



# Agriculture and Horticulture Development Board

Inspiring farmers, growers and industry to  
succeed in a rapidly changing world



Annual Report and Accounts 2018/19  
HC 2152



# **Agriculture and Horticulture Development Board Annual Report and Accounts 2018/19**

(For the year ending 31 March 2019)

Presented to the UK Parliament, the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly, pursuant to Article 13 of The Agriculture and Horticulture Development Board Order 2008 (S.I. 2008, No. 576)

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The Agriculture and Horticulture Development Board (AHDB) is funded from levies paid by farmers, growers and others in the supply chain. Because the levy is statutory, AHDB is classified as a Non-Departmental Public Body (NDPB) and comes under the sponsorship of the Department for Environment, Food and Rural Affairs (Defra)

Tenth Annual Report to the Secretary of State for Environment, Food and Rural Affairs, the Scottish Ministers, the Welsh Ministers and the Northern Ireland Ministers, and Statement of Accounts for the year ended 31 March 2019

**Auditor:** Comptroller and Auditor General, National Audit Office  
157–197 Buckingham Palace Road, London SW1W 9SP

# AHDB Board and statutory committees at 31 March 2019

AHDB is managed by a Board whose members are appointed by UK Ministers. The Board normally consists of ten members: the Chair, three independent members, and six who are also chairs of the sector boards.

## AHDB Board

### Chair:

Sir Peter Kendall

### Independent members:

Will Lifford

George Lyon

Janet Swadling

### Specialist members and Sector board chairs:

Hayley Campbell-Gibbons, Chair of AHDB Horticulture Sector Board

Sophie Churchill OBE, Chair of AHDB Potato Sector Board

Gwyn Jones, Chair of AHDB Dairy Sector Board

Paul Temple, Chair of AHDB Cereals & Oilseeds Sector Board

Adam Quinney, Chair of AHDB Beef & Lamb Sector Board

Mike Sheldon, Chair of AHDB Pork Sector Board

*Janet Swadling was appointed to the AHDB Board from 31 May 2018 and Hayley Campbell-Gibbons was appointed from 1 November 2018.*

Biographical details of Board members are published on [www.ahdb.org.uk](http://www.ahdb.org.uk)

A register of AHDB Board Member interests is maintained and can be obtained by writing to: Corporate Administration, Agriculture and Horticulture Development Board, Stoneleigh Park, Kenilworth, Warwickshire CV8 2TL

## Statutory committees

### AHDB Audit and Risk Assurance Committee

Will Lifford (Chair) – AHDB independent Board Member

Sophie Churchill OBE – AHDB Board Member

Philip Huggon – independent member of the AHDB Potato Sector Board

Gwyn Jones – AHDB Board Member

David Neal-Smith – independent member of the AHDB Cereals & Oilseeds Sector Board

Mike Sheldon – AHDB Board Member

Janet Swadling – AHDB independent Board Member

*Audit and Risk Assurance Committee terms of reference are published on [www.ahdb.org.uk](http://www.ahdb.org.uk)*

### AHDB Remuneration and Nominations Committee

George Lyon (Chair) – AHDB independent Board Member

Hayley Campbell-Gibbons – AHDB Board Member

Sir Peter Kendall – AHDB Board Chair

Paul Temple – AHDB Board Member

Adam Quinney – AHDB Board Member

*Remuneration and Nominations Committee terms of reference are published on [www.ahdb.org.uk](http://www.ahdb.org.uk)*

## Chair's foreword

I can't recall how many times over the last two years I've referred to the unprecedented political climate. Leaving the EU, potential tariff changes and a new agricultural policy are converging to deliver the biggest shake-up farming has faced since 1973.



Over this last year, AHDB has stepped forward to firmly communicate that change is coming and to help farming, growing and processing businesses prepare for that change. We can't pre-empt but we can make sure we and our industry are as ready as possible for whatever is coming our way.

Earlier this year, the Secretary of State talked about the world entering a fourth agricultural revolution. It was encouraging to hear him talk about the increasingly important role countries such as the UK will have in world food production, in the face of the impact of climate change on the resilience and range of food production in other countries, particularly those in the southern hemisphere.

I sit on the Agricultural Productivity Working Group (APWG) of the Food and Drink Sector Council in a personal capacity. The Group has identified a number of areas that will drive incremental change and lay the foundations for truly transformational change of UK agriculture.

AHDB has a critical role to play in this and already does a huge amount of work to help UK agricultural and horticultural businesses improve productivity and remain competitive. Stimulating a stronger and more productive domestic industry to feed a growing global population is a challenging task in itself. It must now also be achieved alongside greater improvements to our environment, with less financial support for primary production in the future.

AHDB's network of Monitor and Strategic Farms now number more than 60, extending opportunities for farmers to learn from and be inspired by others. Cereals, horticulture and potatoes are facing considerable challenges through the withdrawal of plant protection products. Our farm network has been central in helping growers understand alternative approaches available and how to apply them.

The development of the Farmbench business cost benchmarking tool is helping to pinpoint opportunities for improvements. Our excellent export and market development work has opened the Chinese market for UK beef and the Japanese market for UK beef and lamb – a collaborative effort between AHDB, industry and government.

The factual rebuttal of the current demonisation of red meat, and our involvement in delivering the potentially transformative Livestock Information Programme (LIP) for England are just a few examples of AHDB activities that are making and can make a massive difference to the industry.

Underpinning all of this is AHDB's position as the source of scientifically based evidence, providing sound, factual information.

The role of technology and the need to accelerate the developments in robotics, artificial intelligence and use of data can't be stressed enough. To measure, collate and use this data more effectively in decision-making will put us in a stronger position to take advantage of the data-driven transformation of our industry.

There is a great deal of change ahead for UK agriculture and horticulture, and there will be further change ahead for AHDB itself, shaped by the outcome of the recent Request for Views, the results of which we won't know until the next financial year. We should welcome and listen carefully to what farmers, growers and other stakeholders are saying about the future role a refreshed AHDB should play.

As I've already said, we are at a defining time for UK agricultural policy. Leaving the environment in a better state than we inherited it, while playing a bigger role in sustainably feeding the country, is a massive opportunity for us all, and AHDB has a vital role acting as a catalyst for success.

**Sir Peter Kendall**  
**Chair**  
**Agriculture and Horticulture Development Board**

**25 June 2019**

# Performance report

## From the Chief Executive and Accounting Officer

### Overview

Welcome to AHDB's annual report for the year ending 31 March 2019. AHDB supports the UK agriculture and horticulture industry in its ambition to succeed and thrive in a rapidly changing world. Every aspect of the industry is facing significant change – technologically, politically, environmentally and socially. This last year has seen its share of change, not least the potential adjustments Brexit and new agriculture policies will bring.



AHDB's independent and evidence-based approach provides critical information and insight in these unprecedented times. Our analysts have focused on forecasting the impact of Brexit to help with industry and government decision-making. We have prepared a contingency plan to support those sectors most impacted and we have begun examining our future role in what we do and where we can have most impact for the industry in this changing environment.

Despite uncertainty around Brexit, the Request for Views consultation run during the Autumn of 2018 by Defra, the Welsh and Scottish Governments and developed in consultation with Northern Ireland's Department of Agriculture, Environment and Rural Affairs, gave the industry a good opportunity to consider AHDB's current performance and what its role should be in the years ahead. We await the feedback from this important exercise and look forward to working with industry to apply the learning.

The involvement of farmers, growers and food businesses in the decision-making process through our sector boards, stakeholder feedback and our Knowledge Exchange (KE) events has played a vital role in shaping where we focused resources in the last 12 months. We also increasingly used evaluation and return on investment information to inform decision-making on activity that could make the biggest difference for levy payers and the sectors.

There is a stark difference in feedback between those engaged with our services in well-established programmes such as the Farm Excellence Platform (our network of Strategic and Monitor Farms delivering farmer-to-farmer learning) and those responding to the general Levy Payer Satisfaction Survey. In the last 12 months, over 14,000 attendees took part in on-farm events associated with the Farm Excellence Platform across all sectors. The percentage of levy payers making changes in the business as a direct result of attending Farm Excellence Platform events is 98%, compared with 66% in those responding to the general Levy Payer Satisfaction Survey.

Where we have good engagement, we are making a real impact. The challenge is to encourage many more farmers to participate and access the services they pay for, and we are exploring fresh ideas and solutions to address this.

We have come a long way over the last ten years on delivering both cross-sector programmes of work such as Great Soils, as well as sector-specific activity, wherever it delivers best value and impact. This recognises that all sectors are different in terms of their development and priorities. Our internal structures encourage a sharing of expertise that benefits all sectors. There is always more work to do in developing internal culture to deliver an agile and high-performing organisation.

Farmers, growers and processors remain at the heart of what we do and some of the key examples of our work aimed at driving transformational change last year, include:

- Development and roll-out of a Brexit toolkit, available to all via the AHDB website, to help agriculture and horticulture businesses prepare for EU Exit. This included helping businesses to review their scenario planning, using a Brexit calculator to investigate the potential impact of leaving the EU and have their questions answered by AHDB experts. Our Market Intelligence team has also undertaken Brexit analysis in our Horizon series of publications to inform decision makers
- Expansion of our Farm Excellence Platform – the backbone to our successful knowledge exchange work, to share best practice through farmer-to-farmer learning. Our Monitor and Strategic Farm network already has 64 host farms, exceeding our ambitious 2018/19 target of 60
- Working collaboratively with Government departments and industry, our export team played a significant role in helping to secure market access to China for UK beef. China lifted its longstanding ban on exports of beef from the UK in a move estimated to be worth £230 million in the first five years. Japan also opened its market to imports of UK lamb and beef in an agreement estimated to be worth a total of £127 million over the first five years of access – approximately £75 million for beef and £52 million for lamb
- Putting in place a programme of collaborative activities with Quality Meat Scotland (QMS) and Hybu Cig Cymru (HCC) to support the red meat sector across Great Britain, as an interim solution to provide redistribution of levies. This ring-fenced fund has brought about a significant ramping up of the partnership between our organisations to support and promote our red meat industries at home and in key overseas markets such as Japan and North America
- Leading the new collaboration between the UK Government and industry to develop the Livestock Information Programme (LIP), a transformational multispecies livestock traceability service for England. This will replace systems such as the British Cattle Movement Service (BCMS), Animal Reporting and Movement Service (ARAMS) and the pig movement service eAML2, and it promises to be groundbreaking in terms of the value it can

bring to farmers and processors in beef and lamb; and pork and dairy

- Being one of the largest investors in applied agriculture, horticulture research and knowledge exchange, investing £27.1 million during 2018/19 to underpin industry progress in areas including plant protection and animal health and welfare
- Completing the sale of Meat and Livestock Commercial Services Ltd (MLCSL) to Hallmark Veterinary Compliance Services (purchased through parent company Vorenta Ltd.) to help safeguard the future of classification services across Great Britain. A total of £1.2 million cash will be made available for investment in the beef and lamb, and pork sectors as a result of the sale

These highlights just scratch the surface of the work we have delivered over the last year through the talent within our teams in Knowledge Exchange, Research and Development, Market Development, Market Intelligence and Communications. This report summarises our performance in the 12 months to 31 March 2019.

### AHDB purpose and corporate priorities

AHDB's three-year Inspiring Success strategy enters its final year in 2019/20. Our purpose is to inspire our farmers, growers and industry. To do that effectively, we have focused effort around six core priority areas. AHDB corporate priorities for 2018/19, were:



**Brexit/Fit for the Future:** Helping farmers, growers and processors understand their costs, updating the Brexit impact assessment, developing Brexit toolkits scenarios planning for business and contingency planning for a no-deal Brexit scenario.



**Data and digital:** Starting work on the Livestock Information Programme (LIP), developing a data sharing code of practice to unlock the potential in farm data, creating a new AHDB website and an improved digital offer for farmers, growers and industry.



**Domestic market:** Understanding the consumer, building product and industry reputation, increasing trust in products, underpinning perception of farming systems and collaborating with Red Tractor.



**Export:** Focusing on priority markets in the US and Asia Pacific, opening new opportunities in markets worldwide, promoting GREAT British products with consumers and trade internationally and collaborating across Government and industry.



**Farm Excellence:** Growing farmer-to-farmer learning through the network of Monitor and Strategic Farms, working in collaboration with third parties and engaging with more farmers on improving business and technical performance.



**Productivity:** Coordinating industry-led input into the Food & Drink Sector Council, focusing on a new industry skills strategy, supporting uptake of innovation and delivering technical campaigns on Integrated Crop Management (ICM) and antibiotic usage.

## Performance

### Delivering against corporate priority – *Brexit/Fit for the Future*

- Produced a total of 11 Horizon reports examining the potential impacts of Brexit on the sector, which informed debate and decision-making across governments and industry
- Developed an online Brexit impact calculator, resilience checklist and Brexit toolkit as well as extensive resources to guide businesses in the event of a no deal Brexit
- Supplying written and/or verbal evidence to 15 government/assembly inquiries/consultations into Brexit and its potential implications for the agriculture and horticulture sector
- Produced phase 2 of AHDB's Brexit modelling analysis looking at Brexit scenarios and the impact by type of farm and by sector

### Delivering against corporate priority – *Data and digital*

- Launch of consolidated AHDB website to replace individual sector websites, with a 315% increase in traffic since launch, compared with the same period the previous year (Aug–Feb) on the old AHDB website
- Launch of online events portal, bringing together all AHDB events onto single platform enabling levy payers to book through a website
- Meat and Health resources shared on social media – part of collaborative GB meat and health activity with QMS and HCC
- Generated nearly 10,000 listens to AHDB podcasts, on technical and business improvement

### Delivering against corporate priority – *Domestic market*

- Beef – the 12-week *Cheeky Beef* campaign brought an additional £1.2 million of retail sales for thin cut steaks, delivering a return on retail sales of £1.51 for every £1 invested
- Lamb – collaborating with Interbev in France and Bord Bia in Ireland, AHDB secured an EU grant for a €10 million *Lamb: Try it, love it* promotion campaign to help tackle the decline in consumption across 25 to 35-year-olds. The campaign reached 38 million shoppers through search engine marketing, had 100,000 engagements on social media, and another 210,000 people were reached through blogger partnerships
- Potatoes – completed the three-year €3.6 million EU co-financed fresh potatoes campaign, *Potatoes: More than a Bit on the Side*, in conjunction with Bord Bia, which delivered a 3% uplift in sales over the last four years while the campaign was live, halting a 40-year long-term decline in sales



- Dairy – delivered the second successful year of the award-winning ‘*Department of Dairy Related Scrumptious Affairs*’ campaign in partnership with Dairy UK. This helped reinforce why it is OK to eat dairy, delivering an 8% decrease in the number of people planning to reduce their dairy intake
- Horticulture – the #WatercressChallenge pilot social media campaign engaged with influencers, promoting the nutritional virtues of watercress and encouraging consumption
- Pork – continued delivery of the midweek meals TV-led promotional campaign saw an increase in volume sales of loin medallions by 40% in the autumn and 68% in the New Year campaign period year on year
- Continued delivery of our consumer insight work – helping farmers to understand what consumers will trust and buy, including analysis of consumer buying behaviour and trends in the retail and foodservice sectors
- As a member of the ownership board of Assured Food Standards (AFS), we continue to support the development of farm assurance standards and provide consumer insight into the importance of standards in shopper choice. We have also engaged in discussions with other assurance schemes towards a more integrated offering

#### **Delivering against corporate priority – Export**

- Participation in 30 international trade shows delivered by our export team in collaboration with our events team, including the very successful SIAL event in Paris and Gulfood in Dubai, continuing to use the GREAT branding for all of our international platforms
- Despite a challenging year on global pork markets, demand in the second half of the year resulted in total pig meat exports up nearly 4% on the previous year
- Exports of lamb to Germany saw an 8% increase
- Pork exports to the USA were up 43%, driven by demand for UK high-welfare high-quality product
- Total volume exports of beef were up 4%, while the value of these exports increased by nearly 7%
- We also continued to work closely with DIT and other parts of Government and the Devolved Administrations on market prioritisation and market access, an example of which is ongoing work to secure access for pork to Mexico
- Cheese exports were up 10% in 2018 at 190,000 tonnes, with key growth destinations including Ireland, Germany and Spain
- We continued to contribute 80% funding towards the post of agriculture counsellor in Beijing

#### **Delivering against corporate priority – Inspiring Farm Excellence**

- We grew the network of Strategic and Monitor Farms across our six sectors, promoting farmer-to-farmer learning, from 46 to 64 over the past year and anticipate the programme growing further, to over 90 farms during 2019/20
- We are also connected to a further 116 farms through partnerships and anticipate this to grow to over 130 in 2019/20
- We have seven Strategic Dairy Farms and have been successful in gaining funding from the Betty

Lawes Foundation and the Welsh Government to expand to 25 over the next two years

- 98% of levy payers attending Farm Excellence Platform events have made or expect to make a business change as a direct result
- Development on one arable KE team – a 22-strong team of professionals to provide a more coordinated and effective offer to the sector through joined-up events, resources, campaigns and stakeholder engagement
- Farm Excellence Platform funding partners include the Welsh Government and the Scottish Government

#### **Delivering against corporate priority – Productivity**

- Progress has been made on Farmbench (an online farm enterprise cost comparison tool), with over 700 participants across the Cereals and Oilseeds, Potatoes, Dairy and Beef and Lamb sectors now registered to participate
- AHDB has been working closely with the Food and Drink Sector Council acting, as the anchor point for the working group on Agricultural Productivity that is set to report in mid-2019
- AHDB has been working closely with the cross-industry Senior Skills Leadership Group in drafting and implementing a new Skills Strategy including a professional framework to ensure we have a workforce fit for the future
- Development of the SmartHort multichannel campaign to support the horticulture sector with its labour and technology challenges
- We are coordinating discussions across the sectors and the food chain on antibiotic usage data and how it is used to support reduction in antibiotics by the agricultural industry
- Development of the AHDB WeatherHub, bringing together weather data into a single online map to help drive AHDB’s pest and disease risk tools and improve on-farm productivity and profitability
- We started to deliver the Dairy Improvement Programme in Wales aimed at improving on-farm efficiencies and profitability via the HerdAdvance project linked to eight Strategic Dairy Farms. This is supported by a £6.5 million Welsh Government grant over five years
- AHDB has worked closely with industry to deliver 107 Extensions of Authorisation for Minor Use to provide the crop protection tools required to produce high-quality, safe and affordable produce and ornamental plants

#### **Key issues and risks**

Our risk management policy is a key element of our internal control and corporate governance framework. During the year ending 31 March 2019, we actively managed a number of risks to the delivery of our strategy and to AHDB. The primary risks, were

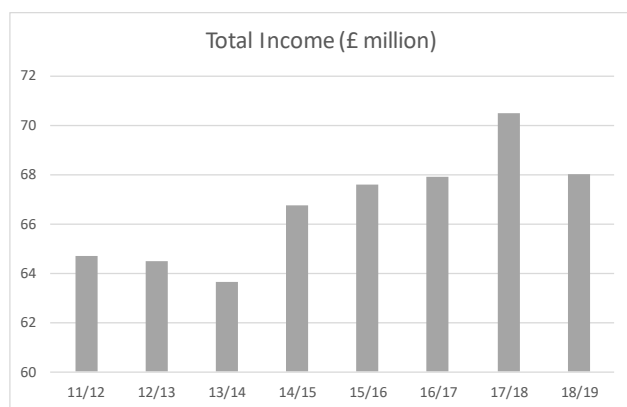
- **Brexit** in terms of the uncertainty, both for our industry and for AHDB as an organisation
- **Data and information management/cyber security** because, as with many organisations, we face ever-increasing cyber security and data protection risks
- **Health and Safety** developments for our research unit at Sutton Bridge

- **Management skill** for the successful delivery of our objectives. The scale of change within AHDB over the past three years has required the ongoing development of management skill across the organisation
- **Levy payer support** and maintaining it – with greater AHDB ambition, it has required a more stringent justification of financial return
- **Project management** in terms of sophistication of our approach to underpin larger, more ambitious projects and activities to deliver benefit to farmers, growers and other stakeholders
- **Sale of Meat & Livestock Commercial Services Limited (MLCSL)** to Vorenta Limited required risk management throughout the sale process
- **VAT status** of AHDB levies is currently under review by HMRC. If the VAT status of the levies were changed, then AHDB would no longer be able to reclaim input VAT on supplies

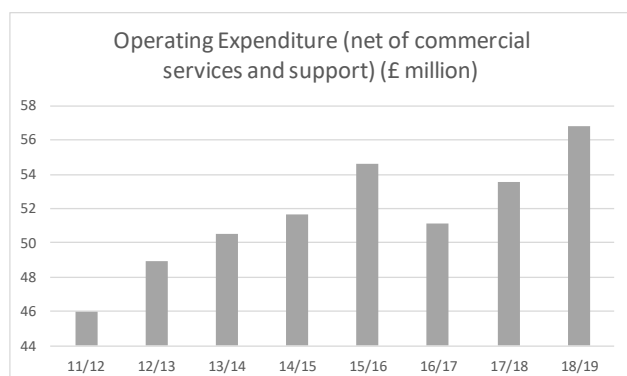
Detail on AHDB's risk appetite and further information on these primary risks and the results of internal audits and progress made on other internal governance matters can be found in the Governance Statement, page 17.

### Financial performance

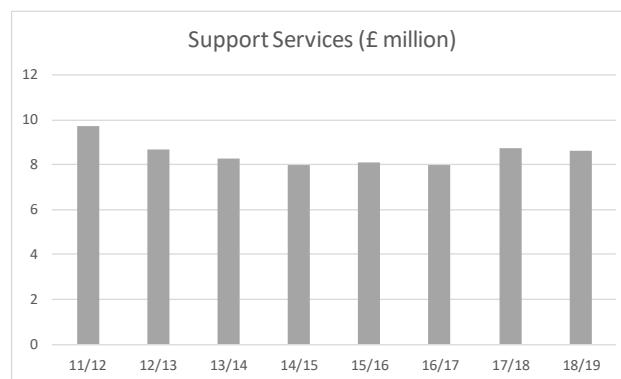
Our total income for 2018/19 (levy/grant/commercial) was £68.0 million (17/18 £70.5 million), while operating expenditure (net of commercial and support services) was £56.8 million (17/18 £53.6 million) and we closed the year with an underlying deficit of £0.9 million (before pension asset/liability movements, see page 29, note 1).



Income was £2.5 million lower than in 2017/18 due to lower levy income from Beef & Lamb, Cereals & Oilseeds, and Potato sectors combined, with no income from MLCSL after 30 November 2018. Operating expenditure increased in Research & Development, Exports, Livestock Information Programme, Communications and Digital & Creative.



During 2018/19, AHDB ring-fenced £2 million of red meat levies to be spent on activities that had been jointly agreed with the red meat levy boards in Wales and Scotland. This recognised that a proportion of cattle, sheep and pigs slaughtered in England spend much of their economic lives in Wales and Scotland. These agreed activities provided benefits to levy payers across Great Britain. Defra is working with the Scottish and Welsh governments and the levy bodies to provide a solution through the Agriculture Bill to allow a scheme to redistribute red meat levy among the levy bodies in certain circumstances.



AHDB has invested in its support capability, where necessary, for example, to support the front-line staff working with levy payers and investment in GDPR-related actions. A positive example of this is the development of our human resource strategy to equip our workforce with the skills required to deliver a first-class service. Central costs are expected to account for around 8–9% income per annum for the next few years, due to the complexities of our organisation, governance and statutory requirements. For example, the imperative that we are able to hypothecate levies to six individual sectors, and the servicing of six sector boards, and associated panels and committees.

We have compared our costs against the support costs of similar organisations and are comfortable AHDB is at a similar level. However, we plan to continue to invest in technology where we can, to deliver support cost savings, e.g. reducing 'on the ground' auditing and replacing with satellite image-based auditing.

Our sector boards, associated staff costs and historic sector-specific costs account for circa 4% income. A breakdown of how the levy from each sector is spent can be found in Note 2a on page 40.

**Advertising and publicity:** Marketing, which includes advertising and publicity, plays a key role in a number of our delivery programmes across trade development, export development, levy payer communications and digital and creative. In 2018/19, AHDB spent £11.6 million on marketing (£12.2 million in 2017/18). Further information can be found on page 7 under the section *Delivering against corporate priority – Domestic Market*, on page 8 under the section *Delivering against corporate priority – Export* and in Table 2a on page 40.

**Corruption and bribery:** AHDB is committed to ensuring that the risk of fraud, corruption and bribery in all its forms is minimised. Our Anti-Fraud Policy and Gifts & Hospitality Policy inform staff of our approach to this serious area and incorporate a fraud response plan. We follow the Nolan Committee's seven principles of public life and these, together with our policies, and our financial systems and checks, contribute to minimising risk in this area.

## Human rights and social matters

Our people are essential to delivering our outcome-focused work for farmers, growers and processors. As a responsible employer, we are committed to equal opportunities, equality and diversity in the workplace, and train and develop our management teams to embrace the values of our policy. During 2018/19, we implemented our new Succession Planning and Talent Management Strategy, and, as part of our long-term commitment to diversity, inclusion and gender balance, we continued to actively tackle the issue of gender pay. The services we deliver to levy payers are designed to promote a successful agricultural and horticultural sector, which supports successful rural communities (see the Staff report on page 25).

## Sustainable development performance

We act responsibly as an employer and as an organisation through such mechanisms as encouraging car sharing, waste recycling and purchasing from sustainable sources, where possible.

**Strategy for sustainability:** AHDB's Environmental and Sustainability Strategy was produced in March 2017 to help reduce AHDB's carbon footprint. A Green Forum of staff members has now been established to help drive and review progress on the strategy, as well as to act as a champion in raising awareness around the organisation. Meetings were held quarterly in 2018 and members completed an IE Environmental awareness course.

The forum has worked to introduce a sustainable alternative to disposable drink cups, made from plant-based plastics eliminating the need for plastic cups, have removed all wooden stirrers and replaced individually wrapped Dairystix with milk canisters. We have audited the use of bins within HQ and have introduced a greater number of user-friendly recycling bins to encourage better uptake. Trials of cool white LED light fittings are underway within HQ.

**Greenhouse gas emissions:** AHDB's carbon footprint, measured in tonnes of CO<sub>2</sub>, (see table below), shows that travel accounts for more than half of the emissions, reflecting the nature of our business.

AHDB has introduced hybrid vehicle choices for staff qualifying for a company car to complement the Government's environmental strategy.

There are currently 9 hybrid vehicles on the AHDB fleet, representing 9.6% of the fleet. The average CO<sub>2</sub> emission of a company vehicle has reduced to 103 gsm. Staff continue to be encouraged to seek alternatives to long-distance driving and to make more use of webinars, digital conferencing and video facilities.

**Finite resource consumption:** On water, our HQ used 1,194 cubic metres during 2018/19, up marginally on the 1,128 cubic metres used in 2017/18.

**Waste minimisation and management:** Although there are still no Council-run waste recycling collections at our main office site, we recycle waste paper, cardboard, plastic bottles and printer cartridges. During 2018/19, we recycled 13.06 tonnes of our waste, with a further 14.48 tonnes going to landfill. Food waste collected amounted to 1.37 tonnes.

**Sustainable construction:** AHDB has undertaken no material construction or refurbishment during 2018/19.

## AHDB greenhouse gas emissions:

Greenhouse Gas Emissions	Year ended 31 March 2019		Year ended 31 March 2018	
	Measure	Tonnes CO <sub>2</sub>	Measure	Tonnes CO <sub>2</sub>
<b>Scope 1: Direct Emissions</b>				
<b>Bulk Fuels:</b>				
Vehicles (miles)	1,113,905	321	1,369,522	399
Heating oil (litres)	2,000	5	6,002	16
Gas (kWh)	23,669	4	12,261	2
<b>Scope 2: Energy Indirect</b>				
Electricity (kWh)	804,347	226	929,164	324
<b>Scope 3: Other Indirect Emissions:</b>				
Rail travel (miles)	256,727	17	227,213	17
Air travel (miles)	610,943	122	450,269	79
Travel by non-AHDB-owned transport (miles)	961,209	277	903,590	263
Waste management (tonnes)	30	7	40	7
<b>Total</b>		<b>980</b>		<b>1,108</b>
<b>Tonnes/£m income</b>		<b>14.4</b>		<b>15.7</b>

**Sustainable procurement:** We have built the requirement for sustainability into the AHDB procurement strategy. We use the Government's Energy Performance Contract for our energy (gas and electricity). Our paper comes from sustainable sources, we lease our vehicle fleet and are encouraging staff to move towards hybrid fleet vehicles.

**Climate change adaptation:** We continue to encourage the conservation and enhancement of on-farm biodiversity, soils and water as a positive business benefit within areas of our research and knowledge transfer work. We lease our main offices and the responsibility for the natural environment of Stoneleigh Park rests with our landlord.

## Performance analysis

Our farmers, growers and processors rightly expect to see a return on their levy investment. During 2018/19, AHDB has continued to improve how we demonstrate good value for money through greater focus on appraising and evaluating our work, measuring performance and impact.

AHDB now examines all proposed levy-payer-facing activities costing over £50,000 through a standard 'Investment Test' to ensure they fit with our strategy and can demonstrate value for money. By July 2019, we aim to ensure all existing activity meeting the threshold will have been appraised through the Investment Test process.

To assess the impact of our work, we have also put in place a more rigorous bottom-up programme of evaluation to isolate the contribution AHDB is making to the performance of the industry.

We undertook an annual Levy Payer Satisfaction Survey, which captured feedback across a number of areas, some of which are highlighted on the next two pages. Although awareness levels show encouraging growth, there was very little movement on some of the performance-related scores. The Board has agreed a piece of work to understand the real drivers behind this feedback.

## Key performance indicators

AHDB outlines a set of corporate key performance indicators in its Strategy 2017–2020. These track the progress of both the industry and AHDB's performance against headline measures.

### 1. Improvements in productivity and competitiveness that come as a result of our activities

Tracking industry progress in key areas such as productivity, profitability and output enables us to see industry changes as a result of our activities. These measures may change as a result of factors outside our direct control, for instance weather and exchange rates. So, while they do not necessarily measure the impact and effectiveness of AHDB in isolation, they provide a useful indicator of progress. There is widespread recognition that there is much more the industry needs to do together to improve productivity, particularly given the scale of global competitive challenges, going forward.

Measure	2012	2016	2017	% Change 2012 – 2017
Agriculture GVA (Gross value added)	£8,647 million	£8,443 million	£10,300 million	19%
Net trade balance for food and agricultural products	£20,888 million	£22,797 million	£24,215 million	-16%
UK total factor productivity (2010 = 100)	99	104	107	8%
Total income from farming (TIFF)	£5,008 million	£3,937 million	£5,711 million	15%
Agricultural income within TIFF	£25,756	£20,427	£29,466	14%
Total value of all UK exports in food, drink and agri-products	£19,575 million	£20,357 million	£22,023 million	13%
Value of UK exports for unprocessed products directly supported by AHDB export activity	£2,680 million	£2,608 million	£2,492 million	-7%

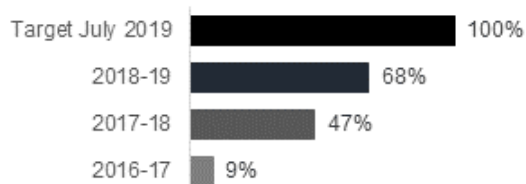
### 2. A higher return on investment for levy raised and an ability to demonstrate it

**Measure:** Formal appraisal of all levy-payer-facing spend over £50,000 takes place before spend is committed

**Target:** Levy-payer-facing spend appraised by July 2019

**Performance:** Just over two-thirds (68%) of all levy-payer-facing activity had been appraised by the Investment Test at 31 March 2019; this includes all new activity since April 2016. There are 22 programmes of work (32%) remaining to be appraised by July 2019

Percentage of programmes of work appraised by Investment Test



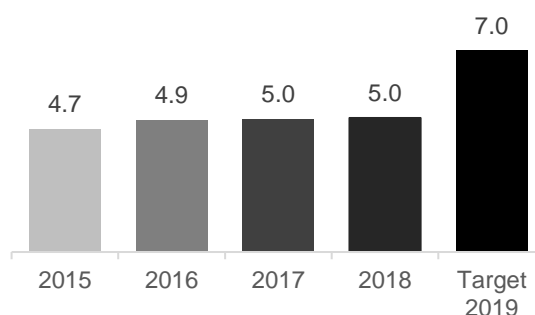
**Measure:** Formal evaluation processes are embedded across the organisation

**Target:** An annual evaluation summary report and triennial performance report produced

**Performance:** There were evaluation plans for 29 programmes of work, with 16 outstanding, according to the evaluation summary report produced in April 2019

**Measure:** Levy payers are confident that levy investment delivers good value

**Target:** Average rating of 7 out of 10 by 2019

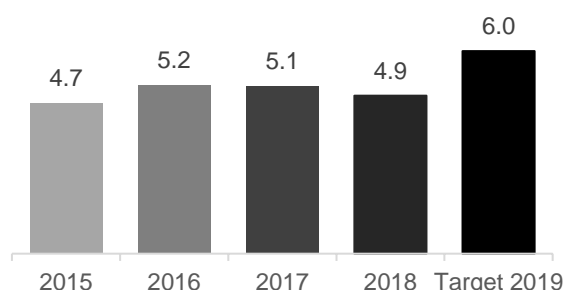


**Source:** AHDB Levy Payer Satisfaction Survey 2015–18

**Performance:** In 2018, levy payers rated AHDB at a mean score of 5 out of 10 in providing good value in return for levy. This remains similar to previous years

**Measure:** Levy payer satisfaction with AHDB

**Target:** Average rating of 6 out of 10 by 2019



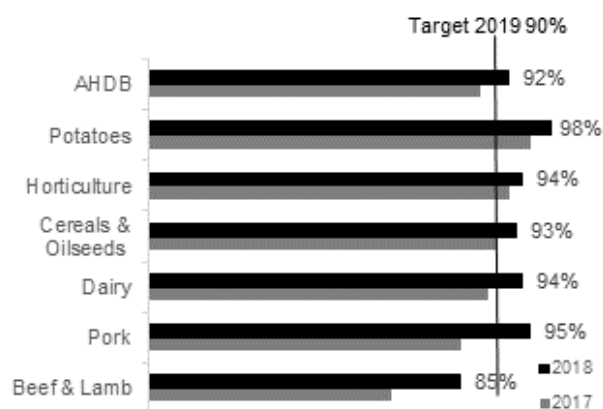
**Source:** AHDB Levy Payer Satisfaction Survey 2015–18

**Performance:** In 2018, levy payers rated their satisfaction with AHDB in meeting their business needs at a mean score of 4.9 out of 10. This remains similar to previous years, but a slight decrease of 0.2 on 2017

### 3. Recognition by the industry of AHDB as the knowledge house for the food and farming industry

Measure: Awareness of AHDB by sector

Target: 90% awareness of AHDB by 2019

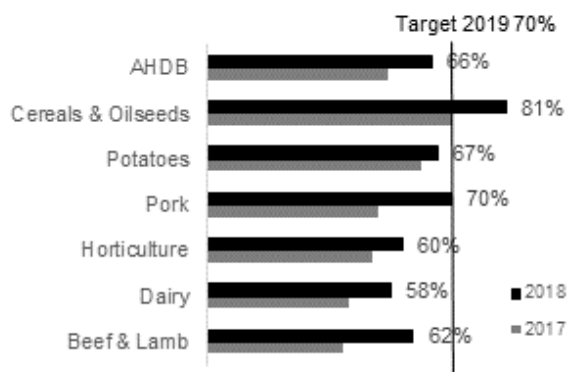


Source: AHDB Levy Payer Satisfaction Survey 2018

Performance: Awareness of AHDB in 2018 met or exceeded our 2019 target of 90% in all sectors except Beef & Lamb at 85%, which improved ten percentage points on 2017. Awareness of AHDB was highest among the Potatoes sector at 98%. Awareness of AHDB reached 92% overall, up from 88% in 2017

Measure: Percentage of all levy payers claiming to have made changes to farming or production methods and practices as a result of AHDB tools or services

Target: 70% making changes by 2019



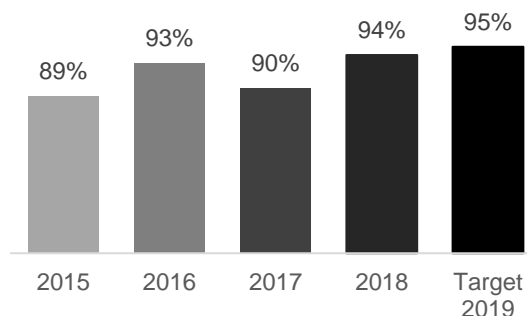
Source: AHDB Levy Payer Satisfaction Survey 2018

Performance: Levy payers making any changes to farming or production methods and practices as a result of AHDB tools or services reached 66% for AHDB overall in 2018, up from 57% in 2017. Cereals & Oilseeds and Pork are the only sectors to have already reached the 2019 target of 70%, at 81% and 70%, respectively. Improvements have been seen across all sectors on 2017, particularly so in Beef & Lamb at 62% compared with 48% in 2017

### 4. A stronger appetite for AHDB services and information among leading producers

Measure: Awareness of AHDB among top-performing levy payers

Target: 95% awareness of AHDB by top-performing levy payers by 2019

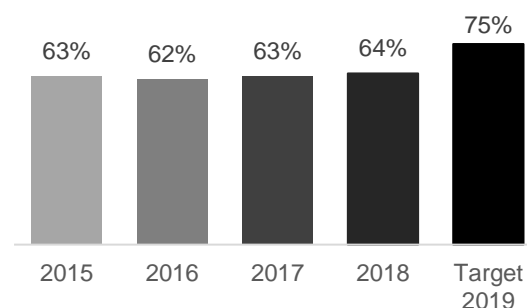


Source: AHDB Levy Payer Satisfaction Survey 2015–18

Performance: In 2018, there was a 94% awareness of AHDB among top-performing levy payers, classed as innovators or early adopters, two percentage points greater than awareness among all AHDB levy payers. This is an increase on 2017, requiring a one percentage point movement to reach our 2019 target of 95%

Measure: Percentage of the top-performing levy payers claiming to have made changes to farming or production methods and practices as a result of AHDB tools or services

Target: 75% of top-performing levy payers making changes by 2019



Source: AHDB Levy Payer Satisfaction Survey 2015–18

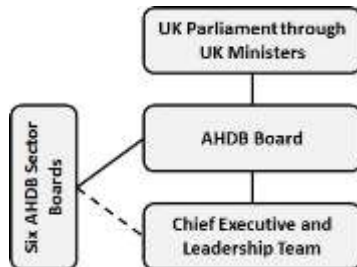
Performance: Changes to farming or production methods and practices as a result of AHDB tools or services were seen in 64% of top-performing levy payers in 2018. This remains similar to previous years

#### Levy ballot process

An ultimate test of levy payer satisfaction with our performance is provided under the Statutory Instrument under which AHDB operates. It allows levy payers to request a ballot on the continuance of a particular levy. If 5% of levy payers in any sector write to AHDB within a 90-day period, a ballot will be held for that levy and the results sent to Ministers for a decision. AHDB received no ballot requests during 2018/19.

## Board scrutiny

We are structured with six advisory committees, known as sector boards, which help the AHDB Board and staff to shape all our strategic work programmes and to challenge and scrutinise delivery. This supplements the scrutiny provided by the Audit and Risk Assurance Committee – please see the Governance Statement for more information on page 15.



The sector boards also monitor that the levy raised from an industry sector has been spent to the benefit of that sector. This particular aspect is a requirement under the Statutory Instrument and is seen as very important by levy payers and farming unions. Our financial management processes and reports provide evidence that this is being delivered.

These sector boards are predominantly made up of levy payers, providing an important level of direct accountability for AHDB.

We ensure there is a regular turnover of sector board members and 12 replacement board members were recruited in the latter part of the year to start on 1 April 2019. The six industry specialists on the main AHDB Board act as the Chairs for the six sector boards. (A list of sector board members can be found on page 62).

During 2018/19, the main AHDB Board held six meetings. In addition, the six sector boards held 30 meetings between them (30 meetings in 2017/18; 33 in 2015/16).

There is also scrutiny from Defra through a variety of methods. This includes a Defra observer attending board meetings, weekly discussions between the AHDB CEO and a Defra representative, and meetings between the AHDB Chair and Defra Minister.

## Summary and look ahead

As Peter outlined in his foreword, our industry is entering a defining time, with new agricultural policies, less direct support for farmers and growers, greater emphasis on delivering for the environment, and a new post-Brexit trading dynamic. The Board and the professional staff at AHDB are focused on supporting the industry through the transformational change that lies ahead. We aim to be an

inspiration and catalyst for businesses in tackling the challenges and grasping the opportunities that will emerge. Last autumn, Defra and the Devolved Administrations undertook an industry-wide Request for Views on AHDB, which prompted about 900 responses from individuals and stakeholder organisations. Once analysed, this will help Ministers decide on the necessary scope and structure of an AHDB levy board for the future. That process will take some time and AHDB must and has pressed on with developing a future strategy that best delivers for farmers, growers and processors. Without the feedback from the Request for Views, our planning is made harder. However, we remain mindful that further change for AHDB lies ahead and will continue to work to help the industry prepare.

I firmly believe AHDB has a pivotal role to play in the future competitiveness of the UK agriculture and horticulture sector. Applied research, coordination of effective knowledge exchange, improving digital resources, a collaborative approach to export development and domestic marketing, all underpinned with effective communications, will contribute to a more productive and environmentally sustainable sector.

I look forward to working with the industry in the year ahead to drive the transformational change I have spoken about for the industry. With the quality of support and commitment of our workforce, we will help ensure the industry remains fit for the future and realises its full potential.

**Jane King**  
**Chief Executive and Accounting Officer**  
**Agriculture and Horticulture Development Board**

**25 June 2019**

# Accountability report

## Corporate governance report

### Board's report

#### Introduction

AHDB is an executive Non-Departmental Public Body (NDPB) sponsored by Defra. As such, its Board is made up of members appointed by Ministers, rather than directors. It was created on 1 April 2008, when the functions, responsibilities, assets and liabilities of five independent predecessor levy bodies were transferred to the Agriculture and Horticulture Development Board (AHDB). This transfer was in accordance with the Statutory Instrument (the Agriculture and Horticulture Development Board Order 2008), which defines AHDB's statutory purposes as:

- Increasing efficiency or productivity in the industry
- Improving marketing in the industry
- Improving or developing services that the industry provides or could provide to the community
- Improving the ways in which the industry contributes to sustainable development

AHDB provides the agriculture and horticulture sectors with cost-effective, relevant services, which support the sectors' long-term sustainability. Our strategy to deliver these services is described in the Performance report on page 6.

The composition of the Board of AHDB is reported on page 4. Details of the Accounting Officer, who is the Chief Executive of AHDB, are reported on page 21.

Any interests held by AHDB Board Members in other relevant organisations are disclosed in Note 16 of the financial statements.

AHDB's Corporate Governance is described and reviewed in the Governance Statement on pages 15 to 19.

AHDB is funded by statutory levies paid by farmers, growers and others in the supply chain. Levies raised from each commodity sector are ring-fenced to ensure they only benefit the sector from which they were raised.

#### Financial results

The underlying deficit for the year was £0.9 million (2017/18: £3.3 million surplus). The underlying deficit was the start of the plan to reduce reserves towards their target level, after several years of change within AHDB, during which surpluses had developed as activities were refocused. Spending on core strategic activities (continuing operations only) increased by £2.7 million, to £63.6 million (£2017/18: £60.9 million). Total income fell by £2.5 million compared with the previous year. AHDB's overall results show a total comprehensive expenditure of £5.0 million (2017/18: surplus of £5.3 million) because the deficit includes a negative movement in the historic defined benefit pension scheme assets/liabilities of £4.1 million.

The cash balance at the end of the year was £27.0 million. Cash at bank is a fundamental component of our Reserves Policy, which is designed to fund a fluctuating working

capital cycle, as well as maintain a base fund to protect AHDB's ability to continue to provide levy-payer services, should circumstances lead to an unexpected short-term reduction in our income. Cash is usually at its lowest in the summer months. We plan to reduce reserves over the next few years to the Board-approved target level.

#### Pension schemes

In accordance with the Government Financial Reporting Manual for the year ended 31 March 2019, AHDB accounts for its pension scheme obligations under the requirements of IAS 19 (revised): There are legacy pension schemes from the Meat and Livestock Commission (MLC) and HGCA, with recognition of pension liabilities of £7.4 million and £71k, respectively, in the AHDB Statement of Financial Position. These assets and liabilities belong to the pension schemes and, in accordance with the Pension Scheme Surpluses (Valuation) Regulations 1987, are not available to AHDB. Please see note 15 for more information.

#### Payment policy

AHDB's policy is to pay accounts according to suppliers' payment terms or, where such terms are not specified, to pay within 30 days of agreement of the amount invoiced. As at 31 March 2019, trade payables creditors equated to 14 days' purchases outstanding (2018: 19 days).

#### Contractors

AHDB uses the services of specialist individual contractors to provide specific services where the resource is not available in-house and where it would not be commercially or operationally viable to provide the resource internally. During 2018/19, the cost of services provided by such contractors was £1,186k (2017/18: £92k). There has been a significant increase in our spend, primarily due to using contractors on the Livestock Information Programme (LIP) activity, which is funded by Defra.

#### Environmental issues (Sustainable Development)

Please see Performance report on page 10.

#### Auditor

The external auditor of AHDB and its subsidiary (until 30 November 2018), Meat & Livestock Commercial Services Limited (MLCSL), is the Comptroller and Auditor General (C&AG). Services are limited to the statutory audit and no fees were paid in respect of non-audit services.

#### Personal data-related incidents

No personal data-related incidents requiring formal reporting to the Information Commissioner's Office (ICO) occurred during the year. There were two complaints made to the ICO on AHDB's handling of Subject Access Requests. One is under investigation, the other concluded with an agreed action for the future.

#### Authorisation for issue

The Accounting Officer authorised these statements for issue on the date of the C&AG's audit certificate.

## Statement of the Accounting Officer's responsibilities

Under the Agriculture and Horticulture Development Board Order 2008, the Secretary of State, with the consent of HM Treasury, has directed AHDB to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of AHDB and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, AHDB and its Accounting Officer must comply with the requirements of the Government Financial Reporting Manual and, in particular, to:

- Observe the Accounts Direction issued by Ministers, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the financial statements
- Prepare the financial statements on a going-concern basis
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable, and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The Accounting Officer of the Department for Environment, Food and Rural Affairs has appointed the Chief Executive as the Accounting Officer of AHDB. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding AHDB's assets, are set out in Managing Public Money, published by the HM Treasury.

### Disclosure of audit information to the Comptroller and Auditor General

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that AHDB's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

## Governance statement 2018/19

AHDB is an executive Non-Departmental Public Body established under the Agriculture and Horticulture Development Board Order 2008. AHDB levy income is covered by HM Treasury rules for the governance of public money, and the Department for Environment, Food and Rural Affairs (Defra) acts as AHDB's 'sponsor' Government department. As AHDB's Accounting Officer, I am accountable to Ministers and devolved governments on the appropriate use of levy funds and corporate governance standards applicable to public bodies. A Framework Document sets out the arrangements within which AHDB, Defra and the Devolved Administrations are required to operate in their relationship.

As Accounting Officer, I am responsible for maintaining a sound process of governance and system of internal control that supports the achievement of AHDB's policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

### Governance framework – AHDB Board and committees

The AHDB Board normally consists of 10 members: the chairman, three independent members and six specialist members who are also chairs of the sector boards (see below). The members are appointed by Ministers and are listed on page 4.

In keeping with the corporate governance code for central government, the Board operates with the support of two subcommittees, an Audit and Risk Assurance Committee (ARAC), and a Remuneration and Nominations Committee.

In order to maintain customer focus, AHDB also operates with six committees, known as sector boards, representing the commodity sectors covered by its statutory remit. Sector boards comprise members appointed by AHDB to provide expertise on their specific sector and include at least one independent member per sector. Each board has functions delegated from the AHDB Board, giving it the duty:

- a. To develop the most appropriate strategies to meet the challenges of their sector, within the framework of the AHDB Corporate Strategy.
- b. To ensure the relevant levy rate is recommended to provide adequate funding for the required work.
- c. To monitor strategy implementation and approve remedies where performance deviates from plan.

The AHDB Board splits its time between corporate governance matters, monitoring performance and planning for the future. A key topic the Board has focused on during 2018/19 has been continuing the development of AHDB, given the changing environment of Brexit, the request for levy-payer views exercise from Defra, the work of the Food and Drink Sector Council, in order to clarify the future vision for AHDB. This includes greater linking with partners across the industry and operating within the evolving policy environment. In addition, the Board has considered:

- Communications strategy and Customer Relationship Management (CRM)
- Sale of MLCSL
- Red Tractor/Assured Food Standards
- Education Strategy



- Export Strategy
- Red Meat Levy redistribution
- Farmbench
- Livestock Information Programme (LIP)
- Antimicrobial resistance

Attendance of the Board members at the Board and Committee meetings held during the year, was:

	Board		ARAC		Remuneration	
	Available	Attended	Available	Attended	Available	Attended
Peter Kendall	6	6	N/A	N/A	2	2
Hayley Campbell-Gibbons	3	3	N/A	N/A	1	1
Sophie Churchill	6	6	4	4	N/A	N/A
Gwyn Jones	6	6	4	4	N/A	N/A
Will Lifford	6	6	4	4	N/A	N/A
George Lyon	6	6	N/A	N/A	2	2
Adam Quinney	6	6	N/A	N/A	2	2
Janet Swadling	6	6	2	2	N/A	N/A
Paul Temple	6	6	N/A	N/A	2	2
Mike Sheldon	6	5	1	1	2	2
Phil Huggon	N/A	N/A	4	4	N/A	N/A
David Neal-Smith	N/A	N/A	4	4	N/A	N/A

Please note: Phil Huggon and David Neal-Smith are members of ARAC only.

There were two vacancies on the board on 1 April 2018. Janet Swadling was appointed from 31 May 2018 until 31 March 2021 to replace Ian Crute. Hayley Campbell-Gibbons was appointed from 1 November 2018 to 31 October 2021 to replace Gary Taylor. Will Lifford's term in office was extended for a twelve-month period until 31 March 2020. Gwyn Jones' term in office was extended for a six-month period until 31 March 2020. The CEO/Accounting Officer and Leadership Team attended Board meetings. There were no other changes during the 2018/19 financial year.

Mike Sheldon ceased to be a member of the Remuneration Committee and became a member of the ARAC in 2018/19.

### The AHDB Executive Leadership Team

The AHDB Leadership Team (listed on page 21) are the executives who are responsible for ensuring delivery of the strategy set by the Board, and supervising the day-to-day management operations within AHDB. The team meets weekly to monitor and review both the performance of the organisation and manage specific operational matters.

### Board performance and effectiveness

The effectiveness of the Board is assessed by the Chair conducting individual appraisals of each Board member on an annual basis. The Board also assesses its own effectiveness by individually completing evaluations following each Board meeting. The process for assessing Board effectiveness includes annual completion by all Board members of a Board effectiveness review document (based on a National Audit Office (NAO) template). The results of the 2017/18 exercise were reviewed in May 2018 and areas for development were identified by the Board. The 2018/19 survey will be discussed in early 2019/20.

Conflicts of interest have been declared and monitored throughout the year. Conflicts that have needed to be managed related to: Will Lifford as Chair of the LIP Programme Board and also chair of ARAC. Another member of the ARAC has chaired all discussions of LIP at ARAC meetings. In addition, the AHDB Board managed conflicts related to the sale of MLCSL and the MLC Pension Scheme with Ian Crute/Mike Sheldon taking no part in either AHDB Board or MLC Pension Scheme discussions, respectively. In addition, although not Board members, the

conflicts of interest of Rebecca Geraghty and Ken Boyns as directors of the Pension Trustee company for the HGCA Pension Plan and the MLC Pension Scheme have been managed by being clear which interest they represent and not participating in items where there is a conflict.

### Audit and Risk Assurance Committee (ARAC)

Membership of the ARAC is detailed on page 4. Meeting attendance is covered in the table on page 16.

The broad thrust of the ARAC Terms of Reference is supporting the Accounting Officer with a constructive and challenging approach. The remit of the ARAC includes advising the Accounting Officer and Board on strategic processes for risk assessment, management and control, governance and the Governance statement. It also considers the planned activity and results of both internal and external audit.

The ARAC has supervised the development of strong Board governance on behalf of levy payers. This has been achieved by ensuring processes are in place that enable the executive to be held to account. Such processes include informative and transparent reporting, internal audit of key operating systems, and risk assessments.

The ARAC is satisfied that the general level of management control is sufficient to assure the Board and levy payers that the focus of the AHDB organisation is in ensuring good value for the monies raised by the levies in all six sectors. The ARAC ensured that it received enough information through the year to assure itself that sufficient progress was made on procurement and GDPR.

In reviewing the effectiveness of AHDB's internal control, the ARAC undertook the following key activities:

**Internal control:** Assurance was obtained that key internal control recommendations made by internal and external auditors have been implemented by management. ARAC requests explanations and agrees what remedial steps will be taken for any actions that have been delayed.

**Financial reporting:** An understanding of the current areas of greatest financial risk and how the executive is managing these effectively was obtained. Significant risks and exposures were discussed with management, and the internal and external auditors. Management's plans to minimise and manage such risks were discussed, including the ongoing VAT case (refer to specific risks, page 18), the contingency reserves policy and cash flow policy.

**Internal audit:** The activities and organisational structure of the internal audit function were reviewed and assurance was provided that no unjustified restrictions or limitations were imposed. The ARAC ensured that significant findings and recommendations made by the internal auditors were received and discussed on a timely basis and that management responded appropriately. The ARAC oversaw the commencement process of the new internal auditors from 1 April 2018.

**External audit:** The external auditor's proposed audit scope and approach were reviewed and assurance was provided that no unjustified restrictions or limitations had been placed on the scope. The ARAC considered the independence of the external auditor, ensured that significant findings and recommendations were received and discussed on a timely basis and that management responded appropriately to recommendations.

**Risk:** Monitored risks facing the business and received reports from senior managers regarding risk in their areas.

### Remuneration and Nominations Committee

Membership of the Remuneration and Nominations Committee is detailed on page 4, and attendance is recorded in the table on page 16. The Committee is chaired by an independent AHDB Board Member and includes three sector chairs from the Board, plus the AHDB Chair. The Remuneration and Nominations Committee meets at least twice a year, to:

- Approve the implementation of government guidelines on pay
- Assess the annual performance of the Chief Executive and Leadership Team
- Determine the strategic direction of compensation and benefits across the organisation, providing the AHDB Board with assurances on performance and reward
- Oversee the recruitment process for sector board members.

During 2018/19, the Committee regularly reviewed the gender pay gap within AHDB and the actions being taken to reduce this. It also reviewed the sector board recruitment process and received reports on the position of the legacy Defined Benefit pension schemes for which AHDB is the principal employer.

During 2018/19, AHDB continued to recruit to the sector boards in line with the ongoing phased programme of rotation. There were 15 vacancies to be filled across all sector boards, with 12 taking up their posts on 1 April 2019. Recruitment for the final three to take place in due course.

### Quality of management information

There has been ongoing development in the format and quality of information the Board received during 2018/19, building on the changes made in 2017/18. Operational reports are produced regarding the status of projects and activities that deliver AHDB's corporate and sector strategies. In addition, an annual evaluation report is now being produced. This provides the Board with greater visibility of performance across the organisation. This follows work to improve evaluation, which is part of a development process expected to continue for one more year. The Board considers the quality of management information it receives as being acceptable for the purpose of enabling it to make its decisions to discharge its duties.

### Corporate governance effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the process of governance. My review of the effectiveness is informed by the work of the internal auditors and the Chief Officers within AHDB, who have responsibility for the development and maintenance of the governance processes and internal control framework, as well as comments made by the external auditor in its management letter and other reports.

I have been advised by the Board and the ARAC in my review of the effectiveness of the system of internal control. AHDB embraces the principles and requirements of good corporate governance. We have continued to develop processes to maintain and develop the effectiveness of the system of governance and internal control. These include:

- A three-year Corporate Strategy
- An Investment Test – ensuring new activities are in line with the Corporate Strategy and are planned to deliver value for money before commissioning
- An annual process of activity planning and detailed budgeting – agreed across the matrix structure with budgets and key activity approved by sector boards, including cost allocations across sectors (hypothecation)
- Clear reporting against objectives
- Risk Management policy and systems, including Board agreed risk appetite
- A Project Management Office (PMO) function
- Appropriate policies and procedures including Anti-Fraud Policy, Procurement and Standing Instructions
- Training for staff, including: Procurement, General Data Protection Regulations (GDPR) and Information Management
- Financial systems and controls

The process of governance and system of internal control continued to be embedded throughout the organisation during the year ended 31 March 2019 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance. The Board considers it has complied with the corporate governance in central government department's code of good practice insofar as it applies to externally funded arm's-length bodies.

No significant internal control issues were brought forward from 2017/18 and no new ones were raised in 2018/19.

### Whistle-blowing policy

AHDB is committed to the highest standards of openness and accountability, and concerns about malpractice are taken very seriously. A disclosure to AHDB, based on an honest and reasonable suspicion that malpractice has occurred, is occurring or is likely to occur, will be protected.

Employees who raise concerns reasonably and responsibly will not be penalised. During the financial year, there were no concerns raised under the Whistle-blowing policy, although a concern raised in 2017/18 continued to be reviewed (now closed with nothing in the public interest to report). The Whistle-blowing policy was reviewed during 2018/19 and considered by both the Board and the ARAC. Following further updates, it is expected to be approved by the Board during 2019/20.

### Risk management

During the year ended 31 March 2019, I, as Chief Executive, acted as sponsor of AHDB's corporate governance and risk management programme, with the Chief Finance and Operations Officer, and the Chief HR Officer operating as key managers. There is a risk management policy in place that details how the organisation manages risk across the organisation, including the role of the Board and the ARAC. AHDB's risk management policy constitutes a key element of its internal control and corporate governance framework. Senior Team members, as Chief Officers and Directors, are responsible for ensuring that risks to the delivery of our strategy and to AHDB have been properly identified and assessed across their work areas. They are responsible for escalating risks to the Leadership Team for their attention, as appropriate.

## **Risk appetite**

AHDB's risk appetite is defined in a formal Statement on Risk Appetite included in the risk management policy. The risk appetite provides guidance to management on the level of risk considered appropriate, and recognises that an aversion to risk must not prevent it from taking opportunities that will aid successful and innovative development in line with its strategic plan. The Board and Leadership Team recognise the need for the organisation to feel empowered to deliver bold innovative services for the agriculture and horticulture industries, supported by robust risk management and internal control environments.

The Board requires a low-risk appetite to be applied to matters impacting on health and safety or other legal and regulatory matters.

## **Specific risks**

The primary risks that were identified and managed during the past year, were:

### **Brexit**

In terms of the specific risk environment, Brexit creates some degree of uncertainty, both for our industry and for AHDB as an organisation. The key risks that AHDB has assessed in relation to Brexit, are:

- Structural change to the industry and changes to AHDB levy income as a result
- The potential impact of tighter restrictions on EU migrants in terms of our workforce
- Managing the loss of EU grant income
- The potential for changes to AHDB's remit brought about as a consequence of changes to agriculture policies across the UK (including Devolved Administrations)

While AHDB's primary focus in relation to Brexit is to help prepare our farmers, growers and industry for change, we continue to assess possible risks and opportunities of leaving the EU. The terms on which the UK leaves the EU will determine what arrangements apply in relation to EU legislation in future, once the UK has left the EU.

## **Data and information management/cyber security**

As with many organisations, we face ever-increasing cyber risks, with the number of attempts of spearphishing and ransomware attacks escalating over recent years. Our Information Services Team has been successfully managing these risks and has ensured staff are aware and alert to the issues. A plan to improve the way we address cyber security has been agreed and we started to implement it in 2018/19.

Each Chief Officer is responsible for proper data handling within their area of responsibility. The organisation holds an Information Asset Register that is managed by the Data Protection Officer. Information management has had increased focus during 2018/19 with the introduction of the General Data Protection Regulations (GDPR) in May 2018. Additional resources were made available for this activity in order to meet the new requirements.

All staff within AHDB are required to participate annually in data handling e-learning. In 2018/19, this was GDPR

training. Databases are reviewed periodically for data risk and, for last year, AHDB has had no material data-related incidents that required reporting to the ICO. There have been a number of minor incidents, which have been used as opportunities to provide further training and improve systems and processes. There will continue to be ongoing work to develop GDPR best practice in 2019/20.

## **Health and safety**

AHDB aims to ensure that excellence in health and safety management is embedded within the organisation. We have identified that a key area to develop further is the research unit at Sutton Bridge. A programme of training has been maintained throughout the year (including the AHDB Board) and additional training has been provided at Sutton Bridge.

## **Management Skill**

The Board and Leadership Team recognise that effective management is one of the most important elements of successful delivery of our objectives. The scale of change within AHDB over the past three years has required the development of management skills across the organisation. This is an ongoing process, with training for managers available on multiple topics, the appointment of experienced managers and introduction of new approaches such as the Project Management Office (see below), succession planning and business partnering. Any change of this nature will be challenging for some staff and we are monitoring our turnover levels to ensure they remain within an acceptable range.

## **Support of levy payers**

The organisation's reputation is important in terms of being able to maintain the support of levy payers and influence them. The clarity and effectiveness of our communications is an important risk for the organisation to manage as is consistent, excellent delivery.

In addition, the greater ambition requires a more stringent justification of financial return and this is congruent with management's actions in developing tools to evaluate the returns on investment of proposed activities and, hence, the evaluation and monitoring of activities. We are managing this risk with a programme of activity to further develop our evaluation approaches, both before committing to expenditure (Investment Test) and post-expenditure outcome evaluation. We are also developing our communications approach to focus on key campaigns around a few core messages that we want to get across effectively to farmers, growers and the industry.

## **Project management**

AHDB has recognised that, with a focus on larger, more ambitious projects and activities to deliver benefit to levy payers, there is a need to enhance the sophistication of our project management approach. Therefore, we have invested in a Project Management Office (PMO) to provide support to the management of our most crucial projects, and provide training to others managing smaller projects across the organisation. This has made significant progress during 2018/19 in improving the maturity of our approach to managing projects so they have a greater chance of delivery to specification, on time and on budget. An internal audit review was positive about the progress made in a short time period.

## **Livestock Information Programme (LIP)**

We are working in partnership with the industry and Defra to deliver the Livestock Information Programme (LIP) – a new multispecies animal traceability system for England. This will replace three existing separate systems and deliver cost savings for government and added value benefits for the industry. The programme will identify and develop opportunities that will provide insight into how the industry operates, with the ambition to improve productivity and enhance competitiveness. The programme will create a new IT system and design a new service. A number of risks will require managing, particularly those associated with the build of a new IT system and its integration with other existing IT systems. An experienced team and appropriate programme governance have been put in place to deliver the programme and manage the risks.

## **Meat & Livestock Commercial Services Limited (MLCSL)**

On 30 November 2018, we sold our commercial subsidiary MLCSL to Vorenta Limited to secure the sustainable future of carcass classification. Negotiations for the sale had been taking place during the year and the risks associated were managed throughout the sale process, as well as ensuring the appropriate governance was followed and permission for the sale was received from Defra (see Note 8 on page 48 for more details).

## **VAT status**

The VAT status of AHDB levies is currently under review by HMRC. If the VAT status of the levies were changed, then AHDB would no longer be able to effectively reclaim input VAT on supplies for levy-funded services, leading to a significantly increased cost of purchased goods and services. HMRC has confirmed there will be no retrospective change. AHDB is taking steps to identify the potential necessary changes to services if the VAT status of the levy were to change.

## **Internal audit and assurances**

During 2018/19, AHDB's internal audit function was outsourced to RSM, which took over from KPMG after winning a tender process in 2017/18. The function operates to standards defined in the Government Internal Audit Standards. The internal audit function has a central role in assessing the robustness of the implementation of the risk management strategy and management of internal controls across AHDB. It provides information on the various strengths and weaknesses, and advises on where improvements are necessary and desirable for the good governance of AHDB. The internal audit plan for AHDB is set annually and approved by the ARAC. RSM's annual internal audit report for 2018/19 gave the second highest rating of 'reasonable Assurance' for AHDB, the same as given by KPMG for 2017/18. Possible rating categories range from 'Substantial' to 'No' assurance.

During 2018/19, the internal audit areas covered, were:

- IT Core Controls, reasonable assurance
- Levy Income and Collection Processes, substantial assurance
- Project Management Controls; advisory only – no assurance rating expected

- Operational Reporting Framework, reasonable assurance
- Risk and Assurance Management Framework advisory only – no assurance rating expected
- Key Financial Controls, substantial assurance
- LIP Programme Assurance Review – advisory only – no assurance rating expected

There were no high priority recommendations made by RSM from the internal audits carried out during the year. Management undertook to implement the required actions and some were in progress before the end of the financial year. AHDB has considered the overall management of internal control and governance throughout the year and can confirm there are no issues requiring specific disclosure beyond those explained above.

Internal audit arrangements for 2019/20 are for RSM to supply a full internal audit service as the second year of its contract.

## **Other assurances**

During 2018/19, two areas of operation were accredited to ISO 9001 for their quality management systems. The ISO 9001 standard pulls together policies, processes and procedures safeguarding the quality, efficiency and consistency of our systems. Accreditation applies to primary data provision in our Market Intelligence division and services provided at our Sutton Bridge research facility.

## Remuneration and staff report

### Membership of the Remuneration and Nominations Committee

Membership of the Remuneration and Nominations Committee consists of five AHDB Board Members appointed by the Board. The Chair of the Committee throughout the year was George Lyon, an independent AHDB Board Member. The other members of the Committee as at 31 March 2019 were Hayley Campbell-Gibbons, Sir Peter Kendall, Adam Quinney and Paul Temple. Membership is reviewed periodically or on termination of a member's appointment to the Board.

### Policy on the remuneration of the Board, Chief Executive and senior managers

The remuneration of Board members is determined by Defra Ministers. There are no pension arrangements or performance-related emoluments in place for any Board members.

The Remuneration and Nominations Committee's function in relation to its responsibilities regarding remuneration is as follows (a summary of the activity of the Committee regarding Nominations is included in the Governance Statement on page 17):

- Advise Defra on the number of days' commitment required from AHDB Board Members
- Set the remuneration for the sector board members
- Advise the Board, in consultation with Defra, on the performance objectives and remuneration terms linked to these objectives for the AHDB Chief Executive
- Advise the Board on the total remuneration packages for the senior managers in the AHDB Group, including pay, benefits and pension arrangements. The definition of senior managers is AHDB Chief Executive and Chief Officers
- Advise the Board, in consultation with the Chief Executive, on the proposals for any annual review for staff in general and have oversight of AHDB's salary structure
- Provide oversight to the board on the pension schemes

In detail, the Remuneration and Nominations Committee is specifically charged with determining AHDB's policy on the remuneration of those covered by the scope of this Committee to ensure these packages are appropriate to attract, retain and motivate senior staff of appropriate calibre, in line with the needs of AHDB and the industry.

In this context, the Committee gives full consideration to the best practice provisions for remuneration policy, contracts and compensation.

See tables on the following pages for full details of the remuneration of the Board and senior managers.

### Methods used to assess whether performance conditions are met

The Committee considers and, if appropriate, approves the Chair of the Board's recommendation concerning the salary for the Chief Executive on an annual basis.

### Proportion of remuneration which is subject to performance conditions

None of the remuneration of any AHDB Board Member is subject to performance conditions.

The amount of senior managers' remuneration that is subject to performance conditions, where agreed, is restricted under government pay guidelines to a maximum of 10% of salary. No members of the Leadership Team were eligible for performance-related pay in 2018/19.

### Policy on duration of contracts, notice periods and termination payments

Ministers have the right to terminate the appointment of any Board member for any reason specified in the Statutory Instrument 2008 No. 576 (Schedule 2, paragraph 2(3)).

Board members may resign by written notice to the Secretary of State or other Ministers, if appropriate. This does not require a notice period and no termination payments apply.

Senior AHDB staff are appointed on permanent contracts. All their notice periods are six months to reflect the business needs of the organisation and any termination payments made would be on contractual terms only.

(Details of AHDB Board Members and Board statutory committees are shown on page 4. Sector board members are shown on page 62).

## Contracts of employment for the Leadership Team

Set out below are details of the contracts of employment for AHDB's Leadership Team as at 31 March 2019.

	Contract start date	Contract expiry date	Contract notice period	Unexpired term
Jane King: Chief Executive Officer	01-Feb-15	Indefinite	6 months	Not applicable
Ken Boyns: Chief Finance and Operations Officer	01-Jul-16	Indefinite	6 months	Not applicable
Rebecca Geraghty: Chief HR Officer (Interim Chief Technical Officer)	01-Aug-15	Indefinite	6 months	Not applicable
Tom Hind: Chief Strategy Officer	05-Oct-15	Indefinite	6 months	Not applicable
Richard Laverick: Chief Technical Officer (Interim Chief LIP Officer)	05-Oct-15	Indefinite	6 months	Not applicable
Christine Watts: Chief Communications and Market Development Officer	14-Jan-16	Indefinite	6 months	Not applicable

The contract start date is the date at which the employee took up their current permanent position.

## Remuneration of the Leadership Team (audited)

Set out below are details of the remuneration of AHDB's Leadership Team during the year to 31 March 2019. Benefits include the provision of a company car, private health cover and, where applicable, other miscellaneous allowances and holiday buy-back arrangements. No other non-cash benefits were provided.

	Basic salary (Bands of £5,000)		Bonus (Bands of £5,000)		Benefits in kind (Nearest £100)		Pension benefit (Nearest £000)		Total (Bands of £5,000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Jane King: Chief Executive Officer	130-135	130-135	-	-	10,100	10,100	13,000	13,000	155-160	155-160
Ken Boyns: Chief Finance and Operations Officer	95-100	90-95	-	-	7,200	7,200	12,000	12,000	110-115	110-115
Rebecca Geraghty: Chief HR Officer (Interim Chief Technical Officer)	80-85	75-80	-	-	8,100	6,800	21,000	21,000	110-115	100-105
Tom Hind: Chief Strategy Officer	105-110	105-110	-	-	5,900	5,000	11,000	11,000	120-125	120-125
Richard Laverick: Chief Technical Officer (Interim Chief LIP Officer)	85-90	80-85	-	-	7,200	7,200	9,000	8,000	105-110	100-105
Christine Watts: Chief Communications and Market Development Officer	110-115	110-115	-	-	6,600	6,600	11,000	11,000	130-135	125-130

## Pension Scheme particulars of the Leadership Team (audited)

Set out below are the Pension Scheme particulars of AHDB's Leadership Team during the year to 31 March 2019.

	Pension Scheme details	Employees contribution rate	Employers contribution rate
Jane King: Chief Executive	AHDB Group Personal Pension Plan	10.0%	10.0%
Ken Boyns: Chief Finance and Operations Officer	AHDB Group Personal Pension Plan	5.0%	12.5%
Rebecca Geraghty: Chief HR Officer (Interim Chief Technical Officer)	HGCA Defined Benefit Scheme	6.5%	29.6%
Tom Hind: Chief Strategy Officer	AHDB Group Personal Pension Plan	5.0%	10.0%
Richard Laverick: Chief Technical Officer (Interim Chief LIP Officer)	AHDB Group Personal Pension Plan	15.0%	10.0%
Christine Watts: Chief Communications and Market Development Officer	AHDB Group Personal Pension Plan	5.0%	10.0%

## Pension entitlement of the Leadership Team: defined benefit schemes (audited)

Set out below are details of the pension benefits accrued at and earned by each of AHDB's Leadership Team who were members of a defined benefit scheme during the year to 31 March 2019.

	Total accrued pension			Cash equivalent transfer value		
	Annual entitlement as at 31-Mar-19 £'000	Real terms inc in year £'000	Annual entitlement as at 31-Mar-18 £'000	As at 31-Mar-19 £'000	Real terms inc in year £'000	As at 31-Mar-18 £'000
Rebecca Geraghty: Chief HR Officer (Interim Chief Technical Officer)	25-30	0-2.5	20-25	606	26	558

### Total accrued pension

The accrued annual pension entitlement shown is the amount that would be paid each year on retirement, based on service to the end of the current year. The increase in the additional pension earned during the year excludes any increase for inflation.

### Cash equivalent transfer value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. CETVs are calculated on the Trustee's current CETV basis adopted for the HGCA Pension Plan.

## Pension entitlement of the Leadership Team: defined contribution schemes (audited)

Set out below are details of the employer's contributions made on behalf of AHDB's Leadership Team who were members of a defined contribution scheme during the year to 31 March 2019.

	Employer's contributions	
	For the year ended 31-Mar-19	For the year ended 31-Mar-18
	£'000	£'000
Jane King: Chief Executive	13	13
Ken Boyns: Chief Finance and Operations Officer	12	12
Tom Hind: Chief Strategy Officer	11	11
Richard Laverick: Chief Technical Officer (Interim Chief LIP Officer)	9	8
Christine Watts: Chief Communications and Market Development Officer	11	11

## Fair Pay report (audited)

In accordance with the requirements of the Hutton Fair Pay Review, AHDB is required to disclose the relationship between the remuneration of the highest paid executive of AHDB and the median remuneration of AHDB's workforce.

The annualised banded remuneration, excluding pension benefit, of the highest paid executive employed by AHDB at 31 March 2019 was £140–£145k unchanged from 2017/18 (£140k–£145k). The range of remuneration for 2018/19 commenced at £15k–£20k (2017/18: £15k–£20k). The median remuneration of the workforce was £37,836, a ratio of 3.8 times compared to 2017/18 (£36,265, 3.9 times).

In 2018/19 and 2017/18, no employees received remuneration higher than the annualised amount paid to the Chief Executive. Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.



## Emoluments of AHDB Board Members (audited)

Set out below are details of the emoluments of AHDB's Board Members during the year ended 31 March 2019. No other cash or non-cash benefits were provided to AHDB Board Members.

	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000
Peter Kendall: Chair of AHDB (Reappointed 1 April 2017)	50-55	50-55
Hayley Campbell-Gibbons: Chair of AHDB Horticulture Sector Board (Appointed 1 November 2018)	10-15	-
Sophie Churchill: Chair of AHDB Potatoes Sector Board (Appointed 10 April 2017)	30-35	30-35
Ian Crute: Independent Board member of AHDB (Term ended 31 March 2018)	-	10-15
Gwyn Jones: Chair of AHDB Dairy Sector Board (Reappointed 1 October 2016, extended to 31 March 2020)	30-35	30-35
Will Lifford: Independent Board Member of AHDB (Reappointed 1 April 2016, extended to 31 March 2020)	10-15	10-15
George Lyon: Independent Board Member of AHDB (Reappointed 1 April 2018)	10-15	10-15
Adam Quinney: Chair of AHDB Beef and Lamb Sector Board (Reappointed 23 November 2018)	30-35	30-35
Mike Sheldon: Chair of AHDB Pork Sector Board (Appointed 10 April 2017)	30-35	30-35
Janet Swadling: Independent Board Member of AHDB (Appointed 31 May 2018)	05-10	-
Gary Taylor: Chair of AHDB Horticulture Sector Board (Stepped down 31 March 2018)	-	30-35
Paul Temple: AHDB Chair of Cereals & Oilseeds Sector Board (Reappointed 1 April 2018)	30-35	30-35

The emoluments of AHDB's Board Members during the year ended 31 March 2019 were paid on the basis that a certain number of planned days were worked. George Lyon was appointed as Chair of MLCSL as of 1 March 2016, and resigned when MLCSL was sold on 30 November 2018. He was paid an additional £5-£10k during 2018/19 (2017/18: £5-£10k) for this role. Will Lifford was paid £0-£5k for additional days for chairing the Livestock Information Programme (LIP) board. Full year equivalent for Hayley Campbell-Gibbons and Janet Swadling £30-35k and £10-15k respectively.

Set out below are the details of Board members' terms of office (not subject to audit):

	Contract start date	Contract end date
Peter Kendall: Chair of AHDB	01-Apr-14	31-Mar-20
Hayley Campbell-Gibbons: Chair of AHDB Horticulture Sector Board	01-Nov-18	31-Oct-21
Sophie Churchill: Chair of AHDB Potatoes Sector Board	10-Apr-17	09-Apr-20
Gwyn Jones: Chair of AHDB Dairy Sector Board	01-Oct-14	31-Mar-20
Will Lifford: Independent Board Member of AHDB	01-Apr-13	31-Mar-20
George Lyon: Independent Board Member of AHDB	01-Apr-15	31-Mar-21
Adam Quinney: Chair of AHDB Beef and Lamb Sector Board	23-Nov-15	31-Mar-21
Mike Sheldon: Chair of AHDB Pork Sector Board	10-Apr-17	09-Apr-20
Janet Swadling: Independent Board Member of AHDB	31-May-18	31-Mar-21
Paul Temple: Chair of AHDB Cereals and Oilseeds Sector Board	01-Apr-15	31-Mar-21

Hayley Campbell-Gibbons was appointed for a three-year term from 1 November 2018. Janet Swadling was appointed for a three-year term from 31 May 2018. Will Lifford had his term extended for one year to 31 March 2020. Adam Quinney had his term extended for two years and four months to 31 March 2021 and Gwyn Jones had his second term extended by six months to 31 March 2020.

## Staff report

AHDB is supported by a dedicated team of permanent staff.

**Staff costs and average numbers (audited):** For the year ended 31 March 2019, we employed an average of 469 permanent staff on AHDB activity (429 in previous year) and 69 staff in our commercial operations (103 in previous year). A further five were employed under other contractual arrangements on levy activities and none on commercial operations (2017/18: five and none, respectively).

AHDB activity-based headcount has increased during 2018/19 for several reasons. We have invested in our Knowledge Exchange and Research teams to provide more services to farmers, such as Farmbench and expansion in our Farm Excellence programme. We have also expanded our Digital & Creative team to deliver services such as Farmbench and greater social media activity. We also have additional headcount to develop the Livestock Information Programme, and a small number of MLCSL staff providing services to AHDB and Defra moved to AHDB at the point of transfer.

To ensure control of headcount numbers, we have set the cap for 2019/20 at 499 FTE for levy-dependent posts.

Our staff turnover ran at 17.5%, up from 12.7% on the previous year (AHDB only). Some of this increase is due to restructuring within parts of the organisation. Total staff costs for 2018/19 were £27.9 million (2017/18: £24.9 million). Further breakdown of staff costs is included in Note 3 on page 44.

**Staff composition:** The gender split of the average full-time equivalent staff employed across the whole of AHDB in 2018/19 was 233 (43%) male and 305 (57%) female (2017/18: 49% male, 51% female). For staff working on levy-dependent activities, the split was 174 (37%) male and 294 (63%) female (2017/18: 39% male, 61% female). At 31 March 2019, of the six members of the Leadership Team, three were male and three were female (31 March 18: three male, three female).

**Sickness absence data:** Absence due to sickness is monitored across the AHDB group (inc. MLCSL) and, in the year ended 31 March 2019, days lost through sickness equated to 6.8 days per full-time equivalent employee or 3.0% of total attendance (2018: 7.2 days, 3.2%).

**Annual staff survey:** Having run the previous staff survey for five years, we moved to the Gallup Q12 survey in April 2018, which allows us to more easily benchmark with external organisations. The new survey is designed around 12 questions, which are grouped into a hierarchy of needs at work. An engagement index is produced, which should enable AHDB to better compare our employee engagement with other companies. Ultimately, we want to become an employer of choice. The survey has been run in May 2019 for the second time and we will be able to see what progress we have made over the course of the past 12 months.

**Human resources (HR) strategy:** During 2018/19, we have implemented our HR strategy to support AHDB's purpose and corporate priorities. The components within the HR strategic work streams are aligned to:

- i. Delivering high-quality HR support to enable managers to maximise employee **performance and engagement**.

- ii. Developing and maintaining transparent and **consistently applied HR policies and procedures**.
- iii. Designing and **embedding a talent management framework** for recruitment, succession planning, talent management, leadership and employee development.
- iv. Developing a transparent and equitable **reward structure**.
- v. Developing and maximising the use of **IT systems**.

Through the strategy, AHDB has been driving a change in culture towards a more performance-driven and learning organisation that will be more outcome-focused. The Succession Planning and Talent Management strategy approved by the AHDB Board was implemented in 2018/19. As part of that strategy, HR has successfully worked with managers to undertake succession planning for key roles and an expanded graduate training programme has been introduced, with the first intake in September 2018.

Recruiting the right people into the organisation and developing existing staff is key to the success of AHDB. As part of developing the recruitment process, we are preparing to introduce a new automated recruitment system during 2019/20.

The aim is to enable managers to further develop their skills, knowledge and understanding, ensuring that AHDB has a consistent approach to recruiting talent.

**Gender Pay Gap:** AHDB has a long-term commitment to diversity, inclusion and gender balance, and we are actively tackling the issue of gender pay as part of this. At April 2018, AHDB's mean gender pay gap was 21.0% and the median gender pay gap was 20.4% (April 2017: 22.9% and 27.3%, respectively). Progress is closely monitored on a regular basis towards our commitment to close the overall mean and median gender pay gap to less than 10% across all staff by 2022.

**Consultants and off-payroll arrangements:** AHDB spent £39k on the services of external consultants during 2018/19 (2017/18: £37k) and made the reportable off-payroll payments set out on page 26.

### Additional Information (not audited)

**Staff policies:** The Leadership Team meets regularly and is charged with disseminating policy to staff through a system of team briefings, meetings and other staff communications.

We are committed to ensuring equality and diversity in the workplace and ensure we train and develop our management teams to embrace the values of our policy. We are now registered as a disability confident employer and are working closely with Defra on an equality and diversity working group.

AHDB recognises and accepts its responsibility for the health, safety and welfare at work of all employees (whether on AHDB premises or on AHDB business elsewhere), in accordance with the Health & Safety at Work Act 1974 and all relevant health, safety and environmental codes of practice and legislation currently in force. We attach the greatest importance to the health, safety and welfare of employees and others who may be affected by our work.

## Compensation and exit packages agreed for the year to 31 March 2019 (audited)

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	For the year ended 31 March 2019	Restated for the year ended 31 March 2018	For the year ended 31 March 2019	Restated for the year ended 31 March 2018	For the year ended 31 March 2019	Restated for the year ended 31 March 2018
< £10,000	12	3	5	-	17	3
£10,000–£25,000	-	2	2	-	2	2
£25,000–£50,000	-	3	1	-	1	3
£50,000–£75,000	-	1	-	-	-	1
£75,000–£150,000	-	-	-	-	-	-
Total number of exit packages	12	9	8	-	20	9
<b>Total cost</b>	<b>£26,129</b>	<b>£218,850</b>	<b>£71,991</b>	<b>£0</b>	<b>£98,120</b>	<b>£218,850</b>

The total value of compulsory and other departures for 2017/18 has been restated to adjust the 2017/18 disclosure to reflect actual payments made in 2018/19 against accrued amounts in 2017/18.

Any exit packages were in accordance with relevant pension scheme rules and contractual entitlements. None of the exit packages related to senior managers in the years ended 31 March 2019 or 2018.

## Off-payroll engagements

### Off-payroll engagements as of 31 March 2019, for more than £245 per day and lasting for longer than six months

No. of existing engagements as of 31 March 2019	10
Of which...	
No. that have existed for less than one year at time of reporting	10
No. that have existed for between one and two years at time of reporting	0
No. that have existed for between two and three years at time of reporting	0
No. that have existed for between three and four years at time of reporting	0
No. that have existed for four or more years at time of reporting	0

### New off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and lasting for longer than six months

No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	10
Of which...	
No. assessed as caught by IR35	0
No. assessed as not caught by IR35	10
No. engaged directly (via PSC contracted to AHDB) and are on the AHDB payroll	0
No. of engagements reassessed for consistency / assurance purposes during the year	1
No. of engagements that saw a change to IR35 status following the consistency review	0

There were no off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019.

## Parliamentary accountability and audit report (audited)

Regularity of expenditure – AHDB has considered all of its activities during the year and confirms they are in accordance with the legislation authorising them. AHDB incurred no losses totalling more than £300,000 in the year or gifts or special payments totalling more than £300,000 in the year.

Contingent liabilities, Note 14 to the Accounts details our contingent liabilities. There are no remote contingent liabilities.

Jane King  
Chief Executive and Accounting Officer  
Agriculture and Horticulture Development Board

25 June 2019

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly

## Opinion on financial statements

I certify that I have audited the financial statements of Agriculture and Horticulture Development Board for the year ended 31 March 2019 under the Natural Environment and Rural Communities Act 2006. The financial statements comprise: the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated and AHDB Statements of Financial Position, the Consolidated and AHDB Statements of Movements in Reserves, the Consolidated and AHDB's Cash Flow Statements and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Agriculture and Horticulture Development Board's affairs as at 31 March 2019 and of the group's deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Natural Environment and Rural Communities Act 2006 and the Secretary of State directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Agriculture and Horticulture Development Board in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Agriculture and Horticulture Development Board's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial

statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Accounting Officer's Responsibilities, the Board and the Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Natural Environment and Rural Communities Act 2006.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Agriculture and Horticulture Development Board's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### Other Information

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Natural Environment and Rural Communities Act 2006;
- in the light of the knowledge and understanding of the group and the Agriculture and Horticulture Development Board and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report, and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### Report

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**  
**National Audit Office**  
**157-197 Buckingham Palace Road**  
**Victoria**  
**London**  
**SW1W 9SP**

**27 June 2019**

# Financial statements 2018/19

## Consolidated statement of comprehensive net expenditure for the year ended 31 March 2019

	Note	For the year ended 31-Mar-19 £'000	Continued £'000	Discontinued £'000	For the year ended 31-Mar-18 £'000	Continued £'000	Discontinued £'000
<b>Income</b>							
Gross levy	2	58,133	58,133	-	60,307	60,307	-
Non-levy sources	2	9,890	6,877	3,013	10,210	5,567	4,643
<b>Total income</b>		<b>68,023</b>	<b>65,010</b>	<b>3,013</b>	<b>70,517</b>	<b>65,874</b>	<b>4,643</b>
<b>Operating expenditure</b>							
<b>Levy collection</b>							
Staff costs	2, 3	(557)	(557)	-	(522)	(522)	-
Other costs	2, 4	(734)	(734)	-	(908)	(908)	-
<b>Core strategic activities</b>							
Staff costs	2, 3	(24,345)	(22,213)	(2,132)	(23,251)	(19,996)	(3,255)
Other costs	2, 4	(42,882)	(41,364)	(1,518)	(42,146)	(40,862)	(1,284)
Current pension service cost	15f	(783)	(783)	-	(1,105)	(1,105)	-
Past pension service cost	15f	(2,213)	(2,213)	-	-	-	-
<b>Total operating expenditure</b>		<b>(71,514)</b>	<b>(67,864)</b>	<b>(3,650)</b>	<b>(67,932)</b>	<b>(63,393)</b>	<b>(4,539)</b>
<b>Surplus/(deficit) on ordinary activities before interest and taxation</b>		<b>(3,491)</b>	<b>(2,854)</b>	<b>(637)</b>	<b>2,585</b>	<b>2,481</b>	<b>104</b>
Interest receivable		135	129	6	89	84	5
Other finance income relating to pension schemes	15e	(103)	(103)	-	(200)	(200)	-
<b>Surplus/(deficit) on ordinary activities before taxation</b>		<b>(3,459)</b>	<b>(2,828)</b>	<b>(631)</b>	<b>2,474</b>	<b>2,365</b>	<b>109</b>
Taxation	5	(25)	(24)	(1)	(16)	(16)	-
<b>Surplus/(deficit) for the financial year</b>		<b>(3,484)</b>	<b>(2,852)</b>	<b>(632)</b>	<b>2,458</b>	<b>2,349</b>	<b>109</b>
<b>Other comprehensive income</b>							
Surplus/(deficit) for the financial year		(3,484)	(2,852)	(632)	2,458	2,349	109
Net gain/(loss) on revaluation of property, plant and equipment	8	-	-	-	-	-	-
Net (loss) on revaluation of pension assets and liabilities	15e	(1,539)	(1,539)	-	2,868	2,868	-
<b>Total comprehensive income/(expenditure)</b>		<b>(5,023)</b>	<b>(4,391)</b>	<b>(632)</b>	<b>5,326</b>	<b>5,217</b>	<b>109</b>

### Note 1:

These accounts incorporate movements in pension scheme assets and liabilities that do not form part of the reserves available for levy-payer delivery activities. Those pension scheme liabilities recognised in the AHDB's accounts increased by £4.1 million in 2018/19 (decreased in 2017/18: £2.0 million). Excluding pension scheme asset movements and revaluation of property, a deficit of £0.9 million (a surplus in 2017/18: £3.3 million) was recorded from levy and commercial operations in the year. Further information regarding pensions is shown in Note 15 to the accounts.

### Note 2:

AHDB does not produce a separate parent statement of comprehensive income and net expenditure. The above statement reports the consolidated performance of the Group, including subsidiaries as they are wholly owned.

On 30 November 2018, AHDB disposed of Meat & Livestock Commercial Services Limited (MLCSL), the commercial red meat subsidiary, which was wholly owned by AHDB prior to its transfer. MLCSL's financial results for the period to disposal, and prior year comparatives, have been consolidated as part of the financial results for AHDB, but have been presented separately as 'discontinued operations'. Further information regarding the transfer is shown in Note 8 to the accounts.

### Note 3:

AHDB has applied IFRS 9 and IFRS 15 at 1 April 2018. There has been no material impact to the financial statements as a result of applying these accounting standards.

The notes on pages 36 to 60 are an integral part of these consolidated financial statements.

# Consolidated statement of financial position

## as at 31 March 2019

	Note	As at 31-Mar-19		As at 31-Mar-18	
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant and equipment	6	2,745		2,803	
Receivables due greater than one year	9	250		-	
<b>Total non-current assets</b>			<b>2,995</b>		<b>2,803</b>
<b>Current assets</b>					
Inventories		-		12	
Trade and other receivables	9	11,377		12,024	
Cash at bank and in hand	10	26,976		27,100	
<b>Total current assets</b>			<b>38,353</b>		<b>39,136</b>
<b>Total assets</b>			<b>41,348</b>		<b>41,939</b>
<b>Current liabilities</b>					
Trade and other payables	11	(12,721)		(12,402)	
<b>Total current liabilities</b>			<b>(12,721)</b>		<b>(12,402)</b>
<b>Non-current assets plus net current assets</b>			<b>28,627</b>		<b>29,537</b>
<b>Non-current liabilities</b>					
Pension liability	15f	(7,471)		(3,358)	
<b>Total non-current liabilities</b>			<b>(7,471)</b>		<b>(3,358)</b>
<b>Net assets</b>			<b>21,156</b>		<b>26,179</b>
<b>Reserves</b>					
Accumulated funds		28,424		29,334	
Total pension reserve		(7,471)		(3,358)	
Revaluation reserve		203		203	
<b>Total reserves</b>			<b>21,156</b>		<b>26,179</b>

Note 1:

AHDB has applied IFRS 9 and IFRS 15 at 1 April 2018. There has been no material impact to the financial statements as a result of applying these accounting standards.

The financial statements on pages 29 to 60 were approved by the AHDB Board and signed on its behalf, by:

**Peter Kendall**  
Chair

25 June 2019

**Jane King**  
Chief Executive and Accounting Officer

# AHDB statement of financial position

## as at 31 March 2019

	Note	As at 31-Mar-19		As at 31-Mar-18	
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant and equipment	7	2,033		2,081	
Investments	8	712		724	
Receivables due greater than one year	9	250			
<b>Total non-current assets</b>			<b>2,995</b>		2,805
<b>Current assets</b>					
Trade and other receivables	9	11,377		11,441	
Cash at bank and in hand	10	26,976		26,018	
<b>Total current assets</b>			<b>38,353</b>		37,459
<b>Total assets</b>			<b>41,348</b>		40,264
<b>Current liabilities</b>					
Trade and other payables	11	(12,721)		(11,801)	
<b>Total current liabilities</b>			<b>(12,721)</b>		(11,801)
<b>Non-current assets plus net current assets</b>			<b>28,627</b>		28,463
<b>Non-current liabilities</b>					
Pension liability	15f	(7,471)		(3,358)	
<b>Total non-current liabilities</b>			<b>(7,471)</b>		(3,358)
<b>Net assets</b>			<b>21,156</b>		25,105
<b>Reserves</b>					
Accumulated funds		28,627			28,463
Total pension reserve		(7,471)			(3,358)
<b>Total reserves</b>			<b>21,156</b>		25,105

Note 1:

AHDB has applied IFRS 9 and IFRS 15 at 1 April 2018. There has been no material impact to the financial statements as a result of applying these accounting standards.

The financial statements on pages 29 to 60 were approved by the AHDB Board and signed on its behalf, by:

Peter Kendall  
Chair

Jane King  
Chief Executive and Accounting Officer

25 June 2019



## Consolidated cash flow statement for the year ended 31 March 2019

	Note	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000
<b>Cash flows from operating activities</b>			
Surplus/(deficit) on ordinary continued activities before taxation	2a	(2,828)	2,365
Surplus/(deficit) on discontinued activities before taxation	2a	(631)	109
<b>Adjustments for:</b>			
Interest receivable		(135)	(89)
(Profit)/loss on transfer of subsidiary	8	(295)	-
Depreciation and amortisation	6	260	257
Current pension service cost	15f	783	1,105
Past service cost	15f	2,213	-
Other finance income	15f	103	200
(Increase)/decrease in inventories		12	(2)
(Increase)/decrease in trade and other receivables	9	397	(2,875)
Increase/(decrease) in trade and other payables	11	319	463
Tax paid		(25)	(16)
Defined benefit scheme pension contributions paid	15f	(525)	(437)
<b>Cash flows from operating activities</b>		<b>(352)</b>	<b>1,080</b>
<b>Cash flows from investing activities</b>			
Interest received		135	89
Profit/(loss) on transfer of subsidiary	8	295	-
Payments to acquire property, plant and equipment	6	(202)	(116)
<b>Cash flows from investing activities</b>		<b>228</b>	<b>(27)</b>
<b>Increase in cash and cash equivalents</b>		<b>(124)</b>	<b>1,053</b>
Balance at 1 April		27,100	26,047
Net change in cash and cash equivalents		(124)	1,053
<b>Balance at Period End</b>	10	<b>26,976</b>	<b>27,100</b>

Note 1:

AHDB has applied IFRS 9 and IFRS 15 at 1 April 2018. There has been no material impact to the financial statements as a result of applying these accounting standards.

## AHDB cash flow statement

for the year ended 31 March 2019

	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000
<b>Cash flows from operating activities</b>		
Surplus/(deficit) on ordinary activities before taxation	(2,385)	2,366
<b>Adjustments for:</b>		
Interest receivable	(129)	(82)
(Profit)/loss on transfer of subsidiary	(295)	-
Distribution of profits from subsidiary	(700)	-
Depreciation and amortisation	250	244
Depreciation of asset held in investment	11	12
Current pension service cost	783	1,105
Past service cost	2,213	-
Other finance income	103	200
(Increase)/decrease in trade and other receivables	(186)	(2,809)
Increase/(decrease) in trade and other payables	920	452
Tax paid	(24)	(16)
Defined benefit scheme pension contributions paid	(525)	(437)
<b>Cash flows from operating activities</b>	<b>36</b>	<b>1,035</b>
<b>Cash flows from investing activities</b>		
Interest received	129	82
Profit/(loss) on transfer of subsidiary	295	-
Distribution of profits from subsidiary	700	-
Payments to acquire property, plant and equipment	(202)	(116)
<b>Cash flows from investing activities</b>	<b>922</b>	<b>(34)</b>
<b>Increase in cash and cash equivalents</b>	<b>958</b>	<b>1,001</b>
Balance at 1 April	26,018	25,017
Net change in cash and cash equivalents	958	1,001
<b>Balance at 31 March</b>	<b>26,976</b>	<b>26,018</b>

Note 1:

AHDB has applied IFRS 9 and IFRS 15 at 1 April 2018. There has been no material impact to the financial statements as a result of applying these accounting standards.

## Consolidated statement of movement in reserves for the year ended 31 March 2019

	Note	Accumulated reserve £'000	Pension reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2017		26,008	(5,358)	203	20,853
Surplus for the year	2b	2,458	-	-	2,458
Pension(loss)/gain	15f	-	2,868	-	2,868
Other comprehensive income		-	2,868	-	2,868
Transfers from pensions reserve		868	(868)	-	-
<b>Balance as at 31 March 2018</b>		<b>29,334</b>	<b>(3,358)</b>	<b>203</b>	<b>26,179</b>
Deficit for the year	2a	(3,484)	-	-	(3,484)
Pension(loss)/gain	15f	-	(1,539)	-	(1,539)
Other comprehensive income		-	(1,539)	-	(1,539)
Transfers from pensions reserve		2,574	(2,574)	-	-
<b>Balance as at 31 March 2019</b>		<b>28,424</b>	<b>(7,471)</b>	<b>203</b>	<b>21,156</b>

Reserves are allocated to the reporting segments as detailed below:

AHDB Beef & Lamb		7,557	(4,933)	-	2,624
AHDB Cereals & Oilseeds		5,954	(71)	-	5,883
AHDB Dairy		3,423	-	-	3,423
AHDB Horticulture		5,039	-	-	5,039
AHDB Pork		4,305	(2,467)	-	1,838
AHDB Potatoes		2,146	-	203	2,349
<b>Total</b>		<b>28,424</b>	<b>(7,471)</b>	<b>203</b>	<b>21,156</b>

Explanatory notes:

### Pension reserve

All assets and liabilities in relation to the MLC and HGCA Pension Schemes, in accordance with the Pension Scheme Surpluses (Valuation) Regulations 1987, are separately ring-fenced from AHDB's normal operating activities and relate to the red meat (i.e. AHDB Beef & Lamb and AHDB Pork) and AHDB Cereals & Oilseeds sectors, respectively, only, having no financial impact on any other sector within AHDB.

The consolidated accumulated reserves of AHDB Beef & Lamb and AHDB Pork include a two-thirds and one-third share of the closing reserves of those of MLC SL at the point of its disposal on 30 November 2018. MLC SL is the commercial red meat subsidiary, which was wholly owned by AHDB prior to its disposal. Further information regarding the transfer is shown in Note 8 to the accounts.

### IAS 8

AHDB has applied IFRS 9 and IFRS 15 at 1 April 2018. There has been no material impact to the financial statements as a result of applying these accounting standards.

## AHDB statement of movement in reserves for the year ended 31 March 2019

	Accumulated reserve £'000	Pension reserve £'000	Total reserves £'000
Balance at 1 April 2017	25,244	(5,358)	19,886
Surplus for the year	2,351	-	2,351
Pension (loss)/gain	-	2,868	2,868
Other comprehensive income	-	2,868	2,868
Transfers from pensions reserve	868	(868)	-
<b>Balance as at 31 March 2018</b>	<b>28,463</b>	<b>(3,358)</b>	<b>25,105</b>
Deficit for the year	(2,410)	-	(2,410)
Pension(loss )/gain	-	(1,539)	(1,539)
Other comprehensive income	-	(1,539)	(1,539)
Transfers from pensions reserve	2,574	(2,574)	-
<b>Balance as at 31 March 2019</b>	<b>28,627</b>	<b>(7,471)</b>	<b>21,156</b>

AHDB Beef & Lamb	7,557	(4,933)	2,624
AHDB Cereals & Oilseeds	5,954	(71)	5,883
AHDB Dairy	3,423	-	3,423
AHDB Horticulture	5,039	-	5,039
AHDB Pork	4,305	(2,467)	1,839
AHDB Potatoes	2,349	-	2,349
<b>Total</b>	<b>28,627</b>	<b>(7,471)</b>	<b>21,156</b>

Explanatory notes:

### IAS 8

AHDB has applied IFRS 9 and IFRS 15 at 1 April 2018. There has been no material impact to the financial statements as a result of applying these accounting standards.

# Notes to the financial statements

## 1. Principal accounting policies

The accounts are prepared in accordance with the Agriculture and Horticulture Development Board Order 2008 and the accounts direction issued by the Secretary of State for Environment, Food and Rural Affairs. The accounts direction requires compliance with HM Treasury's Financial Reporting Manual (FReM) and any other guidance issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS), as adapted or interpreted for the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Non-Departmental Public Body (NDPB) for the purpose of giving a true and fair view, has been selected. The particular policies adopted by the NDPB are described below. They have been applied consistently in dealing with items that are considered material to the accounts. AHDB applies accounting standards upon formal adoption in the FReM.

AHDB has applied IFRS 9 and IFRS 15 at 1 April 2018. There has been no material impact to the financial statements as a result of applying these accounting standards.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, requires disclosures in respect of new IFRSs, amendments and interpretations that are, or will be, applicable after the reporting period. IFRS 16 has been issued by the International Accounting Standards Board and is applicable for annual reporting periods commencing 1 January 2019 and will be adopted by the FReM for future reporting periods from 1 April 2020, and will supersede all existing IFRS standards on leases.

IFRS 16 is expected to have a considerable impact in financial reporting terms. Upon transition, AHDB will adopt the modified retrospective approach and intends to apply the available practical expedients as directed by the FReM. The initial lease liability will be calculated by reference to the remaining lease payments discounted at an appropriate rate at the date of initial application. The corresponding Right of Use Asset will be calculated by reference to the lease liability adjusted for any prepaid or accrued lease payments immediately before the date of initial application. It is anticipated, that if IFRS 16 was adopted at 1 April 2019, it would require additional assets, with an initial recognisable value of £4.1 million to be recognised on the Balance Sheet, with a corresponding £4.1 million lease liability, and therefore no impact on net assets, and an insignificant impact anticipated on net expenditure for the year ending 31 March 2020.

### Going concern

Views on the future role of AHDB were sought by Defra and the Devolved Administrations from the industry in the autumn of 2018. Analysis of these views is underway. Once it has been completed, and depending on the overall results, options and recommendations for change, Ministers will consider the outcome of the exercise. At this point in time, management cannot pre-empt the outcome of the consultation. There are no legislative changes planned that would adversely impact the role of AHDB. As a result, AHDB is satisfied that its level of reserves is adequate to meet its ongoing obligations for the next 12 months.

### Accounting convention

The consolidated accounts have been prepared on a going concern basis, under the historical cost convention, modified to account for the revaluation of tangible fixed assets in line with IAS 16 'Property, Plant and Equipment'.

### Consolidation

The consolidated financial statements incorporate the financial statements of AHDB and its subsidiaries. Where necessary, adjustments are made to bring the accounting policies under UK generally accepted accounting principles (UK GAAP), as used in the individual financial statements of the subsidiaries, into line with those used by AHDB in its consolidated financial statements. In accordance with IFRS, inter-company transactions are eliminated. There is further information regarding the consolidation and investments of the group in Note 8.

### Segmental reporting

In addition to presenting the consolidated financial results and financial position in the financial statements, a breakdown of those results and balances by business segment is provided in line with IFRS 8 'Segmental Reporting'. The presentation of segmental information is based on the external and regulatory environments in which AHDB operates, being the statutory obligation to report and account for levies on a sector basis. The business segments are AHDB Beef & Lamb, AHDB Cereals & Oilseeds, AHDB Dairy, AHDB Horticulture, AHDB Pork and AHDB Potatoes. The segmental reporting disclosures can be found in Note 2.

# Notes to the financial statements

## 1. Principal accounting policies (continued)

### Research and development expenditure

Research and development expenditure is charged as it is incurred, on an accruals basis and is not capitalised in the statement of financial position. The terms of the statutory instrument that established AHDB, prevent AHDB from restricting access of other parties to future benefits of the research activities it undertakes. As a result, the research & development expenditure does not meet the requirements for capitalisation under IAS 38 'Intangible Assets'.

### Leases

Operating lease rentals are charged to the income and expenditure account in equal instalments over the lease term. AHDB does not operate any finance leases.

### Property, plant and equipment

Property, plant and equipment include assets purchased directly by AHDB and assets for which the legal title transferred to AHDB under the Agriculture and Horticulture Development Board Order 2008.

Expenditure on property, plant and equipment of £1,000 is capitalised when it is probable that the asset will generate future economic benefits. On initial recognition, assets are valued at cost and any costs attributable to bringing them into working condition. All property, plant and equipment are reviewed annually for impairment and are carried at fair value. Land and buildings are stated at their fair value, based on a periodic professional valuation. All non-property assets are deemed to be short-life or low-value assets and are valued on the basis of depreciated replacement cost as an approximation of fair value. Assets held for resale by way of freehold property have been valued in the consolidated accounts under IFRS 5, at the lower of carrying value and estimated net realisable value.

Depreciation is calculated so as to write off the cost or valuation of fixed assets, less their estimated residual values, on a straight-line basis over the expected useful lives of the assets, as follows:

- Freehold buildings: 10 to 50 years
- Leasehold improvements: Life of lease
- Plant and machinery: 3 to 10 years
- Fixtures and fittings: 1 to 10 years
- Motor vehicles: 2.5 to 5 years
- IT – Computer hardware and software: 1 to 5 years

Freehold land is not depreciated.

### Inventories

Inventories are valued at current cost. Cost comprises the cost of direct materials and those costs incurred in bringing the inventories to their present condition.

### Provisions

A provision is recognised where there is a legal or constructive obligation arising from past events and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised is the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date.

### Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction.

All foreign exchange differences are taken to the statement of comprehensive income in the year in which they arise.

### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and other financial institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less. The carrying amount of these assets approximates their fair value. We also have a short-term investment, placed on term deposits to mature on 18 June (12-month-term). A further investment is held in a 32-day notice account. Please see Note 10.

# Notes to the financial statements

## 1. Principal accounting policies (continued)

### Financial instruments

AHDB does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables.

Financial assets comprise receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at fair value and, subsequently, held at amortised cost after an appropriate provision for expected credit loss.

Financial liabilities comprise trade and other payables, and other financial liabilities. They are initially recognised at the fair value of consideration received, less directly attributable transaction costs. They are, subsequently, measured at amortised cost.

### Pensions

AHDB operates both defined benefit and defined contribution schemes for the benefit of employees.

#### a) Defined benefit schemes

For defined benefit retirement schemes, the cost of providing benefits is determined using the projected unit method, with actuarial valuations being carried out at each reporting date. Current service cost is recognised in operating costs in the period in which the defined benefit obligation increases as a result of employee services. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income. The actuarial valuations are obtained at least triennially and are updated at each reporting date. The resulting defined benefit asset and liability are shown gross in the notes to the financial statements.

Past service costs are recognised immediately, to the extent that benefits are already vested. Otherwise, such costs are amortised on a straight-line basis over the period until the benefits vest.

Settlements are recognised when a transaction is entered into that eliminates all further legal or constructive obligations for benefits under a scheme.

Curtailments are recognised when a commitment is made to a material reduction in the number of employees covered by a scheme.

The retirement benefit obligations recognised in the statement of financial position represent the present value of the defined benefit obligations, as reduced by the fair value of scheme assets and any unrecognised past service cost.

The expected return on scheme assets and the unwinding of the discount on defined benefit obligations are recognised within interest income and expenditure, respectively.

More detailed information can be found in Note 15 to the accounts.

#### b) Defined contribution schemes

The amounts charged as expenditure for the defined contribution scheme represent the contributions payable by AHDB for the accounting period in respect of these schemes.

### Levy income

AHDB raises statutory levies from the meat and livestock (cattle, sheep and pigs) sectors in England; commercial horticulture, milk and potato sectors in Great Britain and cereals and oilseeds sector in the UK. Levy income is based on the latest available estimates of sector-specific levy quantities, as billable within the provisions of Schedule 3 of the AHDB Order 2008. (The levy rates in operation during 2018/19 can be found on page 61).

IFRS 15, Revenue from Contracts with Customers, is applied by HM Treasury in the FReM from 2018–19. IFRS 15 introduces a new five-stage model for the recognition of revenue from contracts with customers replacing the previous IAS 18 Revenue. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of services to customers in a way that reflects the consideration to which the entity expects to be entitled to in exchange for services. There has been no material impact to the recognition points of revenue as a result of applying this accounting standard.

The value of levies recognised in the financial statements is a combination of actual levies invoiced during the year and an accrual for any non-invoiced levy income for the full financial year. A calculation to ascertain the hypothetical levy gap has not been carried out, as it is not deemed to be material.

# Notes to the financial statements

## 1. Principal accounting policies (continued)

Under IFRS 15, a contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time, and a contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

### a) Red meat levies (deployed by AHDB Beef & Lamb and AHDB Pork)

Red meat levies consist of two parts: the producer levy and the slaughterer/exporter levy. The producer element is collected and held on trust for AHDB by slaughterers and exporters who pay the levy directly to AHDB. Levy is calculated on the number of animals slaughtered or exported and these details are notified to AHDB through the completion of regular returns. Upon receipt of the return, AHDB calculates the levy due and issues an invoice for payment.

### b) Cereals and oilseeds levies (deployed by AHDB Cereals & Oilseeds)

The cereal levy is based on weight and has two elements, a grower levy and a buyer levy. A buyer of cereals must deduct the grower levy element from the price paid and hold it on trust for AHDB. Five per cent of the combined grower and buyer levy is then taken as commission by the buyer and the remainder paid to AHDB. For oilseeds, there is only a grower levy and so a buyer must deduct all the levy from the price paid to the grower and hold it on trust, then pay it to AHDB. Levy is also payable on cereals that are processed, with differential rates applying, dependent on whether the cereals are processed into feeding stuffs or non-feeding stuffs. Any person who is liable to pay levy has 28 days from the dates specified in the legislation to submit a return for cereals and oilseeds to AHDB. Payment of the levy to AHDB is then required within 21 days from the end of the 28-day return period. Cereal grower, buyer and processor levies are invoiced quarterly in arrears and oilseed grower levy biannually in arrears. At the year end, an estimate is made for levy income relating to the period 1 January to 31 March and is accounted for as a contract asset, within accrued income. This is derived using the latest market intelligence and analysis of historical trends.

### c) Milk levy (deployed by AHDB Dairy)

A person who buys milk from a producer pays a levy to AHDB, which the buyer deducts from the price paid to the producer. Levy is also payable by those producers who sell their milk directly to the public from their holding, as defined in the Order. Milk levy is based on volume. Milk buyers notify AHDB at the end of every month the amount of milk bought in that month. Direct sellers of milk are required by 14 May each year to notify AHDB of the amount of milk produced on that holding for the previous year ending 1 April. The levy due from both buyers and direct sellers is payable on invoice.

### d) Horticulture levies (deployed by AHDB Horticulture)

Levy is payable on vegetables grown in the open (except potatoes, where there are separate arrangements), fruit, flowers and bulbs, hardy and nursery stock, protected crops and herbs. There is a threshold above which levy becomes payable, such that if a horticultural grower's adjusted sales figure, made during the accounting year of the grower that ended in any year ending 31 March, is £60,000 or more, levy will be due. With the exception of mushrooms, the levy is calculated as a percentage of the adjusted sales figure. Levy due is payable on invoice. Any person liable to pay horticultural levy completes the appropriate form and returns it to AHDB on, or by, 30 June each year. The basis of levy on mushrooms is based on litres of mushroom spawn or compost containing mushroom spawn used or sold. Levy becomes due if, in any year ending 31 March, a person buys more than 700 litres of mushroom spawn or compost containing mushroom spawn. Levy is payable on invoice and can be paid by four equal direct debit payments in July, September, December and March.

### e) Potato levies (deployed by AHDB Potatoes)

Potato buyers, as well as potato growers, are required to pay levy. The levy on potato growers is based on area planted, with a minimum threshold at which levy becomes payable of three hectares. Buyers of potatoes are levied on weight, with a minimum threshold at which levy becomes payable of 1,000 tonnes bought in any year ending 30 June. Each year, growers must submit a return by 1 June, giving details of the area planted, or intended to be planted that calendar year and the identity of the fields planted. The levy due is paid to AHDB by 1 December following. Buyers liable to pay levy, submit monthly returns to AHDB by the 28th day of each month, giving the tonnage bought in the previous month. Levy is payable on invoice and can be paid by three equal direct debit payments in December, February and May.

## Income recognition

All income is recorded on a gross basis in the consolidated statement of comprehensive net expenditure, except where AHDB is acting as an agent in making payments to third parties. In such instances, income and expenditure are offset and, therefore, not recorded in the financial statements. In year-ended 31 March 2019, AHDB acted as an EU grant agent on the EuroDairy and EU Pigs projects.

Non-levy income comprises several sources, including grant income, MLCs commercial income, and other small amounts of levy-work-related income. Non-levy income is recognised at the point at which the obligation is fulfilled in line with the contract.



## Notes to the financial statements

### 2a. Analysis of income and expenditure by segment: actual for the year ended 31 March 2019

Accounting standards require entities to report their performance by segment, which AHDB complies with by analysing its income and expenditure by its six sectors.

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Group total £'000
<b>Income</b>							
Gross levy	16,350	10,913	7,525	8,242	9,237	5,866	58,133
<i>Non-levy sources:</i>							
Fee and grant income	2,596	156	1,460	500	385	441	5,538
EU grant income	357	-	563	30	65	324	1,339
Commercial services income	2,009	-	-	-	1,004	-	3,013
<i>Subtotal non-levy sources</i>	4,962	156	2,023	530	1,454	765	9,890
<b>Total income</b>	<b>21,312</b>	<b>11,069</b>	<b>9,548</b>	<b>8,772</b>	<b>10,691</b>	<b>6,631</b>	<b>68,023</b>
<b>Operating expenditure</b>							
Levy collection	(239)	(483)	(48)	(162)	(144)	(215)	(1,291)
<i>Core strategic activities:</i>							
Research and development and knowledge exchange	(4,338)	(6,465)	(4,547)	(5,934)	(2,616)	(3,206)	(27,106)
Livestock Information Programme	(748)	-	(398)	-	(14)	-	(1,160)
Trade Development	(3,129)	(215)	(1,633)	(115)	(3,327)	(962)	(9,381)
Export Development	(5,364)	(409)	(337)	(17)	(787)	(296)	(7,210)
Supply chain integration	-	-	-	-	-	-	-
Market Intelligence	(1,300)	(879)	(738)	(128)	(701)	(570)	(4,316)
Levy Payer Communications	(1,534)	(1,280)	(755)	(726)	(832)	(541)	(5,668)
Digital & Creative	(437)	(434)	(234)	(239)	(455)	(203)	(2,002)
Support and other expenditure	(1,465)	(1,470)	(1,187)	(1,078)	(1,138)	(978)	(7,316)
Commercial services	(2,045)	-	-	-	(1,023)	-	(3,068)
<i>Subtotal core strategic activities:</i>	(20,360)	(11,152)	(9,829)	(8,237)	(10,893)	(6,756)	(67,227)
Current pension service cost	(467)	(83)	-	-	(233)	-	(783)
Past pension service cost	(1,467)	(13)	-	-	(733)	-	(2,213)
<b>Total operating expenditure</b>	<b>(22,533)</b>	<b>(11,731)</b>	<b>(9,877)</b>	<b>(8,399)</b>	<b>(12,003)</b>	<b>(6,971)</b>	<b>(71,514)</b>

Support and other expenditure includes the cost of central functions, such as Finance, HR, and Information Systems; the cost of the AHDB and Sector Boards, bad debt provisions, non-operating expenditure, as well as some final salary pension scheme adjustments.

## Notes to the financial statements

### 2a. Analysis of income and expenditure by segment: actual for the year ended 31 March 2019 (continued)

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Group total £'000
<b>Surplus/(deficit) on ordinary activities before interest and taxation</b>	(1,221)	(662)	(329)	373	(1,312)	(340)	(3,491)
Interest receivable	34	25	15	30	20	11	135
Other finance income/expenditure	(67)	(3)	-	-	(33)	-	(103)
<b>Surplus/(deficit) on ordinary activities before taxation</b>	(1,254)	(640)	(314)	403	(1,325)	(329)	(3,459)
Taxation	(6)	(4)	(3)	(6)	(4)	(2)	(25)
<b>Surplus/(deficit) for the financial year</b>	(1,260)	(644)	(317)	397	(1,329)	(331)	(3,484)
Net gain on revaluation of property, plant and equipment	-	-	-	-	-	-	-
Net gain/(loss) on revaluation of pension assets and liabilities	(1,067)	61	-	-	(533)	-	(1,539)
<b>Total comprehensive income/(expenditure)</b>	(2,327)	(583)	(317)	397	(1,862)	(331)	(5,023)

#### AHDB parent figures

AHDB does not produce a separate parent statement of comprehensive income. Its results are included in the group results above, consolidated with its subsidiaries, as detailed in Note 8. Assets and liabilities are not separately reported by sector.

#### Commercial trading subsidiary

Prior to the disposal of MLC SL, the trading subsidiary, the income and expenditure is included above in the AHDB Beef & Lamb and AHDB Pork results as Commercial Services income and expenditure.

#### Pension assets and liabilities

The above includes the movements on pension scheme assets and liabilities that are not part of AHDB's available reserves. Excluding those movements, the net trading performance is:

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Group total £'000
Total comprehensive income/(expenditure)	(2,327)	(583)	(317)	397	(1,862)	(331)	(5,023)
Movement on Pension Asset/Liability	2,800	(87)	-	-	1,400	-	4,113
<b>Underlying surplus/(deficit) for the financial year</b>	<b>473</b>	<b>(670)</b>	<b>(317)</b>	<b>397</b>	<b>(462)</b>	<b>(331)</b>	<b>(910)</b>

## Notes to the financial statements

### 2b. Analysis of income and expenditure by segment: actual for the year ended 31 March 2018

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Group total £'000
<b>Income</b>							
Gross levy	16,706	12,712	7,675	7,878	9,189	6,147	60,307
<i>Non-levy sources:</i>							
Fee and grant income	1,412	172	1,356	607	420	639	4,606
EU grant income	509	-	2	-	2	448	961
Commercial services income	3,095	-	-	-	1,548	-	4,643
<i>Subtotal non-levy sources</i>	5,016	172	1,358	607	1,970	1,087	10,210
<b>Total income</b>	<b>21,722</b>	<b>12,884</b>	<b>9,033</b>	<b>8,485</b>	<b>11,159</b>	<b>7,234</b>	<b>70,517</b>
<b>Operating expenditure</b>							
Levy collection	(316)	(553)	(39)	(179)	(140)	(202)	(1,429)
<i>Core strategic activities:</i>							
Research and development and knowledge exchange	(3,883)	(6,404)	(4,033)	(6,216)	(2,454)	(2,642)	(25,632)
Livestock Information Programme	-	-	-	-	-	-	-
Trade Development	(3,046)	(303)	(1,556)	(64)	(4,132)	(1,442)	(10,543)
Export Development	(4,613)	(305)	(333)	(22)	(834)	(367)	(6,474)
Supply chain integration	(339)	(98)	-	-	(10)	(12)	(459)
Market Intelligence	(1,104)	(803)	(733)	(112)	(662)	(601)	(4,015)
Levy Payer Communications	(1,078)	(1,232)	(801)	(690)	(698)	(504)	(5,003)
Digital & Creative	(354)	(252)	(191)	(191)	(325)	(135)	(1,448)
Support and other expenditure	(1,678)	(1,456)	(1,108)	(943)	(1,118)	(984)	(7,287)
Commercial services	(3,025)	-	-	-	(1,512)	-	(4,537)
<i>Subtotal core strategic activities:</i>	(19,120)	(10,853)	(8,755)	(8,238)	(11,745)	(6,687)	(65,398)
Current pension service cost	(667)	(105)	-	-	(333)	-	(1,105)
<b>Total operating expenditure</b>	<b>(20,103)</b>	<b>(11,511)</b>	<b>(8,794)</b>	<b>(8,417)</b>	<b>(12,218)</b>	<b>(6,889)</b>	<b>(67,932)</b>

Support and other expenditure includes the cost of central functions, such as Finance, HR, and Information Systems; the cost of the AHDB and Sector Boards, bad debt provisions, non-operating expenditure, as well as some final salary pension scheme adjustments.

## Notes to the financial statements

### 2b. Analysis of income and expenditure by segment: actual for the year ended 31 March 2018 (continued)

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Group total £'000
<b>Surplus/(deficit) on ordinary activities before interest and taxation</b>	1,619	1,373	239	68	(1,059)	345	2,585
Interest receivable	19	16	11	19	18	6	89
Other finance income/expenditure	(133)	-	-	-	(67)	-	(200)
<b>Surplus/(deficit) on ordinary activities before taxation</b>	1,505	1,389	250	87	(1,108)	351	2,474
Taxation	(3)	(3)	(2)	(4)	(3)	(1)	(16)
<b>Surplus/(deficit) for the financial year</b>	1,502	1,386	248	83	(1,111)	350	2,458
Net gain on revaluation of property, plant and equipment	-	-	-	-	-	-	-
Net gain/(loss) on revaluation of pension assets and liabilities	2,000	(132)	-	-	1,000	-	2,868
<b>Total comprehensive income/(expenditure)</b>	3,502	1,254	248	83	(111)	350	5,326

#### AHDB parent figures

AHDB does not produce a separate parent statement of comprehensive income. Its results are included in the group results above, consolidated with its subsidiaries, as detailed in Note 8. Assets and liabilities are not separately reported by sector.

#### Pension assets and liabilities

The above includes the movements on pension scheme assets and liabilities that are not part of AHDB's available reserves. Excluding those movements, the net trading performance is:

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Group total £'000
Total comprehensive income/(expenditure)	3,502	1,254	248	83	(111)	350	5,326
Movement on Pension Asset/liability	(1,400)	100	-	-	(700)	-	(2,000)
<b>Underlying surplus/(deficit) for the financial year</b>	2,102	1,354	248	83	(811)	350	3,326

## Notes to the financial statements

### 3. Staff numbers and related costs

	For the year ended 31 March 2019			For the year ended 31 March 2018		
	Staff with a permanent (UK) employment contract	Other staff engaged on the objectives of AHDB	Total staff	Staff with a permanent (UK) employment contract	Other staff engaged on the objectives of AHDB	Total staff
<b>Numbers employed</b>						
The average full-time equivalent numbers employed by AHDB during the year, were:						
Commercial activities	69	-	69	103	-	103
AHDB activities – Non-levy-dependent	10	-	10	4	-	4
AHDB activities – Levy-dependent	459	5	464	425	5	430
<b>Total</b>	<b>538</b>	<b>5</b>	<b>543</b>	<b>532</b>	<b>5</b>	<b>537</b>
<b>Staff costs</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Salaries – Commercial activities	1,915	-	1,915	2,959	2	2,961
Social security costs – Commercial activities	217	-	217	294	-	294
Salaries – AHDB activities	18,744	196	18,940	17,041	169	17,210
Social security costs – AHDB activities	2,278	-	2,278	1,975	-	1,975
Defined benefit scheme current service costs (Note 15e)	783	-	783	1,105	-	1,105
Defined benefit scheme past service costs (Note 15e)	2,213	-	2,213	-	-	-
Defined contribution scheme costs	1,552	-	1,552	1,333	-	1,333
<b>Total staff costs</b>	<b>27,702</b>	<b>196</b>	<b>27,898</b>	<b>24,707</b>	<b>171</b>	<b>24,878</b>

The effect of the ruling in the Lloyds Trustees vs Lloyds Bank PLC and Others [2018] case on Guaranteed Minimum Pensions (GMP) has been taken into account in the valuation of the liabilities of the legacy defined benefit pension schemes. This led to the recognition of an estimated additional liability of £2.2 million which reflects the expected cost to equalise benefits between males and females arising from the accrual of GMP after 17 May 1990. This has been recognised as a past service cost in note 3.

## Notes to the financial statements

### 4. Income and expenditure on ordinary activities of the group before interest and taxation

	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000
<b>Surplus/(deficit) on ordinary activities before interest and taxation is stated after charging/(crediting)</b>		
Rentals under operating leases:		
- Leasehold property rents	427	442
- Vehicle leases	614	700
- Hire of equipment	80	90
Research and development and knowledge exchange expenditure	27,106	25,632
Exchange (gains)/losses	-	-
Auditors remuneration and expenses	93	100
<b>Non-cash items:</b>		
Depreciation and amortisation	260	257
Impairment of receivables	(50)	249

### 5. Taxation

	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000
<b>Current tax</b>		
UK corporation tax on commercial profits for the period	-	-
UK corporation tax on interest income for the period	25	16
Under-provision in respect of prior years	-	-
Over-provision in respect of prior years	-	-
<b>Current tax charge for the year</b>	<b>25</b>	<b>16</b>

The tax on commercial profits assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained in the next table.

## Notes to the financial statements

### 5. Taxation (continued)

	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000
Surplus/(deficit) on ordinary activities before taxation	(3,459)	2,474
Surplus/(deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(657)	470
<b>Effects of:</b>		
Income not chargeable for taxation purposes	12,352	13,175
Expenditure not deductible for taxation purposes	(13,009)	(12,705)
Standard rate of corporation tax in the UK of 19% (2018: 19%) on interest receivable	25	16
Under-provision in respect of prior years	-	-
Over-provision in respect of prior years	-	-
<b>Current tax charge for the year</b>	<b>25</b>	<b>16</b>

### 6. Property, plant and equipment

Group	Land £'000	Buildings £'000	Leasehold improvements £'000	IT equipment £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>								
As at 1 April 2017	165	570	1,864	270	1,418	255	4	4,546
Additions	-	51	-	31	34	-	-	116
Disposals	-	-	-	(11)	(222)	(24)	-	(257)
Revaluation	-	-	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>165</b>	<b>621</b>	<b>1,864</b>	<b>290</b>	<b>1,230</b>	<b>231</b>	<b>4</b>	<b>4,405</b>
As at 1 April 2018	165	621	1,864	290	1,230	231	4	4,405
Additions	-	-	14	182	6	-	-	202
Disposals	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
<b>As at 31 March 2019</b>	<b>165</b>	<b>621</b>	<b>1,878</b>	<b>472</b>	<b>1,236</b>	<b>231</b>	<b>4</b>	<b>4,607</b>
<b>Depreciation</b>								
As at 1 April 2017	-	-	(310)	(200)	(925)	(163)	(4)	(1,602)
Charge for year	-	(13)	(124)	(40)	(55)	(25)	-	(257)
Relating to disposals	-	-	-	11	222	24	-	257
Revaluation	-	-	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>-</b>	<b>(13)</b>	<b>(434)</b>	<b>(229)</b>	<b>(758)</b>	<b>(164)</b>	<b>(4)</b>	<b>(1,602)</b>
As at 1 April 2018	-	(13)	(434)	(229)	(758)	(164)	(4)	(1,602)
Charge for year	-	(14)	(125)	(38)	(61)	(22)	-	(260)
Relating to disposals	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
<b>As at 31 March 2019</b>	<b>-</b>	<b>(27)</b>	<b>(559)</b>	<b>(267)</b>	<b>(819)</b>	<b>(186)</b>	<b>(4)</b>	<b>(1,862)</b>
<b>Net book value as at 31 March 2019</b>	<b>165</b>	<b>594</b>	<b>1,319</b>	<b>205</b>	<b>417</b>	<b>45</b>	<b>-</b>	<b>2,745</b>
Net book value as at 31 March 2018	165	608	1,430	61	472	67	-	2,803

Freehold property at Sutton Bridge was valued at 31 March 2017 at open market valuation for existing use, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the UK by Bidwells, Chartered Surveyors. The valuation was £735k, which will be depreciated to allow for wear and tear from the valuation date.

# Notes to the financial statements

## 7. Property, plant and equipment

AHDB	Land £'000	Buildings £'000	Leasehold improvements £'000	IT equipment £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>								
As at 1 April 2017	-	-	1,864	270	701	255	4	3,094
Additions	-	51	-	31	34	-	-	116
Disposals	-	-	-	(11)	(12)	(24)	-	(47)
<b>As at 31 March 2018</b>	-	51	1,864	290	723	231	4	3,163
As at 1 April 2018	-	51	1,864	290	723	231	4	3,163
Additions	-	-	14	182	6	-	-	202
Disposals	-	-	-	-	-	-	-	-
<b>As at 31 March 2019</b>	-	51	1,878	472	729	231	4	3,365
<b>Depreciation</b>								
As at 1 April 2017	-	-	(310)	(200)	(208)	(163)	(4)	(885)
Charge for year	-	-	(124)	(40)	(55)	(25)	-	(244)
Relating to disposals	-	-	-	11	12	24	-	47
<b>As at 31 March 2018</b>	-	-	(434)	(229)	(251)	(164)	(4)	(1,082)
As at 1 April 2018	-	-	(434)	(229)	(251)	(164)	(4)	(1,082)
Charge for year	-	(5)	(125)	(38)	(60)	(22)	-	(250)
Relating to disposals	-	-	-	-	-	-	-	-
<b>As at 31 March 2019</b>	-	(5)	(559)	(267)	(311)	(186)	(4)	(1,332)
<b>Net book value as at 31 March 2019</b>	-	46	1,319	205	418	45	-	2,033
Net book value as at 31 March 2018	-	51	1,430	61	472	67	-	2,081



# Notes to the financial statements

## 8. Investments

### Sutton Bridge Experimental Unit Limited

Sutton Bridge Experimental Unit Limited (SBEU) is a company limited by shares, with AHDB holding 808,000 £1 nominal value ordinary shares representing 100% of the issued share capital of the company. SBEU owns the freehold land and buildings interest in the potato industry's R&D facility, Sutton Bridge Experimental Unit, which is based at Spalding. SBEU's financial results for the year have been consolidated as part of the financial results for AHDB Potatoes in the analysis of income and expenditure by segment in Note 2. Its balance sheet forms a part of the AHDB Group consolidated statement of financial position. SBEU had a deficit of £12k for the year ended 31 March 2019 (2018: £11k). This property was last professionally revalued at £735k as at 31 March 2017, based on its existing use.

	<b>Group As at 31-Mar-19 £'000</b>	<b>AHDB As at 31-Mar-19 £'000</b>	<b>Group As at 31-Mar-18 £'000</b>	<b>AHDB As at 31-Mar-18 £'000</b>
AHDB investment in SBEU	-	712	-	724

### Other subsidiary undertakings

#### Meat & Livestock Commercial Services Limited

Meat & Livestock Commercial Services Limited (MLCSL) is a company limited by guarantee, with AHDB acting as the sole guarantor prior to its transfer to Vorenta Ltd. on 30 November 2018. Prior to the transfer, MLCSL provided data, advice, logistics and inspection services to the red meat industry and was based at the AHDB headquarters at Stoneleigh. The principal activity of the company was to provide independent carcass classification services into the red meat supply chain, to the benefit of both farmers and processors.

MLCSL's financial results for the period to the transfer have been consolidated as part of the financial results for the AHDB Beef & Lamb and AHDB Pork sectors, respectively, in the analysis of income and expenditure by segment in Note 2. They have been presented separately as 'discontinued operations' within the consolidated statement of comprehensive net expenditure. Prior to its transfer, MLCSL made a distribution of profits of £700k to AHDB, its sole member.

At the point of transfer, MLCSL had a retained deficit of £632k for the period ended 30 November 2018 (31 March 2018 retained surplus: £109k) and its net assets were £0.45 million as at 30 November 2018 (31 March 2018 £1.08 million). AHDB has recognised total proceeds of £740k in respect of the transfer of MLCSL, £250k relates to deferred consideration, which will be received 18 months following the date of sale and has been disclosed as amounts due in greater than one year in Note 9. This has given rise to a profit on transfer of £295k, included within the consolidated statement of comprehensive net expenditure.

## Notes to the financial statements

### 9. Trade and other receivables

	Group As at 31-Mar-19 £'000	AHDB As at 31-Mar-19 £'000	Group As at 31-Mar-18 £'000	AHDB As at 31-Mar-18 £'000
<b>Amounts falling due within one year</b>				
Levy income receivable	3,698	3,698	3,620	3,620
Receivables for fee and other income	387	387	1,734	1,132
Provision for bad and doubtful debts	-	-	(572)	(572)
Expected credit loss	(490)	(490)	-	-
Accrued EU grant income	390	390	405	405
Prepayments and accrued income	6,777	6,777	6,635	6,591
Amounts owed by subsidiary undertakings	-	-	-	84
Balances with central government bodies	615	615	202	181
<b>Total amounts falling due within one year</b>	<b>11,377</b>	<b>11,377</b>	<b>12,024</b>	<b>11,441</b>

	Group As at 31-Mar-19 £'000	AHDB As at 31-Mar-19 £'000	Group As at 31-Mar-18 £'000	AHDB As at 31-Mar-18 £'000
<b>Receivables past due</b>				
Up to 3 months past due	976	976	1,527	1,321
3 to 6 months past due	360	360	694	694
Over 6 months past due	600	600	684	686
	<b>1,936</b>	<b>1,936</b>	<b>2,905</b>	<b>2,701</b>

	Group As at 31-Mar-19 £'000	AHDB As at 31-Mar-19 £'000	Group As at 31-Mar-18 £'000	AHDB As at 31-Mar-18 £'000
<b>Amounts falling due greater than one year</b>				
Prepayments and accrued income	250	250	-	-
<b>Total amounts falling due within one year</b>	<b>250</b>	<b>250</b>	<b>-</b>	<b>-</b>

### 10. Cash and cash equivalents

	Group 2018-19 £'000	AHDB 2018-19 £'000	Group 2017-18 £'000	AHDB 2017-18 £'000
Balance at 1 April	27,100	26,018	26,047	25,017
Net change in cash and cash equivalents	(124)	958	1,053	1,001
<b>Balance at 31 March</b>	<b>26,976</b>	<b>26,976</b>	<b>27,100</b>	<b>26,018</b>
Balances at 31 March were:				
Short term investment	6,000	6,000	12,000	12,000
Commercial banks and cash in hand	20,976	20,976	15,100	14,018
<b>Balance at 31 March</b>	<b>26,976</b>	<b>26,976</b>	<b>27,100</b>	<b>26,018</b>

The short-term investment represents a fund of £3 million, placed on term deposits to mature on 18 June (12-month term). A further £3 million is held in a 32-day notice account.

# Notes to the financial statements

## 11. Trade and other payables

	Group As at 31-Mar-19 £'000	AHDB As at 31-Mar-19 £'000	Group As at 31-Mar-18 £'000	AHDB As at 31-Mar-18 £'000
<b>Amounts falling due within one year</b>				
Trade payables	1,371	1,371	2,206	2,206
Accruals and deferred income	9,580	9,580	7,812	7,667
Other payables	325	325	344	311
Corporation tax	24	24	16	16
VAT	746	746	1,111	916
Other taxation and social security	578	578	627	557
Defra underwrite for redundancy*	-	-	79	-
Pig Industry Development Scheme Fund	76	76	76	76
Other Defra Bodies	21	21	131	52
<b>Total amounts falling due within one year</b>	<b>12,721</b>	<b>12,721</b>	<b>12,402</b>	<b>11,801</b>
<b>Intragovernment balances</b>				
Balances with central government bodies	1,369	1,369	1,964	1,541

\* The 'Defra underwrite for redundancy' was set up to underwrite potential future redundancy costs and is held as part of AHDB's own cash resources and is recorded as a payable as it is held in trust for Defra. These monies were originally transferred to the Meat and Livestock Commission (MLC) during the 1994/95 financial year. On 1 April 2008, the Defra fund was transferred from MLC to AHDB in accordance with the Statutory Instrument that created AHDB. On the sale and transfer of Meat & Livestock Commercial Services Limited, the commercial red meat subsidiary which was wholly owned by AHDB prior to its transfer, the liability was repaid in full to Defra, leaving a balance of £nil.

Contract liabilities primarily relate to the advanced consideration of levy income received from customers, for which income is recognised over the period for which services are provided. As levy income is recognised across the financial year, there are no contract liabilities at the end of the financial year.

# Notes to the financial statements

## 12. Financial commitments

	Group As at 31-Mar-19 £'000	AHDB As at 31-Mar-19 £'000	Group As at 31-Mar-18 £'000	AHDB As at 31-Mar-18 £'000
<b>Capital expenditure commitments</b>				
Contracted for	-	-	17	17
<b>Approved research projects</b>				
Within one year	8,949	8,949	10,033	10,033
Thereafter	9,641	9,641	14,757	14,757
	<b>18,590</b>	<b>18,590</b>	<b>24,790</b>	<b>24,790</b>
<b>Operating leases</b>				
As at 31 March, AHDB was committed to future minimum lease payments under non-cancellable operating leases for each of the following periods:				
<b>Property</b>				
Within one year	295	295	545	545
Between two and five years	53	53	472	472
Over five years	-	-	-	-
	<b>348</b>	<b>348</b>	<b>1,017</b>	<b>1,017</b>
<b>Vehicles</b>				
Within one year	347	347	491	446
Between two and five years	448	448	603	555
	<b>795</b>	<b>795</b>	<b>1,094</b>	<b>1,001</b>
<b>Equipment</b>				
Within one year	23	23	4	4
Between two and five years	25	25	6	6
	<b>48</b>	<b>48</b>	<b>10</b>	<b>10</b>

Approved research projects represent expenditure with third parties, which has been contracted, as distinct from projects at the stage of having been approved and budgeted. These accounts are prepared on a going concern basis, it is assumed that future income will be available to meet these commitments.

# Notes to the financial statements

## 13. Financial instruments

Because of the nature of its activities and the way in which AHDB is financed, it is not exposed to the degree of financial risk faced by other business entities. Moreover, financial instruments play a much more limited role than would be typical of the listed companies to which IFRS 7 mainly applies.

AHDB has initially applied IFRS 9 and IFRS 15 at 1 April 2018. There has been no material impact to the financial statements as a result of applying these accounting standards.

Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing AHDB in undertaking its activities or for trading. The fair values of all its financial assets and liabilities are approximate to their amortised costs, as follows:

	Group As at 31-Mar-19 £'000	Group As at 31-Mar-19 £'000	Group As at 31-Mar-18 £'000	Group As at 31-Mar-18 £'000
	<b>Financial assets at amortised cost</b>	<b>Other financial liabilities</b>	Financial assets at amortised cost	Other financial liabilities
<b>Trade receivables</b>				
Levy receivable	3,698		3,620	
Receivables for fees	387		1,734	
Accrued income (less prepayments)	5,882		5,560	
Intragovernment balances	615		202	
Receivables due greater than one year	250		-	
<b>Cash and equivalents</b>	<b>26,976</b>		27,100	
<b>Trade and other payables</b>				
Trade payables		1,371		2,206
Accruals		9,580		7,812
Pig Industry Development Scheme Fund		76		76
Intragovernment balances		21		210
Other		325		344
<b>Total</b>	<b>37,808</b>	<b>11,373</b>	<b>38,216</b>	<b>10,648</b>

### Credit and liquidity risk

AHDB is exposed to the usual credit risk and cash flow risk associated with invoicing on credit, and manages this through credit control procedures. The nature of its financial instruments means it is not subject to price risk or liquidity risk.

### Interest rate risk

AHDB is not exposed to any interest rate risk. All surplus funds are placed on deposit with commercial banks at the prevailing deposit interest rate. Where possible, funds are placed on fixed-term deposit to optimise return. The opportunity to do so is restricted by the fluctuations in AHDB's cash flow cycle and its practice of placing funds only with institutions holding a credit rating matching/exceeding that of its regular corporate bankers, currently Barclays Bank plc.

### Foreign currency risk

AHDB's exposure to foreign currency risk is not currently significant.

### Market and price risk

AHDB's level of income is affected in some sectors by general economic and market conditions. These are monitored and analysed by AHDB Market Intelligence to provide guidance as to future commodity trends. AHDB uses this guidance to inform its future cash projections and assist with decision-making regarding the timing of incurring variable costs.

# Notes to the financial statements

## 14. Contingent liabilities

There were no contingent liabilities at 31 March 2019 of a significant nature to require reporting.

AHDB is currently involved in a number of investigations. Should all of these be ruled against AHDB, in the worst case scenario, there would be a maximum potential liability of £1.1 million and the most significant item giving rise to a maximum potential liability of £850k. In the opinion of management, the liabilities, if any, arising from these investigations will not have a significant impact on the financial position or the results of AHDB.

## 15. Pensions

AHDB operates a number of approved retirement benefit arrangements in the UK, encompassing both Defined Benefit (DB) schemes and Defined Contribution (DC) schemes.

### 15a. Group Personal Pension Plans

#### AHDB Pension Scheme

The AHDB Pension Scheme is a Group Personal Pension Plan, whereby AHDB has selected a pension scheme and provider that it believes to be suitable for its employees. The Scheme had a total of 458 members as at 31 March 2019 (31 March 2018: 495 members). The normal current employee and employer contribution rates are 3%/6%, 4%/8% and 5%/10%, respectively. The Scheme is provided by Legal & General. The cost to AHDB of operating the Scheme during the year ended 31 March 2019 was £1,483k (2018: £1,245k). The value of outstanding contributions as at 31 March 2019 was £122k (31 March 2018: £110k).

### 15b. Information about the legacy pension schemes

#### Introduction

The MLC Pension Scheme and HGCA Pension Plan are schemes that were in existence before AHDB was formed and the members of the schemes are almost entirely pensioners or deferred members (employees who left AHDB or its predecessor bodies but have not yet retired). This means the assets and liabilities of the scheme relate almost entirely to ex-employees of MLC or HGCA.

#### Defined Benefit Schemes

The DB schemes expose the organisation to the usual risks involved in ensuring the schemes are adequately funded to meet their future obligations. These risks are mitigated as far as possible by ensuring employees make contributions at a reasonable rate and by adopting asset-liability matching strategies, where possible. AHDB does not consider there to be any significant entity or plan-specific risks, or any significant concentrations of risk.

#### MLC Pension Scheme

AHDB is the principal employer in a contributory Pension Scheme providing defined benefits to legacy MLC employees and ex-employees, based on final pensionable salary. This Scheme is closed to new entrants and on 31/3/2019 there were only 10 members of AHDB staff actively contributing to this scheme. There were 1,338 members of the defined benefit section of the scheme on 31 March 2018. The assets of the Scheme are held separately from those of AHDB, being invested with insurance and investment companies. The Scheme has provision for pensions in payment to be increased by 5% per annum or the percentage shown in the Pension Increases Order, if lower. If the percentage shown in the Order exceeds 5% per annum, there is provision in the Scheme rules for pensions in payment to be increased beyond 5% per annum by the Trustees, with AHDB's consent. Contributions to the Scheme are charged to AHDB's income and expenditure account and are determined by a qualified actuary on the basis of annual valuations, using the projected unit method. The employer's contributions to the Scheme in 2019/20 are estimated to be £0.4 million.

Actuarial valuations are usually prepared on a triennial basis. The latest valuation was completed as at 31 March 2018 and indicated a funding deficit of £0.5 million. The recovery plan agreed between the MLC Pension Scheme Trustees and AHDB, concerning the funding of the deficit, was for the recovery plan to be funded over three financial years, with the first payment made in March 2019.

A substantial part of the Scheme's assets are represented by buy-in policies with insurance providers (Aviva and Just Retirement – now known as Just) to cover the future liabilities of the Scheme in relation to the in-payment pension obligations at that time. This was achieved to reduce the Scheme's and the employer's risk exposure to future downturns in asset performance and improvements in longevity. Under the terms of the buy-in, the annuity policy is in the name of the Trustee and, as such, is considered a qualifying investment of the Scheme. Due to market conditions, the policy attracts an income related to the Retail Price Index (RPI), while the pension payments from the Scheme have guaranteed increases at the Consumer Price Index (CPI). While CPI remains lower than RPI, a small surplus will be generated and added to the total Scheme assets for the benefit of the Scheme as a whole. As shown in note 15d page 56, at 31 March 2019, 69.3% of the Scheme's total assets were represented by the buy-in policies. The assets of the policies have been valued for

AHDB's accounting purposes, using an IAS 19 discount rate, which ensures the assets are valued on a basis consistent with that used to value the future liabilities they are in place to settle.

The first policy was acquired in June 2011 to guarantee the obligations of pensions in payment at that date and of those pensioners' dependants in future. A further tranche of liabilities was added to the policy in July 2013, to cover pensions that had come into payment since June 2011, again including pensions falling due in future to those pensioners' dependants. This policy is held with Aviva. In March 2016, a further policy was acquired from Just to cover pensions that have come into payment since July 2013. The valuation method used to value the assets placed on the buy-in policies with Aviva and Just is consistent with that used last year. It has been calculated as the present value of the future expected policy income stream, using the same assumptions as used to calculate the Defined Benefit Obligation, except that the policy income in excess of Guaranteed Minimum Pensions is assumed to increase in line with RPI inflation with relevant caps applied rather than CPI. These assumptions have been selected because the incomes from the policies match the corresponding pension payments from the scheme in all other aspects. By using these assumptions, in future years the asset value on the buy-in policy will move in line with the corresponding liabilities, while still allowing for the expected higher future income stream if RPI is assumed to be higher than CPI. The Pension Scheme Trustee board is currently reviewing the investment strategy to consider whether changes to that strategy to further reduce potential volatility (and likely reductions in returns) might be the right approach, given the stage of maturity the scheme is now reaching. The effect of the ruling in the Lloyds Trustees vs Lloyds Bank PLC and Others [2018] case on Guaranteed Minimum Pensions (GMP) has been taken into account in the valuation of the liabilities of the scheme. This led to the recognition of an estimated additional liability of £2.2 million, which reflects the expected cost to equalise benefits between males and females arising from the accrual of GMP after 17 May 1990. This has been recognised as a past service cost in note 15e.

When MLCSL was sold, (see note 8) a number of employees of MLCSL who were active members of the scheme became deferred members of the scheme. This constitutes a curtailment event under IAS 19, but the impact of the curtailment on the liabilities is very small (approximately £0.04 million) because the expected increases to deferred benefits are the same as the previously expected increases for active members.

#### **HGCA Pension Plan**

The Plan provides benefits to legacy HGCA employees, based on final salary. This Plan is closed to new entrants and, on 31 March 2019, there were three members of staff actively contributing to this Plan. The assets of the Plan exist to provide benefits for all the members of the plan – current pensioners, deferred members (ex-employees who are yet to retire) and the few AHDB employees still contributing to the Plan. Actuarial valuations are usually prepared on a triennial basis. The latest valuation was completed as at 31 March 2016 and indicated a funding deficit of £0.7 million. The recovery plan agreed between the HGCA Pension Plan Trustees and AHDB, concerning the funding of the deficit, specified contributions of £75k pa, payable monthly, for the period up to the next triennial actuarial review of the Plan. The employer's normal contributions to the Plan in 2019/20 are estimated at £50k. The effect of the ruling in the Lloyds Trustees vs Lloyds Bank PLC and Others [2018] case on GMP equalisation has been taken into account in the valuation of the liabilities of the Plan.

We have considered whether AHDB has an unconditional right to a refund of any surplus on the HGCA Pension plan under IFRIC14 and have determined that under the deed and rules AHDB does not have such a right due to the powers of the Trustee.

#### **Defined Contribution Schemes**

##### **MLC Pension Scheme**

The Defined Contribution section of the MLC Pension Scheme had a total of 11 active members as at 31 March 2019 (31 March 2018: 30 members). The current employee and employer contribution rates are 5% and 7%, respectively. The cost to AHDB of operating the Scheme during the year ended 31 March 2019 was £69k (2017/18: £88k) and the value of outstanding contributions as at 31 March 2019 was £4k (31 March 2018: £7k). This Scheme was closed to new members in 2008, when AHDB set up the AHDB Pension Scheme for newly appointed employees.

# Notes to the financial statements

## 15. Pensions (continued)

### 15c. Principal assumptions

The adoption of CPI rather than RPI as the basis for calculating future pension payment increases has been used as one of the principal assumptions to calculate the different scheme liabilities, from 1 April 2011 onwards. This is in accordance with IAS 19 and as required by HM Treasury.

The principal assumptions used to calculate the different scheme liabilities include:

	MLC Pension Scheme		HGCA Pension Plan	
	31-Mar-19 % pa	31-Mar-18 % pa	31-Mar-19 % pa	31-Mar-18 % pa
Price inflation	<b>2.6</b>	2.4	<b>2.6</b>	2.4
Rate of increase in pay	<b>2.6</b>	2.4	<b>2.6</b>	2.4
Rate of increase of pensions in payment*	<b>2.6</b>	2.4	<b>2.6</b>	2.4
Rate of increase for deferred pensioners*	<b>2.6</b>	2.4	<b>2.6</b>	2.4
Discount rate	<b>2.3</b>	2.4	<b>2.3</b>	2.4

\* In excess of any Guaranteed Minimum Pension (GMP) element

Under the mortality tables and projections adopted, the assumed future life expectancies are as follows:

	MLC Pension Scheme		HGCA Pension Plan	
	31-Mar-19 years	31-Mar-18 years	31-Mar-19 years	31-Mar-18 years
Male currently aged 65	<b>22.6</b>	23.1	<b>23.1</b>	23.1
Female currently aged 65	<b>24.3</b>	25.4	<b>24.8</b>	25.4
Male currently aged 50	<b>23.8</b>	24.7	<b>24.4</b>	24.8
Female currently aged 50	<b>25.7</b>	27.1	<b>26.2</b>	27.1

The sensitivity of the value placed on the schemes' liabilities is reviewed as part of the process in setting the assumptions. To determine the sensitivity of the defined benefit obligation to changes in the key assumptions, an approximate basis change, based on the split of obligations between activities, deferrals, pensioners and dependants, and the estimated duration of each set of liabilities, was carried out. There have been no changes in the approach used to determine the sensitivity of the defined benefit obligation to changes in the key assumptions since the previous year. Examples of changes in the value of scheme liabilities, in the event of any given assumption changing in isolation, are noted below.

The effect of a decrease in the assumed discount rate of 0.5% would increase liabilities by 7.3% in the MLC Scheme, and by 10.2% in the HGCA Scheme.

The mortality rate, which determines the above future life expectancies, is based on a long-term trend improvement of 1.5% pa. If the rate of improvement were assumed at 1.75% pa, liabilities would increase by 0.8% for the MLC Scheme and 1.0% for the HGCA Scheme.

If the RPI price inflation measure applied of 3.6% were to be increased by 0.25%, it would impact on all linked assumptions, including growth in salaries, and liabilities would increase by 2.9% in the MLC Scheme, and by 4.3% in the HGCA Scheme.



## Notes to the financial statements

### 15. Pensions (continued)

#### 15d. Assets

The major categories of assets as a proportion of the fair value of total plan assets are as follows:

	MLC Pension Scheme		HGCA Pension Plan	
	31-Mar-19 % pa	31-Mar-18 % pa	31-Mar-19 % pa	31-Mar-18 % pa
Equities	20.8	20.5	-	-
Diversified growth	9.7	9.1	49.9	40.2
Liability driven	-	-	49.4	49.2
Annuities	69.3	70.3	0.6	0.8
Cash	0.2	0.1	0.1	9.8

#### 15e. Components of defined benefit cost for the 12 months ended 31 March 2019

Analysis of amounts charged to statement of comprehensive income:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000
Current service cost	(200)	(600)	(60)	(82)	(260)	(682)
Past service cost	(2,200)	-	(13)	-	(2,213)	-
Administration costs	(500)	(400)	(23)	(23)	(523)	(423)
Net interest on net defined benefit liability/(asset)	(100)	(200)	(3)	-	(103)	(200)
<b>Total income/(expense) recognised in profit and loss</b>	<b>(3,000)</b>	<b>(1,200)</b>	<b>(99)</b>	<b>(105)</b>	<b>(3,099)</b>	<b>(1,305)</b>

## Notes to the financial statements

### 15. Pensions (continued)

#### 15e. (continued)

Analysis of the amounts charged to other comprehensive income:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000
Actuarial gains and (losses) on assets	5,000	3,400	87	(544)	5,087	2,856
Experience gains and (losses) on liabilities	(300)	(1,000)	5	(174)	(295)	(1,174)
Gains (losses) from changes to assumptions	(6,300)	600	(927)	146	(7,227)	746
Change in irrecoverable surplus	-	-	896	440	896	440
<b>Total amount (charged)/credited in other comprehensive income</b>	<b>(1,600)</b>	<b>3,000</b>	<b>61</b>	<b>(132)</b>	<b>(1,539)</b>	<b>2,868</b>

#### 15f. Reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets to the assets and liabilities recognised in the Statement of Financial Position

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	As at 31-Mar-19 £'000	As at 31-Mar-18 £'000	As at 31-Mar-19 £'000	As at 31-Mar-18 £'000	As at 31-Mar-19 £'000	As at 31-Mar-18 £'000
Present value of defined benefit obligation	(224,600)	(220,500)	(25,311)	(24,401)	(249,911)	(244,901)
Fair value of plan assets	217,200	217,300	25,792	25,657	242,992	242,957
Surplus/(deficit) on Scheme	(7,400)	(3,200)	481	1,256	(6,919)	(1,944)
Irrecoverable surplus (effect of asset ceiling)	-	-	(552)	(1,414)	(552)	(1,414)
<b>Net asset/(liability) recognised in Statement of Financial Position</b>	<b>(7,400)</b>	<b>(3,200)</b>	<b>(71)</b>	<b>(158)</b>	<b>(7,471)</b>	<b>(3,358)</b>

## Notes to the financial statements

### 15. Pensions (continued)

#### 15f. Reconciliation to the statement of financial position

Analysis of the movement in surplus/(deficit) during the year:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000
Surplus/(deficit) in the Scheme at start of year	(3,200)	(5,300)	(158)	(58)	(3,358)	(5,358)
Contributions paid	400	300	125	137	525	437
Current service cost	(200)	(600)	(60)	(82)	(260)	(682)
Past service cost	(2,200)	-	(13)	-	(2,213)	-
Net interest on net defined benefit (asset)/liability	(100)	(200)	(3)	-	(103)	(200)
Administration costs	(500)	(400)	(23)	(23)	(523)	(423)
Actuarial (loss)/gain	(1,600)	3,000	61	(132)	(1,539)	2,868
Surplus/(deficit) in the Scheme at end of year	(7,400)	(3,200)	(71)	(158)	(7,471)	(3,358)

For the HGCA Pension Plan, the contributions paid for the year ended 31 March 2019 of £125k (2018: £137k) include the additional Scheme augmentation component of £75k (2018: £75k) referred to in 15b.

#### 15g. Reconciliation of opening and closing balances of the present value of the defined benefit obligation

Change in scheme liabilities:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000
Balance at 1 April	(220,500)	(225,400)	(24,401)	(24,332)	(244,901)	(249,732)
Current service cost	(200)	(600)	(60)	(82)	(260)	(682)
Interest cost	(5,200)	(5,300)	(578)	(577)	(5,778)	(5,877)
Contributions by plan participants	(100)	(100)	(11)	(14)	(111)	(114)
Actuarial gains/(losses) on experience	(300)	(1,000)	5	(174)	(295)	(1,174)
Actuarial gains/(losses) on demographic assumptions	1,200	-	461	-	1,661	-
Actuarial gains/(losses) on financial assumptions	(7,500)	600	(1,388)	146	(8,888)	746
Benefits paid	10,200	11,300	674	632	10,874	11,932
Past service cost	(2,200)	-	(13)	-	(2,213)	-
Scheme liabilities at end of year	(224,600)	(220,500)	(25,311)	(24,401)	(249,911)	(244,901)

# Notes to the financial statements

## 15. Pensions (continued)

### 15g. Reconciliation of opening and closing balances of the fair value of plan assets

Change in scheme assets:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000	For the year ended 31-Mar-19 £'000	For the year ended 31-Mar-18 £'000
Balance at 1 April	217,300	220,100	25,657	26,085	242,957	246,185
Expected return on plan assets	5,100	5,100	609	620	5,709	5,720
Return on scheme assets greater/(less) than discount rate	5,000	3,400	87	(544)	5,087	2,856
Contributions by the employer	400	300	125	137	525	437
Contributions by the plan participants	100	100	11	14	111	114
Administration costs	(500)	(400)	(23)	(23)	(523)	(423)
Benefits paid	(10,200)	(11,300)	(674)	(632)	(10,874)	(11,932)
Fair value of assets at end of year	217,200	217,300	25,792	25,657	242,992	242,957

The actual return of plan assets in the MLC Pension Scheme was a gain of £10.1 million (2017/18: gain of £8.5 million). The actual return of plan assets in the HGCA Pension Scheme was a £0.7 million gain (2017/18: gain of £0.1 million).

### 15h. Maturity profile of Defined Benefit Obligation

The expected cash outlay required to meet defined benefit obligations as they arise over the next 10 years, are:

	MLC £000	HGCA £000
Expected benefit payments made during 2019/20	10,200	685
Expected benefit payments made during 2020/21	9,800	700
Expected benefit payments made during 2021/22	9,900	740
Expected benefit payments made during 2022/23	10,400	828
Expected benefit payments made during 2023/24	10,100	839
Expected benefit payments 2024/25 to 2028/29	53,100	4,365

# Notes to the financial statements

## 16. Related party transactions

AHDB is a Non-Departmental Public Body (NDPB) funded by statutory levies and sponsored by the Department for Environment, Food and Rural Affairs (Defra). Defra is a Government department which is regarded as a related party. Defra is the sponsoring department of the other arm's-length bodies listed below and, by virtue of their relationship with Defra, are also regarded as related parties.

The main government bodies AHDB had transactions with during the year were Defra and other Defra bodies, HMRC and the Health and Safety Executive.

Gwyn Jones is chairman of RUMA (The Responsible Use of Medicines in Agriculture), with transactions of £12k during the year and no balance was due at 31 March 2019.

Peter Kendall and Mike Sheldon are both directors of Assured Food Standards (AFS), with transactions of £259k during the year and no balance was due at 31 March 2019.

All the above transactions were on an arm's-length basis.

Statutory levies were paid on an arm's-length basis by businesses in which AHDB Board members or close family members were involved, as shown in the table below:

AHDB Board member	Levy paying entity	Relationship of AHDB Board member to Levy paying entity	Sector
Peter Kendall	W J Kendall & Sons	Partner	Cereals & Oilseeds
Adam Quinney	A C & S E Quinney	Partner	Beef & Lamb
Paul Temple	Wold Farm	Partner	Cereals & Oilseeds/Beef

Statutory levies were paid on an arm's-length basis by businesses in which AHDB Leadership Team members or close family members were involved, as shown in the table below:

AHDB Leadership Team member	Levy paying entity	Relationship of AHDB LT member to Levy paying entity	Sector
Christine Watts	E W & R W Watts, Wishaw	Spouse of Partner	Cereals & Oilseeds/Potatoes

No other AHDB Board members, senior executive staff or other related parties have undertaken any material transactions with AHDB.

There are no company directorships or other significant interests that AHDB considers may conflict with management responsibilities.

Transactions with senior members of staff can be found in the remuneration and staff report on page 21.

## 17. Events after the reporting date

There were no other events after the reporting date that require disclosure or adjustment to the financial statements. The Accounting Officer authorised these statements for issue on the date of the C&AG's audit certificate.

## Annex – Unaudited information

### Levy rates in operation during 2018/19

SECTOR	Standard Levy rate 2018/19
<b>Pigs (England)</b>	£ per head
Producer	0.85
Slaughterer/exporter of live pigs	0.20
<b>Beef and Lamb (England)</b>	£ per head
<b>Cattle (excluding calves)</b>	
Producer	4.05
Slaughterer/exporter of live cattle	1.35
<b>Calves</b>	
Producer	0.08
Slaughterer/exporter of live calves	0.08
<b>Sheep</b>	
Producer	0.60
Slaughterer/exporter of live sheep	0.20
<b>Milk (GB)</b>	Pence per litre
Buyers and direct sellers of milk	0.060
<b>Cereals and oilseeds (UK)</b>	Pence per tonne
Cereal grower	46.00
Cereal buyer	3.80
Cereal processor (human and industrial)	9.50
Cereal processor (feed)	4.60
Oilseeds	75.00
<b>Horticulture (GB)</b>	% sales turnover
Horticulture products	0.50
<b>Mushroom spawn</b>	Pence per litre
- Agaricus	8.0
- Non-agaricus	2.0
<b>Potatoes (GB)</b>	
Potato growers	£42.62 per hectare
Purchasers of potatoes	£0.1858 per tonne

Note: Higher rates apply for overdue payment.

# AHDB Sector Boards at 31 March 2019

## AHDB Pork Sector Board

**Mike Sheldon**, (Chair)  
**Chris Aldersley**, processor  
**Robert Beckett**, pig farmer, Yorkshire  
**Richard Buckle**, pig farmer, Yorkshire  
**Adam Cheale**, processor  
**\*William de Klein**, processor  
**Mark Haighton**, processor  
**\*Barry Lock**, processor  
**Robert Mutimer**, pig farmer, Norfolk  
**Robert Shepherd**, pig farmer, Hampshire  
**Simon Watchorn**, pig farmer, Suffolk  
**Iain Wylie**, independent member

*\*Barry Lock's term of office ended on 30 June 2018 and William de Klein's term ended on 31 March 2019. The following new members were appointed from 1 April 2019: Timothy Bradshaw, Nick Davies*

## AHDB Dairy Sector Board

**Gwyn Jones**, (Chair)  
**\*David Cotton**, dairy farmer, Somerset  
**David Craven**, dairy farmer, Cheshire  
**Andrew Fletcher**, dairy farmer, Cheshire  
**\*Tim Gue**, dairy farmer, West Sussex  
**Oliver Hall**, independent member, Ayrshire  
**\*Janette Prince**, dairy farmer, Staffordshire  
**Mary Quicke**, dairy farmer, Devon  
**Peter Rees**, dairy farmer, Carmarthenshire  
**Scott Shearlaw**, dairy farmer, Ayrshire  
**Richard Soffe**, independent member

*\*Denotes end of term in office on 31 March 2019. The following new members were appointed from 1 April 2019: Elizabeth Haines, Ian Harvey, Joseph Towers*

## AHDB Beef & Lamb Sector Board

**Adam Quinney**, (Chair)  
**Philip Abbott**, sheep farmer, Warwickshire  
**Peter Baber**, sheep farmer, Devon  
**Conor Colgan**, producer, Northumberland  
**Stephen Conisbee**, livestock farmer and butcher, Surrey  
**James Evans**, livestock farmer, Shropshire  
**Gill Fine**, independent member  
**Laurie Ibbotson**, processor  
**\*Rizvan Khalid**, processor  
**Duncan Nelless**, livestock farmer, Northumberland  
**James Shouler**, producer, Oxfordshire  
**Richard Sparey**, producer, Herefordshire  
**Stephen Thompson**, processor  
**\*Rosalind Turner**, sheep farmer, Leicestershire  
**Robert Venner**, auctioneer

*\*Denotes end of term in office on 31 March 2019. The following new members were appointed from 1 April 2019: Colin Bateman, Trevor Bellis*

## AHDB Horticulture Sector Board

**\*Hayley Campbell-Gibbons**, (Chair)  
**Martin Emmett**, bulbs and outdoor flowers consultant  
**\*Martin Evans**, independent member  
**Roma Gwynn**, independent member  
**Robert James**, specialist in protected edibles, Kent  
**\*Mike Mann**, protected ornamentals grower, Cornwall  
**Robert Saunders**, specialist in fruit agronomy  
**Alison Spaul**, independent member  
**Neville Stein**, independent member  
**Dr Louise Sutherland**, specialist in fresh produce and soft fruit

*\*Martin Evans acted as Interim Chair of the Horticulture Sector Board during part of 2018. Hayley Campbell-Gibbons became Chair from 1 November 2018*

*\*\*Denotes end of term in office on 31 March 2019*

## AHDB Cereals & Oilseeds Sector Board

**Paul Temple**, (Chair)  
**Ian Backhouse**, arable/livestock farmer, East Yorkshire  
**Jane Biss**, processor  
**Bob King**, independent member  
**Howard Leland**, processor  
**\*Robert Lasseter**, cereals and pig farmer, Dorset  
**\*George Lawrie**, cereals farmer, Perthshire  
**Andrew Moir**, cereals farmer, Aberdeenshire  
**David Neal-Smith**, independent member  
**Andrew Osmond**, mixed farmer, Hampshire and Dorset  
**James Price**, arable farmer, Oxford  
**Tony Bell**, animal feed sector, Yorkshire

*\*Denotes end of term in office on 31 March 2019. The following new members were appointed from 1 April 2019: Russ McKenzie, Mark Wood*

## AHDB Potatoes Sector Board

**Sophie Churchill**, OBE (Chair)  
**\*Reuben Collins**, potato grower, Cornwall  
**Philip Huggon**, independent member  
**Daniel Metheringham**, processor  
**Jonathan Papworth**, potato grower, Cambridgeshire  
**\*Bill Quan**, potato grower, Herefordshire  
**\*Alistair Redpath**, seed merchant, Perthshire  
**Will Shakeshaft**, potato grower, Cambridgeshire  
**Andrew Skea**, potato grower, Angus  
**Mark Taylor**, fresh supply, Cambridgeshire  
**Michael Welham**, potato grower, Essex and Suffolk

*\*Denotes end of term in office on 31 March 2019. The following new members were appointed from 1 April 2019: James Cargill, Alison Levett, Christopher Wilson*



**Registered office:**

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