

**LAWES AGRICULTURAL TRUST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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Company Registration No. 8901784  
Charity Registration No. 1156150

# **LAWES AGRICULTURAL TRUST**

## **REFERENCE AND ADMINISTRATIVE INFORMATION**

**COMPANY NUMBER:** 8901784

**REGISTERED CHARITY No.** 1156150

**BANKERS:** Coutts & Co  
440 Strand  
London WC2R OQS

Barclays Bank Plc  
St. Albans City Business Centre  
PO Box 104  
22-24 Upper Marlborough Road  
St. Albans  
Herts. AL1 3AL

**SOLICITOR:** Withers  
16 Old Bailey  
London EC4M 7EG

**AUDITOR:** RSM UK Audit LLP  
St Philips Point  
Temple Row  
Birmingham B2 5AF

**INVESTMENT ADVISER:** Sarasin & Partners LLP  
Juxon House  
100 St Paul's Churchyard  
London EC4M 8BU

**PLANNING ADVISER & CHARTERED SURVEYOR:** Bidwells  
John Ormond House  
899 Silbury Boulevard,  
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MK9 3XJ

**PRINCIPAL OFFICE:** Rothamsted  
Harpenden  
Hertfordshire.  
AL5 2J

# **LAWES AGRICULTURAL TRUST**

## **REPORT OF THE TRUSTEES**

### **FOR THE YEAR ENDED 31 MARCH 2016**

The Trustees present their Report and Financial Statements of the Trust for the year ended 31<sup>st</sup> March 2016. The financial statements have been prepared in accordance with FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)). This is the first set of financial statements that the charity has prepared in accordance with FRS 102. The financial statements have been prepared under the historic cost convention as modified by the revaluation of investments. The financial statements meet the requirements of the Companies Act 2006, the Statement of Recommended Practice – Accounting and Reporting by Charities (Charities SORP (FRS 102)) and applicable accounting standards so far as these requirements are appropriate. The charity is a public benefit entity as defined by FRS 102.

### **Structure, Governance and Management**

The Trust is an incorporated charity and company limited by guarantee registered on 19<sup>th</sup> February 2014. It traces its origin to a Trust that was established in 1889 by the Declaration of Trust of Sir John Bennet Lawes FRS, who founded Rothamsted Experimental Station in 1843. The original trust was a registered charity, under the Number 208228. From April 2014 Lawes Agricultural Trust (Charity Number 1156150; Company Number 8901784) assumed all of the activities previously undertaken by the original and its corporate trustee, including guardianship of Rothamsted International.

The Trustees of the Lawes Agricultural Trust for 2015/16 are:

- Lord De Ramsey DL (Chairman)
- Professor Sir David Baulcombe FRS
- Dr Graham Birch #
- Lord Curry of Kirkharle CBE FRAGS
- Professor Sir Gordon Conway FRS
- Lord Cameron of Dillington
- Lord Haskins of Skidby\*
- Sir Peter Kendall
- Tina Barsby

\* Resigned 31<sup>st</sup> December 2015

# Joined 1<sup>st</sup> January 2016

The Trustees (who are also the Directors of the incorporated entity for the purposes of company law) meet regularly to consider policy, research, administrative matters and risks; they do not receive remuneration. The balance of skills needed for the long term success of the Trust and succession is kept under constant review; currently these include experience at the highest level in terms of scientific achievement, large estate/property management, farming and food business, international science (including developing countries), investment and political awareness. To date, new Trustees have been sought by personal recommendation and unanimous agreement within the Board; this is deemed to have served the needs of the Trust very effectively so is expected to continue. New Trustees are inducted by visits to the estate with the Chairman and Company Secretary highlighting scientific involvement, estate responsibilities, historical matters and urgent issues that are facing the Trustees. Training relevant to charity law and other matters as appropriate to the particular individual is offered. When new Trustee-Directors are required, account is taken of the current edition of the Charity Commission publication CC30 as modified from time to time.

The only standing sub-Committee of the Trust is the Investment Committee whose role is to critically examine and liaise with the Trust's investment advisors. Its members are:

- Lord De Ramsey DL
- Lord Cameron of Dillington

The Company Secretary of the Trust is Stephen James.

# **LAWES AGRICULTURAL TRUST**

## **REPORT OF THE TRUSTEES**

### **FOR THE YEAR ENDED 31 MARCH 2016**

#### **Structure, Governance and Management (continued)**

The function of the Scientific Committee for the Trust is carried out by the Trustee-Directors of Rothamsted Research Limited ("Rothamsted Research"), an incorporated charity that occupies and operates its agricultural research activities from land and buildings belonging to the Trust. These research activities are directed by the chief executive and director of Rothamsted Research; this position is currently held by Professor Achim Dobermann who has been in post since 1<sup>st</sup> June 2014.

In October 2011, Lawes Agricultural Trust ("LAT") became a Corporate Member of Rothamsted Research Limited along with the Biotechnology and Biological Sciences Research Council ("BBSRC") and the Chair of the Board of Trustee-Directors for Rothamsted Research. The role of these Members is defined through a Members' Agreement that describes how this tripartite arrangement recognises the contribution in land and buildings (from LAT) and funding (BBSRC) to the well-being of Rothamsted Research and, achieving this through an arms-length stance, does not seek to unduly influence the strategic direction of the Institute.

The role of Rothamsted International in the assessing and granting of Fellowships and is carried out through the advice of a panel of scientists distinguished in relevant agricultural and related research, namely the heads of scientific departments of Rothamsted Research. We are grateful for their services in this role and for ensuring the funding is spent wisely.

The Lawes Agricultural Trust and its component charity Rothamsted International are administered by the Company Secretary, provided by Chaseside Solutions Limited. The Key Management Personnel are considered to be the Trustees (who receive no remuneration), and the Company Secretary. His remuneration is agreed by the Trustees and Chairman based on market information. The contribution of the Director/CEO of Rothamsted Research to the Trust in overseeing and running those research interests at Rothamsted and funded by the Trust is recognised by a voluntary contribution, by way of a grant from the Trust, towards his remuneration.

#### **Assets**

At Harpenden, Hertfordshire, the Trust owns Rothamsted Estate (330 ha) incorporating a laboratory complex comprising research buildings and facilities (7 ha); an extensive experimental farm on most of the rest of the area; a Grade 1 listed building dating from the 13<sup>th</sup> century (Rothamsted Manor) used as a staff and student residence, plus thirty-seven houses and cottages. Properties that are surplus to immediate requirements are let on fully commercial terms. Some are on permanent external rent and defined as investment properties. The Trust also owns 10 flats ("Lawes Court") that are used as accommodation for scientists at Rothamsted, especially visiting from overseas and another property ("Southwood Court") of 15 bedrooms aimed at PhD students and young people, especially newly qualified post-doctoral scientists.

At Higham in Suffolk the Trust owns an experimental farm (77 ha) with 9 houses and laboratory buildings. Seventy-six hectares of experimental land at Woburn, Bedfordshire previously leased from the (Duke of) Bedford Estate, has been transferred to Rothamsted Research as previously reported.

Most of these experimental lands, buildings and facilities are occupied under a bare licence by Rothamsted Research and are included in that organisation's Balance Sheet at historic cost. The Trustees consider the open market value on an alternative use basis of these assets to be materially in excess of book value. During 2012 the Trustees initiated discussions with Rothamsted Research for the land and buildings occupied by the latter to be provided under a set of formal leases appropriate to the property in question and draft heads of terms have been prepared as a basis for further discussions. Significant campus development discussions have delayed the progression of these, but both the Trust and Rothamsted Research are keen that this will be re-initiated with view to formal negotiation in 2016 and completion in 2017. The Heads of Terms are with Rothamsted Research who are seeking some simplification of the proposed structure.

# **LAWES AGRICULTURAL TRUST**

## **REPORT OF THE TRUSTEES**

### **FOR THE YEAR ENDED 31 MARCH 2016**

#### **Assets (continued)**

During 2015/2016 the Trust has been very closely involved with the strategy and direction of “Rothamsted Centre for Research and Enterprise” (RoCRE), which is aimed at attracting scientifically-based, companies and organisations involved in the agricultural arena – large and small, new and established – to establish a cluster of like-minded organisations at Rothamsted. The first step of this has been the completion of new purpose-built facilities, largely funded by BBSRC with the intention these are leased to RoCRE on a peppercorn basis in recognition of the novelty of the concept.

The Trust also owns a significant collection of rare and early books on agriculture and related subjects, collections of livestock prints and paintings (including bequests) and small collections of furniture and effects in the Manor that are included in the balance sheet at a deemed cost value. The first of these were re-valued in 2013. The Trustees initiated discussion with relevant higher educational establishments on the custodianship of the rare and early books with the aim that they may become accessible to a wider audience. However, a suitable UK location was not identified and so they remain at Rothamsted with an improved on-line accessibility. If appropriate, some very limited disposals might to fund improvements to further such accessibility to the catalogue as on-line expectations and capability change. The Trust also holds liquid funds in the form of stock market investments and cash deposits.

Intellectual property rights created during the course of operation of Rothamsted Experimental Station until 1991, including registered trade-marks and copyrights, also continue to belong to the Trust. These were established in the Memorandum of Understanding dated 12<sup>th</sup> June 2000 between the (then) corporate trustee and Rothamsted Experimental Station (soon after to become Rothamsted Research in the same year)

#### **Risk Management**

The Board of Directors of the Trust – the Trustees - reviews the major risks and principal uncertainties to which the Trust and Rothamsted International are exposed and the steps which have been taken to mitigate against these, namely:

1. The Trust's significant involvement with and major commitments to a range of campus development needs puts excessive strain on finite resources.
2. As we enter a period of renewed political uncertainty, the continued support by a range of agencies of agricultural research and thus Rothamsted Research is once again under renewed strain, though direct exposure to EU funding is modest. Additional support and new approaches from the Trust may be needed.
3. As Trustees retire, the Trust fails to continue to attract high calibre Trustees with relevant, outstanding skills and experience. There is no evidence of this, but it is important.
4. Maintaining the future use, management and financial viability of Rothamsted Manor (House) given its Grade 1 listing and rudimentary facilities, in the light of its present, but largely unsuitable use of providing accommodation for PhD students and visiting workers at Rothamsted Research.

A complete review of the risk register is undertaken annually at Trust meetings with a formal risk register being established and kept up to date at these meetings. At the date of this Report, no risks have been identified that (a) are not subject to specific risk management controls and (b) are judged to threaten the existence or solvency of the Trust and/or Rothamsted International.

#### **Objectives and Activities**

The Object of the Trust as defined in the Articles of Association is: “to advance the science of agriculture for the public benefit through original investigation and research, which may embrace all or any subject(s) connected to or bearing upon agriculture, including animal or vegetable physiology, meteorology, botany and chemistry”. This Object is a restatement of that in the original Deed of 1889. Like its predecessor, the

# LAWES AGRICULTURAL TRUST

## REPORT OF THE TRUSTEES

### FOR THE YEAR ENDED 31 MARCH 2016

#### Objectives and Activities (continued)

Trust focuses on the estate and lands at Rothamsted, Hertfordshire and this remains the main base for activity, but the Trust is free to consider other land, entities or locations from time to time.

The Trust ensures compliance with its Charitable Object by building its income and applying most of the assets and proceeds of the Trust to the sponsorship, either directly or indirectly, of the charitable agricultural research activities of Rothamsted Research, whose agricultural research objects are similar to, and derived from, those of the original Trust. There is an extensive programme of public benefit research, public engagement and knowledge transfer undertaken at Trust premises. This work is reviewed by the Trust through annual reports of supported projects, involvement of an observer from the Trust at Rothamsted Research Board meetings and a bi-annual report from its Chief Executive/Director at Trust meetings. Further information on Rothamsted Research and its Reports are available on the web site at <http://www.rothamsted.ac.uk>, or information can be sought on application, from the Company Secretary of the Trust ([stephen.james@lawestrust.org](mailto:stephen.james@lawestrust.org)).

The objects of Rothamsted International, a restricted Fund of the Trust, regulated by the terms of its own Declaration of Trust, are: promoting and sharing research excellence in crop and environmental research; fostering international co-operation in crop and environmental research; providing the opportunity for scientists from developing and emerging countries, to share their expertise within an advanced multi-disciplinary research environment; and providing developing nations with technologies and expertise to address issues of agricultural intensification and related problems. The Trust ensures compliance with the objects of Rothamsted International by creating and supporting research fellowships for scientists who visit Rothamsted or sites associated with it or with the Trust.

Thus, the Trust utilises its assets to pursue its Object through five principal routes:

1. The provision of land and buildings suitable for agricultural and related sciences conducted by Rothamsted Research, on beneficial terms.
  - o *This operates as a close partnership with Rothamsted Research and that organisation's main grant-giving and sponsoring body, the Biotechnology and Biological Sciences Research Council.*
2. The provision of accommodation on a preferential, but defined, limited term basis to key workers, to other staff and, in a few exceptional cases, ex-staff, which allows them to move into this very expensive location whilst on modest scientific salaries. Thus, high quality scientific and other staff as well as students or scientific visitors on modest incomes or grants can contribute to the work.
  - o *The very significant majority of the residential provision owned by the Trust is available preferentially for students, staff and visitors. These are kept to a good standard, but are not furnished and are very well located with easy access on foot for the scientific facilities, usually being within the Rothamsted Estate. Except for a small number designated as investment properties we ensure that they are available for internal rent at some periods and as external tenancies at other times depending upon demand for that particular sort of property. The customary 6-month, short term tenancy arrangements ensure maximum flexibility.*
  - o *Other properties are furnished and suitable for students or visitors and single persons just starting out on their scientific career. In particular, this currently includes the Rothamsted Manor with 45 beds now with only bed and breakfast provision (a new facility will be completed in 2017), Southwood Court and refurbished houses for 4 or 5 persons sharing kitchen and bathroom facilities.*
  - o *The challenge with these facilities is seeking to ensure they are adequately maintained in order to protect the assets and provide good quality accommodation but, at the same time keep the charges at affordable levels and that occupancy is both maximised and fairly assigned.*

# LAWES AGRICULTURAL TRUST

## REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2016

### Objectives and Activities (continued)

3. Granting financial support for scientific costs to Rothamsted Research, mainly through a "Director's Vote" fixed annually by the Trustees following proposals made to them.
4. Capital funding provision of diverse facilities deemed to help meet the Trust's Object, with partners where possible, including technology transfer, catering, sample archive and the like.
5. In addition, the Trust is playing a vigorous and lead role in taking forward the site at Rothamsted so that it enables interaction with small companies that actively enhance the uptake of agricultural and environmental research output into practice across different communities, in conjunction with RoCRE (as detailed on page 7) and otherwise.
  - o *Items 3, 4 and 5 require the generation of cash sums. These can originate from:*
    - a. *Rental income on the Trust's properties made available on the open market at commercial rents. The policy is to maintain these at, the highest possible standard to attract high rents and to maximise the properties in this category.*
    - b. *Income from equity and similar investments.*
    - c. *Occasional sale of land to generate capital sums to address charitable objects.*

### Public Benefit

The primary object of LAT is the advancement of the science of agriculture. The way that this is carried out is clearly aimed at public benefit especially by virtue of the emphasis on publication in widely available scientific journals, in the popular agriculture and broader press and through conferences or seminars, many of which are aimed at the wider public. The term "advancement" is taken to include such science becoming widely used in agricultural practice. Thus, it falls within the charitable purpose of "the advancement of the arts, culture, heritage or science". Inevitable ancillary benefits as a result of meeting the primary object that would fall into the categories of advancement of education, the advancement of environmental protection or improvement and, perhaps to a more limited extent, the advancement of health. The Charity Commission specifically mentions scientific research projects under the heading of the advancement of science.

Elsewhere in this report we detail how LAT provides a range of facilities on a highly preferential, exclusive basis and also modest grants to Rothamsted Research whose charitable Object significantly overlaps with that of the Trust. This charitable activity takes place at the two main sites owned by the Trust - Rothamsted in Hertfordshire (which is the main site for Rothamsted Research) and Brooms Barn in Suffolk, but the output has global reach. Trustees closely monitor the activities of Rothamsted Research to ensure that they continue to serve its charitable purpose and meet the requirements of public benefit. As already described, the Trustees note that this is achieved by making the scientific advances freely available throughout the scientific literature, engaging in knowledge exchange with farmers on an unhindered basis as well as initiating and promoting the wider discussion of scientific matters affecting agriculture, climate change food quality and food security.

### Achievements

Mindful of developments at similarly institute-centred locations such as Babraham Institute, Norwich Research Park (University of East Anglia) and IBERS (University of Aberystwyth), the Trust is strongly supportive of the creation of a unique innovation cluster with Rothamsted science as the focus. This would coincide with the Trust's charitable objectives and bring wider public benefit through the progression of scientific developments at the institute, and elsewhere, into practice. "Rothamsted Centre for Research and Enterprise" provides enhanced opportunities and facilities for communication, education, knowledge exchange and commercialisation across the campus. Wider and closer collaborations with researchers will help ensure the continuation of public funded agricultural science at Rothamsted demonstrating the synergy and enhanced knowledge exchange that arises from such a cluster.

**LAWES AGRICULTURAL TRUST**  
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**FOR THE YEAR ENDED 31 MARCH 2016**

**Achievements (continued)**

The Hertfordshire Local Enterprise Partnership has published their growth strategy and this shows Rothamsted campus development as one of three principal growth objectives.

To progress the RoCRE concept to the benefit of the agricultural community, the Trust is:

- (1) Investing in refurbishment of the Daniel Hall Building to provide an incubator facility; initial work has been completed with about 31% of rentable space occupied with start-ups and SMEs. In association with RoCRE the Hertfordshire Local Enterprise Partnership have provided a grant of £500k to establish new laboratory facilities specifically suitable for new, small companies. Continued development of the building is being planned.
- (2) Contributing (largely brown field) land via leases to RoCRE where BBSRC has funded a new knowledge exchange laboratory and new conference centre facilities and additional car park. Participating with Rothamsted Research and BBSRC in a joint venture company, this arrangement offers major benefits to LAT in the pursuance of its charitable objects by seeing basic research progressed into development science and thus on to application.
- (3) Drawing up plans to build accommodation units offering a mixture of shared kitchen and studios on the site of the Fisher Building once that group of structures is demolished.

The Trust has provided a member of the Campus Project Board along with Rothamsted Research and BBSRC throughout 2015/16. This Project Board oversaw progress with the significant investment from BBSRC (approx. £11m) and the LAT contribution of land outlined above, announced in July 2013. LAT now has agreed to have a nominated director on the RoCRE company Board in which the LAT will have a 40% interest, if finalised with the Charity Commission. To ensure headway LAT also contributed, jointly with BBSRC, to the Campus Project Director to oversee progress, seek appropriate tenants and promote RoCRE; this role has now transferred to the RoCRE chief executive officer.

Compared with around ten years ago, LAT now takes a more active and wider role in the development and progress across the estate as well as the work being undertaken and its impact on agriculture and society. In addition, as Rothamsted Research staff levels have decreased in recent years such that they cease to occupy some significant buildings and therefore “return” buildings to the landlord, a new relationship is evolving. The modification of the first of these buildings (Daniel Hall) has started and the Trust has funded refurbishment to make the building attractive to smaller agriculturally-related businesses, which will integrate with the RoCRE vision and will be managed/marketed by that body. This included work completed in March 2015 funded by the LEP.

Plans for the demolition and replacement of the Fisher Building with on-site residential facilities, likely to be called Fisher Court are well advanced with planning permission having been granted on 26<sup>th</sup> April 2016. The build cost and fees are estimated to be something in excess of £5millions. As a residential new-build it is zero-rated for VAT, except for the professional fees. The project is due to start in earnest during Autumn 2016 with demolition and clearance of the existing structure funded by Rothamsted Research by way of recognition of “handing back” a seriously dilapidated building. A bank loan and mobilisation of investments will be sought by the Trust to progress the build. Successful completion of the Fisher Court, due in December 2017, will allow implementation of a new and vibrant vision, currently under consideration, for the future use of the Grade-1-listed Rothamsted Manor.

The option to sell land on the north of the Rothamsted site, near Townsend Lane, was put out to tender and an agreement reached in November 2015. The eventual sale should achieve not less than £5m for the Trust and this sum will be allocated to the funding of Fisher Court to enable repayment of the bank loan and



# **LAWES AGRICULTURAL TRUST**

## **REPORT OF THE TRUSTEES**

### **FOR THE YEAR ENDED 31 MARCH 2016**

#### **Achievements (continued)**

replenishment of the investment portfolio. The Trust is aware that this land is designated as Green Belt, but firmly believes that characteristics of this particular site make it very appropriate for suitable residential development and represents little, if any, harm to the Green Belt. Submissions and negotiations will be actively sought in 2016/17.

After vacation by a long term tenant, a very thorough and detailed refurbishment of Grade-2-listed, Rivers Lodge has been planned working closely the local planning and conservation authorities. Heating, electrics, plumbing, telephony and IT have been replaced and the opportunity taken to hide the previously all surface mounted conduits and cables.

During the year in question expenditure has been directed towards the design and professional fees for Fisher Court and also in connection with Rivers Lodge. These have required significant sums so, unusually, no large commitments have been made to the residential properties though a high standard of maintenance has been continued. Work on improving the Daniel Hall building has continued, in particular a complete re-roofing, but the expected expansion of Plant Impact across the entire top floor is no longer under discussion.

The Director's Vote was dispensed according to plan. The Trust believes that it provides long term underpinning support for activities that otherwise would not continue. This allowed the Trust to support:

- Lawes Agricultural Trust Postgraduate Studentships in partnership with the Universities of Nottingham and Reading. This is achieved via the Research Councils' Doctoral Training Programme.
- Long-term experiments at Rothamsted – the classical field experiments and the insect survey. Although now significantly supported through the National Capability Grants from BBSRC, LAT continues to provide additional and vital funding.
- Assistance to Lawes Trust Senior Fellowships. Equivalent to emeritus positions at Universities, these operate by giving a special status and, requests are considered for small contributions to allow retired senior staff to continue their scientific or historic work based at Rothamsted.
- Vacation bursaries and support of educational activities at Annables Farm on the outskirts of Harpenden.

Rothamsted International (RI) is a restricted fund within the main Trust operation whose use is tightly circumscribed by agreement with the Charity Commission. Like the word "Rothamsted", the RI logo is also a trade mark owned by LAT. Since the closure of the RI office and its volunteers, very little further additional income is being received for this fund. In the meanwhile, Rothamsted International Fellowships continue; these provide grants for travel, subsistence and research to developing countries scientists, but the level of activity has declined markedly since 2012. Since 1993, over 170 RI Fellowships have been awarded to scientists who originate from 30 developing and emerging countries worldwide. Professor Dobermann, the Director and CEO of Rothamsted Research, has considerable experience and deep interest in research for agriculture in developing countries; he has expressed an interest in reviving Rothamsted International activities as well as its income stream by way of donations.

The Trustees review on an annual basis the activities undertaken through these grants and donations, ensuring that they are well-suited to the objects of the Trust and are of high scientific merit. In addition, the Trustees are considering if Rothamsted International might be more effectively operated if directly under the control of Rothamsted Research. The full implications of such a move are being reviewed.

**LAWES AGRICULTURAL TRUST**  
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**Key Performance Indicators**

The main beneficiaries of the Trust are Rothamsted Research and its stakeholders who benefit from the research that is undertaken. The Trust also ensures the provision of resource to maintain, refurbish and enhance the built estate. Agricultural science projects at Rothamsted Research are funded through the Director's Vote which this year expended £310,016 (2015: £270,091, 2014: £199,743; 2013: £186,584).

The Trustees make not less than £200k available per year to the Director's Vote and currently the option to spend up to £350k per annum has been agreed for both 2015/16 and 2016/17. These allocations cannot be accrued. The support of Rothamsted International Fellowships was £38,909 (Totals in 2015: £22,150, 2014: £35,058; 2013: £43,233; 2012: £96,324; 2011: £94,008).

The estate properties program continues in order to provide affordable housing for key workers and visiting workers and to allow the Trust to maximise the rental income on externally let properties (those properties that are limited to external lets are defined as "investment properties"- see below). In turn, this will also provide funding for future years' refurbishment plans thus maximising long-term rental income for the Trust.

Some criteria used by the Trust to assess performance against its objectives can be summarised below:

- 1) Investment income is monitored by the Board with a more detailed review and assessment carried out by the Investment Committee who liaise directly with the Trust's investment advisors Sarasin and Partners. Once complete, six-monthly reports will provide performance indicators for the investments against the industry average. The gross dividends and interest income for the year on the investments was a reasonable £214,092 (2015: £179,136, 2014: £167,490; 2013: £151,308; 2012: £120,923; 2011: £112,735), which remains broadly in line with typical market performance.
- 2) The maintenance of sound rental income against a planned refurbishment program for Trust properties without borrowing or jeopardising the Trust's financial position has been operating over a number of years and continues. The income and refurbishment program is assessed and monitored by the Lawes Agricultural Trust Estate Committee, consisting of operational staff and oversight from the Chairman. In the year the total estate income (both charitable and investment properties) was £1,285,951 (2015: £946,436; 2014: £802,085; 2013: £728,161; 2012: £643,517; 2011: £659,704). See Notes 5 and 6.
- 3) Director's Vote funding is approved by the Board and allocated by the Director of Rothamsted Research to sponsor continuing long term scientific projects. The results of these projects are reported to the Board who monitor and review the results against the Trust's objectives.

**Financial Review**

Overall the Statement of Financial Activities show that total funds have marginally increased to £24.486m (2015: £23.970m; 2014: £23.212m; 2013: £22.924m; 2012: £21.391m; 2011: £21.655m). We have a reasonable increase in overall estate rental income (including investment properties) to £1,285,951 (2015: £946,436; 2014: £802,085; 2013: £728,161; 2012: £643,517; 2011: £659,704) as refurbished properties, including Daniel Hall Building have come available and benefited from investment. Wherever possible improvements are achieved by utilising on-going income from the estate and therefore estate management costs are monitored closely.

# LAWES AGRICULTURAL TRUST

## REPORT OF THE TRUSTEE

### FOR THE YEAR ENDED 31 MARCH 2016

#### Financial Review (continued)

There was further expenditure on properties, £817k (2015: 420k; 2014: £513k; 2013: £490k; 2012: £209k; 2011: £274k) noting that the expenditure on Fisher Court has been capitalised, but income continues to rise in line with our estate programme continuing and the overall quality of the stock being both maintained and steadily improved across the whole portfolio. This includes investment into the innovation facilities as part of the Enterprise objectives for the Campus. In 2009 it was recognised that certain high rental properties should be classified as investments in that they will be reserved for open market, income generating purposes. This distinction remains in place and expenditure may reflect this difference.

The value of the investment portfolio has slightly decreased by about 5% in the past year to a Fair Value of £5.444m (compared with £5.677m at 31 March 2015; £5.286m at 31 March 2014; £5.148m at 31 March 2013; £4.704m at 31 March 2012; £4.871m at 31 March 2011). All equity investments are managed by Sarasin & Partners LLP. Direct costs of the investment management have decreased due to a refund of £2.3k (£1.7k in 2015; £2.6k in 2014; £4.0k in 2013). The investment in the unlisted, spin out statistic software company VSN International Limited is now valued at £153,463 (2015: £153,463) and we are pleased to note that the payment of a dividend of £28.4k has been received for 2015/16 (2014/15: £25.7k; 2013/14: £27k).

The Trustees note the level of cash being held in banks (mainly as Barclays Treasury Deposits) has decreased slightly to £1,676k (from £1,783k in 2014/15). In particular, the Trust's participation in the Campus development plans requires an availability of funds to invest in the new refurbishment and other support for the RoCRE facilities to attract future tenants as agreed by the Trustees. Fisher Court redevelopment is as significant of this sort as is Rivers Lodge (though the latter is not an Enterprise Campus property).

Payments associated with the Director's Vote, which make an important contribution to the agricultural research at Rothamsted, were maintained and now also include the support of agricultural science students located at Rothamsted, registered at Nottingham and Reading and whose Studentships bear the name of the Trust though dispersed through the Research Councils' Doctoral Training Programme. The Fellowship expenditure under Rothamsted International continues, in the year ending March 2016 it was £39k (2015: 22.2k; 2014: £35.1k; 2013: £43.2k; 2012: £96.3k; 2011: £94.0k).

#### Investment Policy

The Trustees' investment mandate is stated in its Articles where the Board has powers: "to deposit or invest its funds in any manner as may be thought fit (including, but not limited to, the establishment of trading or other subsidiaries of any kind), but only after obtaining such advice from a Financial Expert as the Trustees consider necessary and having regard to the suitability of investments and the need for diversification". The Investment Committee liaises with the appointed investment manager, Sarasin and Partners. The aim of the portfolio is to maximise total return and there are no restrictions placed on the investment portfolio. Sarasin present to all Trustees from time to time.

Note that as stated earlier we hold certain properties as investments as they are not used at all for charitable purposes (i.e. providing accommodation for Rothamsted staff) but rather only to generate an income. This is a small number of the total housing stock as the Trust wishes to keep the flexibility that enables the majority to be available for Rothamsted staff if and when necessary.

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### FOR THE YEAR ENDED 31 MARCH 2016

#### Reserves Policy

The Trust policy on the maintenance of reserves seeks to ensure that sufficient reserves are available to enable the Trustees to fulfil the short and longer-term liabilities and obligations of the Trust and Rothamsted International, as well as fully participating in the development of the Estate at Rothamsted and Brooms Barn in a timely manner. In the context of the latter, the Trustees are of the opinion that this falls clearly within and directly serves the charitable Object of the Trust. Free reserves available for use by the Trust are deemed to be those that are readily realisable, less funds whose uses are restricted or designated for particular purposes. The calculation thus excludes fixed assets, restricted and designated funds. The level of free reserves as at 31 March 2016 was up at £5,877k (2015: £5,273k; 2014: £5,849k; 2013: £5,672k; 2012: £5,498k; 2011: £5,018k) mainly reflecting the Trust's ongoing approach of investing in facilities rather than holding cash. Nonetheless, it is noted by the Trustees that overall Total Unrestricted Funds stand at £24,123k (2015: £23,571k)

#### Future Plans

The General Fund represents the cumulative results of the Trust other than results reflected in the Capital Reserve Fund. The Capital Reserve Fund is a contingency reserve, created by the Trustees, comprising realised and unrealised gains on all tangible assets and investments. The purpose of the Fund is to ensure the long term future of the Trust, its agricultural research activities and its other obligations.

Rothamsted Research and the Trust are both charities with shared objects – essentially the advancement of agricultural science<sup>1</sup>. Functionally, they are very closely linked and interdependent. The Trust is a member of Rothamsted Research along with two other members. Rothamsted Research has moved from the wider public sector into the “private” sector, recognised by UK Government to be in the same category as universities. This is a major change. The Trust will be acting to secure appropriate new charitable and business relationships with the new entity so as to ensure the meeting of the objects of the Trust; it is not believed that these are in question given the scenarios presently under discussion. In particular, the Trust will be taking forward a series of leases that will form the basis for occupation of land and buildings by Rothamsted Research. This will regularise the relationship for the first time since the Trust ceased to be the employer of the staff at Rothamsted in 1990 and Rothamsted Experimental Station was created as a separate entity in 1986. In addition, once permission has been gained from the Charity Commission leases will be signed with RoCRE covering the Conference Centre and the Lawes Open Innovation Hub.

The Trust aims to play an ongoing and active role in campus expansion at Rothamsted in a fully equitable partnership with Rothamsted Research and BBSRC in the management and continued development of the overall programme. This is likely to increase as the RoCRE concept progresses and may require additional expenditure, such as continuing the upgrading and refurbishment of the Daniel Hall building to attract small companies, especially start-ups that are offering agricultural and environmental products and services so contributing to the cluster effect on the campus. The Trust has gained planning approval for the Fisher Court residential project on the current site of the Fisher Building by taking careful account of the sensitivities of the conservation area and the proximity to neighbours and listed buildings. We have been willing to reduce the built footprint to deliver this. The new provision will be based upon cluster flats of en-suite rooms around a shared kitchen/communal area, plus self-contained studio rooms of varying sizes. The option agreement in connection with a disposal of land on the north of the estate has been signed with Hill Residential who are a highly regarded residential developer who maintain especially high standards in their approach and their homes. Hill was awarded the coveted ‘Housebuilder of the Year’ award for 2015 as well as ‘Best Development’ awards for Hill’s work on sustainability, joint venture partnerships and starter homes. This will be especially important in the light of our own Fisher Court development and the Trust will work closely with Hill to maximise the chances of gaining planning approval for the development and thus as income for the Trust.

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<sup>1</sup> Rothamsted Research’ current objects are: for the benefit of the public to advance the science of agriculture by the initiation, prosecution, development and continuance of investigations and experiments related thereto.

# LAWES AGRICULTURAL TRUST

## REPORT OF THE TRUSTEES

### FOR THE YEAR ENDED 31 MARCH 2016

The future direction of use of Rothamsted Manor will be examined; although its use as a bed and breakfast facility is high at the moment, the bedroom facilities are of a relatively poor standard and its Grade 1 status offers little realistic chance of improvement in the provision of accommodation. The Trust commissioned a study by a team with expertise in developing hotels in similar buildings, but no practical way forward could be identified and the requirement for long term (120 years plus), no-income, leases removed this option from consideration. Alternative approaches in which the Manor becomes a setting for weddings, plus a social/leisure venue providing meals, as well as business opportunities being developed in the otherwise unused spaces have been considered, including visiting similar successful projects (e.g. Bradbourne House) and seeking business partners experienced in such businesses.

Attention will also turn to major refurbishment work on Rivers Lodge with resolution of conservation issues in a commercially and financially acceptable manner as well as seeking an appropriate tenant for this attractive and prestigious location on a prime site in Harpenden.

#### Statement of Trustees' Responsibilities

The Trustees (who are also the directors of Lawes Agricultural Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements the Trustees are required to:

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

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

#### Auditor

A resolution will be proposed at the Annual General Meeting that RSM UK Audit LLP be re-appointed as auditor to the Trust.

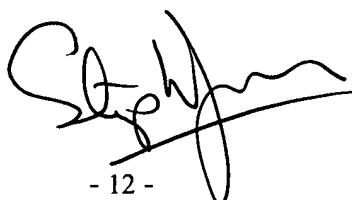
#### Statement as to Disclosure of Information to Auditors

The Trustees who were in office at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. The Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make itself aware of any relevant audit information and to establish that it has been communicated to the auditor.

#### On behalf of the Board

Date:

17/Nov/2016



Trust Secretary

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF LAWES AGRICULTURAL TRUST**

We have audited the financial statements of Lawes Agricultural Trust for the year ended 31 March 2016 on pages 14 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

*RSM UK Audit LLP*

STEPHANIE WARBOYS (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

Date: *24 November 2016*

**LAWES AGRICULTURAL TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	Unrestricted Funds General Fund £	Designated Funds £	Restricted Fund Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
<b>Income</b>						
<i>Income from:</i>						
Donations - Rothamsted International	4	-	-	942	942	2,104
- Capital Grants	4	-	-	500,000	500,000	-
		<u>-</u>	<u>-</u>	<u>500,942</u>	<u>500,942</u>	<u>2,104</u>
Investments	5	703,002	-	1,270	704,272	614,468
		<u>703,002</u>	<u>-</u>	<u>502,212</u>	<u>1,205,214</u>	<u>616,572</u>
<i>Charitable Activities:</i>						
Estate Management	6	796,733	-	-	796,733	512,507
<b>Total Income</b>		<u>1,499,735</u>	<u>-</u>	<u>502,212</u>	<u>2,001,947</u>	<u>1,129,079</u>
<b>Expenditure on:</b>						
<i>Raising Funds:</i>						
Investment Management Costs	8	6,541	-	-	6,541	1,763
		<u>6,541</u>	<u>-</u>	<u>-</u>	<u>6,541</u>	<u>1,763</u>
<i>Charitable Activities:</i>						
Estate Management	9	845,047	-	26,250	871,297	523,725
Research	10	333,473	-	38,909	372,382	301,042
	7b	<u>1,178,520</u>	<u>-</u>	<u>65,159</u>	<u>1,243,679</u>	<u>824,767</u>
<b>Total Expenditure</b>		<u>1,185,061</u>	<u>-</u>	<u>65,159</u>	<u>1,250,220</u>	<u>826,530</u>
Net (losses)/gains on investments		-	(235,813)	-	(235,813)	455,676
Net income		<u>314,674</u>	<u>(235,813)</u>	<u>437,053</u>	<u>515,914</u>	<u>758,225</u>
Transfers between funds	17	473,750	-	(473,750)	-	-
<b>Net Movement in Funds in Year</b>		<u>788,424</u>	<u>(235,813)</u>	<u>(36,697)</u>	<u>515,914</u>	<u>758,225</u>
<i>Reconciliation of Funds</i>						
Funds Balance Brought Forward as at 1 April		8,297,896	15,272,829	399,290	23,970,015	23,211,790
Funds Balance Carried Forward as at 31 March	16	<u>9,086,320</u>	<u>15,037,016</u>	<u>362,593</u>	<u>24,485,929</u>	<u>23,970,015</u>

All income and expenditure derive from continuing activities.

The notes on pages 17 to 30 form part of these financial statements.

The charitable company's Income and Expenditure Account is set out on page 31 of these financial statements.

**LAWES AGRICULTURAL TRUST**  
**BALANCE SHEET AS AT 31 MARCH 2016**

**Company Registration No: 8901784**

		Total	Total
	Notes	2016 £	2015 £
<b>Fixed Assets</b>			
Tangible Assets	12	11,264,476	11,080,012
Investments	13	11,302,380	11,535,401
		<u>22,566,856</u>	<u>22,615,413</u>
<b>Current Assets</b>			
Debtors	14	615,603	63,638
Bank Balances:-			
Barclays		1,037,082	1,327,755
Coutts & Co		638,552	455,744
		<u>2,291,237</u>	<u>1,847,137</u>
<b>Current Liabilities</b>			
Creditors Falling Due Within One Year	15	372,164	492,535
<b>Net Current Assets</b>		<u>1,919,073</u>	<u>1,354,602</u>
<b>Net Assets</b>	17	<u>24,485,929</u>	<u>23,970,015</u>
<b>Funds</b>			
<b>Restricted Funds</b>	16	362,593	399,290
<b>Unrestricted Funds</b>			
General Funds	16	9,086,320	8,297,896
Designated Fund			
Capital Reserve Fund	16	<u>15,037,016</u>	<u>15,272,829</u>
<b>Total Unrestricted Funds</b>		24,123,336	23,570,725
<b>Total Funds</b>		<u>24,485,929</u>	<u>23,970,015</u>

Signed



on behalf of the Trustees.

Dr Graham Birch

Approved by the Trustees and authorised for issue on **17 NOVEMBER 2016**

The notes on pages 17 to 30 form part of these financial statements.



**LAWES AGRICULTURAL TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	Total 2016 £	Total 2015 £
<b>Net cash outflows from operating activities</b>			
Cash used in operating activities	20	(627,673)	(9,815)
<b>Cash flows from investing activities</b>			
Dividends, interest and rent from investments		704,272	614,468
Purchase of tangible fixed assets		(184,464)	(897,574)
Net cash from/(used in) investing activities		519,808	(283,106)
Net decrease in cash and cash equivalents		(107,865)	(292,921)
Cash and cash equivalents at beginning of year		1,783,499	2,076,420
Cash and cash equivalents at the end of year		1,675,634	1,783,499

**LAWES AGRICULTURAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1. Accounting Policies**

**General Information**

Lawes Agricultural Trust ("the Charity" or "the Trust") is a charitable company limited by guarantee domiciled and incorporated in England. The address of the Company's registered office and principal place of business is Rothamsted, Harpenden, Hertfordshire, AL5 2J.

The Charity's principal activities are as detailed in the Report of the Trustees. The charity is a public benefit entity as defined by FRS 102.

**a) Basis of Accounting**

The financial statements have been prepared in accordance with FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)). This is the first set of financial statements that the charity has prepared in accordance with FRS 102. The Charity's transition date to FRS 102 was 1 April 2014. The financial statements for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Reconciliations and descriptions of the effect of the transition to FRS 102 are given in note 19.

The financial statements have been prepared under the historic cost convention as modified by the revaluation of investments. The financial statements meet the requirements of the Companies Act 2006, the Statement of Recommended Practice – Accounting and Reporting by Charities (Charities SORP (FRS 102)) and applicable accounting standards so far as these requirements are appropriate.

**b) Tangible Fixed Assets**

Individual fixed assets costing £3,000 or more are capitalised.

**Freehold Land and Buildings** are stated at cost and no depreciation on buildings is provided. The Trustees are satisfied that the maintenance of freehold properties is adequate. An assessment of the residual values of the properties at the balance sheet date indicates that no provision for depreciation is necessary.

**Collections of Books, Prints and Paintings** are stated at deemed cost on transition to FRS 102.

**Rare Furniture, Statuary and Effects** are stated at deemed cost on transition to FRS 102.

No depreciation is provided on the Collections of Books, Prints and Paintings, nor on the rare Furniture, Statuary and Effects described above. These assets have long useful lives and are not anticipated to be used or consumed or to deteriorate significantly through effluxion of time. Accordingly, the Trustees consider that the residual value of the assets is such that no depreciation is required to be charged. Where required by relevant accounting standards, impairment reviews are performed.

**Intellectual Property** is not valued as in the opinion of the Trustees no realistic valuation can be placed on this asset in the absence of an arms' length offer for the purchase thereof.

**c) Investments**

Listed investments are stated at the fair value at the Balance Sheet date. Unquoted investments are stated at the Trustees' estimate of fair value.

Investment properties are stated at fair value. Gains and losses arising on revaluation are recognised in the Statement of Financial Activities as these arise.

Undertakings in which the Trust has a long term interest and which are under joint control are defined as joint ventures. Joint ventures are accounted for at cost.

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2016 (continued)

d) **Taxation**

As a charity, the Trust is not usually liable to corporate taxation on its other income and capital gains. Recovery of taxation is made in respect of donations under gift aid. The Trust is registered for Value Added Tax (VAT) but where VAT is irrecoverable; it is included in the relevant category of expenditure.

e) **Income**

Income, including grants, gift aid receipts and other donations is recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.

Where material, donated services and facilities are included in the Statement of Financial Activities on the basis of the Trustees' estimate of the fair value of the services received.

Investment income is recognised on a receivable basis.

Income from charitable activities represents income received from the Trust's estate management activity and includes rental and other income on estate properties together with surpluses on disposal of any properties. This is recognised on a receivable basis.

f) **Expenditure**

Expenditure is recognised when a liability is incurred:

- Costs of raising funds are those costs incurred in relation to management of the investments.
- Charitable activities include expenditure associated with the Trust's estate management, research activities and grant making, in accordance with the objects of the Trust.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources. Support costs also include costs which include those incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.

g) **Funds Structure**

The Trust has two restricted funds (Rothamsted International) to be used for specific purposes as laid out in the Report of the Trustees. Expenditure which meets these criteria is charged to the fund. The other restricted fund is from the Hertfordshire Local Enterprise Partnership for the renovation of the Daniel Hall building, to extend the laboratory capacity.

All other funds are unrestricted funds. The Trustees have set up a designated fund and the purpose of this is detailed in note 17 to the financial statements.

h) **Financial Instruments**

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument, and are offset only when the Charity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Financial assets**

*Trade and other debtors*

Trade and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Such debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2016 (continued)

#### h) Financial Instruments (continued)

##### *Financial assets (continued)*

A provision for impairment of trade and other debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in income or expenditure for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income or expenditure.

##### *Financial liabilities*

###### *Trade and other creditors*

Such creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

#### i) Government Grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Grants are recognised as income when any associated performance conditions are met.

#### j) Going Concern

The Trustees have adopted the going concern basis in the preparation of these financial statements. Forecasts have been prepared which support this. There are no material uncertainties in this assessment.

#### 2. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Critical accounting estimates*

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are considered to be the residual values of tangible fixed assets, which is the key estimate in assessing whether depreciation is required, and the fair value of the investment properties.

##### *Critical areas of judgement*

There are not felt to be any critical areas of judgement other than the key estimates discussed above.

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016 (continued)

### 3. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2015

	<i>Unrestricted Funds</i> <b>General Fund</b> £	<i>Designated Funds</i> £	<i>Restricted Fund</i> <b>Restricted Funds</b> £	<b>Total Funds</b> <b>2015</b> £
<b>Income</b>				
<i>Income from:</i>				
Donations - Rothamsted International	-	-	2,104	2,104
Investments	634,621	-	2,347	614,468
	<u>634,621</u>	<u>-</u>	<u>4,451</u>	<u>639,072</u>
<i>Charitable Activities:</i>				
Estate Management	490,007	-	-	512,507
<b>Total Income</b>	<u>1,124,628</u>	<u>-</u>	<u>4,451</u>	<u>1,129,079</u>
<b>Expenditure on:</b>				
<i>Raising Funds:</i>				
Investment Management Costs	1,763	-	-	1,763
	<u>1,763</u>	<u>-</u>	<u>-</u>	<u>1,763</u>
<i>Charitable Activities:</i>				
Estate Management	523,725	-	-	523,725
Research	278,892	-	22,150	301,042
	<u>802,617</u>	<u>-</u>	<u>22,150</u>	<u>824,767</u>
<b>Total Expenditure</b>	<u>804,380</u>	<u>-</u>	<u>22,150</u>	<u>826,530</u>
Net gains on investments	-	455,676	-	455,676
<b>Net income/(expenditure) and Net movement in funds in the year</b>	<b>320,248</b>	<b>455,676</b>	<b>(17,699)</b>	<b>758,225</b>
<i>Reconciliation of Funds</i>				
Funds Balance Brought Forward as at 1 April	7,977,648	14,817,153	416,989	23,211,790
Funds Balance Carried Forward as at 31 March	<u>8,297,896</u>	<u>15,272,829</u>	<u>399,290</u>	<u>23,970,015</u>

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2016 (continued)

#### 4. Income from donations

	General £	Designated £	Restricted £	Total 2016 £	Total 2015 £
Hertfordshire LEP	-	-	500,000	500,000	-
Rothamsted International	-	-	942	942	2,104
	<u>-</u>	<u>-</u>	<u>500,942</u>	<u>500,942</u>	<u>2,104</u>

#### 5. Investments

	General £	Designated £	Restricted £	2015 £	2015 £
Dividends	210,741	-	-	210,741	172,569
Bank interest	2,081	-	1,270	3,351	6,567
Letting income	378,082	-	-	378,082	385,332
Option income	112,098	-	-	112,098	-
Dilapidations income	-	-	-	-	50,000
	<u>703,002</u>	<u>-</u>	<u>1,270</u>	<u>704,272</u>	<u>614,468</u>

#### 6. Income from charitable activities

	General £	Designated £	Restricted £	Total 2015 £	Total 2015 £
Rental income from estate properties	795,771	-	-	795,771	511,104
Sundry income	962	-	-	962	1,403
	<u>796,733</u>	<u>-</u>	<u>-</u>	<u>796,733</u>	<u>512,507</u>

#### 7a. Support costs

The Trust allocates its support costs as shown in the table below and then further apportions these between the charitable activities undertaken (see notes 7b and 8). Support costs are allocated on a basis consistent with the use of the resources.

	Raising Funds £	Estate Management £	Governance Costs £	Total 2016 £	Total 2015 £
Legal and other professional fees	6,016	28,076	6,017	40,109	79,583
Management fees	-	-	-	-	1,344
Audit fees	-	-	22,600	22,600	22,500
	<u>6,016</u>	<u>28,076</u>	<u>28,617</u>	<u>62,709</u>	<u>103,427</u>
2015	<u>-</u>	<u>1,344</u>	<u>102,083</u>	<u>103,427</u>	

Governance costs are then further allocated with £25,755 allocated to Estate Management and £2,862 allocated to Raising Funds. The prior year support costs were all allocated to Estate Management, as this was appropriate based on the nature of those costs.

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2016 (continued)

#### 7b. Analysis of Charitable Expenditure

	Direct costs £	Support costs £	Total 2016 £	Total 2015 £
Estate management (note 9)	817,466	53,831	871,297	523,725
Research (note 10)	372,382	-	372,382	301,042
	<u>1,189,848</u>	<u>53,831</u>	<u>1,243,679</u>	<u>824,767</u>

#### 8. Expenditure on Raising Funds

	2016 £	2015 £
Investment management costs refunded	(2,337)	1,763
Direct costs	<u>(2,337)</u>	<u>1,763</u>
Support costs (note 7a)	8,878	-
	<u>6,541</u>	<u>1,763</u>

#### 9. Estate Management Expenditure

	General £	Designated £	Restricted £	Total 2016 £	Total 2015 £
Repairs and renewals	531,085	-	26,250	557,335	215,647
Light and heat	25,732	-	-	25,732	22,463
Rates	34,677	-	-	34,677	21,665
Campus Director	-	-	-	-	85,000
Legal fees	112,011	-	-	112,011	13,005
Sundry expenses	62,737	-	-	62,737	40,451
Insurance premiums	24,974	-	-	24,974	22,067
Direct costs	<u>791,216</u>	<u>-</u>	<u>26,250</u>	<u>817,466</u>	<u>420,298</u>
Support costs (note 7a)	53,831	-	-	53,831	103,427
	<u>845,047</u>	<u>-</u>	<u>26,250</u>	<u>871,297</u>	<u>523,725</u>

There were no restricted repairs and renewals in 2015.

**LAWES AGRICULTURAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

**10. Research Expenditure**

	General £	Designated £	Restricted £	Total 2016 £	Total 2015 £
Fellowship costs	-	-	38,909	38,909	22,150
Insect survey	74,515	-	-	74,515	100,534
Classical experiments	81,137	-	-	81,137	79,556
Student	154,364	-	-	154,364	86,202
Other research costs	1,176	-	-	1,176	5,000
Undergraduate Bursaries	22,281	-	-	22,281	7,600
	<u>333,473</u>	<u>-</u>	<u>38,909</u>	<u>372,382</u>	<u>301,042</u>
2015	<u>278,892</u>	<u>-</u>	<u>22,150</u>	<u>301,042</u>	

**11. Trustees and Related Party Transactions**

There were no direct employees of the Trust (2015: £Nil), and there was £Nil payment of remuneration to trustees in the year (2015: £Nil). Five trustees (2015: 4) claimed reimbursement of travel expenses, the amount of which was £1,140 (2015: £879).

The key management personnel are considered to be the Trustees and the Chief Executive/Company Secretary. The trustees did not receive any emoluments for their services (2015: £Nil). The services of the Chief Executive/Company Secretary were provided during the 2016 by Chaseside Solutions Ltd, a company owned by the Chief Executive/Company Secretary, and costs of £40,109 were incurred in relation to these services. In 2015, the services of the Chief Executive/Company Secretary were provided at no charge by Rothamsted Research Limited. £10,125 was owed to Chaseside Solutions Ltd at the year end (2015: £Nil), this is included within accruals in note 15.

In October 2011, following a change in governance of Rothamsted Research Limited (Rothamsted Research), the trust became one of three members of Rothamsted Research Limited, and hence related party transactions are required to be disclosed. As one of three equal members, the Trustee considers that the Trust does not have significant influence over Rothamsted Research Limited and does not seek to unduly influence the strategic direction of Rothamsted Research Limited. Full details of this can be found in the Report of the Trustees.

The balance due to Rothamsted Research Limited at 31 March 2016 was £11k (2015: due from Rothamsted Research £23k). Grants paid to Rothamsted Research in respect of research expenditure are detailed in Note 10 above. Rothamsted Research also uses certain of the Trust's tangible fixed asset properties and land held for charitable use as described in Note 12.

The Trust also works closely with a subsidiary of Rothamsted Research Limited, Rothamsted Manor Limited (RML), which collects rents and pays expenses on a number of the Trust's properties that are then transferred to the Trust. In the year 2015/16, RML collected £414k in income, and paid £414k in costs. As part of the year end, the Trust owed £7k net to RML (2015: owed net £186k to RML).



# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2016 (continued)

#### 11. Trustees and Related Party Transactions (continued)

The Trust has agreed to provide land on a suitable lease basis for the Lawes Open Innovation Hub, the Conference Centre extension and improved car parking at Rothamsted, which has been constructed by Rothamsted Centre for Research & Enterprise Limited (RoCRE), a joint venture of the Trust as detailed in Note 13e). The Trust has made an unsecured working capital loan to RoCRE of £50k (2015: £Nil), which remains outstanding at the year end. No interest is charged on this balance.

In addition, a capital grant was paid by the Hertfordshire LEP to RoCRE to fund refurbishment of the Daniel Hall laboratories. However, as Lawes Agricultural Trust owns Daniel Hall and conducted the refurbishment, at the year end, this balance was owed from RoCRE to Lawes as per Note 14 (2015: £Nil).

Costs again exclude the cost of administering the actual Fellowship awarding process in connection with Rothamsted International as these costs have been borne by Rothamsted Research Limited in 2016 and 2015. This is normal practice for such a granting body.

#### 12. Tangible Assets

	Freehold land and buildings £	Collections of books and paintings £	Rare furniture, statuary and effects £	Total £
Cost/Deemed cost as at 1 April 2015	6,412,012	4,333,050	334,950	11,080,012
Additions	184,464	-	-	184,464
Cost/Deemed cost as at 31 March 2016	<u>6,596,476</u>	<u>4,333,050</u>	<u>334,950</u>	<u>11,264,476</u>
Depreciation as at 1 April 2015 and 31 March 2016	-	-	-	-
Net book value as at 31 March 2016	<u>6,596,476</u>	<u>4,333,050</u>	<u>334,950</u>	<u>11,264,476</u>
Net book value as at 31 March 2015	<u>6,412,012</u>	<u>4,333,050</u>	<u>334,950</u>	<u>11,080,012</u>
Historical cost as at 31 March 2016	<u>6,596,476</u>	<u>1,883,724</u>	<u>326,300</u>	<u>8,806,500</u>
Historical cost as at 31 March 2015	<u>6,412,012</u>	<u>1,883,724</u>	<u>326,300</u>	<u>8,622,036</u>

The freehold land and buildings are disclosed at cost. Some of the land and buildings noted above are occupied by Rothamsted Research Limited on the basis of a bare licence. There is currently no charge for this occupancy.

The collections of rare furniture, statuary and effects were revalued in May 2007 by L & J Gull Fine Arts Limited International Valuers and Loss Adjusters at an estimated open market value of £334,950. The collection of prints and paintings were revalued in May 2007 by L& J Gull Fine Arts Limited International Valuers and Loss Adjusters at an estimated open market value of £395,050. These values were adopted by the Trustees as at 31 March 2007. The collection of books was revalued in July 2013 at an estimated open market value of £3,938,000. These values were adopted by the Trustee at 31 March 2013. The books were revalued by Bernard Quaritch Limited. The Trustees do not consider there to be a material change in the value of these assets between the date of valuation and 1 April 2014, at which point these have been elected to be held at deemed cost on transition to FRS 102, and no further revaluations are required.

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2016 (continued)

13.	Fixed Asset Investments	Note	2016 £	2015 £
	Investment properties	13a	5,705,000	5,705,000
	Quoted investments	13b	5,443,917	5,676,938
	Unlisted investment	13c	153,463	153,463
			<u>11,302,380</u>	<u>11,535,401</u>
			<b>2016 £</b>	<b>2015 £</b>
a)	<b>Investment Properties at valuation</b>			
	Fair value at 1 April & at 31 March		<u>5,705,000</u>	<u>5,705,000</u>
	Historic cost at 31 March		<u>333,368</u>	<u>333,368</u>

A small number of specific properties are reserved for letting at full market rates to non-Rothamsted tenants and these are designated as investment properties. It is important that all others are available on a fully flexible basis for charitable purposes.

The investment properties are included at the Trustees' estimate of fair value which is based on independent professional advice.

	2016 £	2015 £
b) <b>Movements on Quoted Investments</b>		
Fair value as at 1 April	5,676,938	5,286,039
Additions	150,000	528,939
Disposals	(147,208)	(402,376)
Unrealised investment (losses)/gains	(235,813)	264,336
Fair value as at 31 March	<u>5,443,917</u>	<u>5,676,938</u>
Historic cost as at 31 March	<u>4,017,494</u>	<u>3,987,222</u>

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2016 (continued)

#### 13. Fixed Asset Investments (continued)

##### c) Summary of Quoted and Unlisted Investments

	£
Unlisted investment (note 13d)	153,463
Quoted Equities: Europe	236,580
Global	997,879
Hedge Funds	4,044,559
Property	56,105
Cash	108,794
	<hr/>
Fair value as at 31 March 2016	5,597,380
	<hr/>
Historical cost as at 31 March 2016	4,017,494
	<hr/>

Significant investments within the total investment holding are as follows:

	£	%
Sarasin Equisar IIID CLS 'INC'	997,879	18%
Alpha CIF for endowments	4,044,559	72%
	<hr/>	<hr/>

##### d) Unlisted Investment

The Trust holds 2,833 out of 17,731 (15.98%) £0.01 ordinary shares in VSN International Limited which was originally held at a deemed cost of £87,353; but this value was uplifted to £153,463 agreed by the Trustees during the year at 31 March 2015, based on the net assets of VSN International Limited at that date.

##### e) Joint Venture Investment

During 2013/14, the Trust entered into a joint venture with Rothamsted Research Limited and the BBSRC to construct new campus development, as explained in the Report of the Trustees. Rothamsted Centre for Research & Enterprise Limited (RoCRE), has completed the construction of the campus development, and this has now commenced use.

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2016 (continued)

#### 13. Fixed Asset Investments (continued)

#### e) Joint Venture Investment (continued)

Notwithstanding that ROCRE is currently 100% owned by Rothamsted Research Limited, joint control is achieved by the formation and operation of a Project Board on which each of the parties to the joint venture has representation. It is the intention of the parties to the RoCRE Project Board, namely Rothamsted Research Limited, Lawes Agricultural Trust and the BBSRC that the shareholding of RoCRE will be finalised in due course with Lawes Agricultural Trust holding 40% of the joint venture company's share capital. Accordingly, on the basis of joint control, the Trustees consider RoCRE to be a joint venture. 40% of the results and the assets and liabilities of the joint venture for the year ended 31 March 2016 are set out below.

	2016 £'000	2015 £'000
Turnover	427	-
Cost of sales	(477)	-
Gross profit	(50)	-
Administrative Expenses	(77)	(1)
Retained loss for the year	(127)	(1)
Taxation	26	-
Loss on Ordinary Activities	(101)	(1)
Net Assets at 1 April	(1)	-
Net Liabilities at 31 March	(102)	(1)
Being:		
Tangible fixed assets	5,091	5,008
Current assets	815	804
Current liabilities: Creditors: due within one year	(681)	(708)
Creditors: due after more than one year	(100)	-
Deferred capital grant	(5,227)	(5,105)
Net liabilities at 31 March	(102)	(1)

**LAWES AGRICULTURAL TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

**14. Debtors**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade debtors	26,732	-
Amounts due from Rothamsted Research Limited	-	22,796
Rothamsted Manor Limited	35,476	10,321
Rothamsted Centre for Research & Enterprise Limited	50,000	-
Prepayments	3,395	9,363
Capital grant receivable due from RoCRE	500,000	-
VAT	-	21,158
	<u>615,603</u>	<u>63,638</u>

**15. Creditors**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	19,399	-
Amounts due to Rothamsted Research Limited	11,323	-
Amounts due to Rothamsted Manor Limited	42,926	195,916
Deposits	16,920	22,924
Accruals	265,909	273,695
VAT	15,687	-
	<u>372,164</u>	<u>492,535</u>

**16. Funds**

**Unrestricted Funds**

	<b>At 1 April 2015</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>At 31 March 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
General funds	8,297,896	1,499,735	(1,185,061)	473,750	9,086,320

**Designated Fund**

	<b>At 1 April 2015</b>	<b>Income</b>	<b>Expenditure</b>	<b>Investment losses</b>	<b>At 31 March 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital Reserve Fund	15,272,829	-	-	(235,813)	15,037,016

**LAWES AGRICULTURAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

**16. Funds (continued)**

**Restricted Funds**

	At 1 April 2015	Income	Expenditure	Transfers	At 31 March 2016
	£	£	£	£	£
Herts LEP	-	500,000	(26,250)	(473,750)	-
Rothamsted					
International Fund	399,290	2,212	(38,909)	-	362,593
	<u>399,290</u>	<u>502,212</u>	<u>(65,159)</u>	<u>(473,750)</u>	<u>362,593</u>

The nature of the above funds is described in note 16.

**17. Net Assets: analysis between funds**

	Unrestricted Funds		Restricted Funds	Total
	General Fund	Designated Fund	Rothamsted International	
	£	£	£	£
Allocation of Net Assets:				
Tangible Fixed Assets	3,209,797	8,054,679	-	11,264,476
Investments	4,017,494	1,579,886	-	5,597,380
Investment properties	333,368	5,371,632	-	5,705,000
Current Assets	1,897,825	30,819	362,593	2,291,237
Current Liabilities	(372,164)	-	-	(372,164)
	<u>9,086,320</u>	<u>15,037,016</u>	<u>362,593</u>	<u>24,485,929</u>

**Purposes of funds**

The General Fund represents the cumulative results of the Trust other than results reflected in the Capital Reserve Fund.

The Capital Reserve Fund is a Designated Fund contingency reserve created by the Trustees. The purpose of the Fund is to assure the long term future of the Trust's agricultural research activities. Movements on the Fund represent the realised and unrealised gains / (losses) for the year.

Rothamsted International is a restricted fund of the Trust established for the purposes set out on page 5 of the Report of the Trustees.

The Hertfordshire LEP restricted fund relates to a capital grant received for refurbishment of laboratory facilities in Daniel Hall. This work has been undertaken over the last few years, the balance of the spend in the current year has been reflected as restricted expenditure, and the transfer reflects the completion of the works – the balance having been capitalised within fixed assets in previous years.

**LAWES AGRICULTURAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

**18. Capital commitments**

As at 31 March 2016, the Trust had capital commitments of £70k (2015: nil).

**19. Transition to FRS 102**

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) funds at the date of transition to FRS 102; (ii) funds at the end of the comparative period; and (iii) net income for the comparative period reported under previous UK GAAP is given below. There was no impact on net funds at the date of transition to FRS 102, nor the end of the comparative period as a result of adopting FRS 102.

	2015 £
Net income for the comparative period reported under Previous UK GAAP	427,779
Reclassification of unrealised gains on investments	330,446
<b>Net income for the comparative period reported under FRS 102</b>	<b>758,225</b>

**20. Reconciliation of net income for the year to net cash used in operating activities**

	2016 £	2015 £
Net income for the year	515,914	758,225
Dividends, interest and rent from investments	(704,272)	(614,468)
Gain on disposal of investments	(10,098)	(126,563)
Investment loss/(gain)	243,119	(330,446)
Operating cash flows before movements in working capital	44,663	(313,252)
(Increase) in debtors	(551,965)	(56,792)
(Decrease) / Increase in creditors	(120,371)	360,229
Cash used in operating activities	(627,673)	(9,815)

**21. Financial Instruments**

	2016 £	2015 £
Financial assets at amortised cost	562,208	33,117
Financial assets (investments) at fair value though income and expense	5,597,380	5,830,401
Total financial assets	6,159,588	5,863,518
Financial liabilities at amortised cost	339,557	469,611

**LAWES AGRICULTURAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

**INCOME AND EXPENDITURE ACCOUNT**

	Total	Total
	2016	2015
	£	£
Income of continuing operations	1,528,197	1,584,755
Expenditure of continuing operations	(1,486,033)	(826,530)
Net income for the year	<u>42,164</u>	<u>758,225</u>
Net income for the year	42,164	758,225
Grants received	500,000	-
Capital grants expended	(26,250)	-
Net movement in funds in the year per SOFA	<u>515,914</u>	<u>758,225</u>