

Rothamsted Research Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2010



Company Registration No 2393175
Charity No 802038

Rothamsted Research Limited

CONTENTS PAGE

Legal and Administrative Information	2
Report of the Trustees	3 - 18
Trustees Responsibilities	19
Report of the Auditors	20 - 21
Statement of Financial Activities	22
Balance Sheet	23
Cash Flow Statement	24
Accounting Policies	25 - 27
Notes to the Financial Statements	28 - 40
Income and Expenditure Account	41

Rothamsted Research Limited

LEGAL AND ADMINISTRATIVE INFORMATION

DIRECTORS

Professor Nick Talbot # (Chairman) – appointed 7th October 2009
Professor Mark Bailey * #
Professor Richard Bardgett
Dr Graham Birch + > (Deputy Chairman)
Dr David Brightman #
Mr Philip Chamberlain
Professor Edward Cocking FRS#
Ms Caroline Drummond * #
Professor Michael Elves + # >
Mr Jonathan Flowers*
Dr David Lawrence
Mr Paul Leonard >
Professor Sir David Read FRS (Chairman) # resigned 7th October 2009

* - member of Audit Committee
+ - member of Site Redevelopment Sub-Committee
- member of Directors' Research Advisory Group
> - member of Finance Committee

CHARITY NUMBER

802038

COMPANY NUMBER

2393175

REGISTERED OFFICE

Rothamsted Research Limited
Harpenden
Hertfordshire
AL5 2JQ

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham B2 5AF

PRINCIPAL BANKERS

Barclays Bank plc
West Herts Group
PO Box 104
St Albans
Herts AL1 3A

PRINCIPAL SOLICITORS

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham B3 2ES

Rothamsted Research Limited

REPORT OF THE TRUSTEES

The Directors submit their Annual Report together with the audited Financial Statements for the year ended 31 March 2010. The Annual Report is to be read in conjunction with the Company's Research Review, which can be obtained from the Company Secretary or at <http://www.rothamsted.bbsrc.ac.uk/>

STRUCTURE, GOVERNANCE AND MANAGEMENT

Directors and Officer

The Directors, who are also the Trustees, the Director and Officer of the Company, who served throughout the year except where indicated, were as follows

Directors

Professor Nick Talbot (Chairman) – appointed 7th October 2009
Professor Mark Bailey
Professor Richard Bardgett
Dr Graham Birch (Deputy Chairman)
Dr David Brightman
Mr Philip Chamberlain
Professor Edward Cocking FRS
Ms Caroline Drummond
Professor Michael Elves
Mr Jonathan Flowers
Dr David Lawrence
Mr Paul Leonard
Professor Sir David Read FRS (Chairman) - resigned 7th October 2009

See also <http://www.rothamsted.bbsrc.ac.uk/corporate/SeniorManagement.html>

Institute Director

Professor Maurice Moloney (with effect from 15th April 2010),
Professor Peter Shewry (Acting Director 31st August 2009 to 15th April 2010)

Officer

Company Secretary Stephen James

Constitution

Rothamsted Research Limited is a company which is limited by the guarantees of its members to a maximum of £1 each and which is regulated by the terms of its Memorandum and Articles of Association. The company Registration Number is 2393175. The Company is also a registered charity, number 802038 and, as such, is not usually liable to taxation on income arising from and expended on its charitable activities.

Appointment of Trustees

Advertisements for Trustee-Directors are placed in relevant national press, for example "Nature" and "Sunday Times" inviting the submission of letters of interest and curricula vitae. These are then considered by an Appointments Panel nominated by the Board and composed of three or four Trustees taking into account overall balance of skills and experience, vacancies and future needs or pressures on the Board. Possible appointees are invited to visit Rothamsted campus to meet the Director and others as appropriate. No vacancies have been advertised since 2008.

Rothamsted Research Limited

REPORT OF THE TRUSTEES

Trustee Induction and Training

Most of the Trustee-Directors have attended a customised workshop facilitated by a solicitor from Anthony Collins LLP and by a partner in Baker Tilly. All have been offered further, more general, training opportunities with good quality national providers. This ensures that the Board members are all fully aware of the latest position on relevant Company and Charity law, regulations and good practice especially in the context of Rothamsted Research Limited and the current decisions that it faces. Induction and training for new Trustee-Directors will be carefully tailored to the needs of the individuals concerned with special consideration of the issues that the Charity faces in the coming months and these have been taken up by 2008/09 appointees. There have been no new appointments during 2009/10.

Third Party Claims

The company holds Directors and Officers insurance which will indemnify the Directors against claims from third parties.

Organisation

The Board of Directors is responsible for the management of the Company in accordance with the Company's Memorandum and Articles of Association. Members of the Board of Directors are nominated by Lawes Agricultural Trust Company Limited ("LATCo") (6), by the Biotechnology and Biological Sciences Research Council ("BBSRC") (5), by the National Farmers Union (1), and by the Scottish Executive Rural Affairs Department (1 – currently a vacancy). The Chairman of the Board is jointly nominated by LATCo and the BBSRC. Directors are appointed to serve on an *ad hominem* basis. The Board of Directors advises the Institute Director on the development of policy. Trustee Directors of Rothamsted Research serve as the Scientific Committee of The Lawes Agricultural Trust as defined in that organisation's Trust Deed. The relationship of the Company with its major funding body, the BBSRC, is defined by the terms and conditions of a Conditions of Grant Letter. The Board has established four sub-committees for specific purposes:

- The Audit Committee is a standing committee which examines financial and audit reports and which considers business critical risks and health and safety matters.
- The Rothamsted Site Re-Development Sub-Committee monitors matters relating to the progress of the Rothamsted site re-development master plan, particularly matters relating to cost, quality and to the achievement of critical milestones. As there has been little activity on site of this sort this has been replaced by the Board vice-Chairman attending the management organised Strategic Capital Development Committee.
- The Directors' Research Advisory Group advises the Director on research matters.
- The Finance Committee critically reviews financial and business forward plans in the context of the mission and purpose of the Company and advises the Board on sensitivities and risks into the future.

There is also an Appointments Panel that is set up as required. Members of the Board are guided by a Code of Practice issued by the Charity Commission, supplemented by further guidance available from the BBSRC.

Employee Consultation

The Company recognises all appropriate Trade Unions representing staff employed. The Institute Negotiating Consultative Committee meets at least twice a year. It provides an avenue for provision of information, consultation and discussion of a wide range of matters affecting staff.

Rothamsted Research Limited

REPORT OF THE TRUSTEES

At a national level there is a Joint Negotiating Consultative Committee representing all staff within the institutions supported by the BBSRC. Information is also provided at a national and local level through the Annual Report, the Strategic Plan and other publications.

Disabled Persons

The Company complies with all relevant legislation relating to disabled persons and continually strives to follow best practice in these matters in order for an employee with a disability to remain in employment or to successfully employ a disabled preferred candidate within a safe working environment.

Our staff code requires that we will not reject a disabled job applicant for a reason which relates to his/her disability, person specifications will always be used and selection criteria monitored to ensure that discrimination does not unwittingly occur, recruitment and selection procedures will be adapted where possible to ensure that they do not disadvantage disabled job applicants.

We will take steps to try to enable an employee who becomes disabled to remain in employment. In consultation with the employee, adjustments to facilitate their retention will be considered. Employees with disabilities will be provided with opportunities to develop full and rewarding careers on an equivalent basis to other employees with similar skills and abilities.

Connected Charity and Company

The freehold interest in the land and buildings at the Company's two main operating sites is held by The Lawes Agricultural Trust, a charity with similar objects to Rothamsted Research. There is no written agreement for the occupation of these sites and no rent is charged to the Company by the Trust. On 1st April 2009 and in the light of the 12 months examination of their accounts and business planning, the assets and liabilities of North Wyke Research were transferred to Rothamsted Research Limited accompanied by underwriting from BBSRC. North Wyke is a research station based in Devon which was previously part of the Institute of Grassland and Environmental Research.

To assist in meeting the public benefit through the transfer of research into practice, Rothamsted Research works with a small charitable company "Rothamsted Research Association" as a very important conduit for knowledge exchange with the agricultural and land-based industries. It is a membership-based organisation (approximately 700 members) with a significant history of interaction with the elite of technologically advanced farming businesses going back to the early part of the 20th century. It has its own Board of Trustees and is independent from Rothamsted Research Limited.

The Company has a 19% shareholding in VSN International Limited (VSNi), the principal activity of which is research into, and development and distribution of, data analysis software, mainly targeted at the international life science sector. In the light of trading activity being less profitable than had been predicted we introduced an impairment to the VSNi investment in 2009 (see Notes).

Risk Management

The Company has a formal risk management strategy which has been in place throughout the period covered by this report and is reviewed by the Board and the Audit Committee. The Board has overall responsibility for establishing key procedures designed to achieve systems of internal control and disclosure control for reviewing and evaluating their effectiveness. In addition, the Institute Director has delegated responsibility from the BBSRC for risk management and is required to sign an annual Director's Assurance Statement of Internal Control to BBSRC.

Rothamsted Research Limited

REPORT OF THE TRUSTEES

The risk management strategy comprises

- An annual review of the key risks the Company may face,
- The establishment of systems and procedures to mitigate those risks identified within the risk register,
- The implementation of procedures designed to minimise any potential impact on the company should those risks materialise

A risk register is maintained which sets out the key organisational risks. Risks are considered by reference to the probability of occurrence and impact on the Company

The major risks identified are the transfer of finance, HR, procurement and IT services to a shared service centre, the VAT retrospective assessment from HMRC, the increased call on funds for redundancies following new EU legislation and the level of funding from the Department of Environment, Food and Rural Affairs (DEFRA). The Company has established review processes to monitor and, wherever possible, mitigate these risks

The day to day responsibility for implementation of risk management procedures and ongoing monitoring of risk and the effectiveness of controls rests with the Institute Management Committee. This Committee examines existing and emerging corporate risks, reviews the Institute risk register and explores corporate risks in detail based upon an agreed timetable. It is also overseen by the Institute Executive Committee to which significant risks may be escalated for action, as well as high level oversight by the Board via its Audit Committee

The Rothamsted Research Audit Committee has responsibility for advising on the effectiveness of the systems of internal control, including risk management. In order to fulfil this requirement the risk profile is reviewed by the Audit Committee twice a year with special attention to the progress towards mitigation measures and the identification of new risks

OBJECTIVES AND ACTIVITIES

The objects of the charity are

- For the benefit of the public to advance the science of agriculture by the initiation protection development and continuance of investigations and experiments,
- To ensure that research undertaken is complementary to related studies elsewhere while providing for regional diversity in the environment and in agricultural practice, and to collaborate in joint programmes where appropriate,
- To promote the dissemination and extension of research findings alone or in association with other charitable organisations having objects similar to the objects of the Company and to facilitate the uptake of research results by industry,
- To extend these activities through external funding to provide support to developing countries

Rothamsted Research remains dedicated to providing scientific research that contributes to the sustainability of agricultural land management systems both in the UK and throughout the globe. This includes the improvement of yield and quality of plant produce in the context of sustainability. Agriculture provides one of the most spectacular illustrations of how the benefits from good science can provide improved well being for mankind, from the precarious food security that was found throughout the globe only a few generations ago to a sufficient, predictable supply of good quality food that much of the world enjoys today. However, that situation is not true for a large number of people, nor is it assured without constant scientific nurturing and global food security is a significant political issue. Rothamsted is also using its expertise with long term data sets to understand climate change and taking this further by demonstrating how plants can help to mitigate anthropogenic effects on climate change

Rothamsted Research Limited

REPORT OF THE TRUSTEES

The mission of Rothamsted Research is to be recognised internationally as a primary source of first-class scientific research and new knowledge that addresses stakeholder requirements for innovative policies, products and practices to enhance the economic, environmental and societal value of agricultural land

Rothamsted Research will accomplish its Mission through research to

- Improve crop quality and the sustainability of production systems,
- Develop environment-enhancing management practices for agricultural land and associated habitats,
- Predict and mitigate the impacts of climate change on agriculture and other land-based activities,
- Develop methods for the reduction of fossil-fuel inputs to, and greenhouse gas emissions from, managed land,
- Protect and improve soil quality,
- Exploit crops as renewable substitutes for fossil carbon feedstocks,
- Conserve and utilise biodiversity,
- Elevate society's confidence in science for agriculture and the environment,

The Company's main objectives for the year were to

- Achieve publications in high impact journals,
- Succeed in being awarded grants from scientifically reputable sources,
- Continue to redevelop the site to provide a high level of environment, services and facilities

To help achieve this the Company has a highly skilled workforce of scientists of international quality who have access to state-of-the-art facilities alongside unrivalled time-series of data and sample archives, including those derived from the world-renowned and unique "classical" field experiments started over 160 years ago. The major areas of activity are scientific research and postgraduate education and training. Rothamsted is committed to ensuring that all of its research is published in widely available media of various types appropriate for the target audience.

ACHIEVEMENTS AND PERFORMANCE – Grants and contracts won

As part of our remit to ensure that scientific ideas make their way into benefitting the agricultural and related economies we pursue appropriate arrangements with those active in this context. The following are notable during 2009/10

- Functional characteristics of a novel elongase component. Research funding and royalty arrangements provided funds for Rewards to Inventor, patent filings and Rothamsted Research Invention Support Development Fund 2009/10. This technology has been assigned.
- Conversion fee for a research and development licence to a global seed company for three patents to a commercial licence - some fields of application remain available for licence.
- Licence for genetic screening of crop germplasm to global agrochemical company. Some provision for humanitarian use of results. Not all fields of application licensed.

We ensure that all of our arrangements with commercial companies have appropriate freedom for publication of data and also freedom for internationally recognised humanitarian uses of protected technologies.

Rothamsted Research Limited

REPORT OF THE TRUSTEES

Significant collaborative contracts include the following

Title	Value	Start date
Engineering oilseeds to synthesise designer wax esters	564,576	01/10/2009
Improving the N response of UK wheat varieties	799,249	01/06/2009
A genomic approach to understanding insecticide resistance in crop pests	840,590	01/09/2009
Honeybee population dynamics Integrating the effects of factors within the hive and in the landscape	956,990	01/10/2009
Investigating the role of Gibberellin signalling in the response to drought	572,117	01/01/2010
NIP aquaporins New tools to reduce rice arsenic accumulation	661,979	01/02/2010

Just as the publications from Rothamsted Research are a measure of achievements made by previous research, the quality and magnitude of grants won from major grant giving bodies available to UK researchers is an indicator of the high repute and esteem in which Rothamsted's proposals are held. It holds great promise for the strength of future work. As an indicator of success in this area the table gives examples of such successes in drawing on a variety of sponsors and covering the broad range of scientific activities to be found at Rothamsted. The value and project leader is also given.

Rothamsted Research Limited

REPORT OF THE TRUSTEES

Title	Total Value £	End date	Dept	Duration Yrs	Principal Investigator	Grant Body
Potential for nitrification inhibitors and fertiliser nitrogen application timing strategies to reduce direct and indirect nitrous oxide emissions from UK agriculture	1,017,227	31/03/2014	NWR	4 25	Tom Misselbrook	Defra
Honeybee population dynamics Integrating the effects of factors within the hive and in the landscape	956,990	30/09/2012	PIE	3 00	Juliet Osborne	BBSRC
The Wheat Genetic Improvement Network (WGIN) - Improving the environmental footprint of farming through crop genetics and targeted traits analysis	868,263	30/11/2013	PPM	5 00	Kim Hammond-Kosack	Defra
A genomic approach to understanding insecticide resistance in crop pests	840,590	31/08/2014	BCH	5 00	Lin Field	BBSRC
Improving the N response of UK wheat varieties	799,249	31/05/2012	PSC	3 00	Peter Shewry	BBSRC with HGCA
NIP aquaporins New tools to reduce rice arsenic accumulation	661,979	31/01/2014	SSC	4 00	Fangjie Zhao	BBSRC
Investigating the role of Gibberellin signalling in the response to drought	572,117	31/12/2012	PSC	3 00	Peter Hedden	BBSRC
Engineering oilseeds to synthesise designer wax esters	564,576	30/09/2012	BCH	3 00	Johnathan Napier	BBSRC
Elucidating the Chemical Ecology of Belowground Plant-Plant Communication	531,978	31/03/2013	BCH	3 00	John Pickett	BBSRC
Mechanisms of plant defence priming using seed treatments	477,821	31/05/2012	BCH	3 00	John Pickett	BBSRC via Univ Lancast
Oilseed Rape Crop and Field Margin Management to Encourage Natural Enemies and Biodiversity in Arable Rotations	457,972	31/07/2013	PIE	4 00	Sam Cook	DEFRA
Characterisation of a genetic region that conditions resistance to viral, fungal and plasmodiophorid plant pathogens	439,271	31/12/2012	ACS	3 00	Mark Stevens	BBSRC

Rothamsted Research Limited

REPORT OF THE TRUSTEES

Title	Total Value £	End date	Dept.	Duration Yrs	Principal Investigator	Grant Body
Producing low acrylamide risk potatoes	428,439	30/04/2012	PSC	3 00	Nigel Halford	BBSRC LINK
Improving short rotation coppice through breeding and genomics (Extension)	420,742	30/11/2009	PIE	0 50	Angela Karp	Defra
Understanding processes determining soil carbon balances under perennial bioenergy crops CARBO-BIOCROP	299,382	30/11/2013	SSC	4 00	Goetz Richter	NERC
Effects of manipulating the regulatory protein kinase, GCN2, and eIF2alpha, in wheat and oilseed rape	198,934	30/06/2010	PSC	1 00	Nigel Halford	BBSRC
Impact of Spatio-Climatic Variability on Environment-Hosted Land-based Renewables Microclimates	190,809	31/03/2013	SSC	3 25	Goetz Richter	NERC

* Note that the values are at approved Full Economic Costs, BBSRC awards are at 80% of the amount shown, others are at full value

ACHIEVEMENTS AND PERFORMANCE - Research Activities and benefits

As previously announced in the 2007 Trustees' report the Company re-focussed its activities into five high-profile and integrated strategic areas of science (named "Centres") that will develop solutions to the major agri-environmental challenges and providing benefit in the widest possible range of communities both in UK and globally. This has become yet more firmly established during 2009/10 along with the ISPG funding that is associated with each of the Centres, though their management continues to evolve

- The impacts of climate change on agriculture and approaches to its mitigation will be addressed in the Centre for Bioenergy and Climate Change
- The development of arable crops with improved resource use, performance, yield and end-use quality (including enhanced human health benefits) will be addressed in the Centre for Crop Genetic Improvement
- The vital functions performed by soils and agricultural ecosystems will be addressed in the Centre for Soils and Ecosystem Functions
- The effective and lasting reduction of the impacts of pests and diseases will be addressed in the Centre for Sustainable Pest and Disease Management
- The quantification and prediction of biological effects and processes, and the ability to derive value from large volumes of data will be addressed in the Centre for Mathematical and Computational Biology, which will be closely integrated with the other four Centres to deliver new tools, analytical approaches and scientific insights

The basis of the grant received from BBSRC has been changed so that the scientific benefits and impact can be more closely monitored by the funder, though some local flexibility is lost. These are known as

Rothamsted Research Limited

REPORT OF THE TRUSTEES

“Institute Strategic Programme Grants” and this change can best be achieved by grouping the work around the Centres described above and approvals were received in early 2009

During 2010, after the reporting period of this Trustee Report, further discussions with our main funder have been initiated with a complete review of our strategic direction and linking this closely with the current policy and strategic direction of BBSRC

Rothamsted Research is continuing to monitor and understand the benefits that the research work has brought to a broad cross section of the community and more details can be seen on the web site at <http://www.rothamsted.bbsrc.ac.uk/intopractice/Impact.html> This covers a range of scientific disciplines but examples include improvement of fertiliser recommendations to reduce waste and pollution, improved monitoring of aphids, tracking and controlling potato diseases, enhancing disease resistance in oilseeds used in the Indian sub-continent and controlling insect vectors of human/animal disease for use in both developed and developing world Also, Rothamsted data has informed regulations for heavy metal levels in grains, glucosinolate levels in rape seed oil and opportunities for monitoring and improving soil health More specifically a contract has been awarded to understand the impact of our research in the area of resistance of pest and diseases to chemical control – preliminary outcomes indicate the value to UK agriculture that exceeds 100 times the cost of the research

ACHIEVEMENTS AND PERFORMANCE - Papers published in high impact journals during 2009 (calendar year)

A measure of its success in delivering scientific advances from the work at Rothamsted Research can be drawn from the publications in the scientific literature which can be sourced by a variety of means

Rothamsted (including Brooms Barn)

There were 250 papers published in refereed journals in 2009 (303 in 2008, 279 in 2007) 37 papers were published in journals with an impact factor of 5 or more (47 in 2008, 30 in 2007) and 11 in high impact journals such as PNAS, Science and Plant Cell (19 in 2008, 8 in 2007) The range (excluding journals with no impact factors) was 34.3 (Nature Genetics) to 0.5 (Fractals)

This is an erratic picture with no overall trend though taking into account the decrease in staff numbers across the period the data is positive When looking at the overall publication record, both the median (2.6 in 2009, 2.3 in 2008, 2.1 in 2007) and mean (3.3 in 2009, 3.2 in 2008, 2.7 in 2007) impact factors (including journals with no impact factor) show some modest improvement, indicating that staff are tending to focus on higher impact publications, as they have been encouraged to do by senior management

Andy Reynolds' Current Biology paper on insect swarming (<http://dx.doi.org/10.1016/j.cub.2008.10.070>) was featured as a Research Highlight in Nature (<http://dx.doi.org/10.1038/457132e>), and Rothamsted Research was ranked among the top 10 UK institutions for environment and ecology research based on publications in this field in a 2010 Times Higher Education Survey

A search of “Web of Science” for the times cited for individual papers recorded those 2009 papers with 10 or more citations to date and these are listed below Dr Fangjie Zhao appears three times in this list as he also did in 2008 Clearly papers published in January are more likely to have gathered citations than those published in December, and some 2009 papers were in fact available and citable on the web in 2008 However this gives a good indication of those papers that have received immediate response in the scientific community 7 of the 13 ‘highly cited’ Rothamsted papers were published in journals with impact factors of less than 5

2009 papers with 10 or more citations to date

Rothamsted Research Limited

REPORT OF THE TRUSTEES

Zhao, F. J., Ma, J F, Meharg, A A & **McGrath, S. P.** (2009) Arsenic uptake and metabolism in plants *New Phytologist* **181**, 777-794 <http://dx.doi.org/10.1111/j.1469-8137.2008.02716.x>

Times cited 33 **Impact factor:** 6

Meharg, A A, Williams, P N, Adomako, E, Lawgali, Y Y, Deacon, C, Villada, A, Cambell, R C J, Sun, G, Zhu, Y-G, Feldmann, J, Raab, A, **Zhao, F. J.**, Islam, R, Hossain, S & Yanai, J (2009) Geographical variation in total and inorganic arsenic content of polished (white) rice *Environmental Science and Technology* **43**, 1612-1617 <http://dx.doi.org/10.1021/es802612a>

Times cited 28 **Impact factor:** 4 6

Fu, J, Keurentjes, J J B, Bouwmeester, H, America, T, Verstappen, F W A, **Ward, J. L., Beale, M. H.,** de Vos, R C H, Dijkstra, M, Scheltema, R A, Johannes, F, Koornneef, M, Vreugdenhil, D, Breiting, R & Jansen, R C (2009) System-wide molecular evidence for phenotypic buffering in *Arabidopsis* *Nature Genetics* **41**, 166-167 <http://dx.doi.org/10.1038/ng.308>

Times cited 23 **Impact factor:** 34 3

Lawlor, D. W. & Tezara, W (2009) Causes of decreased photosynthesis rate and metabolic capacity in water-deficient leaf cells a critical evaluation of mechanisms and integration of processes *Annals of Botany* **103**, 561-579 <http://dx.doi.org/10.1093/aob/mcn244>

Times cited 17 **Impact factor:** 3 5

Ton, J., Flors, V & Mauch-Mani, B (2009) The multifaceted role of ABA in disease resistance *Trends in Plant Science* **14**, 310-316 <http://dx.doi.org/10.1016/j.tplants.2009.03.006>

Times cited 17 **Impact factor:** 9 9

Halford, N. G. & Hey, S. J. (2009) Snf1-related protein kinases (SnRKs) act within an intricate network that links metabolic and stress signalling in plants *Biochemical Journal* **419**, 247-259 <http://dx.doi.org/10.1042/BJ20082408>

Times cited 15 **Impact factor:** 5 2

Reynolds, A. M. & Rhodes, C J (2009) The Lévy flight paradigm random search patterns and mechanisms *Ecology* **90**, 877-887 <http://dx.doi.org/10.1890/08-0153.1>

Times cited 14 **Impact factor:** 4 4

Rousk, J, **Brookes, P. C.** & Baath, E (2009) Contrasting soil pH effects on fungal and bacterial growth suggest functional redundancy in carbon mineralization *Applied and Environmental Microbiology* **75**, 1589-1596 <http://dx.doi.org/10.1128/AEM.02775-08>

Times cited 14 **Impact factor:** 3 7

Zhang, Y., Primavesi, L. F., Jhurrea, D., Andralojc, P. J., Mitchell, R. A. C., Powers, S. J., Schluepmann, H, Delatte, T, Wingler, A & **Paul, M. J.** (2009) Inhibition of SNF1-related protein kinase1 activity and regulation of metabolic pathways by trehalose-6-phosphate *Plant Physiology* **149**, 1860-1871 <http://dx.doi.org/10.1104/pp.108.133934>

Times cited 12 **Impact factor:** 6 2

Li, R-Y., Stroud, J. L., Ma, J F, **McGrath, S. P. & Zhao, F. J.** (2009) Mitigation of arsenic accumulation in rice with water management and silicon fertilization *Environmental Science and Technology* **43**, 3778-3783 <http://dx.doi.org/10.1021/es803643v>

Times cited 11 **Impact factor:** 4 6

Reynolds, M, Foulkes, M J, Slafer, G A, Berry, P, **Parry, M. A. J.,** Snape J W & Angus, W J (2009) Raising yield potential in wheat *Journal of Experimental Botany* **60**, 1899-1918 <http://dx.doi.org/10.1093/jxb/erp016>

Times cited 11 **Impact factor:** 4 3

Rothamsted Research Limited

REPORT OF THE TRUSTEES

Rieu, I & Powers, S. J. (2009) Real-time quantitative RT-PCR design, calculations and statistics *Plant Cell* **21**, 1031-1033 <http://dx.doi.org/10.1105/tpc.109.066001> Times cited 11 Impact factor: 9.3

Vega, F. E., Goettel, M. S., Blackwell, M., Chandler, D., Jackson, M. A., Keller, S., Koike, M., Maniania, N. K., Monzon, A., Ownley, B. H., Pell, J. K., Rangel, D. E. N. & Roy, H. E. (2009) Fungal entomopathogens: new insights on their ecology *Fungal Ecology* **2**, 149-159 <http://dx.doi.org/10.1016/j.funeco.2009.05.001> Times cited 11 Impact factor: 0.9

North Wyke

There were 38 papers published in refereed journals from North Wyke compared to 55 in 2008. 2 were published in journals with an impact factor of 5 or more (3 in 2008). There were no papers published in journals with high impact factors. The range (excluding journals with no impact factors) was 7.1 (Critical Reviews in Environmental Science & Technology) to 0.8 (International Journal of Numerical Methods for Heat & Fluid Flow). There are no papers with 10 or more citations to date.

PUBLIC BENEFIT

Rothamsted Research traces its primary Object back to that of the Lawes Agricultural Trust (LAT – still extant and owner of the land and building assets at Rothamsted and Brooms Barn) from which it originated. In 1986, this Object can be summarised as the advancement of the science of agriculture. By virtue of the means and routes by which this is carried out, it is clearly aimed at public benefit and so falls within the charitable purpose of “the advancement of the arts, culture, heritage or science”. There are inevitable ancillary benefits from the primary activities as a result of meeting the primary object that would fall into the categories of advancement of education, the advancement of environmental protection or improvement and, perhaps to a more limited extent, the advancement of health. The Charity Commission guidance lists “scientific research” as one of the approved categories and specifically mentions scientific research projects under the heading of the advancement of science.

In the preceding sections of this report we detail how the objectives and achievements of Rothamsted Research are successfully met. We are convinced of the necessity to help ensure that our scientific advances are able to enhance the countryside and environment at both a national and a global level taking as many steps as we can to ensure this is achieved. We aim to reach the highest level in the quality of our scientific research, we ensure that this is fully and widely distributed to a global audience and so achieve international recognition. This will be via the refereed scientific literature, through contributions to research conferences as speakers and as poster providers and via popular press articles for farmers and those engaged in land management. For the wider public we both initiate debates on important scientific issues relating to food production and security and also proactively engage in discussions and consultations involving these topics. We are convinced of the necessity to help ensure that our scientific advances are able to enhance the countryside and environment at both a national and a global level taking as many steps as we can to ensure this is achieved.

The benefits of our work reach and influence, directly or indirectly, all sectors of society. The broad aim of optimising the use of resources, maintaining crop production, while minimising potentially damaging environmental impacts is of benefit to all of humanity. There are some sectors of society who hold views that would limit the introduction of some of the technologies that arise from, or are an inherent part of, our scientific investigations; genetic modification of crop plants might fall into this category. Equally, much of our work is of direct benefit to the practices that are supported by the very same groups; improvement of biological control strategies may be highlighted in this context. Thus, we cover a wide number of sectors and interests. Indirect benefit may arise from a commercial company seeing new opportunities within our research findings, but this is incidental and in our dealings with commercial companies we do not accept any blanket inhibition on freedom to publish. We do accept that, in a few examples, the best way that

Rothamsted Research Limited

REPORT OF THE TRUSTEES

scientific discoveries may be introduced and achieve widespread use is through patent protection and accept that such an approach can be a legitimate form of wide dissemination

Any financial benefit is captured by the charity in order to further pursue its Object. The aims of the Centres develop this benefit in greater detail and can be seen at <http://www.rothamsted.bbsrc.ac.uk/Research/Centres>

In drafting the above statements, the Trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission

FINANCIAL REVIEW

The core grant - originally known as the Core Strategic Grant and latterly as the Institute Strategic Programme Grants - comes from the BBSRC and is our largest single grant provision. However, this grant has not been increased with inflation in recent years, excluding the impact of the recent acquisition of North Wyke. This coincided with a period of decreases in DEFRA funding (excluding the recent acquisition of North Wyke). This continues to give us significant problems. Restructuring continues to be essential to improve our financial position and discussions with BBSRC continue to address this but progress has been slow during this reporting year with little evident progress in respect of this year's accounts but decisions have been made to reduce posts in 2010 and those posts have been identified. This year's report records changes associated with North Wyke and the information is consolidated in this Report. Staffing levels have increased to 477 (420 in 2008, 416 in 2009) reflecting the 63 staff at North Wyke. Staff costs have continued to rise (2008 at £16,359k, 2009 at £16,817k) reaching £19,316k (excluding redundancy costs) in 2010 including £2,348k attributable to North Wyke. Inflationary pressures continue in relation to the cost base of the Company particularly in terms of pay costs though we are pleased to report that utility costs have stabilised during 2009/10 and pay costs will be restrained in line with government guidance.

At the same time income levels relating to continuing operations - see income and expenditure account summary after Note 22 - have improved to reach £30,741k (2009 £27,451k, 2008 £28,103k, 2007 £29,689k) of which £3,534k can be attributed to North Wyke, whilst costs increased from £26,862 in 2009 to £33,494k of which £4,074k can be assigned to North Wyke (2008 £27,952k, 2007 £28,212k). The resulting net expenditure position that results is an overall deficit of £2,918k for the year (2009 £589k, 2008 £151k, 2007 £1,473k (all net income)). This negative position is due to both an unbudgeted, in-year reduction in recurrent grant from BBSRC to the Institute Integration Award (IIA) that management had not planned for and could not have foreseen, and the inclusion of a £2,022k provision against the expected VAT liability. The change in policy relating to the IIA award is understood to be a one-off event. Nevertheless, this is a deleterious effect in the Company's finances that needs to be addressed in 2010/11.

The Trustees recognised that a renewed emphasis on cost saving is essential and the restructuring plan has been initiated whilst recognising that the consultation period requires that this could not be effective until late autumn 2010. The long term plan needs to allow the Company to progress towards the target of maintaining the annual surplus level consistently between £1.5m and £2.0m. The ongoing increased pension provisions from mid 2009 that have had an impact in this reporting year will make this even more challenging. Furthermore, the Trustees are aware that a similar requirement exists at the newly acquired North Wyke Research operation, although financial assistance has been secured from BBSRC, the restructuring and related costs may need to be significant. The Company is also very conscious that public sector spending reductions are almost certain to significantly and adversely affect the grants received from all parts of the public sector in 2010/11 and for at least 4 years thereafter.

Regarding fixed assets, the investment carrying value of VSN₁ was reassessed and reduced in the 2008/09 accounts. Having reviewed the current value, the Directors do not believe any further impairment is required in 2009/10.

Rothamsted Research Limited

REPORT OF THE TRUSTEES

Principal Funding Sources

Incoming resources for the year totalled £41,432k (2009 £29,629k, 2008 £32,333k, 2007 £31,187) of which £29,602k (2009 £27,503k, 2008 £25,720k, 2007 £27,506k) was relating to unrestricted funds. The principal funding sources for the Company are grants and contract income from a number of government and industrial customers to carry out scientific research.

The core strategic grant from BBSRC was reduced to £11,685k (including £1,357k coming from the North Wyke component) in part through the change in the IIA, although the other aspects of the BBSRC ISPG provision remained largely unchanged (2009 £12,124k, 2008 £12,124, 2007 £12,346k not including North Wyke). The increasing challenge which the company faces by this lack of inflation increase over recent years has already been referred to and greatly exacerbated by the reduction in the recurrent IIA. Nonetheless, staff have made magnificent efforts to continue to improve income from competitive responsive mode grants with an impressive increase in BBSRC competitive grant income to £5,689k (2009 £4,830k, 2008 £4,148k, 2007 £3,028k) due to increased success rates and the implementation of Full Economic Costing (FEC). This is an impressive performance and staff are to be applauded. Grants are now being received from Research Councils at 80% of the FEC which includes a contribution to capital and infrastructure. The decline in DEFRA funding has continued over several years, but now seems to have reached a plateau and the contribution from North Wyke has given a significant and very welcome boost to this aspect of income. We are conscious that it remains a risk as future funding levels continue to be uncertain especially with public sector constraint very likely to hit DEFRA. DEFRA income to end March 2010 was £4,517k (2009 £3,159k, 2008 £3,410k, 2007 £4,238k). We believe that the work of the Institute closely reflects the current DEFRA policy on support for agri-environmental research. It is unquestionably the case that food security as well as climate change (and thus biofuels) are very high on the political agenda and Rothamsted Research is extremely well placed to exploit such opportunities even in a period of austerity.

The Company has continued to invest in maintaining a good portfolio of buildings and infrastructure, the capital programme at Rothamsted almost entirely funded through the BBSRC has largely come to its conclusion with the completion of a field insect laboratory, the Sample Archive (with the Lawes Agricultural Trust) and site road works in 2009/10. An exciting new programme known as the "Farm Platform" has been initiated at North Wyke again with BBSRC funding, this is due for completion in 2010/11. The maintenance programme for existing buildings has continued.

Investment policy

The Company has invested in a few small entities as detailed in note 11. The Company makes very limited investments and these are aimed at ensuring research outcomes from the Company's activities are put into practice in an effective, sustainable manner. Thus, the purpose of holding these investments is to achieve returns of both income and capital growth as these companies market their intellectual property obtained from research in the commercial market place. Although the investments have yet to provide any returns, the directors expect them to generate significant returns in the future which will be used to help finance the company's research programmes.

In addition to the above investments the Company has a policy of keeping available funds in an interest bearing deposit account and the money market to achieve a rate of interest which exceeds inflation as measured by the retail price index. In view of the risk, we have only used the major UK clearing banks for these deposits. The interest rates remain universally low at this time.

Rothamsted Research Limited

REPORT OF THE TRUSTEES

Reserves policy

The directors review the reserves of the Company on an annual basis. These reviews encompass the nature of the income and expenditure streams, the need to match variable income with fixed commitments, the need to fulfil longer term liabilities and the need to replace and extend the capital assets of the Company where necessary. The Board considers the Company's exposure to the risk of any significant loss of income and to the risk of unforeseen expenditure, which cannot be mitigated by executive actions.

Unrestricted reserves are £3,358k as at 31 March 2010 (2009 £6,154k) which is lower than the required level due to increased inflationary pressures on major items of expenditure and the investment of significant amounts in the site redevelopment in previous years. The poorer results than anticipated have limited our ability to improve reserves, but it is planned that the level of reserves can be improved over the next five years provided restructuring plans can be implemented. Overall, the Company's reserve policy seeks to ensure that sufficient reserves are available to fulfil cash flow obligations and longer term liabilities, it is recognised that target has not been achieved but is certainly one that the Company is striving to achieve.

FUTURE DEVELOPMENTS

The Company will continue to be principally engaged in the field of agricultural research. The next formal assessment was due to take place in 2010, but the re-alignment of funding by BBSRC into Institute Strategic Programme Grants will change the approach to such reviews and we are planning for such a review in 2011 with preparations and initial submissions made during 2010. The priority will be to ensure that all our BBSRC-funded research is internationally competitive with the best academic groups in our area of endeavour. We note the need to control pay costs through further reducing the total headcount. Into the future, during 2010, Rothamsted will be required to join the Research Council's shared services facility. The full impact of this in terms of staff and cost implications is continually under review.

There will be many other challenges for the Company. The marked decline in DEFRA funding has been arrested due to the acquisition of North Wyke. Although recent interactions with DEFRA have been more distant than in the past it is important that these routes are kept active through new colleagues at North Wyke and new opportunities opened up throughout the Institute. The recognition that land has a major role in the production of alternative fuels through crop production is now very widespread in political circles. Emerging public opinion will have an important part to play in how the global limitations in available land are to be approached. This, in turn, will lead to an emphasis on the importance of efficient crop production through whatever is the most appropriate technology and possible increasing interest in all of these technologies from Government departments. Now that North Wyke is part of Rothamsted Research we now have a truly impressive coverage of temperate crop science, including the exploitation of grass as a valuable crop in the wetter, temperate regions. We are aware that we must continue to take action to ensure that all of the Rothamsted Research activities are fully integrated from North Wyke in the west to Brooms Barn in the east. We believe this suggests a very bright future for Rothamsted Research and the new opportunities that will become available.

Commitment to collaborations between BBSRC institutes and the academic sector to provide added value through joint working and sharing access to a wide base of skills and experience remain important for the UK to remain competitive. New models are being implemented for the governance of institutes, for instance the Institute of Grassland and Environment became embedded within the University of Aberystwyth. The relationship with the former IGER (now IBERS) will remain a component of our wider collaborative activities as will other institutes in BBSRC family such as John Innes Centre, like-minded universities such as Nottingham and Reading as well as our extensive international partners.

Rothamsted Research Limited

REPORT OF THE TRUSTEES

Starting in 2006/07 the Board of Rothamsted Research has been developing a new Governance model in response to the policy from BBSRC and in close conjunction with the Charity Commission. Plans to effect the necessary change in governance arrangements, including reconsideration of the composition of the Board, had a target date for completion of 1 April 2008. Unexpectedly this was not approved by BBSRC Council so new models are under discussion with a new target date of 1 April 2011. One of the consequences for Rothamsted Research Limited will be a new relationship with its landlord, the Lawes Agricultural Trust, discussions have taken place with LAT and BBSRC and a new model proposed but agreement on this will await refinement of the Company's own governance and further discussions with BBSRC. The current Rothamsted Research approach is to await assurance from the BBSRC on the legal frameworks currently under discussion and being tested with other institutes and then engage with the Charity Commission in order to gain a full picture of the options and their consequences.

With senior retirements and resignations either imminent or having occurred, including that of the Director, succession planning will continue to be achieved through new recruitment to priority areas as well as through advancing the careers of younger scientists and ensuring that they are fully equipped to take leading roles in the future development of the organisation. We are pleased to note that a new Director, Professor Maurice Moloney, has been recruited (with a start date outside this Reporting period) and that we were able to attract a highly accomplished plant scientist from North America with in depth experience in both public and private sectors. The January 2010 press release announcing the appointment read as follows:

The Biotechnology and Biological Sciences Research Council (BBSRC), the Governing Body of Rothamsted Research and the Trustees of the Lawes Agricultural Trust are pleased to announce the appointment of Professor Maurice Moloney as Director and Chief Executive of Rothamsted Research. He will assume the full duties of his post from 15 April 2010.

Rothamsted Research is one of the Institutes of BBSRC and, established over 160 years ago, is almost certainly the oldest agricultural research centre in the world. It has research campuses at Harpenden in Hertfordshire, North Wyke in Devon and Broom's Barn, Suffolk.

Professor Moloney is currently Chief Scientific Officer of SemBioSys Genetics Inc, based in Calgary, Canada. He founded the company in 1994 and has maintained this role alongside a successful academic career at the University of Calgary, where he serves as NSERC/Dow AgroSciences Industrial Research Professor of Plant Biotechnology.

Professor Moloney has authored over 80 scientific papers in high profile international journals and holds over 300 patents in plant biotechnology worldwide. He is a leading authority on plant cell biology, especially seed biology and its biotechnological applications in crop improvement and in using plants to produce high value proteins such as therapeutics and novel high-value lipids. Professor Moloney also has significant experience of research policymaking having served on the National Sciences and Engineering Research Council of Canada 2002-2008 (a Privy Council appointment).

Before moving to Calgary, Professor Moloney led the Cell Biology group at Calgene Inc in Davis, California, developing the world's first transgenic oilseeds, which resulted in RoundUp Ready® Canola and other novel crops. He was previously a Royal Society European Postdoctoral Fellow at the University of Lausanne, Switzerland.

BBSRC Chief Executive, Professor Douglas Kell said "Maurice Moloney brings a unique combination of skills and experience that combines top class plant cell science with effective translation of research into successful business activity. His experience of leadership in academic, commercial and policy arenas will help Rothamsted Research to capitalise fully on its scientific strengths and play its full role working closely with other UK and international partners, in delivering the UK's R&D priorities in food security and sustainable bioenergy."

Rothamsted Research Limited

REPORT OF THE TRUSTEES

Professor Moloney said "Rothamsted Research is one of the most powerful engines for agricultural research in the world. It will be a great privilege to lead future scientific developments at the Institute and to deploy its science in meeting the challenges of sustainable food supply, bio-based energy and mitigation of agriculture's carbon footprint for the benefit of both UK and global agriculture. I also welcome the opportunity to build on Rothamsted's strong reputation for training the next generation of skilled researchers in agricultural bioscience."

Acting Director at Rothamsted Research, Professor Peter Shewry welcomed the news "Maurice's leadership will not only ensure our research is of the highest international quality, but also build on our strength in ensuring it is translated into useful outcomes for the industry and the public."

Professor Nick Talbot, Chair of the Rothamsted Board of Directors welcomed the appointment saying "Maurice Moloney will bring new ideas and leadership to Rothamsted. He has an excellent track record of making fundamental scientific discoveries and applying these to produce new crops and tools for farmers. I look forward to working with him in the future."

Originally from Carrickmacross, Co. Monaghan in Ireland, Prof Moloney, 57 returns to Europe to take up the post in April 2010. After studying chemistry at Imperial College, London, he was awarded a PhD in Plant Biology at Leicester Polytechnic (now De Montfort University) in 1979. As a postgraduate student, Prof Moloney won a Wain Fellowship from the Agricultural Research Council, a forerunner of BBSRC, which he used to join the laboratory of Professor Robert Cleland at the University of Washington in Seattle, WA, USA. The results of the Wain Fellowship were published in top-tier journals and became a significant foundation for Prof Moloney's research career.

Prof Moloney will be the 12th Director at Rothamsted since 1843. He succeeds Professor Ian Crute CBE, who retired from the institute in 2009 and is now Chief Scientist at the Agriculture and Horticulture Development Board.

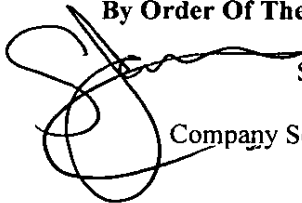
AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

Rothamsted Research Limited
Harpenden
Hertfordshire

By Order Of The Board

S James
Company Secretary

14-12-2010

Rothamsted Research Limited

REPORT OF THE TRUSTEES

AL5 2JQ

Dated 14/12/2010

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Rothamsted Research Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period

In preparing these financial statements, the trustees are required to

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

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Rothamsted Research Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROTHAMSTED RESEARCH LIMITED

We have audited the financial statements of Rothamsted Research Limited for the year ended 31 March 2010 on pages 22 to 41

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

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Report of the Trustees is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Rothamsted Research Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROTHAMSTED RESEARCH LIMITED (continued)

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Report of the Trustees is consistent with the financial statements

Baker Tilly UK Audit LLP

SIMON HART (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

St Philips Point

Temple Row

Birmingham

B2 5AF

Date 22 DECEMBER 2010

Rothamsted Research Limited
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2010

	<i>Notes</i>	Unrestricted funds £'000	Restricted funds £'000	Total funds 2010 £'000	Total funds 2009 £'000
INCOMING RESOURCES					
Incoming resources from generated funds					
- voluntary income	22	338	2,646	2,984	-
- activities for generating funds	1	621	-	621	337
- investment income	2	192	-	192	344
Incoming resources from charitable activities					
- scientific research	3	28,127	9,184	37,311	28,696
- postgraduate education and training	3	324	-	324	252
TOTAL INCOMING RESOURCES		29,602	11,830	41,432	29,629
RESOURCES EXPENDED					
Costs of generating funds					
-costs of goods sold and other costs	5	260	-	260	296
Charitable activities (including exceptional VAT provision of £2,022k)	6a	31,951	4,024	35,975	29,057
Governance costs	7	187	-	187	141
TOTAL RESOURCES EXPENDED		32,398	4,024	36,422	29,494
NET (OUTGOING)/INCOMING RESOURCES		(2,796)	7,806	5,010	135
NET MOVEMENT IN FUNDS IN YEAR		(2,796)	7,806	5,010	135
RECONCILIATION OF FUNDS					
Fund balances at 1 April 2009		6,154	39,512	45,666	45,531
Fund balances at 31 March 2010		3,358	47,318	50,676	45,666

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Statement of Financial Activities

All incoming resources and resources expended derive from continuing activities. Acquired activities are shown in note 22

Rothamsted Research Limited

BALANCE SHEET

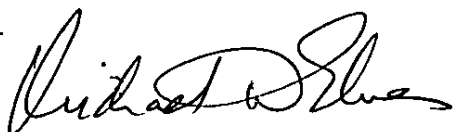
31 March 2010

Company Registration Number 2393175

	Notes	2010 £'000	2009 £'000
FIXED ASSETS			
Tangible assets	10	51,710	48,857
Investments	11	132	132
		<u>51,842</u>	<u>48,989</u>
CURRENT ASSETS			
Stock		275	10
Debtors	12	6,451	5,779
Cash at bank and in hand		11,375	7,368
		<u>18,101</u>	<u>13,157</u>
CREDITORS Amounts falling due within one year	13	(16,744)	(16,121)
		<u>18,101</u>	<u>13,157</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>1,357</u>	<u>(2,964)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>53,199</u>	<u>46,025</u>
CREDITORS Amounts falling due after one year	14	(501)	(359)
PROVISION FOR LIABILITIES	16	(2,022)	-
		<u>50,676</u>	<u>45,666</u>
NET ASSETS		<u>50,676</u>	<u>45,666</u>
FUNDS			
Restricted funds	18	47,318	39,512
General fund	18	3,258	6,054
Designated Fund	18	100	100
		<u>3,358</u>	<u>6,154</u>
Total unrestricted funds		<u>3,358</u>	<u>6,154</u>
TOTAL CHARITY FUNDS		<u>50,676</u>	<u>45,666</u>

Approved by the board and authorised for issue on
by

Director



14/12/2010 and signed on its behalf

Rothamsted Research Limited

CASH FLOW STATEMENT

for the year ended 31 March 2010

	<i>Notes</i>	2010 £'000	2009 £'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	19	(1,298)	(459)
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		26	206
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(3,099)	(2,195)
Proceeds from sale of Tangible Fixed Assets		48	-
Capital grants received		9,184	2,154
Capital grants expended		(1,477)	(473)
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE		4,656	(514)
ACQUISITIONS			
Cash at bank and in hand		623	-
INCREASE/(DECREASE) IN CASH	20	4,007	(767)

The accompanying notes form part of these financial statements

Rothamsted Research Limited

ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments. The financial statements meet the requirements of the Companies Act 2006, the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005 and applicable accounting standards so far as these requirements are appropriate.

GOING CONCERN

The Charity has net current assets of £1,357k, though including the exceptional VAT provision of £2,022k, this becomes a net liability of £665k. The Charity defers and accrues large quantities of income which, though part of current assets and liabilities, will not have a short or medium term impact on the cash position. At 31st March 2010 there was a net deferral of income of £5,652k, excluding which the Charity would have net assets of £4,987k.

The Charity undertakes a detailed annual Business Planning exercise, which is reviewed and agreed by BBSRC on an annual basis, where income, expenditure and cashflow are forecast for the following 3 years, and this is assessed for major changes on a six-monthly basis.

The Directors have reviewed the going concern status of the Charity and their assessment is that the Charity can continue as a going concern for the foreseeable future.

FIXED ASSETS

Fixed assets are depreciated to their estimated residual values over their expected useful lives on a straight line basis. Items over £3,000 are capitalised.

Buildings	25 - 50 years
Plant & Machinery	5 - 10 years
Fixtures, Fittings and Vehicles	3 - 10 years

Assets in the course of construction are stated at cost and are not depreciated until they are ready for use.

STOCKS

Owing to the nature of the Company's funding, research stocks are treated as an expense and are not carried forward as they are considered to have no net realisable value. The only stock held on the balance sheet is stock for re-sale (for example grain), and goods received not invoiced.

Marketable stock and work in progress is valued at the lower of cost and net realisable value.

INVESTMENTS

Unlisted investments are carried at directors' estimate of fair value as at the Balance Sheet date, and any gains or losses taken to the Statement of Financial Activities.

FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the directors in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of the restricted fund is set out in the notes to the financial statements.

INCOMING RESOURCES

All incoming resources except grants are included in the Statement of Financial Activities when the Company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Rothamsted Research Limited

ACCOUNTING POLICIES

Income from grants, including capital grants, is included within incoming resources when these are receivable, except as follows

- When donors specify that grants given to the Company must be used in future accounting periods, the income is deferred until those periods
- When donors impose conditions which have to be fulfilled before the company becomes entitled to use such income, and those conditions are outside the control of the Company, the income is deferred and not included in incoming resources until pre-conditions for use have been met

When donors specify that grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable

RESOURCES EXPENDED

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered, and have been classified under headings that aggregate all costs related to the category

- Costs of generating funds are those costs incurred in trading activities which raise funds
- Charitable activities include expenditure associated with scientific research and postgraduate education and training and include both the direct costs and support costs relating to these activities
- Governance costs include those incurred in the governance of the Company and its assets and are primarily associated with constitutional and statutory requirements
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources

OPERATING LEASES

Rentals under operating leases are written off on a straight line basis over the term of the lease

GRANTS

Expenditure by the Company which is financed by grants from third parties to the company and which is applied to buildings not owned by the Company is capitalised and included within Restricted Funds. The rent free provision to the Company of the buildings on which such expenditure has been applied, and the contingent liability of the owner of the buildings on which such expenditure has been applied, to the provider of such capital grants, is not treated as a donation to the Company as it is not possible to place a certain value on such arrangements

Grants received as Unrestricted Funds, whether designated or general, are deferred to the extent that they relate to expenditure where the donor has stipulated that they be incurred in future periods

PENSION COSTS

Employees of BBSRC are members of the Research Councils' Pension Schemes. These are defined benefit schemes, the finances of which are administered by the BBSRC, and for which separate accounts are published (see note 9). The pension costs represent contributions payable by the Company to the schemes

RESEARCH AND DEVELOPMENT

All research and development costs are written off as incurred

CHARITABLE STATUS

The Company is a registered charity, registration number 802038, and in consequence is exempt from taxation on income arising from and expended on its charitable activities

Rothamsted Research Limited

ACCOUNTING POLICIES

GROUP FINANCIAL STATEMENTS

The accounts present information about the company as an individual undertaking and not about its group, as the Company is not required to prepare group accounts as the results of the subsidiary undertaking are not material to the group (see note 11)

NORTH WYKE RESEARCH

On 1st April 2009 the assets and liabilities of North Wyke Research were transferred to Rothamsted Research Limited accompanied by underwriting from the BBSRC. This has been treated as an acquisition, and as such the assets and liabilities have been taken into the books of Rothamsted Research at their fair value as required under FRS 6

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of that transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and unrealised and realised gains and losses on translation are included in the Statement of Financial Activities.

POST BALANCE SHEET EVENTS

Following the agreement of the respective boards, 100% of the issued share capital of Lawes Agricultural Trust Holdings Limited, and its subsidiaries, Genetic Technologies Limited, Rothamsted Experimental Station Limited, Rothamsted Manor Limited and Rothamsted International Consulting Limited, were transferred from The Lawes Agricultural Trust (charity registration number 208228) to Rothamsted Research Limited, with effect from 1 April 2010 for £Nil consideration.

With effect from that date the shares in Rothamsted Manor Limited and Rothamsted International Consulting Limited were transferred to the direct ownership of Rothamsted Research Limited.

COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to present them consistently with the current year analysis. These do not require to be treated as a prior year adjustment as they are presentational only and do not relate to changes in accounting policies or from the correction of a fundamental error.

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

1	ACTIVITIES FOR GENERATING FUNDS	Unrestricted 2010 £'000	Restricted 2010 £'000	Total 2010 £'000	Total 2009 £'000
	Consultancy	33	-	33	37
	Other	588	-	588	300
		<u>621</u>	<u>-</u>	<u>621</u>	<u>337</u>
		<u><u>621</u></u>	<u><u>-</u></u>	<u><u>621</u></u>	<u><u>337</u></u>
2	INVESTMENT INCOME	Unrestricted 2010 £'000	Restricted 2010 £'000	Total 2010 £'000	Total 2009 £'000
	Interest receivable	26	-	26	206
	Rent receivable	166	-	166	138
		<u>192</u>	<u>-</u>	<u>192</u>	<u>344</u>
		<u><u>192</u></u>	<u><u>-</u></u>	<u><u>192</u></u>	<u><u>344</u></u>

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

3 CHARITABLE ACTIVITIES

Total incoming resources from charitable activities are analysed as follows

	Unrestricted 2010 £'000	Restricted 2010 £'000	Total 2010 £'000	Total 2009 £'000
BBSRC ISPG	11,685	-	11,685	12,124
Competitive Project Grant	5,689	-	5,689	4,830
North Wyke underwriting	539	-	539	-
Minor Works	-	1,334	1,334	381
Capital Equipment	-	1,802	1,802	611
Building project fund	-	5,886	5,886	1,162
TOTAL BBSRC	17,913	9,022	26,935	19,108
DEFRA Commissions	2,135	-	2,135	1,101
DEFRA Competitive	2,382	-	2,382	2,058
Other Government Departments, Public Sector (see below)	923	-	923	1,388
European Union	1,009	-	1,009	1,184
Industry	2,435	-	2,435	1,773
Trusts, Foundations, Charities	210	162	372	131
Income from Farm Operations	455	-	455	254
Postgraduate Education and Training	324	-	324	252
Miscellaneous income	665	-	665	1,699
TOTAL INCOMING RESOURCES	28,451	9,184	37,635	28,948
Other Government departments/Public Sector				
Foreign and Commonwealth Office	8	-	8	-
Food Standards Agency	168	-	168	294
Other Research Councils	292	-	292	557
Department of Trade and Industry	24	-	24	-
Department for International Development	24	-	24	108
Other	407	-	407	429
	923	-	923	1,388

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

4 INCOMING RESOURCES

Analysis by region

The analysis of incoming resources by geographical region is as follows

	Unrestricted 2010 £'000	Restricted 2010 £'000	Total 2010 £'000	Total 2009 £'000
United Kingdom	27,164	11,830	38,994	27,882
Europe				
EU	2,287	-	2,287	1,471
Other	4	-	4	4
North America	139	-	139	112
Other	8	-	8	160
	<u>29,602</u>	<u>11,830</u>	<u>41,432</u>	<u>29,629</u>

5 COSTS OF GENERATING FUNDS

	Unrestricted 2010 £'000	Restricted 2010 £'000	Total 2010 £'000	Total 2009 £'000
Consultancy	26	-	26	20
Other	234	-	234	276
	<u>260</u>	<u>-</u>	<u>260</u>	<u>296</u>

6 a)	CHARITABLE ACTIVITIES	Direct costs £'000	Other costs £'000	Support costs £'000	Total 2010 £'000	Total 2009 £'000
	Activity					
	Scientific research	19,831	7,859	5,475	33,165	28,277
	Exceptional VAT					
	Provision (see note 16)	2,022	-	-	2,022	-
	Postgraduate education and training	600	-	188	788	780
		<u>22,453</u>	<u>7,859</u>	<u>5,663</u>	<u>35,975</u>	<u>29,057</u>

Direct costs are those associated with providing the activity, such as laboratory supplies. Other costs include indirect costs relating to premises and equipment. Support costs are detailed in note 6(b).

Rothamsted Research Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

6b) SUPPORT COSTS

The Company allocates its support costs as shown in the table below and then further apportions these between the charitable activities undertaken (see note 6(a)) Support costs are allocated on a basis consistent with the use of the resources

	Basis	Scientific research £'000	Education and training £'000	Governance £'000	Total 2010 £'000	Total 2009 £'000
Commercial and Finance	Staff time	739	56	59	854	740
Human Resources	Staff time	405	32	-	437	451
Computing Service	Usage	1,251	11	-	1,262	1,079
Institute Management	Staff time	202	19	77	298	366
Other administration	Usage	2,878	70	-	2,948	1,788
		<u>5,475</u>	<u>188</u>	<u>136</u>	<u>5,799</u>	<u>4,424</u>

7	GOVERNANCE COSTS	Unrestricted 2010 £'000	Restricted 2010 £'000	Total 2010 £'000	Total 2009 £'000
	Audit fee	43	-	43	33
	Trustee expenses	4	-	4	3
	Support costs	136	-	136	96
	Professional advice to Trustees	4	-	4	9
		<u>187</u>	<u>-</u>	<u>187</u>	<u>141</u>

Eight Directors claimed reimbursement of travel expenses, the amount of which was £4,213 (2009 twelve Directors claimed reimbursement of £3,084)

8	NET INCOMING RESOURCES IS STATED AFTER CHARGING/(CREDITING) THE FOLLOWING	2010 £'000	2009 £'000
	Interest received	(26)	(206)
	Interest payable on VAT provision	181	-
	Auditor's remuneration – audit services	43	33
	Auditor's remuneration – other services relating to taxation	27	84
	Hire of plant and machinery	26	28
	Depreciation	2,943	2,632
	Exchange gain	(182)	-
	Operating lease rentals		
	Land and buildings	<u>16</u>	<u>16</u>

Rothamsted Research Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

9	STAFF COSTS AND NUMBERS	Unrestricted 2010 £'000	Restricted 2010 £'000	Total 2010 £'000	Total 2009 £'000
	Salaries and wages	15,140	-	15,140	13,147
	Social security costs	1,147	-	1,147	1,020
	Other pension costs	3,029	-	3,029	2,650
	Redundancy costs	651	-	651	(59)
		<u>19,967</u>	<u>-</u>	<u>19,967</u>	<u>16,758</u>

The average number of persons employed by category was

	Total 2010 No	Total 2009 No
Science staff	311	277
Technical and administrative staff	199	168
	<u>510</u>	<u>445</u>

The average number of persons (full time equivalent) employed by category was

	299	270
Science staff	299	270
Technical and administrative staff	178	146
	<u>477</u>	<u>416</u>

The number of staff with emoluments greater than £60,000, all of whom were accruing pension benefits, was

£60,000 - £69,999	14	12
£70,000 - £79,999	5	4
£80,000 - £89,999	1	1
£90,000 - £99,999	1	-
£120,000 - £129,999	-	1
	<u>21</u>	<u>18</u>

Company staff are BBSRC employees who are subject to BBSRC terms and conditions of service and are appointed by the Company under delegated powers. Although the legal liability for employment rests with the BBSRC, the Company is expected to meet all staff costs arising from normal activities.

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

9 STAFF COSTS AND NUMBERS (continued)

Employees of the Council are members of the Research Councils' Pension Schemes (RCPS), which are funded on a pay-as-you-go basis principally through employer and employee contributions and annual Grant-in-Aid. The pension schemes are by analogy to the Principal Civil Service Pension Scheme (PCSPS), except that the schemes, which are defined benefits schemes and provide retirement and related benefits on final emoluments, redundancy and injury benefits are administered and funded by the Council. The pension schemes are administered by the Research Councils' Joint Superannuation Services and the schemes' finances are administered by the BBSRC. Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits) the scheme is a multi-employer pension scheme. The charity is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the charity has taken advantage of the exemption of FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. For 2009/10, Rothamsted Research paid £3,029k in employers contributions into the scheme. A separate Research Councils' Pensions Schemes Account was published for the year ended 31 March 2010 and contains the further disclosure of information under the relevant accounting standard. The combined schemes total net liabilities as disclosed in the schemes account was £3.49m at 31 March 2010 (2009 £2.64m).

In the year the Institute paid £32k in premiums for Professional Indemnity Insurance (2009 £35k)

Directors receive £nil remuneration (2009 £Nil)

10 TANGIBLE FIXED ASSETS

	Buildings £'000	Plant and machinery £'000	Fixtures, fittings and vehicles £'000	Total £'000
Cost				
As at 1 April 2009	59,062	10,837	3,462	73,361
North Wyke Acquisition at Fair Value	2,230	546	1	2,777
Additions	1,433	1,349	317	3,099
Disposals	(154)	(1,258)	(238)	(1,650)
As at 31 March 2010	62,571	11,474	3,542	77,587
Accumulated depreciation				
As at 1 April 2009	13,098	8,262	3,144	24,504
Provision for year	1,910	825	208	2,943
Disposals	(105)	(1,226)	(239)	(1,570)
As at 31 March 2010	14,903	7,861	3,113	25,877
Net book value				
As at 31 March 2010	47,668	3,613	429	51,710
As at 1 April 2009	45,964	2,575	318	48,857

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

10 TANGIBLE FIXED ASSETS (continued)

The replacement cost or valuation of land owned by The Lawes Agricultural Trust and occupied by the Charity at 31 March 2010 was £11,595,000 (2009 £11,595,000). This land is occupied on the basis of a bare licence between Lawes Agricultural Trust and the Charity, and accordingly is not included in fixed assets. In the opinion of the Directors, £11,595,000 represents a realistic valuation as at 31 March 2010. This value has been made available by the BBSRC from the valuations prepared by Powis Hughes, Chartered Surveyors in October 2003.

Under the terms of the bare licence, the Charity has unencumbered usage of the buildings reported as fixed assets above. The trustee-directors are confident that the Institute will retain a legal right to occupy the land and buildings for the foreseeable future.

11 INVESTMENTS

	Unlisted investments £'000	Shares in group undertakings £'000	Total £'000
Valuation			
As at 31 March 2009 and 31 March 2010	263	-	263
Impairment			
As at 31 March 2009 and 31 March 2010	(131)	-	(131)
Net Book Value			
As at 31 March 2009 and 31 March 2010	132	-	132

The unlisted investments balance relates to the following holdings:

The Company owns 2,833 £0.01 ordinary shares, a 19% shareholding, and 175,529 £1 preference shares in VSN International Limited. The cost shown above includes legal and professional fees associated with the purchase of the shares. The value of these shares was reduced by £131k during 2008/9, reflecting reduced expectations of future income from the investment. No further impairment is required in 2009/10.

The Company also owns 103,675 £0.001 ordinary shares, a 1.4% shareholding in Insense Limited and 130,200 £0.001 shares in Inscentinel Limited, a 2.74% shareholding.

The shares in group undertakings represent a holding of 2 £1 ordinary shares in Rothamsted Research Centres Limited (formerly DESSAC International Limited), a company incorporated in the United Kingdom. This 100% subsidiary has remained dormant throughout the year under review. The capital and reserves for the Company as at 31 March 2010 were £2.

Investments are held at the Directors' estimate of fair value. The valuation reflects the current market valuation for comparable quoted companies in the niche software and data analysis sectors, and reflects the anticipated discount appropriate for an unquoted company. The valuation was undertaken by management.

Rothamsted Research Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

12	DEBTORS	2010 £'000	2009 £'000
	Due within one year		
	Trade debtors	3,640	3,109
	Other debtors	562	1,102
	Prepayments and accrued income	2,180	1,472
		<u>6,382</u>	<u>5,683</u>
	Other debtors – due after one year	69	96
		<u>6,451</u>	<u>5,779</u>
13	CREDITORS Amounts falling due within one year	2010 £'000	2009 £'000
	Loans from the BBSRC	2,500	2,500
	Trade creditors	1,275	417
	Other taxes and social security costs	2,257	1,767
	Other creditors	2,046	2,948
	Accruals	1,206	2,519
	Deferred income	7,460	5,970
		<u>16,744</u>	<u>16,121</u>
	Deferred income represents income received in advance of expenditure The movement can be analysed as follows	2010 £'000	2009 £'000
	Opening balance	5,970	6,077
	Amounts deferred during the year	3,671	2,770
	Release of amounts previously deferred	(2,181)	(2,877)
		<u>7,460</u>	<u>5,970</u>
14	CREDITORS Amounts falling due after more than one year	2010 £'000	2009 £'000
	Loans from the BBSRC	125	125
	Redundancy accruals, relating to annual pension contributions for former staff	376	234
		<u>501</u>	<u>359</u>

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

14	CREDITORS Amounts falling due after more than one year (continued)	2010 £'000	2009 £'000
	Repayable within 1 – 2 years	376	234
	Repayable within 2 – 5 years	125	125
		<hr/>	<hr/>
		501	359
		<hr/>	<hr/>

15 INSURANCE

In line with government policy no proportion of funds contributed by Government bodies is expended upon insurance on equipment, stocks etc unless it is required by statute or where it is cost effective to do so Any loss which might occur as a result of the policy would be discussed with the Biotechnology and Biological Sciences Research Council and H M Treasury with whom any decision to defray such loss would rest

16 PROVISIONS AND CONTINGENT LIABILITIES

On 16 September 2008 the Company received a Notice of Assessment from HMRC for outstanding VAT of £2,422k and interest of £238k, relating to input VAT reclaimed over the three years to 31 March 2008 The Company has appealed against this assessment and discussions between the Company's advisors and HMRC continue A provision of £2,022k (2009 £Nil) has been included in the financial statements, reflecting the expected value of the final assessment (£1,841k) and accumulated interest to 31st March 2010 (£181k) This is based on a re-calculation of the HMRC assessment using corrected data, and some allowance for the impact of the continuing negotiations on the final settlement, which is expected in the next 12 months

Under the terms of the contract between the Company and the Biotechnology and Biological Sciences Research Council, should certain fixed assets be sold, a proportion of the proceeds might become payable by the Company to the Research Council No such liability exists at 31 March 2010 (2009 £Nil) (see accounting policies)

17 COMMITMENTS

As at 31 March 2010, the Company had £1,649k of financial commitments (2009 £786k) in respect of expenditure relating to buildings and to items of non-moveable equipment This commitment is constituted of two main programmes, the Soil Project (£822k) and the Farm Platform (£827k) Both of these projects are expected to be substantially complete during 2010/11

The Company also had annual commitments under non-cancellable operating leases as follows -

	2010 £'000	2009 £'000
Land and buildings expiring in the second to fifth year	16	16
	<hr/>	<hr/>
	16	16
	<hr/>	<hr/>

Rothamsted Research Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

18	FUNDS	Unrestricted £'000	Restricted £'000	Total £'000
	Funds as at 31 March 2010	3,358	47,318	50,676
	Funds balances are represented by			
	Fixed assets	9,139	42,703	51,842
	Current assets	13,486	4,615	18,101
	Current liabilities	(16,744)	-	(16,744)
	Long-term liabilities	(501)	-	(501)
	Provisions	(2,022)	-	(2,022)
	Total net assets	3,358	47,318	50,676
			2010 £'000	2009 £'000
	GENERAL FUND			
	Balance brought forward		6,054	5,970
	Net (outgoing)/incoming resources		(2,796)	84
	Balance carried forward		3,258	6,054
			2010 £'000	2009 £'000
	DESIGNATED FUNDS			
	ROTHAMSTED MANOR MAINTENANCE FUND			
	Balance brought forward and carried forward		100	100

This fund represents amounts designated by the Board of Directors for future material claims arising under arrangements for the insurance of Rothamsted Manor

Rothamsted Research Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

18	FUNDS (continued)		
		2010	2009
	RESTRICTED FUNDS	£'000	£'000
	Capital Fund		
	Balance brought forward	39,512	39,461
	Acquisition of North Wyke Research	2,646	-
	Grants received	9,184	2,651
	Expenditure of capital grants included in the resources expended	(1,477)	(473)
	Depreciation charge for the year	(2,547)	(2,127)
		<u>47,318</u>	<u>39,512</u>
	Balance carried forward	<u>47,318</u>	<u>39,512</u>
	This fund represents funding received, principally from the Biotechnology and Biological Sciences Research Council, for the past and future acquisition of tangible fixed assets. These assets are built on land that is not owned by Rothamsted Research Limited.		
19	RECONCILIATION OF THE NET INCOMING RESOURCES FOR THE YEAR TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES	2010	2009
		£'000	£'000
	Net incoming resources	5,010	135
	North Wyke Acquisition	(2,984)	-
	Interest receivable	(26)	(206)
	Depreciation charges	2,943	2,632
	Loss on disposal of Fixed Assets	32	-
	Provision for VAT liability	2,022	-
	Impairment of investments	-	131
	Capital grants (net)	(7,707)	(1,681)
	(Increase)/decrease in stocks	(7)	3
	Decrease/(Increase) in debtors	39	(956)
	(Increase)/Decrease in creditors	(620)	(517)
		<u>(1,298)</u>	<u>(459)</u>
	Net cash outflow from operating activities	<u>(1,298)</u>	<u>(459)</u>

Rothamsted Research Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

20 ANALYSIS OF CHANGES IN NET FUNDS

	At 31 March 2009 £'000	Cash flow £'000	At 31 March 2010 £'000
Bank balances and cash	7,368	4,007	11,375
BBSRC loans due within one year	(2,500)	-	(2,500)
BBSRC loans due after one year	(125)	-	(125)
	<u>4,743</u>	<u>4,007</u>	<u>8,750</u>

**21 RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET FUNDS**

	2010 £'000	2009 £'000
Increase/(decrease) in cash in the period	4,007	(767)
Change in net funds	4,007	(767)
Net funds at 31 March 2009	4,743	5,510
Net funds as at 31 March 2010 (note 20)	<u>8,750</u>	<u>4,743</u>

22 ACQUISITION

On 1 April 2009 the assets and liabilities of North Wyke Research were transferred to Rothamsted Research Limited for nil consideration. The Tangible Fixed Assets have been included in the accounts at fair value. This has been assessed through reference to a BBSRC valuation made in 2006 and updated for subsequent additions. A further valuation is due during 2011, and any change in valuation as a result of this will be reflected in the 31 March 2011 accounts.

	Book value £'000	Fair value adjustment £'000	Total £'000
Net assets acquired			
Tangible assets	3,598	(821)	2,777
Stock	258	-	258
Debtors	711	-	711
Cash at bank and in hand	623	-	623
Creditors	(1,385)	-	(1,385)
NET ASSETS	<u>3,805</u>	<u>(821)</u>	<u>2,984</u>

Rothamsted Research Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

22 ACQUISITION (continued)

North Wyke Research's results were as follows:

	2010 £'000	2009 £'000
Total incoming resources	4,934	4,914
Total resources expended	5,153	4,889
Net movement of funds in year	(219)	25
Fund balances at 1 April 2009	3,786	3,761
	<hr/>	<hr/>
Fund balances at 31 March 2010	3,567	3,786
	<hr/>	<hr/>

The current year figures relate to acquired operations

The acquisition of North Wyke contributed £(734k) to the operating cash flows of the business, and utilised £82k for capital expenditure

Rothamsted Research Limited
INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2010

	2010 £'000	2009 £'000
Gross income of continuing operations	30,741	27,451
	<u>30,741</u>	<u>27,451</u>
Total expenditure of continuing operations	(33,875)	(26,862)
	<u>(33,875)</u>	<u>(26,862)</u>
Net (expenditure)/income for the year before transfers	(3,134)	589
Transfers	-	-
	<u>-</u>	<u>-</u>
Net (expenditure)/income for the year	<u>(3,134)</u>	<u>589</u>
RECONCILIATION OF NET INCOME TO NET INCOMING RESOURCES FOR THE YEAR		
Net income for the year	(3,134)	589
North Wyke Gift	2,984	-
Capital grants received	9,184	2,651
Expenditure of capital grants included in the resources expended	(1,477)	(473)
Release of deferred capital grant in line with depreciation	(2,547)	(2,632)
	<u>(1,477)</u>	<u>(473)</u>
Net incoming resources for the year	<u>5,010</u>	<u>135</u>