

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(A Company Limited by Guarantee and working under the name of Garden Organic)

ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2005

Burgis & Bullock
Chartered Accountants
2 Chapel Court
Holly Walk
Leamington Spa
Warwickshire
CV32 4YS



HENRY DOUBLEDAY RESEARCH ASSOCIATION

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YEAR ENDED

31 DECEMBER 2005

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HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

LEGAL AND ADMINSTRATIVE DETAILS

31 DECEMBER 2005

REGISTERED NUMBER:	2188402
CHARITY REGISTERED NUMBER:	298104
REGISTERED OFFICE:	Ryton Organic Gardens Ryton on Dunsmore Coventry CV8 3LG
AUDITORS:	Burgis & Bullock 2 Chapel Court Holly Walk Leamington Spa CV32 4YS
PATRON:	H.R.H The Prince of Wales, KG, KT, GCB
PRESIDENT:	The Rt Hon Earl Kitchener, TD, DL, MA
VICE PRESIDENT:	G Pearson
THE COUNCIL OF MANAGEMENT:	Dr B Bourne (Chairman) Dr S A Bucknall (Vice Chairman) Dr W Blyth D Allan R Bearman W Ellicock Dr J Garrett A Harbour Dr B Haskins R Key J Lucas J R W Petrie K Pinder J Scott C M Ungood –Thomas M Bradley
CHIEF EXECUTIVE & COMPANY SECRETARY:	Dr S Kay-Williams

COUNCIL OF MANAGEMENT ANNUAL REPORT

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING (Limited by Guarantee and working under the name of Garden Organic)

YEAR ENDED 31 DECEMBER 2005

The council of management have pleasure in presenting their report and the financial statements of the charity for the year ended 31 December 2004. The council of management have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 in preparing the annual report and financial statements of the charity.

THE COUNCIL OF MANAGEMENT

The charity is a charitable company limited by guarantee and was set up on the 16 October 1987. It is governed by a memorandum and articles of association dated 16 October 1987, which was last amended by a special resolution dated 11 September 2004. Its objects are to carry out activities that research and promote organic gardening, farming and food.

The Council of Management has the sole control and management of income and property of HDRA – Garden Organic. As well as being the directors of the company, members of the council are also Trustees of the charity.

Meetings of the council are held four times a year, with certain aspects of the business delegated to the following sub committees and working groups, which met during the year:

Finance Sub Committee

- To advise and make recommendations to the council on financial matters.
- This comprises of representatives from the Council and a representative from our auditors.

Strategic Planning Group

To consider the following areas:

- Development of mission and vision
- Formulation of policy and strategic direction
- Establishing key messages
- Trend analysis for development of new ideas.

Risk Analysis Working Group

- To develop a risk policy for HDRA
- To prepare the annual statement on risk management
- To prepare a systematic assessment on risk management

Articles of Association Working Group

- Review Memorandum and Articles of Association

This group was set up to examine our Memorandum and Articles as this had not been done in any systematic way since they were first introduced in 1987. However, with the possibility of the introduction of the new Charities Act it was decided to put this work on hold to save doing this work twice.

Sustainability Working Group

- To develop the policy on sustainability for the Association
- With staff, to recommend and oversee the implementation of the policy

In addition there is the separately constituted Board of Organic Enterprises Ltd, which runs the trading company. This comprises of *representatives from the Council and three independent Directors.*

The Companies Act 1985 requires the council of management to prepare financial statements for the financial year, which give a true and fair view of the state of affairs of the charity at the end of the year and of the surplus or deficiency for the year then ended.

In preparing those financial statements, the council of management are required to select suitable accounting policies, as described on pages 10-12, then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The council of management must also prepare financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The council of management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act

COUNCIL OF MANAGEMENT ANNUAL REPORT

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING (Limited by Guarantee and working under the name of Garden Organic)

YEAR ENDED 31 DECEMBER 2005

(continued)

1985. The council of management 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.

TRUSTEE APPOINTMENT AND INDUCTION

The Trustees serve a five year term, at the end of this term they may stand for re-election. As a membership organisation there is an annual invitation to the membership to put themselves forward for the Council, advertised in our journal, *The Organic Way*. In 2005 three members of Council retired, two stood for re-election. No one else stood. This being the case there was no need for an induction programme this year, although one is in place for future new members of Council.

During the year the Council received training on reading and understanding the figures from the Hon Treasurer.

Day to day management of HDRA is delegated to the Senior Management Team, under the overall direction of the Chief Executive. During 2005, staff were engaged in the following areas:

- Research and Development including international programmes
- Gardens, education, social programmes, advice and training, and conservation work
- Fundraising, communications and membership
- Finance and Administration
- Executive Office

RISK MANAGEMENT

HDRA – Garden Organic has a risk management group with expertise in finance, IT, policies and general management. During 2005, work began on establishing, testing, and auditing for the assessment and management of risk.

The group will meet as appropriate, and will review the risk register on each occasion. Although it is intended to present the risk register only once a year to the full Council, any material changes or developments will be prioritised.

One element of risk that was considered was the introduction of the new working name. It was recognised that it was important to take long-standing members with us while also attracting a new membership. For this reason, among others, it was agreed that the way forward was the introduction of a working name while keeping Henry Doubleday Research Association as the formal name of the charity.

The new working name was approved for use by the Charity Commission and they were informed of its introduction on 3 October 2005.

OBJECTIVES AND ACTIVITIES

The objects of the charity are to advance education and science for the public benefit by

- the improvement of scientific and practical horticulture and agriculture in all their branches through the application of organic methods and principles
- research into the study of organic methods and principles of horticulture and agriculture and the dissemination of the useful results thereof
- the advancement of the awareness and knowledge of ecosystems and our impact on them by demonstrating the value of organic methods on a broad education front, both in the United Kingdom and overseas.
- The preservation and protection of the charity's properties and the conservation of wildlife thereon as a centre or centres for scientific research into the practical application of organic methods or agriculture and horticulture and their influence on the wildlife using the property as their natural habitat and to make the same available for inspection and study by members of the public.

HDRA - Garden Organic's vision is to be recognised as the leading organic organisation for research, demonstration and promotion of organic growing and food, and to be an inspiration to everyone concerned with these issues, such that they want to join.

COUNCIL OF MANAGEMENT ANNUAL REPORT

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING (Limited by Guarantee and working under the name of Garden Organic)

YEAR ENDED 31 DECEMBER 2005 (continued)

HDRA - Garden Organic is a company limited by guarantee (Registered Co. No. 2188402) and a registered charity (No. 298104). Its commercial (i.e. non charitable) work is undertaken via a wholly owned subsidiary called Organic Enterprises Ltd.

During 2005, the charity's key priorities were to promote its name, its work and its philosophy. To facilitate this, it adopted a new working name – Garden Organic. To achieve the priorities during 2005, there were three principal objectives:

- 1 To increase awareness of Garden Organic
- 2 To increase membership, and
- 3 To increase our unrestricted income.

To meet these objectives the Council and Senior Management developed an Action Plan for 2005, the first time that such a document had been prepared. This document looked at the charity's work through seven areas: research and innovation, income generation, promotion, conservation, education, demonstration and inspiration with four additional areas that impacted across all these elements: policies, social impact, environmental impact and infrastructure. A copy of the plan was given to all staff and trustees and was then reviewed part way through the year and at the year end to measure achievement against the targets.

To improve awareness the charity aimed to increase the quantity, focus and range of titles that took press stories about the organisation and our work, as well as the frequency of articles appearing in publications that know of our work, both for the public and for the horticultural sector. We did this by building up the contact list, taking a more lateral approach to the kind of publications that might be interested in the charity's work and being more available for comments and stories. The charity also used other media stories to make sure people heard about the established work when it linked into popular issues (such as Duchy Originals Garden organic for Schools, following the Jamie Oliver television programmes).

Garden Organic sought to increase visitor numbers at the managed sites. This was done by increasing the special events that were held at each site, by engaging with more groups to come for day and half day visits, and by encouraging people to come back to additional events.

The charity sought to gain wider acknowledgement for the breadth and quality of its work, especially the research and international work. This was achieved by submitting research papers at more conferences, especially international ones, about aspects of organic growing, publishing the outcomes of the work and hosting more meetings at our site with interested parties.

During 2005, the charity looked at ways to increase its membership. Previously there had been no money to invest in this area and finding this became a priority. Nevertheless, it was not a 'quick win' and this important strand will need to be developed over time. The change of working name was one tool to enable the charity to be more easily recognised by those not familiar with its work.

To increase unrestricted income the charity needed to look at a number of options. Legacies had been seen as a windfall rather than something to be cultivated. During 2005 two Legacy days were held to inform members about how legacies are used and what their support would enable to happen in the future. Seeing, as one visitor put it 'the nine-tenths of the work you don't normally see' was a really appreciated by those who visited. The staff team also worked hard to maximise Gift Aid and increase appeals and general donations.

VOLUNTEERS

The charity is fortunate to have the services of a wide variety of volunteers who enable it to do its work. Across the three sites there are volunteer guides, gardeners, administration support and researchers. For 2005 this amounted to 80 people.

The Master Composter scheme, which trains volunteers to promote composting in their locality, had more than 200 volunteers in 2005.

The Organic Food for All programme, which trains volunteers to become mentors who will run gardening programmes with novice gardeners, had 100 trained volunteers by the end of the year.

In both the Master Composter and OFfA schemes the 'ripple' effect of the work will reach many thousands of people directly or indirectly.

COUNCIL OF MANAGEMENT ANNUAL REPORT

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING (Limited by Guarantee and working under the name of Garden Organic)

YEAR ENDED 31 DECEMBER 2005
(continued)

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF DISABLED

Employees have been consulted on issues of concern to them by means of regular staff meetings and have been kept informed on specific matters directly by management. The charity intends to carry out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and trustees.

The charity has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities policy
- Volunteer's policy
- Health and Safety policy

ACHIEVEMENTS AND PERFORMANCE

During 2005, HDRA - Garden Organic achieved an enormous amount, especially considering the financial constraints.

The charity was featured in more media than ever before, including television and radio features on the Adopt A Veg scheme from the Heritage Seed Library; the start of a six month run of features in a new magazine: Grow Your Own and in a number of parenting magazines linked to the Schools project and the Vegetable Kingdom. Staff and sites were also used by BBC *Gardener's World* for various trials and were featured in a programme for UKTV Style.

Each quarter all departments compile a Quarterly Report. Once this had been submitted to Council the text is put on to the website for members to read. This gives a much fuller picture of the charity's work and the broad range it covers.

Four new titles in the Green Essentials series were published, on Allotments, Vegetable growing, Fruit growing and Roses, aimed at beginners and the research team published *Organic Vegetable Production – a complete guide* for commercial farmers and smallholders.

Funding was achieved for a new play for children on vegetables which will be launched in 2006.

The organic apple research project in conjunction with Warwick HRI was completed.

The Organic Dining Club, a monthly evening dining opportunity in the Ryton restaurant, was launched during Organic Week 2005. Our restaurant also won the Coventry and Warwickshire Restaurant of the Year 2005.

Visitor numbers increased at both the managed sites (Ryton from 24,919 in 2004 to 33,005 in 2005 and Yalding from 14,047 to 17,325, including the highest monthly visitor figure ever for Yalding in June 2005). At the third site, Audley End, managed by English Heritage, the first special event, Apple Day, increased admissions by 1,500 people.

Members of the research and development departments, including the international team, spoke at international conferences on organic systems in Australia, Switzerland, Sweden, Glasgow and London. The international department ran a second conference at the Royal Show for people from developing countries to help them learn about how they could implement organic growing in their countries.

The schools project, Duchy Originals Garden Organic for Schools, increased membership to 1,700 schools. Some of this was undoubtedly driven by the aftermath of the Jamie Oliver television series on television but the fact that this scheme had been running for five years meant that the systems were in place to be able to offer access to all the schools that wanted to get involved (albeit on the same budget). Six of the schools leaflets were translated in to Welsh.

More than 15,000 enquiries were received for the Get Set Grow campaign pack following the launch of the new working name. This pack was only promoted through press contacts, no advertising.

Our social programme Organic Food for All had trained 100 mentors by the end of the year. This was originally the target for 2006 but such has been the demand. The mentors work as volunteers setting up growing projects for people on limited incomes, many of

COUNCIL OF MANAGEMENT ANNUAL REPORT

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING (Limited by Guarantee and working under the name of Garden Organic)

YEAR ENDED 31 DECEMBER 2005
(continued)

whom will never have grown anything before, to show them how to grow their own fruit and vegetables. By the end of the year 69 projects were established and already the benefits are being felt by more than 1,000 people.

The Master Composter scheme which runs in conjunction with County Councils and WRAP was extended during the year to include Warwickshire. The flagship Cambridge project won the Green Champions award in the National Green Apple Environment Awards, partnership category.

For membership, by the end of the year we had achieved a commitment to fund a Membership Marketing Manager for two years from the Esmee Fairbairn Charitable Trust, although the post could not be filled until 2006. Meanwhile although we gained over 4000 new members, we also lost members. The primary reasons for losing members are either that they have reduced finances, usually at retirement, or that they stop having a garden. For this latter category we will be looking at how we can encourage ongoing membership as it supports all our charitable work. So, at the year end, membership was just under 32,000.

During the year we achieved increased income from legacies, appeals and donations. All of these contributed to increasing unrestricted income. However, we still have further work to do in this area and it remains a key challenge especially as many charitable trusts only wish to support projects and, despite encouragement from ACEVO and others, often give money purely to the project elements and not to the core costs which will actually enable it to be run.

FUNDRAISING

Work concentrated on appeals, legacy development and trust fundraising. Most challenging was the trust fundraising where achieving a significant sum from a trust for the first time can take a year or more. For most of the year there was only one full time fundraiser with some support from the Chief Executive.

FINANCIAL REVIEW

The accounting policies under which the financial results are prepared remained as in previous years. Funding for research projects continues to vary year on year, making direct comparison of the summary information difficult; 2005 also saw the transfer of the accounting of Organic Consultancy from OEL to HDRA. However, the underlying trend remains towards a more sustainable day-to-day level of activity, particularly in the management and administration of HDRA and in the trading company.

In previous years, the major capital development of the Vegetable Kingdom and Centre of Horticulture (COH) required substantial financial assistance from Triodos Bank, and continuing support from our bankers, Lloyds TSB. The decrease in net debt during 2005 is therefore particularly pleasing. As at June 2006, the final payment of the ERDF grant towards this work is still outstanding, placing pressure on our cashflow; this situation is being managed carefully.

Some of the cost centres for regular areas of expenditure have changed over the year. For this reason some figures may seem to have changed significantly from 2004. A closer examination in the same table will reveal where an area of expenditure used to be coded, and where it is now. For example, in note 8 the increase in horticultural expenditure represents a bringing together of costs that have previously been counted under different headings.

The Trustees have reviewed the reserves of the charity. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. The review concluded that to allow the charity to be managed efficiently and to provide a buffer for uninterrupted services, a general reserve equivalent to £1,100,000 should be maintained. This equates to approximately seven months of unrestricted fund expenditure. It is intended that all budgets for future years will forecast surpluses to increase the general fund to the level agreed by the trustees.

The charity has a number of other designated and restricted funds, which are represented by investments and fixed assets. The purpose of these funds is detailed in notes 20 to 21 in the financial statements.

The charity's policy is to adopt a medium risk investment strategy based on maximising income on temporarily invested restricted and surplus funds, and within this strategy the trustees set a 2.5% income target based on the market rate of cash deposits.

COUNCIL OF MANAGEMENT ANNUAL REPORT**HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)****YEAR ENDED 31 DECEMBER 2005****(continued)****PLANS FOR FUTURE PERIODS**

During 2006, HDRA – Garden Organic will build on the work in 2005, continuing to increase the public's awareness of the organisation and its work by gaining a higher local profile through the media, especially local press and radio; by further developing the events programme, particularly around organic growing and food and wine events. It will raise its profile with opinion formers and opinion leaders, locally and nationally. It will also promote repeat visits through the conference centre trade, encouraging delegates to return with their families.

The charity will also continue to grow the membership. A Membership Manager was appointed in early 2006 specifically to achieve this goal. The target is 35,000 by the end of 2006 rising to 50,000 by the end of 2008. These are ambitious targets and the organisation will need to be creative, as well as seeking investment funding, to grow this area.

Tighter control of finances is central to our future; by careful management of income and expenditure, by balancing our repayment of debt with the need to invest in the day to day activities, and by looking to the funders to contribute to the whole cost of the programmes and research they support.

As well as these specific plans for 2006, the Council and all staff have been involved in preparing a forward plan for the period 2007-2011, a period that will encompass our 50th anniversary, the 10th anniversary of being at Audley End and the centenary of the birth of the Founder, Lawrence D Hills.

FUNDS HELD AS CUSTODIAN TRUSTEE

Central to HDRA – Garden Organic's work is its research programme. During the year, a number of grants were received to fund key projects. As shown in the notes to the accounts, the range of projects continues to grow, demonstrating the charity's increasingly recognised expertise in the field of organic growing. Although overall the funds held for restricted purposes were smaller at the end of 2005 than at the beginning, the value of funds held for project work has grown.



Dr Susan Kay-Williams
Chief Executive

3rd June 2006

COUNCIL OF MANAGEMENT ANNUAL REPORT**HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING**
(Limited by Guarantee and working under the name of Garden Organic)**YEAR ENDED 31 DECEMBER 2005**
(continued)**HONORARY TREASURER'S REPORT**

The overall financial result for 2005 was much better than the previous year with a surplus of £171,000 (net incoming resources) more than doubling the balance of Unrestricted Funds to be carried forward. This is a good beginning to strengthening the balance sheet – an essential task now that the major capital building programme has been completed.

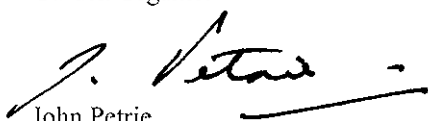
Membership subscriptions, our largest single source of income, now exceed three quarters of a million pounds and cover 42% of Direct Charitable Expenditure. Plans are now in place, and funded by a specific grant, to further build on this fundamental base of core income. However, this still leaves over £1.5 million to be raised from other sources and that is where the increases in receipts from donations, appeals, gift aid and particularly legacies is most welcome. Legacies totalling nearly half a million pounds enabled us to significantly reduce our bank debt to a more manageable level.

Organic Enterprises Limited (OEL) runs the shops and restaurants at Ryton and Yalding and other commercial activities including the conference centre. Charity accounting regulations require us to show the gross revenue and expenditure of OEL as separate items in the Statement of Financial Activities but by deducting the costs from the revenue it will be seen that OEL contributed £234,000 to Garden Organic by way of net profit and fees covering their contribution to premises costs and other overheads.

Under the heading Direct Charitable Expenditure in the Statement of Financial Activities some of the categories show significant change from 2004 which does not appear to reflect normal growth. This is due in part to reclassification and also to reorganisation of some activities. Restating the 2004 figures to present more accurate comparisons has not been carried out because new charity reporting requirements to be introduced next year mean that all the presentation will change again.

Although creditors have been reduced from the 2004 peak, operating with net current liabilities (total creditors due within one year exceeding current assets of cash, debtors and stock) means that monitoring the cash flow position has been a continuing challenge. The final payment of over £200,000 due from the European Regional Development Fund for the building project is still outstanding.

Since the year end we have recruited a new Finance Director who has already demonstrated the skills and experience necessary to take us forward on the higher level of professionalism necessary to match the wide range of activities currently undertaken by Garden Organic.



John Petrie
Hon Treasurer

3rd June 2006

REPORT OF THE INDEPENDENT AUDITORS TO

THE MEMBERS OF HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY

UNDERTAKING FOR THE YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of Henry Doubleday Research Association Limited for the year ended 31 December 2005 which comprise the Consolidated Statement of Financial Activities, the Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statements of Trustees' Responsibilities. Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We are not required to consider whether the statement in the Trustees' Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures. We read other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Opinion

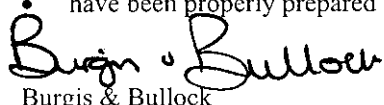
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, 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 financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming an 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 group and charitable company's affairs in accordance with United Kingdom Generally Accepted Accounting Practice, as at 31 December 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and
- have been properly prepared in accordance with the Companies Act 1985.



Burgis & Bullock
Chartered Accountants
Registered auditor

2 Chapel Court
Holly Walk
Leamington Spa
CV32 4YS

Date: 3rd June 2006

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2005 £	Total 2004 £
Incoming resources					
Donations appeals and charitable gifts	2	492,188	203,487	695,675	440,663
Legacies	3	486,242	-	486,242	(61,492)
Sponsorship		81,713	-	81,713	88,485
Activities in furtherance of charity's objects:					
Admission, subscriptions and grants	4	872,970	455,458	1,328,428	1,761,633
Activities for generating funds:					
Fees for gardening services		86,037	-	86,037	81,720
Shop & Restaurant income		1,047,002	-	1,047,002	1,071,929
Conference, Fee & Publication income		395,437	-	395,437	745,304
Investment income	5	5,764	-	5,764	7,306
Other income	6	205,071	-	205,071	164,351
Total incoming resources		3,672,424	658,945	4,331,369	4,299,899
Resources expended					
Costs of generating funds:					
Fundraising and publicity	7	65,881	-	65,881	68,725
Shop & Restaurant costs		1,127,505	-	1,127,505	1,119,066
Conference, Fee & Publication costs		80,110	-	80,110	120,372
Other costs		-	-	-	1,613
Charitable expenditure:					
Costs of activities in furtherance of the charity's objectives	8	1,749,720	759,186	2,508,906	2,585,040
Management and administration of the charity	9	478,326	-	478,326	456,594
Total resources expended	10	3,501,542	759,186	4,260,728	4,351,410
Net incoming/(outgoing) resources		170,882	(100,241)	70,641	(51,511)
Other recognised gains and losses					
Unrealised gains on investments		(53)	10,500	10,447	4,763
Net movement in funds		170,829	(89,741)	81,088	(46,738)
Fund balances brought forward at 1 January		162,834	4,027,999	4,190,833	4,237,581
Fund balances carried forward at 31 December 2005		333,663	3,938,258	4,271,921	4,190,833

All of the results are from continuing activities and include all gains and losses recognised in this year and last.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

BALANCE SHEET
AT 31 DECEMBER 2005

		Group		Charitable company	
	Notes	2005	2004	2005	2004
		£	£	£	£
Fixed assets					
Tangible fixed assets	11	5,498,971	5,770,558	5,488,404	5,757,247
Investments	12	63,228	52,781	62,735	52,288
		<hr/> 5,562,199	<hr/> 5,823,339	<hr/> 5,551,139	<hr/> 5,809,535
Current assets					
Stocks	13	132,148	168,477	5,000	5,000
Debtors	14	460,596	688,460	471,594	697,397
Cash at bank and in hand		147,462	95,958	117,083	55,756
		<hr/> 740,206	<hr/> 952,895	<hr/> 593,677	<hr/> 758,153
Creditors: amounts falling due within one year	15	(1,413,119)	(1,931,562)	(1,255,530)	(1,723,016)
Net current liabilities		<hr/> (672,913)	<hr/> (978,667)	<hr/> (661,853)	<hr/> (964,863)
Total assets less current liabilities		<hr/> 4,889,286	<hr/> 4,844,672	<hr/> 4,889,286	<hr/> 4,844,672
Creditors: amounts falling due after more than one year	16	(617,365)	(653,839)	(617,365)	(653,839)
Net assets		<hr/> 4,271,921	<hr/> 4,190,833	<hr/> 4,271,921	<hr/> 4,190,833
Income funds					
Restricted funds	20	3,938,258	4,027,999	3,938,258	4,027,999
Unrestricted funds:					
- designated funds	21	-	-	-	801,035
- other charitable funds		333,663	162,834	333,663	(638,201)
	22	<hr/> 4,271,921	<hr/> 4,190,833	<hr/> 4,271,921	<hr/> 4,190,833

On behalf of the Council of Management

Dr W Bourne, Chairman

Date

WFB
3rd June 2006

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	£	£
Reconciliation of Net Incoming Resources to Net Cash Inflow From Operating Activities		
Net Incoming/(Outgoing) Resources	70,641	(51,511)
Movement In Deferred Income	1,040	21,649
Investment Income	(5,764)	(7,306)
Interest Paid	38,117	24,526
Corporation Tax Paid	113	1,613
Depreciation	205,267	190,886
Loss on Disposal	-	22,465
2004 Overprovision for fixed assets	88,424	-
Decrease/(Increase) in Stock	36,329	(30,659)
Decrease in Debtors	227,864	166,930
(Decrease) in Creditors	(201,203)	(10,066)
Net Cash Inflow from Operating Activities	460,828	328,527
Cash Flow Statement		
Net Cash Inflow from Operating Activities	460,828	328,527
Return on Investment and Servicing of Finance	(32,353)	(17,220)
Taxation	(113)	(1,613)
Capital Expenditure	(22,104)	(1,233,533)
Net cash inflow/(outflow) before management of liquid resources and financing	406,258	(923,839)
Financing	85,760	559,784
Increase/(Decrease) in Cash	492,018	(364,055)
Reconciliation of Net Cash Flow to Movement in Net Debt		
Increase/(Decrease) in Cash in the Year	492,018	(364,055)
Loans Repaid	14,240	3,216
New loan	(100,000)	(550,000)
Change in Net Debt	406,258	(910,839)
Net Debt at Start of Year	(1,404,179)	(493,340)
Net Debt at End of Year	(997,921)	(1,404,179)

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

Gross Cash Flows	2005	2004
	£	£
Returns on Investments and Servicing of Finance		
Interest Received	5,764	7,306
Interest Paid	(38,117)	(24,526)
	<u>32,353</u>	<u>(17,220)</u>
	<u><u>32,353</u></u>	<u><u>(17,220)</u></u>
Taxation		
Corporation tax paid	(113)	(1,613)
	<u>(113)</u>	<u>(1,613)</u>
	<u><u>(113)</u></u>	<u><u>(1,613)</u></u>
Capital Expenditure		
Payments for Tangible Fixed Assets	(22,104)	(1,233,533)
	<u>(22,104)</u>	<u>(1,233,533)</u>
	<u><u>(22,104)</u></u>	<u><u>(1,233,533)</u></u>
Management of Liquid Resources		
Loans Repaid	(14,240)	(3,216)
New Loan	100,000	550,000
Sale of Investments	-	13,000
	<u>85,760</u>	<u>559,784</u>
	<u><u>85,760</u></u>	<u><u>559,784</u></u>

Analysis of Changes in Net Debt	1 January 2005	Cash Flow	31 Dec 2005
	£	£	£
Cash at Bank and in Hand	95,958	51,504	147,462
Overdrafts	(901,020)	440,514	(460,506)
	<u>(802,062)</u>	<u>492,018</u>	<u>(313,044)</u>
Decrease in Cash in the Year	(802,062)	492,018	(313,044)
Debt Due within One Year	(6,000)	(116,780)	(122,780)
Debt Due after One Year	(593,117)	31,020	(562,097)
	<u>(1,404,179)</u>	<u>406,258</u>	<u>(997,921)</u>
	<u><u>(1,404,179)</u></u>	<u><u>406,258</u></u>	<u><u>(997,921)</u></u>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2005

1. Accounting Policies

a) Accounting Convention

The Accounts are prepared under the historical cost convention (modified to include the revaluation of investments). In preparing the Financial Statements the charity follows best practice as laid down in the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) issued in October 2000.

b) Consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiary Organic Enterprises Limited on a line by line basis.

A separate Statement of Financial Activities, or Income and Expenditure Account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by Section 230 of Companies Act 1985 and paragraph 304 of SORP 2000.

c) Intangible Fixed Assets

Goodwill arising on consolidation is amortised over its estimated useful life of 10 years.

d) Tangible Fixed Assets

Depreciation is provided on all Tangible Fixed Assets, other than Freehold Land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, or lease period if shorter, as follows:-

Freehold Buildings	2% to 10% straight line
Ground research and Equipment	10% to 25% straight line
Fixtures and Fittings	10% to 25% straight line
Long leasehold	Over the term of the lease

e) Taxation

The charity is exempt from Tax.

f) Donations and Legacies

Donations and legacies are accounted for when received and treated according to the donor's wishes.

g) Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less cost of disposal.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

1. Accounting Policies (continued)

h) Funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure that meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources receivable or generated for the objects without further specified purpose and are available as general funds.

Designated funds comprise unrestricted funds that have been set aside by the council of management for a particular purpose. The aim and use of each designated fund is set out in note 21.

i) Incoming Resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified and a third party is bearing the cost.

Income received from deposit covenanted donations are credited to separate accounts, shown on the Balance Sheet as Deferred Income and split according to whether the receipt will be credited to the Statement of Financial Activities within one year.

Membership subscriptions are accounted for on an accruals basis providing an allowance for deferred income for subscriptions received in advance.

Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

j) Resources Expended

Expenditure is included on an accruals basis.

Costs of activities in the furtherance of the Charity's objects comprise those costs directly attributable to managing the charity's activities.

Management and administration costs comprise costs for the running of the charity itself as an organisation.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

1. Accounting Policies (continued)

k) Government Grants

Grants are allocated between capital and revenue. The revenue element of the grant is released to profit and loss account in the year in which the grant is received. The capital element is released over the life of the asset to which the grant relates.

l) Grant Payable

Grants payables are charged in the year when the offer is conveyed to the recipient.

m) Pension Costs

The Association contributed to a defined benefit scheme and a group personal pension scheme during the year. The regular pension cost for the defined benefit scheme is charged to the Statement of Financial Activities and is based on the expected pension cost over the services lives of the employees.

n) Fixed Asset Investments

Investments held as fixed assets are stated at market value at the Balance Sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

o) Operating Leases

Rentals under operating leases are charged against income on a straight-line basis over the period of the lease.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

2. Donations, Appeals and Charitable Grants

	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
	£	£	£	£
Donations	166,624	35,124	201,748	106,232
Gift aid and tax recovery	196,140	32,701	228,841	163,481
Appeals	76,475	118,573	195,048	54,126
Charitable grants	52,949	17,089	70,038	54,126
	<hr/>	<hr/>	<hr/>	<hr/>
	492,188	203,487	695,675	440,663
	<hr/>	<hr/>	<hr/>	<hr/>

3. Legacies

	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
	£	£	£	£
	486,242	-	486,242	(61,492)
	<hr/>	<hr/>	<hr/>	<hr/>

Legacies are accounted for on the basis of cash received, or receipt of written confirmation, in accordance with the accounting principle of prudence.

4. Admissions, Subscriptions & Grants

	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
	£	£	£	£
Admission charges	65,378	-	65,378	74,238
Membership subscriptions	737,953	-	737,953	709,304
Government & commercial grants	69,639	455,458	525,097	978,091
	<hr/>	<hr/>	<hr/>	<hr/>
	872,970	455,458	1,328,428	1,761,633
	<hr/>	<hr/>	<hr/>	<hr/>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

5. Investment Income (Unrestricted)	Investment Value 2005	Investment Value 2004	Investment Income 2005	Investment Income 2004
UK quoted investments	62,725	52,278	-	-
UK group undertakings	9	9	-	-
UK participating interest	1	1	-	-
UK portfolio cash	-	-	5,764	7,306
	<hr/> 62,735	<hr/> 52,288	<hr/> 5,764	<hr/> 7,306
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
6. Other Income	Unrestricted Funds £	Restricted Funds £	Total Funds 2005 £	Total Funds 2004 £
Royalty income	73,700	-	73,700	54,401
Rental income	-	-	-	1,500
Sundry income	131,371	-	131,371	108,450
	<hr/> 205,071	<hr/> -	<hr/> 205,071	<hr/> 164,351
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
7. Fundraising and Publicity	Unrestricted Funds £	Restricted Funds £	Total Funds 2005 £	Total Funds 2004 £
Fundraising & publicity costs	65,881	-	65,881	68,725
	<hr/> 65,881	<hr/> -	<hr/> 65,881	<hr/> 68,725
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (Continued)

YEAR ENDED 31 DECEMBER 2005

8. Costs of Furtherance of Charity's Objects

	Unrestricted Funds £	Restricted Funds £	Total Funds 2005 £	Total Funds 2004 £
Membership	86,467	-	86,467	64,235
Premises	-	-	-	32,644
Grounds	97,705	94,370	192,075	313,966
Education & advisory	284,744	-	284,744	239,634
International research	40,460	527,845	568,305	825,205
Genetic research	-	-	-	77,666
Executive, marketing & fundraising	202,225	-	202,225	172,455
Site overheads	-	-	-	126,987
Depreciation	50,144	121,944	172,088	148,136
Loss on disposal of fixed assets	-	-	-	19,982
Horticulture	454,894	3,391	458,285	44,768
Provision of Charitable Services	1,216,639	747,550	1,964,189	2,065,678
Support costs:				
Printing, stationery & postage	253,522	-	253,522	328,649
Advertising	17,952	-	17,952	9,244
Consumable & repairs	17,647	-	17,647	14,806
Equipment costs and leasing	13,480	-	13,480	34,495
Leasing & vehicle costs	28,811	-	28,811	17,477
Telephone	9,648	-	9,648	2,664
Entertaining	21,268	-	21,268	20,833
Professional fees	59,664	-	59,664	20,262
Bank & CC charges	52,025	11,636	63,661	5,675
Conference & room hire	26,344	-	26,344	21,338
Sundry	3,398	-	3,398	36,840
ICT costs	3,922	-	3,922	2,370
Travel	25,400	-	25,400	4,709
	533,081	11,636	544,717	519,362
Total	1,749,720	759,186	2,508,906	2,585,040

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (Continued)

YEAR ENDED 31 DECEMBER 2005

8. Costs of Furtherance of Charity's Objects (continued)

Included in the above costs are the following amounts:

	Staff costs	Depreciation & other costs	Total 2005	Total 2004
	£	£	£	£
Membership	53,747	32,720	86,467	64,235
Premises & grounds	40,158	151,917	192,075	346,610
Education & Advisory	228,830	55,914	284,744	239,634
International research	381,574	186,731	568,305	825,205
Genetic research	-	-	-	77,666
Executive, marketing & fundraising	171,017	31,208	202,225	172,455
Site overheads	-	-	-	126,987
Depreciation	-	172,088	172,088	-
Amortisation	-	-	-	-
Horticultural	411,793	46,492	458,285	44,768
Loss on disposal of assets	-	-	-	19,982
	<hr/>	<hr/>	<hr/>	<hr/>
	1,287,119	677,070	1,964,189	2,065,678
	<hr/>	<hr/>	<hr/>	<hr/>

9. Management and Administration

	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
	£	£	£	£
Salaries	261,055	-	261,055	230,292
Office and other costs	125,374	-	125,374	141,808
Audit fees	14,800	-	14,800	16,050
Legal & professional fees	6,040	-	6,040	11,563
Interest payable & bank charges	38,117	-	38,117	24,526
Depreciation	32,940	-	32,940	32,355
	<hr/>	<hr/>	<hr/>	<hr/>
	478,326	-	478,326	456,594
	<hr/>	<hr/>	<hr/>	<hr/>

The cost of indemnity insurance incurred during the year was £11,208 (2004 £16,800).

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (Continued)

YEAR ENDED 31 DECEMBER 2005

10. Total Resources Expended

	Staff Costs	Depreciation & Amortisation	Grants paid and other costs	Total Funds 2005	Total Funds 2004
	£	£	£	£	£
Direct charitable expenditure	667,467	165,492	1,675,947	2,508,906	2,585,040
Fundraising and publicity	43,328	-	22,553	65,881	68,725
Management & administration	261,055	32,940	184,331	478,326	456,594
Shop and restaurant costs	484,276	6,835	636,394	1,127,505	1,119,066
Conference costs	15,749	-	25,288	41,037	75,791
Publishing costs	10,912	-	28,161	39,073	44,581
Taxation	-	-	-	-	1,613
	<u>1,482,787</u>	<u>205,267</u>	<u>2,572,674</u>	<u>4,260,728</u>	<u>4,351,410</u>

The aggregate payroll costs were:

	2005	2004
	£	£
Wages and salaries	1,306,255	1,765,794
Social security costs	123,355	139,812
Other pension costs	53,177	57,518
	<u>1,482,787</u>	<u>1,963,124</u>

The average number of staff employed by the charity and the company during the financial year amounted to:

	2005	2004
	No.	No.
Total number of staff	<u>144</u>	<u>141</u>

No trustee received any remuneration or any other benefits or expenses. Travelling expenses are reimbursed in accordance with the Association's policy.

The chief executive's remuneration was £56,100 during the year (2004: £61,433).

The chief executive pension costs were £6,238 during the year (2004: £2,567). There was 1 higher paid employee for the year earning £50,000-£60,000 (2004: 1 earning £60,000-£70,000).

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (Continued)

YEAR ENDED 31 DECEMBER 2005

11. Tangible Fixed Assets

Group	Land & Buildings £	Grounds & Research Equipment £	Fixtures & Fittings £	Motor Vehicle £	Total £
Cost					
At 1 January 2005	5,639,743	210,658	630,428	-	6,480,829
Additions	3,348	826	11,649	6,281	22,104
2004 overprovision	(88,424)	-	-	-	(88,424)
At 31 December 2005	<u>5,554,667</u>	<u>211,484</u>	<u>642,077</u>	<u>6,281</u>	<u>6,414,509</u>
Depreciation					
At 1 January 2005	433,633	142,020	134,618	-	710,271
Charge for the Year	101,672	16,055	87,540	-	205,267
At 31 December 2005	<u>535,305</u>	<u>158,075</u>	<u>222,158</u>	<u>-</u>	<u>915,538</u>
Net Book Value					
31 December 2005	<u>5,019,362</u>	<u>53,409</u>	<u>419,919</u>	<u>6,281</u>	<u>5,498,971</u>
<i>31 December 2004</i>	<u>5,206,110</u>	<u>68,638</u>	<u>495,810</u>	<u>-</u>	<u>5,770,558</u>

Included in Freehold Land and Buildings is £458,000 (2004: £458,000) relating to land.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

11. Tangible Fixed Assets -(continued)

Company	Land & Buildings £	Grounds & Research Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
At 1 January 2005	5,639,743	210,658	578,498	-	6,428,899
Additions	3,348	826	7,558	6,281	18,013
2004 overprovision	(88,424)	-	-	-	(88,424)
At 31 December 2005	<u>5,554,667</u>	<u>211,484</u>	<u>586,056</u>	<u>6,281</u>	<u>6,358,488</u>
Depreciation					
At 1 January 2004	433,633	142,020	95,999	-	671,652
Charge for the Year	101,672	16,055	80,705	-	198,432
At 31 December 2005	<u>535,305</u>	<u>158,075</u>	<u>176,704</u>	<u>-</u>	<u>870,084</u>
Net Book Value					
31 December 2005	<u>5,019,362</u>	<u>53,409</u>	<u>409,352</u>	<u>6,281</u>	<u>5,488,404</u>
31 December 2004	<u>5,206,110</u>	<u>68,638</u>	<u>482,499</u>	<u>-</u>	<u>5,757,247</u>

Included in Freehold Land and Buildings is £458,000 (2004: £458,000) relating to land.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

12. Investments

Group	2005	2004
	£	£
Market value at 1 January	52,278	60,515
Net gains on revaluations in the year	10,447	4,763
(Disposals)/Acquisitions	-	(13,000)
Market value at 31 December	<u>62,725</u>	<u>52,278</u>

Investments at market value comprised:

UK fixed interest securities	15,725	15,778
Quoted UK shares	47,000	36,500
Investments at market value:	<u>62,725</u>	<u>52,278</u>
Investment in group undertakings	503	503
Total investments	<u>63,228</u>	<u>52,781</u>

	2005	2004
	£	£
Historical cost of UK fixed interest securities at 31 December	<u>14,515</u>	<u>14,515</u>

The value of the investments allotted under ranges under the Trustee Investment Act is as follows:

	2005	2004
	£	£
Narrow range	<u>62,725</u>	<u>52,278</u>

Analysis of investments at 31 December 2005
between funds

	Total	Narrow Range	Broad Range
	£	£	£
Quoted Investments	<u>62,725</u>	<u>62,725</u>	<u>-</u>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

12. Investments (continued)

Subsidiary and associated undertakings

During the year Organic Enterprises Limited, a 100% subsidiary, was the sole trading subsidiary with the principal activities of running shops and restaurants at the charity's outlets, the production and distribution of certain publications and management of consultancy projects.

Net income from the subsidiary trading activities	2005 £	2004 £
Profit and Loss account		
Turnover	1,430,775	1,817,233
Cost of Sales	(1,086,429)	(1,093,688)
Gross Profit	<u>344,346</u>	<u>723,545</u>
Other income	86,302	56,282
Administrative expenses	(416,787)	(700,350)
Tax	(113)	(1,613)
Net profit prior to gift aid to the charity	<u>13,748</u>	<u>78,431</u>
Net assets at 31 December	<u>7</u>	<u>7</u>

HDRA Consultants Limited is 100% owned by the association and did not trade during the year. Net assets of the company were £2 at the year-end (2004: £2).

The association indirectly owns a subsidiary through Organic Enterprises Limited –

HDRA (Sales) Limited (owned 94.4%) had net assets of £nil (2004: £nil) at the year-end. This company did not trade during 2005.

As they no longer trade an application was to be made during 2005 to remove HDRA Consultants Limited and HDRA (Sales) Limited from the Register of Companies, this application is still in progress.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

12. Investments (continued)

Charitable Company

	2005	2004
	£	£
Market value at 1 January	52,278	60,515
Net gains on revaluations in the year	10,447	4,763
(Disposals)/Acquisitions	-	(13,000)
Market value at 31 December	<u>62,725</u>	<u>52,278</u>
Investments at market value comprised:		
UK fixed interest securities	15,725	15,778
Quoted UK shares	47,000	36,500
Investments at market value:	<u>62,725</u>	<u>52,278</u>
Investment in group undertakings	10	10
Total investments	<u>62,735</u>	<u>52,288</u>
	2005	2004
	£	£
Historical cost of UK fixed interest securities at 31 December	<u>14,515</u>	<u>14,515</u>

The value of the investments allotted under ranges under the Trustee Investment Act is as follows:

	2005	2004
	£	£
Narrow range	<u>62,725</u>	<u>52,278</u>
Analysis of investments at 31 December 2005 between funds		
	Total	Narrow
	£	Range
		Broad
		Range
		£
Quoted Investments	<u>62,725</u>	<u>62,725</u>
		<u>-</u>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

12. Investments (continued)

Investments in group undertakings are made up of –

	Shares
HDRA Consultants	£2
HDRA (Sales) Limited	£1
Organic Enterprises Limited	£7
	<u>£10</u>

In addition the group indirectly owns an investment of £502 in 50% of the issued share capital of a dormant company, The Composting Company Limited.

13. Stock	Group		Charitable Company	
	2005	2004	2005	2004
	£	£	£	£
Stocks for resale	132,148	168,477	5,000	5,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14. Debtors	Group		Charitable Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	352,071	447,707	311,401	307,330
Prepayments	34,436	70,611	30,784	70,611
Other debtors	74,089	170,142	58,646	89,602
Amount owed by subsidiary undertaking	-	-	70,763	229,854
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	460,596	688,460	471,594	697,397
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

15. Creditors: amounts falling due within one year	Group		Charitable company	
	2005 £	2004 £	2005 £	2004 £
Bank overdraft and loans (see note 17)	606,066	913,020	606,066	867,568
Trade creditors	328,931	399,713	236,600	279,762
Accruals and deferred income	333,077	282,013	317,495	282,013
Other taxation and social security	97,309	118,893	54,462	107,573
Other creditors	47,736	217,923	40,907	186,100
	<u>1,413,119</u>	<u>1,931,562</u>	<u>1,255,530</u>	<u>1,723,016</u>

The aggregate amount of consolidated secured creditors included above is £606,066 (2004: £913,020).

The Triodos bank overdraft and loans are secured by way of a legal mortgage over the freehold property, a legal mortgage over the leasehold property known as Yalding Organic Gardens, and a debenture over all assets and undertakings of the charity.

16. Creditors: amounts falling due after more than one year	Group		Charitable company	
	2005 £	2004 £	2005 £	2004 £
Bank loans and overdrafts (see note 17)	539,317	587,117	584,877	587,117
Accruals and deferred income	78,048	66,722	32,488	66,722
	<u>617,365</u>	<u>653,839</u>	<u>617,365</u>	<u>653,839</u>

The aggregate amount of secured creditors included above is £539,317 (2004: £587,117).

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NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

17. Loans	Group		Charitable company	
	2005 £	2004 £	2005 £	2004 £
An analysis of loans is given below:				
Amounts falling due within one year:				
Bank loans	122,780	6,000	122,780	6,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Amounts falling due between one and two years:				
Bank loans	22,780	6,000	122,780	6,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Amounts falling due between two and five years:				
Bank loans	73,143	35,430	38,655	35,430
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Amounts falling due after five years:				
Bank loans	466,174	551,687	546,222	551,687
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

During the year the charity took out another loan with Triodos bank. The existing loan is repayable in 8 years and the new loan is repayable in 21 years. The new loan is repayable at base rate plus 1.9%, the existing loan at 8%. The bank has a legal mortgage over the freehold property, a legal mortgage over the leasehold property known as Yalding Organic Gardens, a debenture over all assets and undertakings of the charity, both present and future.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

18. Pensions

The pension charge for the association for the year was £41,378 (2004: £57,418).

The Association together with Organic Enterprises Limited and 26 other institutions participates in a pension scheme, which provides 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 Statement of Financial Activities 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 31 March 2004. 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 increases in salaries and pensions. It was assumed that the investment returns would be 7.5% per annum, that salary increases would average 4% per annum and that present and future pensions would increase at the rate of 3% per annum.

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 fair value of the assets held by the pension scheme at the actuarial date were as follows, together with the expected rate of return for each class of asset.

	2004	Rate
	£,000	Return
		%
UK equities	4,202	5.0
Overseas equities	1,007	5.0
Bonds	1,291	5.0
Other:		
Property	895	7.5
Other	1,393	7.5
	<hr/>	
Fair value of assets held	8,788	
Liabilities to members	12,591	
	<hr/>	
Deficit	3,803	
	<hr/>	

The pension scheme deficit has not been incorporated in the balance sheet of the charity.

The contributions of the Association and employees will increase, in accordance with recommendations from the actuary, from 7.4% to 11.5% and 3.5% to 6.0% respectively with effect from 1 July 2005. This will raise the assets to the level of the funding target over the next 15 years.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

19. Capital and Company Status

The charity is a company limited by guarantee. The members of the company are named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

20. Restricted Funds

Group and Company

	Balance at 1 January 2005 £	Movement in Resources Incoming/(Outgoing) £	Balance at 31 December 2005 £
Appeals:			
Restricted Funds:			
Seed of Hope Appeal	400	29	429
Grow Your Own Appeal	479	32	511
Adopt-a-veg appeal	8,494	4,816	(3,391)
Vegetable Kingdom and offices	3,818,283	-	(157,504)
Projects:			
Organic Africa	4,124	-	-
Organic Food For All	102,837	81,015	(172,446)
Vegetable Database	38,723	1,474	(10,000)
Educational Appeal	44,687	7,200	(40,000)
International Appeal	9,972	94,984	(45,000)
MAFF Conversion	-	7,532	(13,908)
MAFF Economic Organic Farming	-	19,200	(19,604)
Strawberry Fruit Link	-	4,010	(1,416)
Soil Nutrient Management	-	14,431	(6,356)
Vegetable Varieties	-	13,985	(13,985)
Weed Phd	-	77,787	(41,134)
Economics of Top Fruit	-	1,096	(1,096)
Vegetable Market Study	-	29,386	(13,783)
Huntsmill Kirton	-	102,224	(79,979)
DEFRA Rural Economics	-	3,000	(1,291)
DEFRA Weeds	-	35,368	(9,627)
Sustainable Vegetable Network	-	96,738	(87,946)
STOVE	-	26,674	(29,290)
Cuba Dissemination	-	18,464	(11,430)
Garden Appeal	-	30,000	-
Total Restricted Funds	4,027,999	669,445	(759,186)
	<hr/>	<hr/>	<hr/>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee and working under the name of Garden Organic)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

20. Restricted Funds (continued)

Money for the International Appeal was to extend the scope of the International work to meet the needs of community farmers in developing countries.

The Garden Appeal is to raise money to enable us to develop the garden surrounding the new buildings.

The Adopt-A-Veg Appeal was for the retention of old varieties of vegetables, which are no longer produced on a commercial basis.

The Vegetable Kingdom Appeal was launched to fund a new seed conservation facility and visitor centre at Ryton Organic Gardens. The Replacing Offices Appeal was to create new office buildings for research and financial staff.

The Organic Africa Appeal is to fund the Ghana Organic Agriculture Networks, which aims to promote organic farming in Africa.

The Organic Food For All appeal is to support the Project Team. The project trains volunteer mentors to teach gardening for food skills to disadvantaged communities.

21. Designated Funds

	Balance at 1 Jan 2005	Movement in resources	Balance at 31 Dec 2005
Company	£	£	£
Building fund	801,035	(801,035)	-
	<u> </u>	<u> </u>	<u> </u>

The unrestricted funds of the charity included a building fund, which had been set aside out of unrestricted funds by the Council of Management for that specific purpose. The Building Fund reflected the amount of Association's funds committed to land and buildings and ground improvements net of the Triodos Loans outstanding in relation thereto. The building works are now complete.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
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NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2005

22. Analysis of net assets between funds

Group	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
	£	£	£	£
Fund Balances at 31 December 2005 are represented by:				
Tangible Fixed assets	1,050,314	4,448,657	5,498,971	5,770,558
Investments	16,228	47,000	63,228	52,781
Current Assets (for restricted funds see note 20)	471,583	268,623	740,206	952,895
Current Liabilities	(587,097)	(826,022)	(1,413,119)	(1,931,562)
Creditors falling due after more than one year	(617,365)	-	(617,365)	(653,839)
Total Net Assets	333,663	3,938,258	4,271,921	4,190,833

24. Operating Lease Commitments

The future minimum payments to which the group and company are committed at 31 December 2004 under operating leases are payable as follows:

	2005	2004
	£	£
In One year	5469	9,560
In the Second to Fifth Year	20,097	28,037
After Five Years	-	37,597

25. Capital Commitments

There were capital commitments of £nil (2004: £Nil) at the year-end.

26. Contingent liabilities

There was a contingent liability relating to a bank guarantee of £nil (2004: £100,000) at the year-end.

27. Ultimate Controlling Party

The company is controlled by its Council of Management as disclosed on page 1.