

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(A Company Limited by Guarantee)

ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2002

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



HENRY DOUBLEDAY RESEARCH ASSOCIATION

INDEX TO ACCOUNTS

YEAR ENDED

31 DECEMBER 2002

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HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

LEGAL AND ADMINISTRATIVE DETAILS

31 DECEMBER 2002

REGISTERED NUMBER:	2188402
CHARITY REGISTERED NUMBER:	298104
REGISTERED OFFICE:	Ryton Organic Gardens Ryton on Dunsmore Coventry CV8 3LG
AUDITORS:	Burgis & Bullock 2 Chapel Court Holy Walk Leamington Spa CV32 4YS
PATRON:	H.R.H The Prince of Wales, KG, KT, GCB
THE COUNCIL OF MANAGEMENT:	The Rt Hon Earl Kitchener TD, DL, MA G Pearson (Vice President) Dr B Bourne (Vice Chairman) Dr W Blyth (Chairman) D Allan R Bearman Dr S A Bucknall W Ellicock Dr J Garrett A Harbour Dr B Haskins J Lucas JRW Petrie P Russack (resigned 30 November 2002) J Scott CM Ungood – Thomson R Key (appointed 30 November 2002) K Pinder (appointed 30 November 2002)
CHIEF EXECUTIVE & COMPANY SECRETARY:	A Gear
EXECUTIVE DIRECTOR:	J Gear

COUNCIL OF MANAGEMENT ANNUAL REPORT**HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)****YEAR ENDED 31 DECEMBER 2002**

The council of management have pleasure in presenting their report and the financial statements of the charity for the year ended 31 December 2002. 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.

Legal Status

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 25 June 1988. Its objects are to carry out activities that research and promote organic gardening, farming and food.

Objectives

The charity's objects are to advance education and science for the public benefit by:

The improvement of scientific and practical horticulture in all their branches through the application of organic methods and principles of horticulture and agriculture, and the dissemination of the useful results thereof.

The advancement of awareness and knowledge of ecosystems and our impact on them by demonstrating the value of organic methods of a broad educational front both in the United Kingdom and overseas.

Review of the Business for the year

The Statement of Financial Activities for the year is set out on page 7 of the financial statements. A summary of the financial results and the work of the charity is set out below.

Organisation

The council members and the executives determine the general policy of the association. The day-to-day management of the association is delegated to the executive committee.

Grant Making Policies

Grants payable to partner organisations are considered to be part of the cost of activities in furtherance of the objects of the charity, because much of the charity's development programme is carried out through grants to overseas organisations which support long-term, sustainable benefits for a community, which are monitored by the charity.

COUNCIL OF MANAGEMENT ANNUAL REPORT**HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)****YEAR ENDED 31 DECEMBER 2002
(continued)****Governance and Internal Control**

The membership selects members of the council of management board. Applications for council of management are sought by advertisement from existing members. Members of the council of management serve on the board until retirement. The council of management meets four times a year, this includes a meeting to review the strategy and performance and to set up the operating plans and budgets. The Finance and General Purpose Committee is made up of trustees and other individuals.

The committee operated under specific terms of reference, which delegate certain functions from the council of management board. The committee has its decisions ratified by the full board.

The council of management have commenced a review of the risks facing the charity. This will involve identification of the types of risks the charity faces and identification of any means of mitigating those risks.

Investment Policy

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. During the year this target was exceeded.

Fundraising

The trustees have reviewed the fund-raising strategy and return on fund-raising costs. Fund-raising costs were £96,096 (2001 - £49,000). The increased investment in fund-raising over the past few years is reflected in increased income from donations, gifts and legacies. However, since there is often a timing mismatch between costs and related income, the fund-raising strategy adopts a rolling profile. The charity estimates that approximately £41,386 was expended during the year on activities that have yielded little or no return yet. These activities include new donor acquisition costs and an ongoing legacy campaign.

Resources expended

The pattern of direct charitable expenditure has remained broadly similar to last year, reflecting the continued investment in our core services.

The major expenditure in 2002 was on premises and the grounds. This included the building of a new office block, 'The Centre for Organic Horticulture' which was mainly funded by a generous donor, and of course the Vegetable Kingdom.

Research into organic growing methods continues to be a significant part of the charity's activities. 2002 saw expenditure on government-funded projects via DEFRA more than double, which reflects our position as a leading research organisation.

COUNCIL OF MANAGEMENT ANNUAL REPORT**HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)****YEAR ENDED 31 DECEMBER 2002
(continued)****Organic Enterprises Limited**

The Charity's wholly owned trading subsidiary carries out non-charitable trading activities for the charity. During the year the company made a gift aid payment of £82,813 transferring all its taxable profits to the charity. The directors of the subsidiary include two directors who are independent of the charity.

Income Generation

The charity's income increased from £2,097,652 to £3,934,160 and, after taking into account the income generated by the trading company the group's overall income amounted to £4,972,346. This increase, amounting to over 87%, is a significant achievement and the charity would like to thank all of its supporters for their work and generosity.

Legacy income this year has risen to record levels, mainly due to one substantial legacy of over £300,000. Due to the volatility of legacy income the charity does not include any legacy income in the budget for the year ended 31 December 2003, however, we have already received over £50,000 since the year-end.

The other major increase in income was grant income. Joint funding from the Heritage Lottery Fund and the European Regional Development Fund of over £630,000 in 2002, with a further substantial amount still to come in 2003, has enabled us to build our major new visitor attraction, The Vegetable Kingdom.

Volunteers

The charity is grateful for the unstinting efforts of its volunteers who are involved in service provision, charity shops and fund-raising. It is estimated that over 4,000 volunteer hours were provided during the year. If this is conservatively valued at £6 an hour the volunteer effort amounts to over £24,000.

Employee Involvement and Employment of Disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and 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 & Safety policy

In accordance with the charity's equal opportunities policy, the charity has long established fair employment practices in the recruitment, retention and training of disabled staff.

Full details of these policies are available from the charity's offices.

COUNCIL OF MANAGEMENT ANNUAL REPORT**HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)****YEAR ENDED 31 DECEMBER 2002
(continued)****Reserves Policy**

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. During the year the charity's general reserve moved back into surplus. 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 21 to 23 in the financial statements.

Council of Management responsibilities

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 11-13, 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 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.

Dr W A Blyth
Chairman



Date

19-7-03

REPORT OF THE INDEPENDENT AUDITORS TO**THE MEMBERS OF HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY****UNDERTAKING FOR THE YEAR ENDED 31 DECEMBER 2002**

We have audited the financial statements of Henry Doubleday Research Association Limited for the year ended 31 December 2002 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.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Trustees Responsibilities, the Trustees are responsible for the preparation of the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Charities Act 1993. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Trustees' Annual 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 United Kingdom 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 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 Group and Charity's state of affairs as at 31 December 2002 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.



Registered Auditors
Chartered Accountants

2 Chapel Court
Holly Walk
Leamington Spa
CV32 4YS

Date: 19 July 2003

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2002 £	Total 2001 £
Incoming resources					
Donations appeals and charitable gifts	2	646,323	63,271	709,594	692,244
Legacies		390,441	-	390,441	122,673
Sponsorship		31,500	7,000	38,500	52,497
Activities in furtherance of charity's objects:					
Admission, subscriptions and grants	3	857,621	929,687	1,787,308	1,050,336
Activities for generating funds:					
Fees for gardening services		90,671	-	90,671	80,441
Investment income	4	30,059	-	30,059	30,631
Other income	5	1,925,773	-	1,925,773	1,506,719
Total incoming resources		3,972,388	999,958	4,972,346	3,535,541
Resources expended					
Costs of generating funds:					
Fundraising and publicity	6	96,096	-	96,096	49,000
Trading company costs		1,037,186	-	1,037,186	1,436,889
Charitable expenditure:					
Costs of activities in furtherance of the charity's objectives	7	2,159,139	83,296	2,242,435	1,710,497
Management and administration of the charity	9	341,743	5,076	346,819	319,919
Total resources expended	10	3,634,164	88,372	3,722,536	3,516,305
Net incoming resources before transfers					
Transfer from unrestricted funds		338,224	911,586	1,249,810	19,236
		(30,136)	30,136	-	-
Other recognised gains and losses					
Unrealised gains/(losses) on investments		726	-	726	(615)
Net movement in funds		308,814	941,722	1,250,536	18,621
Fund balances brought forward at 1 January		736,513	759,664	1,496,177	1,478,556
Fund balances carried forward at 31 December 2002		1,045,327	1,701,386	2,746,713	1,497,177

All of the above results are driven from continuing activities. All gains and losses recognised in this year and the previous year are included above.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

BALANCE SHEET
AT 31 DECEMBER 2002

	Notes	Group 2002 £	2001 £	Charitable company 2002 £	2001 £
Fixed assets					
Intangible fixed assets	11	140,950	-	-	-
Tangible fixed assets	12	2,060,604	1,154,484	2,020,978	1,105,072
Investments	13	31,368	594,043	29,875	592,550
		2,232,922	1,748,527	2,050,853	1,697,622
Current assets					
Stocks	14	84,646	108,908	-	-
Debtors	15	1,318,129	517,646	1,521,560	533,642
Cash at bank and in hand		1,031,477	76,733	815,296	75,628
		2,434,252	703,287	2,336,856	609,270
Creditors: amounts falling due within one year	16	(1,796,027)	(809,137)	(1,504,401)	(678,715)
Net current assets		638,225	(105,850)	832,455	(69,445)
Total assets less current liabilities		2,871,147	1,642,677	2,883,308	1,628,177
Creditors: amounts falling due after more than one year	17	(124,434)	(145,500)	(121,934)	(132,000)
Net assets		2,746,713	1,497,177	2,761,374	1,496,177
Income funds					
Restricted funds	21	1,701,386	759,664	1,701,386	759,664
Unrestricted funds:					
- designated funds	22	1,049,300	1,049,300	1,049,300	1,049,300
- other charitable funds		(3,973)	(311,787)	10,688	(312,787)
	23	2,746,713	1,497,177	2,761,374	1,496,177

The accounts were approved by the Council of Management on

19-7-03
WJ Blyth

HENRY DOUBLE DAY RESEARCH ASSOCIATION

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £
Reconciliation of Net Incoming Resources to		
Net Cash Inflow From Operating Activities		
Net Incoming/(Outgoing) Resources	1,249,810	18,236
Unrealised Gain/(Loss) on Investments	726	(615)
Investment Income	(30,059)	(30,631)
Interest Payable	3,993	12,194
Depreciation	59,354	77,950
Amortisation	15,661	-
Decrease/(Increase) in Stock	24,262	(12,047)
(Increase)/Decrease in Debtors	(800,483)	205,281
(Decrease)/Increase in Creditors	61,235	(221,439)
	<u>584,499</u>	<u>48,929</u>
 Cash Flow Statement		
Net Cash Inflow from Operating Activities	584,499	48,929
Return on Investment and Servicing of Finance	26,066	18,437
Capital Expenditure	(965,474)	(41,692)
 Management of Liquid Resources		
Financing	399,064	(104,955)
 Increase in Cash	<u>44,155</u>	<u>(79,291)</u>
 Reconciliation of Net Cash Flow to		
Movement in Net Debt		
Increase in Cash in the Year	44,155	(79,291)
Loans Repaid	6,000	5,926
 Change in Net Debt	<u>50,155</u>	<u>(73,365)</u>
 Net Debt at Start of Year	(140,575)	(67,210)
 Net Debt at End of Year	<u>(90,420)</u>	<u>(140,575)</u>

HENRY DOUBLE DAY RESEARCH ASSOCIATION

NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

Gross Cash Flows	2002	2001
	£	£
Returns on Investments and Servicing of Finance		
Interest Received	30,059	30,631
Interest Paid	(3,993)	(12,194)
	<u>26,066</u>	<u>18,437</u>
 Capital Expenditure		
Payments for Tangible Fixed Assets	(965,474)	(41,692)
	<u><u></u></u>	<u><u></u></u>
 Financing		
Loans Repaid	(6,000)	(5,926)
Sale of investments	405,064	(99,039)
	<u>399,064</u>	<u>(104,965)</u>

Analysis of Changes in Net Debt	1 January 2002	Cash Flow	31 Dec 2002
	£	£	£
Cash at Bank and in Hand	76,733	954,744	1,031,477
Overdrafts	(149,794)	(910,589)	(1060,383)
	<u>(73,601)</u>	<u>44,155</u>	<u>(28,906)</u>
Decrease in Cash in the Year	(73,601)	44,155	(28,906)
Debt Due within One Year	(6,000)	-	(6,000)
Debt Due after One Year	(61,514)	6,000	(55,514)
	<u>(140,575)</u>	<u>50,155</u>	<u>(90,420)</u>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS

AS AT 31 DECEMBER 2002

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) Intangible Fixed Assets

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

c) 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

d) Taxation

The charity is exempt from Tax.

e) Donations and Legacies

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

f) Stock

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

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

1. Accounting Policies (continued)

g) 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 22.

h) 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. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Income received from life and friends membership subscriptions and 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.

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.

i) Resources Expended

Expenditure is included on an accruals basis.

Costs of activities in the furtherance of 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)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

1. Accounting Policies (continued)

j) 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.

k) 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.

l) Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

m) Grant Payable

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

n) Pension Costs

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

o) 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.

p) 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)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

2. Donations, Appeals and Charitable Grants

	Unrestricted Funds	Restricted Funds	2002 Total Funds	2001 Total Funds
	£	£	£	£
Donations	79,053	-	79,053	97,672
Gift Aid and Tax Recovery	173,928	8,303	182,231	-
Appeals	3,115	54,968	58,083	122,247
Charitable grants	390,227	-	390,227	472,325
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	646,323	63,271	709,594	692,244
	<hr/>	<hr/>	<hr/>	<hr/>

3. Admissions, Subscriptions & Grants

	Unrestricted Funds	Restricted Funds	2002 Total Funds	2001 Total Funds
	£	£	£	£
Admission charges	61,772	-	61,772	64,312
Membership subscriptions	626,299	-	626,299	641,972
Government & commercial grants	169,550	929,687	1,099,237	344,052
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	857,621	929,687	1,787,308	1,050,336
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**4. Investment Income
(Unrestricted)**

	Investment Value	Investment Value	Investment Income	Investment Income
	2002	2001	2002	2001
UK quoted investments	29,865	29,139	1,773	1,773
UK group undertakings	9	9	-	-
UK participating interest	1	1	-	-
UK portfolio cash	-	563,401	28,286	28,858
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	29,875	592,550	30,059	30,631
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HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

5. Other Income

	Unrestricted Funds	Restricted Funds	2002 Total Funds	2001 Total Funds
	£	£	£	£
Trading company sales	1,646,175	-	1,646,175	1,488,931
Rental Income	25,500	-	25,500	1,500
Sundry Income	254,098	-	254,098	16,288
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	1,925,773	-	1,925,773	1,506,719
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6. Fundraising and Publicity

	Unrestricted Funds	Restricted Funds	Total Funds 2002	Total Funds 2001
	£	£	£	£
Fundraising & publicity costs	96,096	-	96,096	49,000
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7. Costs of Furtherance of Charity's Objects

	Unrestricted Funds	Restricted Funds	Total Funds 2002	Total Funds 2001
	£	£	£	£
Membership	53,582	546	54,128	36,446
Premises	18,457	-	18,457	318,101
Grounds	281,876	6,112	287,988	-
Education & Advisory	146,042	36,384	182,426	161,596
International research	881,496	-	881,496	350,557
Genetic research	52,682	6,182	58,864	55,767
Executive, marketing & fundraising	180,797	24	180,821	164,817
Site overheads	88,046	7,960	96,006	56,473
Depreciation	23,460	845	24,305	23,556
Amortisation	8,367	-	8,367	-
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Provision of Charitable Services	1,734,805	58,053	1,792,858	1,167,313

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING

NOTES TO THE ACCOUNTS (Continued)

YEAR ENDED 31 DECEMBER 2002

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

Support costs:

Printing, stationery & postage	305,015	18,763	323,778	277,859
Project costs	-	-	-	8,006
Advertising	15,039	189	15,228	17,955
Consumable & repairs	28,233	1,688	29,921	169,544
Leasing & vehicle costs	26,242	-	26,242	27,024
Telephone	28,740	750	29,490	28,999
Entertaining	9,387	908	10,295	8,245
Professional fees	7,996	637	8,633	1,031
Bank & CC charges	3,682	2,308	5,990	4,521
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Total	2,159,139	83,296	2,242,435	1,710,497
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Included in the above costs are the following amounts:

	Staff costs	Grants paid	Depreciation & other costs	2002 Total	2001 Total
	£	£	£	£	£
Membership	44,851	-	9,277	54,128	36,446
Premises & grounds	281,034	-	25,411	306,445	318,101
Education & Advisory	159,253	8,842	14,331	182,426	161,596
International research	368,058	9,418	504,020	881,496	350,557
Genetic research	53,662	-	5,202	58,864	55,767
Executive, marketing & fundraising	195,518	-	(14,697)	180,821	164,817
Site overheads	-	-	96,006	96,006	56,473
Depreciation	-	-	24,305	24,305	23,556
Amortisation	-	-	8,367	8,367	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,102,376	18,260	672,222	1,792,858	1,167,313
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING

NOTES TO THE ACCOUNTS (Continued)

YEAR ENDED 31 DECEMBER 2002

8. Grants Payable

	No. of grants in year	2002 £	2001 £
Grants payable included in the above:			
Suntaa – Nuntaa Rural Development Fund	1	3,615	-
Ghana Organic Agricultural Network	2	10,225	31,430
Mount Kenya Organic Farm	1	2,015	8,548
Kuliken Trust	1	702	1,357
Pamoza Community Development Programme	1	475	475
Fellowship for Urban & Rural Assistance	2	1,228	-
Seed Security Programme		-	28,098
		<hr/>	<hr/>
		18,260	69,908
		<hr/>	<hr/>

9. Management and Administration

	Unrestricted Funds £	Restricted Funds £	Total Funds 2002 £	Total Funds 2001 £
Salaries	151,518	5,076	156,594	162,170
Office and other costs	138,718	-	138,718	12,460
Audit fees	11,935	-	11,935	27,370
Legal & professional fees	7,097	-	7,097	64,601
Interest payable	3,993	-	3,993	12,194
Depreciation	21,188	-	21,188	41,124
Amortisation	7,294	-	7,294	-
	<hr/>	<hr/>	<hr/>	<hr/>
	341,743	5,076	346,819	319,919
	<hr/>	<hr/>	<hr/>	<hr/>

The cost of indemnity insurance incurred during the year was £9,025 (2001 £6,122).

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING

NOTES TO THE ACCOUNTS (Continued)

YEAR ENDED 31 DECEMBER 2002

10. Total Resources Expended

	Staff Costs	Depreciation & Amortisation	Grants paid and other costs	Total Funds 2002	Total Funds 2001
	£	£	£	£	£
Direct charitable expenditure	1,102,376	32,672	1,107,387	2,242,435	1,710,497
Fundraising and publicity	-	-	96,096	96,096	49,000
Management & administration	151,518	28,482	166,819	346,819	319,919
Trading company costs	326,426	-	710,760	1,037,186	1,436,889
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,580,320	61,154	2,081,062	3,722,536	3,516,305
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The aggregate payroll costs were:

	2002 £	2001 £
Wages and salaries	1,451,401	1,032,442
Social security costs	82,780	74,463
Other pension costs	46,139	45,699
	<hr/>	<hr/>
	1,580,320	1,152,604
	<hr/>	<hr/>

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

Directors salaries were £80,967 during the year.

There were no higher paid employees for the year.

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

	2002 No.	2001 No.
Total number of staff	123	120
	<hr/>	<hr/>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING

NOTES TO THE ACCOUNTS (Continued)

YEAR ENDED 31 DECEMBER 2002

11. Intangible Fixed Assets

	Goodwill £
Group	
Cost	
At 1 January 2002	-
Arising on consolidation in the year	156,611
At 31 December 2002	<u>156,611</u>
Accumulated amortisation	
At 1 January 2002	-
Charge for the year	15,661
At 31 December 2002	<u>15,661</u>
Net Book Value	
At 31 December 2002	140,950
At 31 December 2001	<u><u>-</u></u>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

12. Tangible Fixed Assets

	Land & Buildings	Grounds & Research Equipment	Assets in the Course of Construction	Fixtures & Fittings	Total
	£	£	£	£	£
Group					
Cost					
At 1 January 2002	1,250,605	216,452	-	289,126	1,756,183
Additions	7,438	5,764	936,687	15,585	965,474
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	1,258,043	222,216	936,687	304,711	2,721,657
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2002	233,704	143,218	-	224,777	601,699
Charge for the Year	32,291	21,405		5,658	59,354
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	265,995	164,623	-	230,435	661,053
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
31 December 2002	992,048	57,593	936,687	74,276	2,060,604
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2001	1,016,901	73,234	-	64,349	1,154,484
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in Freehold Land and Buildings is £458,000 (2001: £458,000) relating to land.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

12. Tangible Fixed Assets (continued)

Company	Land & Buildings £	Grounds & Research Equipment £	Assets in the Course of Construction £	Fixtures & Fittings £	Total £
Cost					
At 1 January 2002	1,250,605	131,206	-	289,126	1,670,937
Additions	7,436	1,693	936,687	15,583	961,399
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	1,258,041	132,899	936,687	304,709	2,632,336
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2002	233,704	107,384	-	224,777	565,865
Charge for the Year	32,291	7544		5,658	45,493
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	265,995	114,928	-	230,435	611,358
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
31 December 2002	992,046	17,971	936,687	74,274	2,020,978
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2001	1,016,901	23,822	-	64,349	1,105,072
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in Freehold Land and Buildings is £458,000 (2001: £458,000) relating to land.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

13. Investments

Group	2002	2001
	£	£
Market value at 1 January 2002	592,540	493,494
Net (losses)/gains on revaluations in the year ended 31 December 2002	726	(615)
(Disposals)/Acquisitions	(563,401)	99,661
Market value at 31 December 2002	<u>29,865</u>	<u>592,540</u>

Investments at market value comprised:

UK fixed interest securities	29,865	29,139
Cash deposits	-	563,401
Investments at market value:	<u>29,865</u>	<u>592,540</u>
Investment in group undertakings	<u>1,503</u>	<u>1,503</u>
Total investments	<u>31,368</u>	<u>594,043</u>

	2002	2001
	£	£
Historical cost of UK fixed interest securities at 31 December 2002	<u>27,322</u>	<u>27,322</u>

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

	2002	2001
	£	£
Narrow range	<u>-</u>	<u>29,139</u>

Analysis of investments at 31 December 2002 between funds

	Total	Broad	Narrow
	£	Range	Range
		£	£
Quoted Investments	<u>29,865</u>	<u>-</u>	<u>29,865</u>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

13. 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 charities outlets, the production and distribution of certain publications and management of consultancy projects.

Net income from the subsidiary trading activities	2002	2001
	£	£
Profit and Loss account		
Turnover	1,646,175	1,488,931
Cost of Sales	(892,593)	(1,082,219)
Gross Profit	<u>753,582</u>	<u>406,712</u>
Interest receivable	77,355	76,521
Administrative expenses	(748,524)	(447,948)
Interest Payable	-	(1,915)
Net profit prior to gift aid to the charity	<u>82,813</u>	<u>34,119</u>
Net assets at 31 December 2002	<u><u>£7</u></u>	<u><u>£6</u></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 (2001: £2).

The association indirectly owns a subsidiary through Organic Enterprises Limited –

HDRA (Sales) Limited (owned 99.4%) had net assets of £156,611 (2001: £156,611) at the year-end. This company did not trade during the year.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

13. Investments (continued)

Charitable Company

	2002	2001
	£	£
Market value at 1 January 2002	592,540	493,494
Net gains/(losses) on revaluations in the year ended 31 December 2002	726	(615)
(Disposals)/Acquisitions	(563,401)	99,661
Market value at 31 December 2002	<u>29,865</u>	<u>592,540</u>

Investments at market value comprised:

UK fixed interest securities	29,865	29,139
Cash deposits	-	563,401
Investments at market value:	<u>29,865</u>	<u>592,540</u>
Investment in group undertakings	10	2
Total investments	<u>29,875</u>	<u>592,550</u>

	2002	2001
	£	£
Historical cost of UK fixed interest securities at 31 December 2002	<u>27,322</u>	<u>27,322</u>

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

	2002	2001
	£	£
Narrow range	<u>-</u>	<u>29,139</u>

Analysis of investments at 31 December 2002 between funds

	Total	Broad	Narrow
	£	Range	Range
		£	£
Quoted Investments	<u>29,865</u>	<u>-</u>	<u>29,865</u>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

13. Investments (continued)

Listed investments having a net book value of £29,865 (2001: £29,139) are held by the charity and had a market value of £29,865 at the year-end (2001: £29,139).

Investments in group undertakings are made up of –

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

In addition the group indirectly owns an investment of £1,502 in 50% of the issued share capital of a dormant company, The Composting Company Limited.

14. Stock

	Group		Charitable Company	
	2002	2001	2002	2001
	£	£	£	£
Stocks for resale	84,646	108,908	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

15. Debtors

	Group		Charitable company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	900,480	272,996	759,347	188,349
Prepayments	344,841	147,201	344,841	147,201
Other debtors	72,808	97,449	33,996	9,738
Amount owed by subsidiary undertaking	-	-	383,376	188,354
	<hr/>	<hr/>	<hr/>	<hr/>
	1,318,129	517,646	1,521,560	533,642
	<hr/>	<hr/>	<hr/>	<hr/>

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

16. Creditors: amounts falling due within one year	Group		Charitable company	
	2002 £	2001 £	2002 £	2001 £
Bank overdraft and loans	1,066,583	155,707	1,059,300	152,433
Trade creditors	400,874	290,949	312,815	176,581
Amount owed to group undertakings	-	-	-	141,451
Accruals and deferred income	36,589	142,237	36,589	45,859
Other taxation and social security	34,840	109,328	26,877	84,016
Other creditors	257,141	110,916	68,790	78,375
	<u>1,796,027</u>	<u>809,137</u>	<u>1,504,401</u>	<u>678,715</u>

The aggregate amount of consolidated secured creditors at the year-end is £958,578 (2001: £152,433).

The Triodos bank overdraft is secured by way of 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 and assignments over life insurance policies for Alan and Jackie Gear amounting to £50,000 and £100,000 respectively.

17. Creditors: amounts falling due after more than one year	Group		Charitable company	
	2002 £	2001 £	2002 £	2001 £
Bank loans and overdrafts (see note 18)	55,314	61,601	55,314	61,601
Accruals and deferred income	66,620	70,399	66,620	70,399
Other creditors	2,500	13,500	-	-
	<u>124,434</u>	<u>145,500</u>	<u>121,934</u>	<u>132,000</u>

The aggregate amount of secured creditors at the year-end is £55,314 (2001: £61,601).

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

18. Loans	Group		Charitable company	
	2002 £	2001 £	2002 £	2001 £
An analysis of loans is given below:				
Amounts falling due within one year:				
Bank loans	6,000	6,000	6,000	6,000
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts falling due between one and two years:				
Bank loans	6,000	6,000	6,000	6,000
	<hr/>	<hr/>	<hr/>	<hr/>
	Group		Charitable company	
	2002 £	2001 £	2002 £	2001 £
Amounts falling due between two and five years:				
Bank loans	30,000	30,000	30,000	30,000
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts falling due after five years:				
Bank loans	19,514	25,514	19,514	25,514
	<hr/>	<hr/>	<hr/>	<hr/>

The charity has a loan with Triodos bank, which is repayable in 8 years. The rate of interest is 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 and assignments over keyman life insurance policies for Alan and Jackie Gear amounting to £100,000 each.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

19. Pensions

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 2001. 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 6.75% per annum, that salary increases would average 4.25% 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 £44,375 (2001: £45,699).

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.

	2001 £,000	Rate Return %
Equities	2,737	2.5
Bonds	396	4.75
Other:		
Managed funds	3,414	6.75
Property	699	6.75
Other	485	6.75
	<hr/>	
Fair value of assets held	7,731	
Liabilities to members	7,687	
	<hr/>	
Surplus	44	
	<hr/>	

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

The contributions of the Association and employees will remain at 7.2% and 3.5% respectively.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

AS AT 31 DECEMBER 2002

20. 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.

21. Restricted Funds

Group and Company

	Balance at 1 January	Transfers	Movement in Resources Incoming/(Outgoing)		Balance at 31 December 2002
	2002	2002			
	£	£	£	£	£
Restricted Funds:					
Seed of hope appeal	811	1,466	572	(2,849)	-
Grow your own appeal	4,614	9,170	1285	(15,069)	-
Geoff Hamilton appeal	6,835	(16)	-	(6,819)	-
Adopt-a-veg appeal	(6,909)	19,654	1103	(13,848)	-
GMO advisor Appeal	628	(82)	-	(546)	-
Vegetable Kingdom appeal	217,134	-	688,390	(1,236)	904,288
Audley End appeal	194	(56)	-	(138)	-
Replacement offices	478,149	-	248,297	(16,106)	710,340
Organic Africa	58,208	-	19,437	(20,476)	57,169
Organic Food For All	-	-	40,874	(11,285)	29,589
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Restricted Funds	759,664	30,136	999,958	(88,372)	1,701,386
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Seeds of Hope Appeal was a project that distributes tree seeds free of charge to all parts of the African sub-continent.

The Grow Your Own Appeal was to encourage more people to take up organic gardening.

The Geoff Hamilton Memorial Appeal was for the provision of the Paradise Garden at Ryton.

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

21. Restricted Funds (continued)

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

The GMO Advisor Appeal was launched due to an increase in enquiries relating to GMO issues.

The Vegetable Kingdom Appeal was launched to fund a new seed conservation facility and visitor centre at Ryton Organic Gardens.

The Audley End Appeal was for the restoration of Audley End Organic Kitchen Garden.

The Replacing Offices Appeal is 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 encourage people to think about eating organic foods.

Certain costs have been transferred to unrestricted funds where there were insufficient restricted funds to cover costs.

22. Designated Funds

Group and Company	Balance at 1 Jan 2002 £	Movement in resources £	Balance at 31 Dec 2002 £
Building fund	1,049,300	-	1,049,300
	<hr/>	<hr/>	<hr/>

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

HENRY DOUBLEDAY RESEARCH ASSOCIATION AND SUBSIDIARY UNDERTAKING
(Limited by Guarantee)

NOTES TO THE ACCOUNTS (continued)

23. Analysis of net assets between funds

Charity	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund Balances at 31 December 2002 are represented by :			
Tangible Fixed Assets	1,987,647	33,331	2,020,978
Investments	29,875	-	29,875
Current Assets (for restricted funds See Note 21)	605,180	1,731,676	2,336,856
Current Liabilities	(1,440,780)	(63,621)	(1,504,401)
Creditors falling due after more than one year	(121,934)	-	(121,934)
	<hr/>	<hr/>	<hr/>
Total Net Assets	1,059,988	1,701,386	2,761,374
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

24. Operating Lease Commitments

The future minimum payments to which the group and company are committed at 31 December 2002 under Operating Leases are payable as follows:

	2002 £	2001 £
In the Second to Fifth Year	24,063	35,922
After Five Years	2,900	2,900
	<hr/> <hr/>	<hr/> <hr/>

25. Capital Commitments

There were capital commitments of £1.1million (2001: £nil) relating to the Vegetable Kingdom at the year-end.

26. Ultimate Controlling Party

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