Creditors Due After One Year</u> | 6 | <u>270,995</u> | <u>163,757</u> |
| <u>Net Assets</u> | | <u><u>£672,421</u></u> | <u><u>£538,071</u></u> |
| <u>Represented by:</u> | | | |
| Operations Fund | 8 | 88,609 | (78,744) |
| Buildings Fund | 8 | 533,932 | 531,935 |
| Restricted Fund | 8 | <u>49,880</u> | <u>84,880</u> |
| | | <u><u>£672,421</u></u> | <u><u>£538,071</u></u> |

The financial statements were approved by the Council of Management on 29th July 1995.

Advantage has been taken, in the preparation of the accounts, of special exemptions applicable to small companies.

In the opinion of the directors the company is entitled to those exemptions on the basis that it qualifies as a small company under section 247.



..... Member of Council of Management

HENRY DOUBLEDAY RESEARCH ASSOCIATION

Income and Expenditure Account for the Year ended 31st December 1994

| | <u>Note</u> | <u>1994</u> | <u>1993</u> |
|--|-------------|------------------------|------------------------|
| <u>Income</u> | | | |
| Membership Subscriptions | | 231,622 | 227,041 |
| Ryton Admission Charges | | 32,074 | 33,581 |
| Legacies | | 26,219 | 47,583 |
| Donations | | 179,760 | 157,415 |
| Appeals | | 62,406 | 23,250 |
| Grants | | 385,886 | 457,859 |
| Sponsorship | | 5,500 | 5,000 |
| Services | | 91,982 | 52,016 |
| Investments | | 37,713 | 32,781 |
| | | <u>1,053,162</u> | <u>1,036,526</u> |
| <u>Expenditure</u> | | | |
| Membership | 9 | 57,097 | 63,952 |
| Grounds | 10 | 67,593 | 69,871 |
| Education and Advisory | 11 | 116,693 | 104,243 |
| Research | 12 | 97,495 | 91,757 |
| Overseas | 13 | 162,402 | 171,304 |
| Genetic Resources | 14 | 31,307 | 29,563 |
| Site Overheads | 15 | 109,782 | 89,816 |
| Executive Marketing and Fundraising | 16 | 155,769 | 116,450 |
| Administration | 17 | 69,867 | 59,457 |
| Finance | 18 | 7,237 | 2,691 |
| Depreciation | | <u>43,570</u> | <u>58,138</u> |
| | | 918,812 | 857,242 |
| Surplus for Year | | 134,350 | 179,284 |
| Transfer from Restricted Fund | | <u>35,000</u> | <u>28,300</u> |
| <u>Surplus to Operations Fund</u> | 8 | <u><u>£169,350</u></u> | <u><u>£207,584</u></u> |

All of the Association's operations are classed as continuing.

A statement of the movements on the income and expenditure account appears as note 8 to the financial statements.

The Association had no recognised gains or losses other than the surplus for the period.

HENRY DOUBLEDAY RESEARCH ASSOCIATION

Notes to the Financial Statements for the Year ended 31st December 1994

1 Tangible Fixed Assets

| | Freehold Land and Buildings | Leasehold Land and Buildings | Grounds & Research Equipment | Shop Cafe & Establishment Equipment | Computers | Total |
|-----------------------|-----------------------------------|------------------------------------|------------------------------------|---|-----------|-----------|
| Cost | | | | | | |
| At 1st January 1994 | 527,327 | 153,562 | 86,788 | 115,238 | 50,808 | 933,723 |
| Additions | 52,178 | 103,752 | 474 | 5,851 | - | 162,255 |
| At 31st December 1994 | 579,505 | 257,314 | 87,262 | 121,089 | 50,808 | 1,095,978 |
| Depreciation | | | | | | |
| At 1st January 1994 | 47,316 | - | 40,716 | 70,941 | 50,808 | 209,781 |
| Charge | 15,148 | - | 8,342 | 20,080 | - | 43,570 |
| At 31st December 1994 | 62,464 | - | 49,058 | 91,021 | 50,808 | 253,351 |
| Net Book Value | | | | | | |
| At 31st December 1994 | £517,041 | £257,314 | £38,204 | £30,068 | £ - | £842,627 |
| At 31st December 1993 | £480,011 | £153,562 | £46,072 | £44,297 | £ - | £723,942 |

HENRY DOUBLEDAY RESEARCH ASSOCIATION

Notes to the Financial Statements for the Year ended 31st December 1994 **(Continued)**

| 2 Investments - as Fixed Assets | <u>Unlisted</u> |
|--|------------------------|
| Cost at 1st January 1994 | 1 |
| Additions | - |
| | <u>-</u> |
| Cost at 31st December 1994 | <u>£1</u> |

a) Organic Enterprises Limited

The investments represents 1 Deferred Ordinary Share of £1 in Organic Enterprises Limited. This investment comprises the only Deferred Share of that Company in issue. Organic Enterprises Limited is registered in England and Wales and its principal place of business is Ryton Gardens, Ryton-on-Dunsmore.

The Deferred Ordinary Share carries voting rights equal to one third of the total Ordinary Share Capital in issue at any time. It has no right to participate in Dividends or distribution in surplus assets until Ordinary Shareholders have received a return equal to 7% compound net of ACT per annum on and from the date of their original investment. The Deferred Share will be entitled to 50% of any dividend or distribution in excess of this amount.

b) H.D.R.A. (Sales) Limited

The Association is entitled to receive under Deed of Covenant any surplus income of this company arising from its principal activity of the sale of books and literature of the Association. The Board of Directors of H.D.R.A. (Sales) Limited is made up of the Council of Management and other Executive Officers of the Association and these directors own the entire issued share capital of H.D.R.A. (Sales) Limited.

| 3 Stocks | <u>1994</u> | <u>1993</u> |
|--|--------------------|--------------------|
| Advertising and Promotional Material | <u>£ -</u> | <u>£3,500</u> |
| 4 Debtors | <u>1994</u> | <u>1993</u> |
| Trade Debtors | 19,263 | 5,003 |
| H.D.R.A. (Sales) Limited - Current Account | 30,199 | 24,513 |
| Income Tax Recoverable | 34,914 | 24,306 |
| Prepayments and Accrued Income | 13,031 | 19,985 |
| Grant Receivable | 19,390 | 33,846 |
| | <u>£116,797</u> | <u>£107,653</u> |

All debtors are due within one year.

HENRY DOUBLEDAY RESEARCH ASSOCIATION

Notes to the Financial Statements for the Year ended 31st December 1994 (Continued)

| 5 <u>Creditors due within One Year</u> | <u>1994</u> | <u>1993</u> |
|--|-----------------|-----------------|
| Other Loans | 38,959 | 21,314 |
| Operations Creditors | 104,627 | 54,048 |
| Amounts owed to Group undertakings - Organic Enterprises Limited | 19,651 | 28,729 |
| Taxation and Social Security | 10,215 | 10,230 |
| Accrued Expenses | 20,648 | 31,874 |
| Deferred Income | 12,674 | 52,421 |
| | <u>£206,774</u> | <u>£198,616</u> |

| 6 <u>Creditors due after One Year</u> | <u>1994</u> | <u>1993</u> |
|---------------------------------------|-----------------|-----------------|
| Other Loans | 217,564 | 104,423 |
| Deferred Income | 53,431 | 59,334 |
| | <u>£270,995</u> | <u>£163,757</u> |

| 7 <u>Borrowings - Additional Information</u> | <u>1994</u> | <u>1993</u> |
|--|-----------------|-----------------|
| <u>Other Loans</u> | | |
| Due within five years: | | |
| Within 1 year | 38,959 | 21,314 |
| Between 1 and 2 years | 33,645 | 25,214 |
| Between 2 and 5 years | 85,084 | 44,356 |
| | <u>157,688</u> | <u>90,884</u> |
| Due after 5 years, by instalments | 98,835 | 34,853 |
| | <u>£256,523</u> | <u>£125,737</u> |

The loans outstanding are as follows:

| | <u>1994</u> | | | | <u>1993</u> | |
|------------------------|--------------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|-------------------------------|
| <u>Due</u> | <u>Within</u> <u>1 year</u> | <u>1 - 2</u> <u>years</u> | <u>2 - 5</u> <u>years</u> | <u>After</u> <u>5 years</u> | <u>Within</u> <u>1 year</u> | <u>After</u> <u>1 year</u> |
| Mercury Provident plc | 25,859 | 27,074 | 74,370 | 88,120 | 11,214 | 65,423 |
| Mercury Pension Scheme | - | 3,571 | 10,714 | 10,715 | - | 25,000 |
| Members: | | | | | | |
| Interest Free | 12,100 | 3,000 | - | - | 2,600 | 13,000 |
| Interest Bearing | 1,000 | - | - | - | 7,500 | 1,000 |
| | <u>38,959</u> | <u>33,645</u> | <u>85,084</u> | <u>98,835</u> | <u>21,314</u> | <u>104,423</u> |

HENRY DOUBLEDAY RESEARCH ASSOCIATION

Notes to the Financial Statements for the Year ended 31st December 1994 **(continued)**

7 Borrowings - Additional Information (continued)

There are three Mercury Provident plc loans outstanding at the year end:

A variable rate loan of £76,637 with interest being charged at a rate between 3% and 11%, and annual repayments of £11,214.

Two fixed rate loans, one for £100,000 repayable monthly over 15 years, and the other for £50,000 repayable monthly over 4 years. Interest is payable on both these loans at 8%.

The Mercury Pension Fund Loan is repayable by annual instalments commencing from 31st December 1996. Interest is payable on the loan at 12%.

The loans are secured on the Association's freehold land and buildings at Ryton Gardens, a fixed and floating charge over the current and future assets of the company, and a legal mortgage over the leasehold property and buildings at Yalding Organic Gardens, Kent.

The Members Loans are unsecured and repayable as follows:

During

| | |
|------|---------------|
| 1995 | 13,100 |
| 1996 | <u>3,000</u> |
| | <u>16,100</u> |

Interest is payable on Members Loans at rates between 0 and 8%.

8 Fund Balances

| | <u>Operations Fund</u> | | <u>Buildings Fund</u> | | <u>Restricted Fund</u> | |
|---------------------------|-------------------------------|--------------------|------------------------------|--------------------|-------------------------------|--------------------|
| | <u>1994</u> | <u>1993</u> | <u>1994</u> | <u>1993</u> | <u>1994</u> | <u>1993</u> |
| At 1st January 1994 | (78,744) | (61,651) | 531,935 | 307,258 | 84,880 | 113,180 |
| From (to) I and E Account | 169,350 | 207,584 | - | - | (35,000) | (28,300) |
| Fund Transfers | <u>(1,997)</u> | <u>(224,677)</u> | <u>1,997</u> | <u>224,677</u> | <u>-</u> | <u>-</u> |
| At 31st December 1994 | <u>88,609</u> | <u>(78,744)</u> | <u>533,932</u> | <u>531,935</u> | <u>49,880</u> | <u>84,880</u> |

The restricted fund relates to overseas projects. Donations and Grants received specifically for the direct expenditure on such projects are shown in the Income and Expenditure Account. The surplus or deficit between income and expenditure for the year is transferred to or from the Restricted Fund balance.

The Buildings Fund reflects the amount of the Association's funds committed to freehold land and buildings and ground improvements net of the Mercury loans outstanding in relation thereto.

HENRY DOUBLEDAY RESEARCH ASSOCIATION

Notes to the Financial Statements for the Year ended 31st December 1994 (continued)

| | | | |
|-----------|---------------------------------------|--------------------|--------------------|
| 9 | <u>Membership</u> | <u>1994</u> | <u>1993</u> |
| | Staff Costs | 12,000 | 10,175 |
| | Newsletters and Annual Report | 22,005 | 28,022 |
| | Printing, Postage and Stationery | 23,092 | 25,755 |
| | | <u>£57,097</u> | <u>£63,952</u> |
| 10 | <u>Grounds</u> | <u>1994</u> | <u>1993</u> |
| | Staff Costs | 57,466 | 52,613 |
| | Consumables and Repairs | 10,127 | 17,258 |
| | | <u>£67,593</u> | <u>£69,871</u> |
| 11 | <u>Education and Advisory</u> | <u>1994</u> | <u>1993</u> |
| | Staff Costs | 97,943 | 87,170 |
| | Library, Exhibition and Project Costs | 18,750 | 17,073 |
| | | <u>£116,693</u> | <u>£104,243</u> |
| 12 | <u>Research</u> | <u>1994</u> | <u>1993</u> |
| | Staff Costs | 76,892 | 66,944 |
| | Consumables and Project Costs | 20,603 | 24,813 |
| | | <u>£97,495</u> | <u>£91,757</u> |
| 13 | <u>Overseas</u> | <u>1994</u> | <u>1993</u> |
| | Staff Costs | 50,625 | 57,120 |
| | Project Costs | 111,777 | 114,184 |
| | | <u>£162,402</u> | <u>£171,304</u> |
| 14 | <u>Genetic resources</u> | <u>1994</u> | <u>1993</u> |
| | Staff Costs | 23,382 | 21,156 |
| | Project Costs | 7,925 | 8,407 |
| | | <u>£31,307</u> | <u>£29,563</u> |

HENRY DOUBLEDAY RESEARCH ASSOCIATION

Notes to the Financial Statements for the Year ended 31st December 1994 (continued)

| 15 <u>Site overheads</u> | <u>1994</u> | <u>1993</u> |
|--|-----------------|-----------------|
| Canteen Expenses | 14,190 | 9,591 |
| Heat, Light and Power | 17,447 | 11,775 |
| Rates, Insurance and Water | 12,962 | 10,346 |
| Printing, Postage and Stationery | 41,178 | 34,659 |
| Telephone | 10,102 | 8,053 |
| Computers and database | 5,163 | - |
| Equipment Leasing | 7,768 | 11,085 |
| Repairs and Maintenance | 6,859 | 8,987 |
| Cleaning | 15,373 | 12,120 |
| | <u>131,042</u> | <u>106,616</u> |
| Less Service Charges | <u>21,260</u> | <u>16,800</u> |
| | <u>£109,782</u> | <u>£89,816</u> |
| | | |
| 16 <u>Executive, Marketing and Fundraising</u> | <u>1994</u> | <u>1993</u> |
| Staff Costs | 121,704 | 102,451 |
| Advertising and Promotion | 25,417 | 27,344 |
| Events | 17,545 | - |
| Fundraising Costs | 1,003 | 3,655 |
| | <u>165,669</u> | <u>133,450</u> |
| Less Service Charge | <u>9,900</u> | <u>17,000</u> |
| | <u>£155,769</u> | <u>£116,450</u> |
| | | |
| 17 <u>Administration</u> | <u>1994</u> | <u>1993</u> |
| Staff Costs | 42,612 | 50,612 |
| General Expenses | 5,485 | 5,402 |
| Bank Charges | 4,955 | 2,133 |
| Travel Expenses | 4,395 | 3,925 |
| Audit Fee | 4,170 | 3,328 |
| Legal and Professional | 12,554 | 11,257 |
| | <u>74,171</u> | <u>76,657</u> |
| Less Service Charge | <u>4,304</u> | <u>17,200</u> |
| | <u>£69,867</u> | <u>£59,457</u> |
| | | |
| 18 <u>Finance</u> | <u>1994</u> | <u>1993</u> |
| Bank Interest | - | 294 |
| Loan Interest | 7,237 | 7,539 |
| Irrecoverable V.A.T. | - | 792 |
| - Prior Years Recovery | - | (5,934) |
| | <u>£7,237</u> | <u>£2,691</u> |

HENRY DOUBLEDAY RESEARCH ASSOCIATION

Notes to the Financial Statements for the Year ended 31st December 1994 **(continued)**

19 Defined benefit pension scheme

The Association, along with H.D.R.A. (Sales) Limited and Organic Enterprises Limited, participate in a pension scheme with 25 other institutions, which provide benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Association, being invested with a pension fund management company. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the Association. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31st March 1992. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 8.5% per annum, that salary increases would average 7% per annum and that present and future pensions would increase at the rate of 3% per annum.

The pension charge for the Association for the year was £24,162.

Due to the nature of the scheme it is not practicable to extract from the scheme funds as a whole the amount attributable to Henry Doubleday Research Association. The following information applies therefore to the value of the pension scheme attributable to all 28 participating institutions.

The most recent actuarial valuation showed that the market value of the scheme's assets was £2,659,305 and that the actuarial value of those assets represented 109% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the Association will be increased to 6.4% but with employees remaining at 3.5%.