

**LAWES AGRICULTURAL TRUST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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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  
Bidwell House  
Trumpington Road  
Cambridge CB2 9LD

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

**LAWES AGRICULTURAL TRUST**  
**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2019**

The Trustees present their Report and Financial Statements of the Lawes Agricultural Trust (“the Trust”, or “LAT”) for the year ended 31 March 2019. 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)) 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 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 during 2018/19 were:

- Dr Tina Barsby (appointed 21 February 2015)
- Professor Sir David Baulcombe FRS (appointed 19 February 2014)
- Dr Graham Birch (Chairman) (appointed 5 January 2016)
- Lord Cameron of Dillington (appointed 19 February 2014)
- Professor Sir Charles Godfray FRS (appointed 2 December 2016)
- Sir Peter Kendall (appointed 22 February 2015)
- Mr Will Gemmill – (appointed 3 May 2018)

Company Secretary Peter Oxley (appointed 24 October 2017)

The Trustees are also Directors of the incorporated entity for the purposes of Company Law and do not receive remuneration for these roles. The Trustees meet regularly to consider policy, research, administrative matters and risks.

The Trust’s Conflict of Interest policy reinforces Article 11 of the Trust’s Articles of Association, and states that the Trust’s assets may only be used for the purpose of promoting the Trust’s charitable object and Trustees may not receive any financial or non-financial benefit (directly or indirectly) from the Trust. A register of directors’ interests is maintained and reviewed regularly.

The Trustees keep the Board’s composition and balance of skills under constant review. Key areas considered of importance 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.

New Trustees receive a comprehensive induction on site, conducted by the Chairman and Company Secretary; in particular 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 individual is offered.

The Investment Committee is a sub-committee of the Board, whose role is to critically examine and liaise with the Trust’s investment advisors, and its members are Dr Graham Birch and Lord Cameron of Dillington. A Remuneration Committee has also been established to review and recommend remuneration for the Executive Director. The Remuneration Committee comprises Dr Graham Birch and Dr Tina Barsby.

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The Trust, along with other activities, principally supports 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 Institute 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.

The Trust is a Corporate Member of Rothamsted Research, along with the Biotechnology and Biological Sciences Research Council (“BBSRC” – now a part of UKRI) 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 critical contribution in land and buildings (from LAT) and funding (from UKRI-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 Rothamsted Research. The Chairman of the LAT Board attends Rothamsted Research Board meetings as an Observer.

The Trust provides an annual voluntary contribution, by way of a grant, to Rothamsted Research – referred to as the “Director’s Vote”. This contribution is provided to the Institute Director of Rothamsted Research to assist in overseeing and running those research interests, which would otherwise not be available for external grant funding.

Rothamsted International is a restricted fund established to, inter alia, foster international cooperation in crop and environmental research and, with Charity Commission approval, was transferred to Rothamsted Research in December 2018. This transfer was undertaken to better reflect the administrative and operational situation, with Rothamsted Research committing to continue the objectives of Rothamsted International.

There are no direct employees of the Trust. The Trust’s Key Management Personnel are considered to be the Trustees (who receive no remuneration) and the Executive Director / Company Secretary. The latter’s services were recharged by Rothamsted Research, with his remuneration agreed by the Trustees and Chairman of LAT based on market information.

#### **Assets**

In Harpenden, Hertfordshire, the Trust owns:

- the Rothamsted Estate (330 ha) incorporating a laboratory complex comprising research and administrative 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);
- fifty-one houses and cottages on the estate and in the town of Harpenden;
- 5 larger residential properties comprising multiple units: Fisher Court, De Ramsey Court, Southwood Court, Lawes Court and 1 Ninnings.

The Trust also owns an experimental farm (77 ha) at Broom’s Barn in Suffolk, which includes related laboratory buildings and 6 residential properties.

The majority of properties are utilised by Rothamsted Research for its research activities, or as residential accommodation for its staff and PhD students. Properties that are surplus to Rothamsted Research’s requirements are let on fully commercial terms to third parties, and defined as “investment properties”.

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The majority of the experimental lands, buildings and facilities owned by the Trust are occupied under a bare licence by Rothamsted Research and the buildings and facilities are included in that organisation's Balance Sheet at historic cost to Rothamsted Research.

The Trustees consider the open market value on an alternative use basis of these assets to be materially in excess of book value. Over many years it has been the custom for buildings not required by Rothamsted Research to be handed over to LAT for the latter to maximise its income. Trustees of both LAT and Rothamsted Research are keen that the land and buildings occupied by the latter should be provided under a set of formal leases appropriate to the properties in question and discussions are ongoing in this regard.

During 2018/19 the Trust has continued to be very closely involved with the strategy and direction of its subsidiary Rothamsted Enterprises Limited (REL) (formerly Rothamsted Centre for Research and Enterprise Limited). REL is a joint venture between the Trust (40%), Rothamsted Research (40%) and UKRI-BBSRC (20%) and 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 Trust is currently promoting for release for potential residential development a number of fields: namely Black Horse, Bylands, Meadow, Osier and Ver, totalling approximately 40 hectares and collectively referred to as "Land North-East of Redbourn". These were proposed for inclusion in St Albans City & District Council's ("SACDC") emerging Local Plan in January 2018. This plan has now proceeded to Inspection, with the Land North-East of Redbourn not currently a part of this plan. Trustees are continuing to progress and promote this land as an option to assist with meeting SACDC's housing requirements. The intention would be to dispose of this land to third parties for primarily residential development purposes, together with allocations for educational, social and employment purposes. The proceeds from this disposal would be applied directly to the Trust's charitable Objects, including enabling investment in the Rothamsted campus and providing funding for the ongoing research activities of Rothamsted Research.

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 the 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 June 2000 between the (then) corporate trustee and Rothamsted Experimental Station (soon after to become Rothamsted Research in the same year). Other archives, including soil and plant archive samples until 1991 also belong to the Trust and are under the guardianship of Rothamsted Research.

### **Risk Management**

The Board of Directors of the Trust – the Trustees – regularly reviews the major risks and principal uncertainties to which the Trust is exposed and the steps which have been taken to mitigate against these. Key risks at 31 March 2019, with the main steps undertaken to mitigate those risks, are:

1. Rothamsted Research is the primary method through which the Trust achieves its charitable Objects. Rothamsted Research is reliant for its funding from government sources, primarily BBSRC / UKRI. Given the current political and economic landscape, there are a number of uncertainties in relation to the ongoing levels and sources of this funding. Additional support and new approaches from the Trust may be needed in this regard.
  - *The Trust has strong, active links and communication with Rothamsted Research and BBSRC / UKRI, with the Executive Director meeting key management personnel of both organisations on a regular basis, and the Trust Chairman attending Rothamsted Research Board meetings as an observer.*

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2. The promotion of the Trust's land as a part of the SACDC emerging Local Plan (both the land North-East of Redbourn and also land at Townsend Lane, Harpenden, optioned to Hill Residential) are potentially a significant drain on the Trust's resources, both financially and in terms of management focus.
  - *A steering committee (comprising the Chairman, a Trustee and a Trustee from Rothamsted Research) meets regularly to monitor and advise the Executive Director's approach. External Project Management has been retained from Bidwells to provide oversight and management of the Trust's approach to the Local Plan, reporting in to the Executive Director on a regular basis.*
3. The Trust's significant commitment to a range of campus development projects places an excessive strain on finite resources.
  - *The position in relation to commitments and cash flow is reviewed on a regular basis by the Executive Director, and reported to the Trustees at each Board meeting.*
4. The Trust continues to attract high calibre Trustees with the most outstanding skills and experience relevant to the Trust's evolving activities and role. It is critical that this is maintained.
  - *The Trustees have undertaken to ensure that the recruitment of suitable new Trustees is a key priority, with the position in relation to current Board composition subject to regular review.*
5. Maintaining the future use, management and financial viability of Rothamsted Manor given its Grade 1 listing and rudimentary facilities.
  - *The Trust, REL and Rothamsted Research work closely together to ensure future uses are available which are in keeping with Rothamsted Manor's listed status. Planning permission to enable the hosting of ticketed events at the Manor was obtained in March 2018.*

A complete review of the risk register is undertaken at each Trust meeting with a formal register being kept up to date at these meetings. The executive team also regularly reviews and updates the risk register in between Trust meetings. To date, no risks have been identified that are judged to threaten the existence or solvency of the Trust.

#### 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 re-statement of that in the original Deed of 1889. Like its predecessor, the 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 and promotion, 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<sup>1</sup>. There is an extensive programme of public benefit research, public engagement and knowledge transfer undertaken at Trust premises. The Trustees are especially keen to ensure that the research is converted into practical application. This work is reviewed by the Trust through reports of supported projects, provision of an observer from the Trust at Rothamsted Research Board meetings and a bi-annual report from its Institute 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 at the principal address as per page 1.

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<sup>1</sup> Rothamsted Research's 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.

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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.
  - *This operates as a close partnership with Rothamsted Research and that organisation's main grant-giving and funding body, BBSRC.*
2. The provision of accommodation on a preferential, but defined, limited term basis to PhD students, key workers and other RRes staff, which allows them to live in this very expensive location whilst on modest scientific salaries.
  - *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 and well located with easy access on foot to the scientific facilities. Rothamsted Research identifies the most deserving and appropriate tenants.*
  - *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.*
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. For the current year, the Director's Vote was set at £500k.
4. Capital funding provision of diverse facilities deemed to help meet the Trust's Object, with partners where possible, including technology transfer, sample archive and the like.
5. In addition, the Trust plays a vigorous and lead role in developing the Rothamsted campus to enable interaction with small companies to actively enhance the uptake of agricultural and environmental research output into practice across different communities, in conjunction with REL (as detailed above) and otherwise.
  - *Items 3, 4 and 5 require the generation of cash sums. These can originate from:*
    - a. *Rental income on those 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 and assets to generate capital sums.*

### Public Benefit

As a charitable Trust, LAT's primary Object is the advancement of the science of agriculture for the public benefit. This is primarily achieved through providing support for Rothamsted Research which in turn disseminates knowledge and research with particular 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. The Trustees have complied with Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

As stated in this report LAT provides a range of facilities to Rothamsted Research (whose charitable Object significantly overlaps with that of the Trust) on a highly preferential, exclusive basis as well as modest grants. 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 Broom's Barn in Suffolk, but the output has global reach.

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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. The Trustees note that this is achieved by making scientific advances freely available throughout public 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**

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, for instance:

- Lawes Agricultural Trust Postgraduate Studentships in partnership with the University of Nottingham. 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.
- Student training in a variety of areas at Rothamsted, thereby enhancing the existing development programmes and helping to engage and develop the next generation of scientists.

**Key Performance Indicators**

The main beneficiaries of the Trust are Rothamsted Research (RRes) and its stakeholders who benefit from the research that is undertaken. The Trust also ensures the provision of resources 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 £500k (2018: £500k).

The Trust continues to provide affordable housing for key workers and visiting workers, whilst maximising the rental income on externally let properties (those properties that are limited to external lets are defined as "investment properties") according to market conditions. In turn, this provides funding for future years' refurbishment plans of all properties, thus maximising long-term rental income for the Trust and providing affordable accommodation for RRes staff.

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. Six-monthly reports provide performance indicators for the investments against the industry average. The gross dividends and interest income for the year on the investments was £125k (2018: £138k) which remains broadly in line with typical market performance.
- 2) The maintenance of sound rental income against a planned refurbishment program for Trust properties has been operating over several years and continues. In the year, the total estate income (both charitable and investment properties) was £1,538k (2018: £1,251k). See also 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.



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**Financial Review**

The Statement of Financial Activities show that total funds have increased to £24,565k (2018: £23,731k). We have recorded an increase in overall estate rental income (including investment properties) to £1,538k (2018: £1,251k) and this is expected to increase further as refurbished properties come available and benefit from investment. All such improvements are achieved by utilising on-going income from the estate and therefore estate management costs are monitored closely.

As stated above, overall income trajectory is set to rise in line with our ongoing estate programme and the overall quality of property 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 levels are likely to reflect this difference. Which properties sit in which category are subject to ongoing review.

Payments associated with the Director's Vote, which make an important contribution to the agricultural research at Rothamsted, continued as stated above. Expenditure for 2018/19 included £334k in respect of consultancy fees to assist in getting the Trust's Land North-East of Redbourn released from the Green Belt and included in SACDC's emerging Local Plan.

The value of the investment portfolio has increased by 4.3% in the past year to a Fair Value of £3,869k (2018: £3,712k). All equity investments are managed by Sarasin & Partners LLP. Direct costs of investment management were £1.7k (2018: £3.3k). The investment in the unlisted, spin-out statistic software company VSN International Limited is valued at £153k (2018: £153k) and we are pleased to note that the payment of a dividend of £25k has been received for 2018/19 (2018: £13k).

The Trustees note the level of cash being held in banks (mainly as Barclays Treasury Deposits) has decreased to £2,102k (2018: £2,750k).

**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". Dr Graham Birch has extensive investment experience in the City of London and chairs the Investment Sub Committee, which liaises with the appointed investment manager, Sarasin & Partners LLP. 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 the Trust holds 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.

**Fund Raising**

The Trust does not actively fund raise, and no professional fund-raisers are engaged. No appeals to members of the public have been made, and no fund raising is carried out on behalf of the Trust.

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**Reserves Policy**

The Trust's 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, 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 2019 was up at £3,929k (2018: £2,215k). As a broad principle and with due consideration to short term demands, the Trust's overall aim is to invest in facilities rather than be holding cash. It is noted by the Trustees that overall Total Unrestricted Funds stand at £24,565k (2018: £23,474k)

**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 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.

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**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.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

**On behalf of the Board**

A handwritten signature in black ink, appearing to be 'Peter Oxley', enclosed within a large, hand-drawn oval.

**Peter Oxley**  
**Trust Secretary**

Date: 4 December 2019

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

### **Opinion**

We have audited the financial statements of Lawes Agricultural Trust (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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:

- adequate accounting records have not been kept, 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 or in preparing the Trustees' Report.

### Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

### Use of our report

This report is made solely to the 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.

*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: *17 December 2019*

**LAWES AGRICULTURAL TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	<i>Unrestricted Funds</i> General Fund £	<i>Designated Fund</i> £	<i>Restricted Fund</i> £	<i>Total Funds</i> 2019 £	<i>Total Funds</i> 2018 £
<b>Income</b>						
<b>Income from:</b>						
Donations – Rothamsted International	4	-	-	-	-	1,251
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	-	1,251
Investments	5	440,060	-	-	440,060	452,744
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		440,060	-	-	440,060	453,995
<b>Charitable Activities:</b>						
Estate Management	6	1,234,303	-	-	1,234,303	938,812
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Income</b>		1,674,363	-	-	1,674,363	1,392,807
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditure on:</b>						
<b>Raising Funds:</b>						
Investment Management costs	8	369,239	-	-	369,239	22,762
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Charitable Activities:</b>		369,239	-	-	369,239	22,762
Estate Management	7b	879,659	-	-	879,659	633,274
Research	7b	500,000	-	255,921	755,921	575,784
Research – impairment (reversal)	7b	-	-	-	-	(521,618)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Charitable Expenditure</b>		1,379,659	-	255,921	1,635,580	687,440
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Expenditure</b>		1,748,898	-	255,921	2,004,819	710,202
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net gains on investments		-	1,834,432	-	1,834,432	18,028
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income/(expenditure)		(74,535)	1,834,432	(255,921)	1,503,976	700,633
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Movement in Funds in Year</b>		(74,535)	1,834,432	(255,921)	1,503,976	700,633
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Reconciliation of Funds</b>						
Funds Balance Brought Forward as at 1 April (before deduction of prior period adjustment of £670k – Note 19)		8,869,772	14,604,941	255,921	23,730,634	23,030,001
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		(669,996)	-	-	(669,996)	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Funds Balance Brought Forward (restated)		8,199,776	14,604,941	255,921	23,060,638	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Funds Balance Carried Forward as at 31 March		8,125,241	16,439,373	-	24,564,614	23,730,634
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All income and expenditure derive from continuing activities.

The notes on pages 16 to 31 form part of these financial statements.

**LAWES AGRICULTURAL TRUST**  
**BALANCE SHEET AS AT 31 MARCH 2019**  
**Company Registration No: 8901784**

	Notes	Total 2019 £	Total 2018 £
<b>Fixed Assets</b>			
Tangible Assets	10	11,296,558	13,084,339
Investments	11	11,834,953	10,000,523
		<u>23,131,511</u>	<u>23,084,862</u>
<b>Current Assets</b>			
Debtors	12	160,116	120,306
Cash at bank and in hand		2,101,634	2,749,705
		<u>2,261,750</u>	<u>2,870,011</u>
<b>Current Liabilities</b>			
Creditors Falling Due Within One Year	13	828,647	595,570
<b>Net Current Assets</b>		<u>1,433,103</u>	<u>2,274,441</u>
Creditors Falling Due After One Year		-	2,298,665
<b>Net Assets</b>	14	<u>24,564,614</u>	<u>23,060,638</u>
<b>Funds</b>			
<b>Restricted Fund</b>		-	255,921
<b>Unrestricted Funds</b>			
General Fund		8,125,241	8,199,776
Designated Fund			
Capital Reserve Fund		16,439,373	14,604,941
<b>Total Unrestricted Funds</b>		<u>24,564,614</u>	<u>22,804,717</u>
<b>Total Funds</b>		<u>24,564,614</u>	<u>23,060,638</u>

Approved by the Trustees and authorised for issue on 4 December 2019

Signed on behalf of the Trustees.

  
 .....  
 Dr Graham Birch

The notes on pages 16 to 31 form part of these financial statements.

**LAWES AGRICULTURAL TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	Total 2019 £	Total 2018 £
<b>Net cash used in operating activities</b>			
Cash generated used in operating activities	16	(940,769)	(138,418)
<b>Cash flows from investing activities</b>			
Dividends, interest and rent from investments		440,060	452,744
Purchase of tangible fixed assets		(176,216)	(3,044,948)
Proceeds on sale of books		1,800,369	-
Proceeds on sale of investments		-	1,644,625
Net cash generated from/(used in) investing activities		2,064,213	(947,579)
<b>Cash flows from financing activities</b>			
Bank loan (repaid)/received		(1,737,727)	2,298,665
Interest paid		(33,788)	(29,308)
<b>Net cash used by financing activities</b>		(1,771,515)	2,269,357
Net (decrease)/increase in cash and cash equivalents		(648,071)	1,183,360
Cash and cash equivalents at beginning of year		2,749,705	1,566,345
Cash and cash equivalents at the end of year		2,101,634	2,749,705



**LAWES AGRICULTURAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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.

Monetary amounts in these financial statements are rounded to the nearest £ except for note 11(e) which is rounded to £000s. Sterling is the functional and presentational currency.

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)).

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 on part of the portfolio, where an assessment of the residual values of the properties at the balance sheet date indicates that no provision for depreciation is necessary. For those buildings where a provision for depreciation is considered material, these are being depreciated over a 50 year estimated useful economic life.

**Fixtures, fittings and equipment** are stated at cost and depreciated on a straight line basis over their estimated useful life of 10 years.

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

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

No depreciation is provided on the Rare Furniture, Statuary and Effects, Books, Prints and Paintings as 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. An assessment is made at each reporting date of whether there are indicators that a fixed asset may be impaired. Following a competitive tender process, Forum Auctions were appointed to handle the disposal of the Collection of Books. The Books were sold by open auction on 10 and 11 July 2018, with proceeds totalling £1.8m. This led to a partial reversal of the impairment provision made in 2016/17 which was credited to expenditure within the 2017/18 Statement of Financial Activities.

**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.

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019 (continued)

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.

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 based on 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 incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.

g) **Funds Structure**

All funds are unrestricted funds. The Trustees have set up a designated fund and the purpose of this is detailed in Note 14 to the financial statements.

## LAWES AGRICULTURAL TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 MARCH 2019 (continued)

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.

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.

Concessionary loans are initially measured at the amount paid, including interest accrued and after impairment, where applicable.

***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.

# **LAWES AGRICULTURAL TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

#### **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 useful economic lives and residual values of tangible fixed assets (included in Note 10), which is the key estimate in assessing the level of depreciation required, and the fair value of the investment properties (included in Note 11).

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019 (continued)

#### 3. Comparative statement of financial activities For the year ended 31 March 2018

	Notes	Unrestricted Funds General Fund £	Designated Fund £	Restricted Fund £	Total Funds 2018 £
<b>Income</b>					
<b>Income from:</b>					
Donations – Rothamsted International	4	-	-	1,251	1,251
		-	-	1,251	1,251
Investments	5	452,744	-	-	452,744
		452,744	-	1,251	453,995
<b>Charitable Activities:</b>					
Estate Management	6	938,812	-	-	938,812
<b>Total Income</b>		1,391,556	-	1,251	1,392,807
<b>Expenditure on:</b>					
<b>Raising Funds:</b>					
Investment Management costs	8	22,762	-	-	22,762
<b>Charitable Activities:</b>		22,762	-	-	22,762
Estate Management	7b	633,274	-	-	633,274
Research	7b	500,000	-	75,784	575,784
Research – impairment	7b	(521,618)	-	-	(521,618)
<b>Total Charitable Expenditure</b>		611,656	-	75,784	687,440
<b>Total Expenditure</b>		634,417	-	75,784	710,202
Net gains on investments		-	18,028	-	18,028
Net income/(expenditure)		757,138	18,028	(74,533)	700,633
<b>Net Movement in Funds in Year</b>		757,138	18,028	(74,533)	700,633
<b>Reconciliation of Funds</b>					
Funds Balance Brought Forward as at 1 April		8,112,633	14,586,913	330,454	23,030,001
Funds Balance Carried Forward as at 31 March		8,869,772	14,604,941	255,921	23,730,634

The figures above are as originally reported – details of the prior period adjustment are included in Note 19.

**LAWES AGRICULTURAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

**4. Income from donations**

	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Rothamsted International	-	1,251
	<u>-</u>	<u>1,251</u>
	<u><u>-</u></u>	<u><u>1,251</u></u>

**5. Investments**

	<b>2019 £</b>	<b>2018 £</b>
Dividends	125,528	138,095
Bank interest	10,881	1,223
Letting income	303,651	313,426
	<u>440,060</u>	<u>452,744</u>
	<u><u>440,060</u></u>	<u><u>452,744</u></u>

**6. Income from charitable activities**

	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Rental income from estate properties	1,234,128	938,168
Sundry income	175	644
	<u>1,234,303</u>	<u>938,812</u>
	<u><u>1,234,303</u></u>	<u><u>938,812</u></u>

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019 (continued)

#### 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.

	<b>Raising Funds £</b>	<b>Estate Management £</b>	<b>Governance Costs £</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Staff costs (see Note 9)	33,138	72,989	33,138	139,264	64,396
Audit fees: RSM UK Audit LLP*	-	-	30,000	30,000	30,706
	<u>33,138</u>	<u>72,989</u>	<u>63,138</u>	<u>169,264</u>	<u>95,102</u>
2018	<u>14,908</u>	<u>34,580</u>	<u>45,614</u>	<u>95,102</u>	

\* Also included within this line is £3,060 (2018: £1,500) for tax services provided during the year by RSM UK Tax and Accounting Limited.

#### 7b. Analysis of Charitable Expenditure

	<b>General £</b>	<b>Designated £</b>	<b>Restricted £</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Estate Management - Direct	743,532	-	-	743,532	557,641
Estate Management - Support	136,127	-	-	136,127	75,633
Estate Management	<u>903,879</u>	<u>-</u>	<u>-</u>	<u>903,879</u>	<u>633,274</u>
Research	500,000	-	255,921	755,921	575,784
Impairment reversal	-	-	-	-	(521,618)
Total	<u>1,403,879</u>	<u>-</u>	<u>255,921</u>	<u>1,659,800</u>	<u>687,440</u>

#### 8. Expenditure on Raising Funds

	<b>2019 £</b>	<b>2018 £</b>
Investment management costs	1,663	3,292
Estate development costs	334,438	-
Direct costs	<u>336,101</u>	<u>3,292</u>
Support costs (Note 7a)	33,138	19,470
	<u>369,239</u>	<u>22,762</u>

# **LAWES AGRICULTURAL TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

#### **9. Trustees and Related Party Transactions**

The Trust is served by 4 staff members, who are employed by Rothamsted Research, and recharged to the Trust at cost of £139,264 (2018: £37,092). There was no payment of remuneration to trustees in the year (2018: £Nil). Trustees claimed reimbursement of travel expenses, the amount of which was £162 (2018: £270).

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 (2018: £Nil). The services of the Chief Executive/Company Secretary were recharged from Rothamsted Research Ltd and totalled £69,587 (2018 £26,502).

In October 2011, following a change in governance of Rothamsted Research, the Trust became one of three members of Rothamsted Research, 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 and does not seek to unduly influence the strategic direction of Rothamsted Research. Full details of this can be found in the Report of the Trustees.

The net balance due to Rothamsted Research at 31 March 2019 was £4k per note 13 (2018: £236k), and in addition, £36k is included in accruals. Details are in Note 13. Grants paid to Rothamsted Research in respect of research expenditure are detailed in Note 7b above. Rothamsted Research also uses certain of the Trust's tangible fixed asset properties and land held for charitable use as described in Note 10.

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 Enterprises Limited, a joint venture of the Trust as detailed in Note 11). As set out in Note 12, the Trust has retained an unsecured working capital loan to Rothamsted Enterprises of £50k (2018: £50k), which remains outstanding at the year end. No interest is charged on this concessionary loan, which was due for repayment on 31 March 2020 at the balance sheet date. Since the year-end, the Trust has agreed that it is not now payable until 31 March 2025.

The Trust made purchases of £49k (2018: £56k) in respect conference centre facilities, meeting rooms and catering services from Rothamsted Enterprises Limited. The Trust owed Rothamsted Enterprises Limited £Nil at 31 March 2019 (2018: £43k). Amounts due from and to Rothamsted Manor Limited, a subsidiary of Rothamsted Research, are also shown in Notes 12 and 13.

During the year, the Trust passed its remaining restricted funds (£215k of the £256k brought forward at 31 March 2018, described as Rothamsted International in Note 14 of the financial statements) to Rothamsted Research, which now deals with the fellowships awarded from this fund. The transfer was approved by the Charity Commission and is included within restricted expenditure in the Statement of Financial Activities.



**LAWES AGRICULTURAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

**10. Tangible Assets**

	Freehold land and buildings £	Fixtures, Fittings and Equipment	Books, Paintings and Furniture £	Total £
Cost/Deemed cost as at 1 April 2018	11,223,967	-	4,668,000	15,891,967
Reclassification of Fixtures and Fittings	(294,963)	294,963	-	-
Additions	163,857	12,360	-	176,217
Disposals	-	-	(3,938,001)	(3,938,001)
Cost/Deemed cost as at 31 March 2019	<u>11,092,861</u>	<u>307,323</u>	<u>729,999</u>	<u>12,130,183</u>
Depreciation at 1 April 2018 (restated – see note 19)	669,996	-	-	669,996*
Depreciation charge for the year	128,052	35,577	-	163,629
Depreciation as at 31 March 2019	<u>798,048</u>	<u>35,577</u>	<u>-</u>	<u>833,625</u>
Impairment as at 1 April 2018	-	-	2,137,632	2,137,632
Disposals	-	-	(2,137,632)	(2,137,632)
Impairment as at 31 March 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value as at 31 March 2019	<u>10,294,813</u>	<u>271,746</u>	<u>729,999</u>	<u>11,296,558</u>
Net book value as at 31 March 2018	<u>10,553,971*</u>	<u>-</u>	<u>2,530,368</u>	<u>13,084,339*</u>
Historical cost as at 31 March 2019	<u>11,092,861</u>	<u>307,323</u>	<u>409,655</u>	<u>11,809,838</u>
Historical cost as at 31 March 2018	<u>10,929,004</u>	<u>294,963</u>	<u>2,210,024</u>	<u>13,433,991</u>

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

\* restated as described in Note 19.

**LAWES AGRICULTURAL TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

**11. Fixed Asset Investments**

	Note	2019 £	2018 £
Investment properties	11a	7,812,129	6,135,129
Quoted investments	11b	3,869,361	3,711,931
Unlisted investment	11c	153,463	153,463
		<u>11,834,953</u>	<u>10,000,523</u>

	2019 £	2018 £
<b>a) Investment Properties at valuation</b>		
Fair value at 1 April 2018	6,135,129	6,135,129
Reclassification of properties (at valuation)	477,000	-
Surplus on revaluation	1,200,000	-
Fair value at 31 March 2019	<u>7,812,129</u>	<u>6,135,129</u>
Historic cost at 31 March 2019	<u>819,497</u>	<u>819,497</u>

A small number of properties have been transferred from Tangible Assets (Note 10) to Investment Properties. These are not shown as a transfer in Note 10 as their historic cost was immaterial. These properties are now included at a valuation of £477,000.

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.

	2019 £	2018 £
<b>b) Movements on Quoted Investments</b>		
Fair value as at 1 April	3,711,931	5,338,527
Additions	-	-
Disposals	-	(1,644,624)
Investment gains	157,430	18,028
Fair value	<u>3,869,361</u>	<u>3,711,931</u>
Historic cost	<u>2,559,432</u>	<u>2,559,432</u>

**LAWES AGRICULTURAL TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

**Fixed Asset Investments (continued)**

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

	£
Unlisted investment (Note 11d)	153,463
Quoted Equities: Europe	190,122
Quoted Equities: Global	698,672
Hedge Funds	2,622,707
Property	12,406
Liquid Assets-Global	236,782
Cash	108,672
	<hr/>
Fair value as at 31 March 2019	3,869,361
	<hr/>
Historic cost as at 31 March 2019	2,646,785
	<hr/>

Significant investments within the total investment holdings at 31 March 2019 are as follows:

	£	%
Sarasin Global Equity	698,672	19
ICS-INS Sterling Liq- Heritage Account	236,782	6
Sarasin Endowments Fund -Class A INC	2,622,707	71
	<hr/>	<hr/>

**d) Unlisted Investment**

The Trust holds 2,833 out of 17,850 (15.87%) £0.01 ordinary shares in VSN International Limited which were originally held at a deemed cost of £87,353; but this value was uplifted to £153,463 agreed by the Trustees during the year ended 31 March 2015, based on the net assets of VSN International Limited at that date and this is still considered to be the fair value.

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019 (continued)

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

##### e) Joint Venture Investment

During 2013/14, the Trust entered into a joint venture with Rothamsted Research and the BBSRC to enable new campus developments, as explained in the Report of the Trustees. Rothamsted Enterprises Limited (then known as Rothamsted Centre for Research and Enterprise Limited) completed the construction of the conference centre, and this has now commenced use for conferencing and events.

Rothamstead Enterprises Limited is a joint venture between the Lawes Agricultural Trust (40%), Rothamsted Research Ltd (40%), and the BBSRC (20%). 40% of the results and the assets and liabilities of the joint venture for the year ended 31 March 2019 are set out below:

	2019 £'000	2018 £'000
Turnover	784	617
Cost of sales	(592)	(542)
Gross profit	192	75
Administrative expenses	(29)	(150)
Profit/(loss) before tax	163	(75)
Taxation	-	-
Retained profit/(loss) for the year	163	(75)
Net liabilities at 1 April	(295)	(220)
Net liabilities at 31 March	(132)	(295)
Being:		
Tangible fixed assets	4,467	4,682
Current assets	336	425
Current liabilities: Creditors: due within one year	(270)	(603)
Creditors: due after more than one year	-	200
Accruals and deferred income (including deferred capital grant)	(4,665)	(4,999)
Net liabilities at 31 March	(132)	(295)

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019 (continued)

#### 12. Debtors

	2019	2018
	£	£
<b>Due within 1 year</b>		
Trade debtors	97,121	43,068
Amounts due from Rothamsted Manor Limited	-	12,545
Prepayments and accrued Income	12,994	14,693
Rothamsted Enterprises Limited – loan	50,000	-
	<u>160,115</u>	<u>70,306</u>
<b>Due in more than 1 year</b>		
Rothamsted Enterprises Limited - loan	-	50,000
	<u>160,115</u>	<u>120,306</u>

As explained in Note 9, after 31 March 2019, the Trust agreed to reschedule repayment of its loan to Rothamsted Enterprises and this will now fall due in March 2025.

#### 13. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	16,630	70,113
Amounts due to Rothamsted Research Limited	4,397	236,414
Amounts due to Rothamsted Manor Limited	5,234	-
Amounts due to Rothamsted Enterprises Limited	-	43,020
Bank loan	560,938	-
Deferred Income	143,035	81,909
VAT	11,755	9,947
Accruals	86,658	154,167
	<u>828,647</u>	<u>595,570</u>

The amounts falling due after more than one year in the comparative period related to the bank loan, which was repaid during 2018/19. This was secured over the Fisher and DeRamsay Court buildings.

**LAWES AGRICULTURAL TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

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

**31 March 2019**

	<b>Unrestricted Funds</b>		<b>Restricted Fund</b>	<b>Total</b>
	<b>General Fund £</b>	<b>Designated Capital Reserve Fund £</b>	<b>Rothamsted International £</b>	<b>£</b>
Allocation of Net Assets:				
Tangible fixed assets	4,196,555	7,100,003	-	11,296,558
Investments	2,559,432	1,463,392	-	4,022,824
Investment properties	819,497	6,992,632	-	7,812,129
Net current assets	549,757	883,346	-	1,433,103
	8,125,241	16,439,373	-	24,564,614

**31 March 2018**

	<b>Unrestricted Funds</b>		<b>Restricted Funds</b>	<b>Total</b>
	<b>General Fund £</b>	<b>Designated Capital Reserve Fund £</b>	<b>Rothamsted International £</b>	<b>£</b>
Tangible fixed assets	5,984,336	7,100,003	-	13,084,339
Investments	2,559,432	1,305,961	-	3,865,393
Investment properties	819,497	5,315,632	-	6,135,129
Net current assets	1,135,176	883,345	255,921	2,274,442
Long term Liabilities	(2,298,665)	-	-	(2,298,665)
	8,199,776	14,604,941	255,921	23,060,638

**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.

The Rothamsted International Fund has been transferred to Rothamsted Research – see Note 9.

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019 (continued)

#### 15. Property matters

The Trustees recognise that there is a duty relating to their custodianship of Rothamsted Manor as an historically important Grade 1 listed building. Currently, the lease for the building is with Rothamsted Research Limited and that requires full repairing and maintenance, but the Lawes Agricultural Trust Trustees consider that there is a shared responsibility in this regard, and so will monitor progress with repairs and continue to assist when appropriate and possible.

In the 31 March 2018 financial statements, the Trust disclosed a contingent liability of approximately £700k in relation to VAT on the construction costs for the Fisher and DeRamsay Court buildings. This matter has now been resolved with HMRC and no such liability has arisen.

#### 16. Reconciliation of net income for the year to net cash used in operating activities

	2019 £	2018 £
Net income for the year	1,503,976	700,633
Dividends, interest and rent from investments	(440,060)	(452,744)
Depreciation	163,629	-
Gain on investments	(1,834,432)	(18,028)
Reversal of impairment on books	-	(521,618)
Interest payable	33,788	29,308
Operating cash flows before movement in working capital	(573,099)	(262,449)
(Increase)/decrease in debtors	(39,809)	237,756
Decrease in creditors	(327,861)	(113,725)
Cash used in operating activities	(940,769)	(138,418)

# LAWES AGRICULTURAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019 (continued)

#### 17. Financial Instruments

	2019 £	2018 £
Financial assets at amortised cost	97,122	57,791
Other financial assets:		
Concessionary loan at cost plus accrued interest	50,000	50,000
Financial assets (investments) at fair value through income and expense	4,022,824	3,865,394
Financial liabilities at amortised cost	673,856	2,826,533

#### 18. Post Balance Sheet Events

The Barclays bank loan used to part-fund the construction of the Fisher and De Ramsey Court buildings was repaid in full on 30 June 2019.

#### 19. Prior period adjustment

Depreciation had not previously been charged on properties held for charitable purposes, based on assessment of estimated residual values. Review of these residual values has identified that an error had been made in respect of one of the Trust's properties and that depreciation of £670k should have been charged over the life of this asset to 31 March 2018. Accordingly, this has been corrected in the 2018/19 financial statements by means of a prior period adjustment. The impact is as follows:

	Freehold land and buildings 31 March 2018 £	General Fund 31 March 2018 £
As previously reported	13,754,335	8,869,772
As restated	13,084,339	8,199,776
Prior period adjustment	669,996	669,996

Accumulated depreciation (see Note 10) as previously reported at 31 March 2018 was £nil but has now been restated as £669,996. No adjustment has been made to the comparative Statement of Financial Activities in respect of 2017/18 depreciation, as the impact for that year (£35k) is not considered material to deal with separately from the £670k noted above.