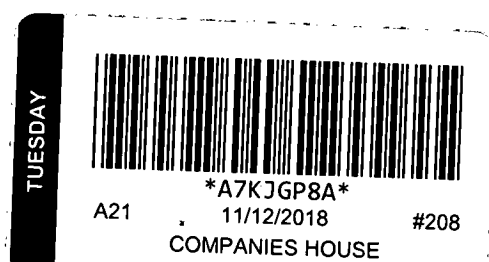


LAWES AGRICULTURAL TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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Company Registration No. 8901784
Charity Registration No. 1156150

LAWES AGRICULTURAL TRUST

REFERENCE AND ADMINISTRATIVE INFORMATION

COMPANY NUMBER: 8901784

REGISTERED CHARITY No. 1156150

BANKERS: Coutts & Co
440 Strand
London WC2R OQS

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

SOLICITOR: Withers
16 Old Bailey
London EC4M 7EG

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

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

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

PRINCIPAL OFFICE: Rothamsted
Harpenden
Hertfordshire
AL5 2J

LAWES AGRICULTURAL TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

The Trustees present their Report and Financial Statements of the Lawes Agricultural Trust (“the Trust”, or “LAT”) for the year ended 31 March 2018. The Financial Statements have been prepared in accordance with FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) under the historic cost convention as modified by the revaluation of investments. The financial statements meet the requirements of the Companies Act 2006, the Statement of Recommended Practice – Accounting and Reporting by Charities (Charities SORP (FRS 102)) and applicable accounting standards so far as these requirements are appropriate. The charity is a public benefit entity as defined by FRS 102.

Structure, Governance and Management

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

The Trustees of the Lawes Agricultural Trust during 2017/18 were:

- Dr Tina Barsby
- Professor Sir David Baulcombe FRS
- Dr Graham Birch (Chairman)
- Lord Cameron of Dillington
- Professor Sir Charles Godfray FRS
- Sir Peter Kendall
- Professor Sir Gordon Conway FRS – (resigned 24 October 2017)
- Lord Curry of Kirkharle CBE FRAgS – (resigned 24 October 2017)
- Mr Will Gemmill – (appointed 3 May 2018)

Company Secretary Stephen James (resigned 24 October 2017)

Company Secretary Peter Oxley (appointed 24 October 2017)

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

The Trustees keep the Board’s composition and balance of skills under constant review. Key areas considered of importance include experience at the highest level in terms of scientific achievement, large estate / property management, farming and food business, international science (including developing countries), investment and political awareness.

New Trustees receive a comprehensive induction on site, conducted by the Chairman and Company Secretary; in particular highlighting scientific involvement, estate responsibilities, historical matters and urgent issues that are facing the Trustees. Training relevant to charity law and other matters as appropriate to the individual is offered.

The only standing sub-Committee of the Trust is the Investment Committee whose role is to critically examine and liaise with the Trust’s investment advisors. Its members are Dr Graham Birch and Lord Cameron of Dillington.

LAWES AGRICULTURAL TRUST

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2018

Structure, Governance and Management (continued)

The Trust, along with other activities, principally supports Rothamsted Research Limited (“Rothamsted Research”), an incorporated charity that occupies and operates its agricultural research activities from land and buildings belonging to the Trust. These research activities are directed by the Institute Director of Rothamsted Research: this position is currently held by Professor Achim Dobermann who has been in post since 1st June 2014.

The Trust is a Corporate Member of Rothamsted Research, along with the Biotechnology and Biological Sciences Research Council (“BBSRC”) and the Chair of the Board of Trustee-Directors for Rothamsted Research. The role of these Members is defined through a Members’ Agreement that describes how this tripartite arrangement recognises the critical contribution in land and buildings (from LAT) and funding (from BBSRC) to the well-being of Rothamsted Research and, achieving this through an arms-length stance, does not seek to unduly influence the strategic direction of the Institute. The Chairman of the LAT attends Rothamsted Research Board meetings as an Observer.

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

Rothamsted International is a restricted fund established to, inter alia, foster international cooperation in crop and environmental research. It does so through the provision of funding for overseas research Fellows. The role of Rothamsted International in this regard is carried out through the advice of a panel of Rothamsted Research scientists distinguished in relevant agricultural and related research. We are grateful for their services in this role and for ensuring the funding is spent wisely.

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

Assets

In Harpenden, Hertfordshire, the Trust owns:

- the Rothamsted Estate (330 ha) incorporating a laboratory complex comprising research and administrative buildings and facilities (7 ha);
- an extensive experimental farm on most of the rest of the area;
- a Grade 1 listed building dating from the 13th century (Rothamsted Manor);
- fifty-one houses and cottages on the estate and in the town of Harpenden;
- 5 larger residential properties comprising multiple units: Fisher Court, De Ramsey Court, Southwood Court, Lawes Court and 1 Ninnings.

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

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

LAWES AGRICULTURAL TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

Assets (continued)

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

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

During 2017/18 the Trust has continued to be very closely involved with the strategy and direction of Rothamsted Centre for Research and Enterprise Limited (RoCRE). RoCRE is a joint venture between the Trust (40%), Rothamsted Research (40%) and BBSRC (20%) and is aimed at attracting scientifically-based companies and organisations involved in the agricultural arena – large and small, new and established – to establish a cluster of like-minded organisations at Rothamsted.

In January 2018 St Albans City & District Council ("SACDC") invited all landowners to put forward sites for potential inclusion in its emerging Local Plan. As a part of this process, the Trust has proposed a number of fields: namely Black Horse, Bylands, Meadow, Osier and Ver, totalling approximately 40 hectares and collectively referred to as "Land North-East of Redbourn". The intention would be to dispose of this land to third parties for primarily residential development purposes, together with allocations for educational, social and employment purposes. The proceeds from this disposal would be applied directly to the Trust's charitable Objects, including enabling investment in the Rothamsted campus and providing funding for the ongoing research activities of Rothamsted Research.

SACDC initially included the Land North-East of Redbourn in their considerations of strategic sites, although the draft Local Plan approved by SACDC full Council in July 2018 excluded this site. The Local Plan was subject to Regulation 19 public consultation in September and October 2018, with subsequent review anticipated by an independent Planning Inspector thereafter. The Trust has engaged planning and legal advisers to assist it in this regard, and intends to continue promoting the site with the intention of obtaining planning permission for residential development in due course.

The Trust also owns a significant collection of rare and early books on agriculture and related subjects, collections of livestock prints and paintings (including bequests) and small collections of furniture and effects in the Manor. All of these items have all been included in the balance sheet at a deemed cost value. The Trust undertook valuations for insurance purposes in June 2018. This valuation concluded that the chattels (being all of the above but excluding the rare and early books) had a current estimated market value of £535,640.

In the case of the rare and early books, these primarily comprised items acquired by Sir John Russell, a former Institute Director, during the 1920s and 1930s, to provide a resource for his personal study of the development of European agriculture, and were not intended to support the day to day work of the then Rothamsted Experimental Station (now Rothamsted Research). This collection contained a variety of antique books and manuscripts from the 15th to 19th century (many duplicated a number of times) on areas such as estate management, agriculture, gardening and veterinary science. These works had little relevance to Rothamsted's continuing operations and have indeed been an insurance risk for the Trust for some time. The books have been very rarely consulted for some time, with all recent requests (ten over the past five years) being driven by technical printing interests rather than agricultural research.

LAWES AGRICULTURAL TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

Assets (continued)

Given these factors, the Trustees resolved in November 2017 that the cash tied up in the rare and early books should be realised to support the Trust's ongoing needs. Following a competitive tender process, Forum Auctions were appointed to handle the disposal of the collection. The books were sold by open auction on 10 and 11 July 2018, with proceeds totalling £1.8m. This led to a partial reversal of the impairment provision made in 2016/17.

The Trust also holds liquid funds in the form of stock market investments and cash deposits.

Intellectual property rights created during the course of operation of the Rothamsted Experimental Station (until 1991), including registered trade-marks and copyrights, also continue to belong to the Trust. These were established in the Memorandum of Understanding dated 12 June 2000 between the (then) corporate trustee and Rothamsted Experimental Station (soon after to become Rothamsted Research in the same year). Other archives, including soil and plant archive samples until 1991 also belong to the Trust and are under the guardianship of Rothamsted Research.

Risk Management

The Board of Directors of the Trust – the Trustees – regularly reviews the major risks and principal uncertainties to which the Trust and Rothamsted International are exposed and the steps which have been taken to mitigate against these. Key risks at 31 March 2018, with the main steps undertaken to mitigate those risks, are:

1. Rothamsted Research is the primary method through which the Trust achieves its charitable Objects. Rothamsted Research is reliant for its funding from government sources, primarily BBSRC / UKRI. Given the current political and economic landscape, there are a number of uncertainties in relation to the ongoing levels and sources of this funding. Additional support and new approaches from the Trust may be needed in this regard.
 - *The Trust has strong, active links and communication with Rothamsted Research and BBSRC / UKRI, with the Executive Director meeting key management personnel of both organisations on a regular basis, and the Trust Chairman attending Rothamsted Research Board meetings as an observer.*
2. The Trust is currently in correspondence with HM Revenue & Customs (HMRC) in relation to potential VAT liabilities on construction costs relating to the construction of the Fisher Court and De Ramsey Court buildings. Potential exposure in this regard is estimated in the region of £700k.
 - *Specialist VAT advisers have been retained to assist with the correspondence on this matter with HMRC. Discussions are ongoing with a view to obtaining an agreed resolution at the earliest possible opportunity.*
3. The promotion of the Trust's land as a part of the SACDC emerging Local Plan (both the land North-East of Redbourn and also land at Townsend Lane, Harpenden, optioned to Hill Residential) are potentially a significant drain on the Trust's resources, both financially and in terms of management focus.
 - *A steering committee (comprising the Chairman, a Trustee and a Trustee from Rothamsted Research) meets regularly to monitor and advise the Executive Director's approach. External Project Management has been retained from Bidwells to provide oversight and management of the Trust's approach to the Local Plan, reporting in to the Executive Director on a regular basis.*
4. The Trust's significant commitment to a range of campus development projects places an excessive strain on finite resources:
 - *The position in relation to commitments and cash flow is reviewed on a regular basis by the Executive Director, and reported to the Trustees at each Board meeting.*

LAWES AGRICULTURAL TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

Risk Management (continued)

5. The Trust continues to attract high calibre Trustees with the most outstanding skills and experience relevant to the Trust's evolving activities and role. It is critical that this is maintained.
 - *The Trustees have undertaken to ensure that the recruitment of suitable new Trustees is a key priority, with the position in relation to current Board composition subject to regular review.*
6. Maintaining the future use, management and financial viability of Rothamsted Manor given its Grade 1 listing and rudimentary facilities.
 - *The Trust, RoCRE and Rothamsted Research work closely together to ensure future uses are available which are in keeping with Rothamsted Manor's listed status. Planning permission to enable the hosting of ticketed events at the Manor was obtained in March 2018.*

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

Objectives and Activities

The Object of the Trust as defined in the Articles of Association is: "*to advance the science of agriculture for the public benefit through original investigation and research, which may embrace all or any subject(s) connected to or bearing upon agriculture, including animal or vegetable physiology, meteorology, botany and chemistry*". This Object is a re-statement of that in the original Deed of 1889. Like its predecessor, the Trust focuses on the estate and lands at Rothamsted, Hertfordshire and this remains the main base for activity, but the Trust is free to consider other land, entities or locations from time to time.

The Trust ensures compliance with its Charitable Object by building its income and applying most of the assets and proceeds of the Trust to the sponsorship and promotion, either directly or indirectly, of the charitable agricultural research activities of Rothamsted Research, whose agricultural research objects are similar to, and derived from, those of the original Trust. There is an extensive programme of public benefit research, public engagement and knowledge transfer undertaken at Trust premises. The Trustees are especially keen to ensure that the research is converted into practical application. This work is reviewed by the Trust through reports of supported projects, provision of an observer from the Trust at Rothamsted Research Board meetings and a bi-annual report from its Institute Director at Trust meetings. Further information on Rothamsted Research and its Reports are available on the web site at <http://www.rothamsted.ac.uk>, or information can be sought on application, from the Company Secretary of the Trust at the principal address as per page 1.

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

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

1. The provision of land and buildings suitable for agricultural and related sciences conducted by Rothamsted Research, on beneficial terms.
 - *This operates as a close partnership with Rothamsted Research and that organisation's main grant-giving and sponsoring body, BBSRC.*

LAWES AGRICULTURAL TRUST

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2018

Objectives and Activities (continued)

2. The provision of accommodation on a preferential, but defined, limited term basis to PhD students, key workers and other RRes staff, which allows them to live in this very expensive location whilst on modest scientific salaries.
 - *The very significant majority of the residential provision owned by the Trust is available preferentially for students, staff and visitors. These are kept to a good standard and well located with easy access on foot to the scientific facilities. Rothamsted Research identifies the most deserving and appropriate tenants.*
 - *The challenge with these facilities is seeking to ensure they are adequately maintained in order to protect the assets and provide good quality accommodation but, at the same time, keep the charges at affordable levels and that occupancy is both maximised and fairly assigned.*
3. Granting financial support for scientific costs to Rothamsted Research, mainly through a "Director's Vote" fixed annually by the Trustees following proposals made to them. For the current year, the Director's Vote was set at £500k.
4. Capital funding provision of diverse facilities deemed to help meet the Trust's Object, with partners where possible, including technology transfer, catering, sample archive and the like.
5. In addition, the Trust plays a vigorous and lead role in developing the Rothamsted campus to enable interaction with small companies to actively enhance the uptake of agricultural and environmental research output into practice across different communities, in conjunction with RoCRE (as detailed above) and otherwise.
 - *Items 3, 4 and 5 require the generation of cash sums. These can originate from:*
 - a. *Rental income on those Trust's properties made available on the open market at commercial rents. The policy is to maintain these at, the highest possible standard to attract high rents and to maximise the properties in this category.*
 - b. *Income from equity and similar investments.*
 - c. *Occasional sale of land and assets to generate capital sums*

Public Benefit

As a charitable Trust, LAT's primary Object is the advancement of the science of agriculture for the public benefit. This is primarily achieved through providing support for Rothamsted Research which in turn disseminates knowledge and research with particular emphasis on publication in widely available scientific journals, in the popular agriculture and broader press and through conferences or seminars, many of which are aimed at the wider public. The term "advancement" is taken to include such science becoming widely used in agricultural practice. Thus, it falls within the charitable purpose of "the advancement of the arts, culture, heritage or science". Inevitable ancillary benefits as a result of meeting the primary object that would fall into the categories of advancement of education, the advancement of environmental protection or improvement and, perhaps to a more limited extent, the advancement of health. The Charity Commission specifically mentions scientific research projects under the heading of the advancement of science. The Trustees have complied with Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

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

LAWES AGRICULTURAL TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

Achievements

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

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

- (1) Continuing to invest in refurbishment of the Daniel Hall Building to provide an incubator and small company facilities. In association with RoCRE the Hertfordshire Local Enterprise Partnership provided a grant of £500k in 2015/16 to establish new laboratory facilities specifically suitable for new, small companies. The building's facilities remain in high demand.
- (2) Providing other facilities to RoCRE on a long leasehold basis, namely the Lawes Open Innovation Hub and the Conference Centre.
- (3) Supporting the board – the Trust's Executive Director is a RoCRE Nominee Board Director and as such closely supports the work of the RoCRE team. In addition, during 2017/18, the Trust Executive Director acted as interim RoCRE Executive Director following the resignation of Chris Dunkley until the recruitment of Nicole Sadd in March 2018.

The Hertfordshire Local Enterprise Partnership has published their growth strategy and this shows Rothamsted's campus development as one of three principal growth objectives. Both Harpenden Town Council and SACDC's draft Neighbourhood and Local Plans also highlight the Rothamsted campus as key local resources and facilities. In April 2017 the Rothamsted Campus was established as a part of the Hertfordshire Enviro-Tech Enterprise Zone, with the Trust Executive Director sitting on the Board of the Enterprise Zone, representing the Trust, Rothamsted Research and RoCRE. This links strongly with the progress made to date as a part of the Hertfordshire Green Triangle.

Construction of two new residential facilities on the Rothamsted campus—Fisher Court and De Ramsey Court—was completed on 13 December 2017 at a total cost of ca.£4.65m. The buildings comprise 48 units in a mixture of bedrooms with shared facilities and studio accommodation. The construction was funded through a combination of current income, cash held at bank, realisations from the Sarasin investment portfolio, and a short-term bank loan of approximately £2.3m.

Until January 2018, Rothamsted Manor was primarily utilised for the accommodation of staff and students, which was considered inappropriate given the constraints of the building as an ageing, listed property. The construction of the Fisher Court and De Ramsey Court buildings enabled the vacation of these residents, with the last resident leaving on 20 January 2018. In March 2018 planning permission was obtained for a change of use at Rothamsted Manor, enabling the property to be used for the purposes of weddings, corporate, charity, community and private events. There is strong demand for events at Rothamsted Manor, with receipts intended to contribute towards the continuing maintenance and upkeep of the building and its surroundings.

LAWES AGRICULTURAL TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

Achievements (continued)

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

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

Rothamsted International (RI) is a restricted fund within the main Trust operation whose use is tightly circumscribed by agreement with the Charity Commission. Like the word "Rothamsted", the RI logo is also a trade mark owned by LAT. Very little, if any, further additional income is being received for this fund. Since 1993, over 180 RI Fellowships have been awarded to scientists who originate from 30 developing and emerging countries worldwide. The Trustees review on an annual basis the activities undertaken through these grants and donations, ensuring that they are well-suited to the objects of the Trust and are of high scientific merit.

Professor Dobermann, the Institute Director of Rothamsted Research, has considerable experience and deep interest in research for agriculture in developing countries; he has expressed an interest in reviving Rothamsted International activities as well as its income stream by way of donations. As a result, in December 2017 the Trustees resolved to transfer the RI Fund to Rothamsted Research. Charity Commission approval of this proposed transfer was received on 17 September 2018, with the actual transfer mechanisms in the process of being finalised.

Key Performance Indicators

The main beneficiaries of the Trust are Rothamsted Research and its stakeholders who benefit from the research that is undertaken. The Trust also ensures the provision of resource to maintain, refurbish and enhance the built estate. Agricultural science projects at Rothamsted Research are funded through the Director's Vote which this year expended £500k (2017: £352k). In the past the Trustees agreed to make not less than £200k available per year as the "Director's Vote" and for both 2015/16 and 2016/17 it was considered that the Trust's finances could allow the option to spend up to £350k per annum; for 2017/18 and 2018/19 it has been agreed to raise this further to £500k. These allocations cannot be accrued.

In addition, the support for Rothamsted International Fellowships was £76k (2017: £33k).

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

LAWES AGRICULTURAL TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

Key Performance Indicators (Continued)

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

- 1) Investment income is monitored by the Board with a more detailed review and assessment carried out by the Investment Committee who liaise directly with the Trust's investment advisors Sarasin and Partners. Six-monthly reports provide performance indicators for the investments against the industry average. The gross dividends and interest income for the year on the investments was £138k (2017: £161k) which remains broadly in line with typical market performance.
- 2) The maintenance of sound rental income against a planned refurbishment program for Trust properties has been operating over several years and continues. In the year, the total estate income (both charitable and investment properties) was £1,251k (2017: £1,076k). See also Notes 5 and 6.
- 3) Director's Vote funding is approved by the Board and allocated by the Director of Rothamsted Research to sponsor continuing long term scientific projects. The results of these projects are reported to the Board who monitor and review the results against the Trust's objectives.

Financial Review

The Statement of Financial Activities show that total funds have increased to £23,731k (2017: £23,030k). We have recorded an increase in overall estate rental income (including investment properties) to £1,251k (2017: £1,076k) and this is expected to increase further as refurbished properties come available and benefit from investment. All such improvements are achieved by utilising on-going income from the estate and therefore estate management costs are monitored closely.

There was further expenditure on properties, £558k (2017: £306k) noting that the expenditure on Fisher Court has been capitalised, so is not evident in this figure. As stated above, overall income trajectory is set to rise in line with our ongoing estate programme and the overall quality of property stock being both maintained and steadily improved across the whole portfolio. This includes investment into the innovation facilities as part of the Enterprise objectives for the Campus. In 2009 it was recognised that certain high rental properties should be classified as investments in that they will be reserved for open market, income generating purposes. This distinction remains in place and expenditure levels are likely to reflect this difference. Which properties sit in which category are subject to ongoing review.

The value of the investment portfolio has decreased by 30% in the past year to a Fair Value of £3,712k (2017: £5,339k), reflecting the realisation of certain assets to part-fund the construction of the Fisher and De Ramsey Court buildings. All equity investments are managed by Sarasin & Partners LLP. Direct costs of investment management were £3.3k (2017 £0.7k) The investment in the unlisted, spin-out statistic software company VSN International Limited is valued at £153k (2017: £153k) and we are pleased to note that the payment of a dividend of £13k has been received for 2017/18 (2017: £23.1k).

The Trustees note the level of cash being held in banks (mainly as Barclays Treasury Deposits) has increased to £2,750k (2017: £1,566k). This is primarily a result in the above realisation of investments to fund the construction of the Fisher and De Ramsey Court buildings, with final drawings from investments being in excess of the funding required for construction costs.

Payments associated with the Director's Vote, which make an important contribution to the agricultural research at Rothamsted, was increased and now also include the support of agricultural science students located at Rothamsted, registered at Nottingham and Reading and whose Studentships bear the name of the Trust though dispersed through the Research Councils' Doctoral Training Programme.

LAWES AGRICULTURAL TRUST
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2018

Investment Policy

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

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

Fund Raising

The Trust does not actively fund raise, and no professional fund-raisers are engaged.

Reserves Policy

The Trust's policy on the maintenance of reserves seeks to ensure that sufficient reserves are available to enable the Trustees to fulfil the short and longer-term liabilities and obligations of the Trust and Rothamsted International, as well as fully participating in the development of the Estate at Rothamsted and Brooms Barn in a timely manner. In the context of the latter, the Trustees are of the opinion that this falls clearly within and directly serves the charitable Object of the Trust. Free reserves available for use by the Trust are deemed to be those that are readily realisable, less funds whose uses are restricted or designated for particular purposes. The calculation thus excludes fixed assets, restricted and designated funds. The level of free reserves as at 31 March 2018 was down at £2,215k (2017: £5,025k). As a broad principle and with due consideration to short term demands, the Trust's overall aim is to invest in facilities rather than be holding cash. It is noted by the Trustees that overall Total Unrestricted Funds stand at £23,474k (2017: £22,699k)

Future

Rothamsted Research and the Trust are both charities with shared Objects – essentially the advancement of agricultural science¹. Functionally, they are very closely linked and interdependent and the Trust will continue to work closely with Rothamsted Research and the two other members to ensure that their shared Objects are advanced in the most effective and appropriate manner.

The Trust will be acting in due course to secure clearer and more appropriate charitable and business relationships with Rothamsted Research so as to ensure the meeting of the Objects of the Trust, moving to formal leases to form the basis for occupation of land and buildings by Rothamsted Research.

¹ Rothamsted Research's current Objects are: for the benefit of the public to advance the science of agriculture by the initiation, prosecution, development and continuance of investigations and experiments related thereto.

LAWES AGRICULTURAL TRUST
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2018

Future (continued)

The Trust plays an ongoing and active role in campus expansion at Rothamsted in a fully equitable partnership with Rothamsted Research and BBSRC. This involvement and commitment is likely to increase as the RoCRE concept progresses and may require additional expenditure, such as continuing the upgrading and refurbishment of the Daniel Hall and Russell buildings to accommodate small companies, especially start-ups that are offering agricultural and environmental products and services, in turn contributing to the cluster effect on the campus.

As noted above, St Albans City & District Council is in the process of updating its Strategic Local Plan, which will in turn be informed by the Harpenden Town Council Neighbourhood Plan. LAT is in close consultation with both parties, and as a part of these emerging plans:

- The Rothamsted campus is recognised as a key element of both the Harpenden and St Albans communities in terms of its contribution to local and national economies as well as the global scientific agenda. The Harpenden Town Council draft Neighbourhood Plan states: "This Neighbourhood Plan supports appropriate redevelopment or expansion of Rothamsted Research to meet Rothamsted's long-term agritech research needs and to accommodate firms carrying out complementary knowledge-based research and development activities."
- As noted above, LAT have proposed for inclusion in the District Council's Strategic Local Plan the allocation of land North-East of Redbourn for residential, employment and educational development. This process is ongoing. Should LAT be successful in this regard, the funds released would be used to upgrade the Rothamsted estate in line with the Trust's ongoing charitable Objects, as well as to provide further direct funding for Rothamsted Research's scientific activities.
- LAT are, in conjunction with key stakeholders (including Rothamsted Research and RoCRE), in the process of updating the site-wide estates strategy, to include consideration of key sites which are currently underutilised, including the Old Apiary brownfield site. The outcome of this review will inform the Trust's approach to the estate and its wider property portfolio over the medium to long term.
- LAT also has an interest in a potential housing development at Townsend Lane, Harpenden (jointly with Hill Residential).

LAWES AGRICULTURAL TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

Statement of Trustees' Responsibilities

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

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

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

Auditor

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

Statement as to Disclosure of Information to Auditors

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

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

On behalf of the Board



Peter Oxley
Trust Secretary

Date: 29 November 2018

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

Opinion

We have audited the financial statements of Lawes Agricultural Trust (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

RSM UK Audit LLP

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

Date: 6th December 2018

LAWES AGRICULTURAL TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	<i>Unrestricted Funds</i> General Fund £	Designated Fund £	<i>Restricted Fund</i> Restricted Fund £	Total Funds 2018 £	Total Funds 2017 £
Income						
Income from:						
Donations – Rothamsted International	4	-	-	1,251	1,251	407
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		-	-	1,251	1,251	407
Investments	5	452,744	-	-	452,744	567,897
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		452,744	-	1,251	453,995	568,304
Charitable Activities:						
Estate Management	6	938,812	-	-	938,812	896,973
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Income		1,391,556	-	1,251	1,392,807	1,465,277
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on:						
Raising Funds:						
Investment Management costs	8	22,762	-	-	22,762	11,128
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Charitable Activities:		22,762	-	-	22,762	11,128
Estate Management	7b	633,274	-	-	633,274	370,455
Research	7b	500,000	-	75,784	575,784	384,945
Research – impairment (reversal/charge)	7b	(521,618)	-	-	(521,618)	2,659,250
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Charitable Expenditure		611,656	-	75,784	687,440	3,414,650
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditure		634,418	-	75,784	710,202	3,425,778
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net gains on investments		-	18,028	-	18,028	504,573
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income/(expenditure)		757,138	18,028	(74,533)	700,633	(1,455,928)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Movement in Funds in Year		757,138	18,028	(74,533)	700,633	(1,455,928)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reconciliation of Funds						
Funds Balance Brought Forward as at 1 April		8,112,634	14,586,913	330,454	23,030,001	24,485,929
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Funds Balance Carried Forward as at 31 March	15	8,869,772	14,604,941	255,921	23,730,634	23,030,001
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All income and expenditure derive from continuing activities.

The notes on pages 19 to 34 form part of these financial statements.


LAWES AGRICULTURAL TRUST
BALANCE SHEET AS AT 31 MARCH 2018

Company Registration No: 8901784

	Notes	Total 2018 £	Total 2017 £
Fixed Assets			
Tangible Assets	10	13,754,335	10,187,770
Investments	11	10,000,523	11,627,119
		<u>23,754,858</u>	<u>21,814,889</u>
Current Assets			
Debtors	12	120,306	358,062
Cash at bank and in hand		2,749,705	1,566,345
		<u>2,870,011</u>	<u>1,924,407</u>
Current Liabilities			
Creditors Falling Due Within One Year	13a.	595,570	709,295
Net Current Assets		<u>2,274,441</u>	<u>1,215,112</u>
Creditors Falling Due After One Year	13b.	2,298,665	-
Net Assets	15	<u>23,730,634</u>	<u>23,030,001</u>
Funds			
Restricted Fund	15	255,921	330,454
Unrestricted Funds			
General Fund	15	8,869,772	8,112,634
Designated Fund			
Capital Reserve Fund	15	14,604,941	14,586,913
Total Unrestricted Funds		<u>23,474,713</u>	<u>22,699,547</u>
Total Funds		<u>23,730,634</u>	<u>23,030,001</u>

Approved by the Trustees and authorised for issue on 29 November 2018

Signed on behalf of the Trustees.


.....
Dr Graham Birch

The notes on pages 19 to 34 form part of these financial statements.

LAWES AGRICULTURAL TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Total 2018 £	Total 2017 £
Net cash generated by/ (used in) operating activities			
Cash generated by/ (used in) operating activities	17	(138,418)	725,524
Cash flows from investing activities			
Dividends, interest and rent from investments		452,744	567,897
Purchase of tangible fixed assets		(3,044,948)	(1,582,544)
Purchase of investment property additions		-	(486,129)
Purchase of investments		-	(2,550,000)
Proceeds on sale of investments		1,644,625	3,215,963
Net cash (used in) investing activities		(947,579)	(834,813)
Cash flows from financing activities			
Long Term Loan		2,298,665	-
Interest paid		(29,308)	-
Net cash generated by financing activities		2,269,357	-
Net increase/(decrease) in cash and cash equivalents		1,183,360	(109,289)
Cash and cash equivalents at beginning of year		1,566,345	1,675,634
Cash and cash equivalents at the end of year		2,749,705	1,566,345

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting Policies

General Information

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

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

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

a) Basis of Accounting

The financial statements have been prepared in accordance with FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)).

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

b) Tangible Fixed Assets

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

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

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

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

No depreciation is provided on the Rare Furniture, Statuary and Effects, Books, Prints and Paintings as described above. These assets have long useful lives and are not anticipated to be used or consumed or to deteriorate significantly through effluxion of time. Accordingly, the Trustees consider that the residual value of the assets is such that no depreciation is required to be charged. An assessment is made at each reporting date of whether there are indicators that a fixed asset may be impaired. Following a competitive tender process, Forum Auctions were appointed to handle the disposal of the Collection of Books. The Books were sold by open auction on 10 and 11 July 2018, with proceeds totalling £1.8m. This led to a partial reversal of the impairment provision made in 2016/17 and has been credited to expenditure within the 2017/18 Statement of Financial Activities.

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

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018 (continued)

c) **Investments**

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

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

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

d) **Taxation**

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

e) **Income**

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

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

Investment income is recognised on a receivable basis.

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

f) **Expenditure**

Expenditure is recognised when a liability is incurred:

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

g) **Funds Structure**

The Trust currently has one restricted fund (Rothamsted International) to be used for specific purposes as laid out in the Report of the Trustees. Expenditure which meets these criteria is charged to the fund.

All other funds are unrestricted funds. The Trustees have set up a designated fund and the purpose of this is detailed in Note 15 to the financial statements.

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018 (continued)

h) **Financial Instruments**

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

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

Financial assets

Trade and other debtors

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

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

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

Financial liabilities

Trade and other creditors

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

i) **Government Grants**

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

j) **Going Concern**

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

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018 (continued)

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are considered to be the residual values of tangible fixed assets (included in Note 10), which is the key estimate in assessing whether depreciation is required, and the fair value of the investment properties (included in Note 11).

Critical areas of judgement

The Trust has a potential liability to HM Revenue & Customs (HMRC) in relation to VAT on the construction costs relating to the Fisher and De Ramsey Court buildings. Potential liability in this regard is estimated to be in the region of £700k. Discussions with HMRC are ongoing in this regard, and there is sufficient uncertainty as to the outcome of these discussions so as to not include this potential liability in the financial statements and this is disclosed as a contingent liability within Note 16.

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (continued)

3. **Comparative statement of financial activities
for the year ended 31 March 2017**

	<i>Unrestricted Funds</i> General Fund £	<i>Designated Fund £</i>	<i>Restricted Fund</i> Restricted Fund £	Total Funds 2017 £
Income				
Income from:				
Donations - Rothamsted International	-	-	407	407
	-	-	407	407
Investments	341,727	-	460	567,897
	341,727	-	867	568,304
Charitable Activities:				
Estate Management	897,137	-	225,546	896,973
Total Income	1,239,324	-	226,413	1,456,277
Expenditure on:				
Raising Funds:				
Investment Management costs	11,128	-	-	11,128
Charitable Activities:				
Estate Management	370,455	-	-	370,455
Research	351,939	-	33,006	384,945
Research – impairment	1,704,574	954,676	-	2,659,250
Total Charitable Expenditure	2,426,968	954,676	33,006	3,414,650
Total Expenditure	2,438,096	954,676	33,006	3,425,778
Net gains on investments	-	504,573	-	504,573
Net (expenditure)/income	(1,199,232)	(450,103)	193,407	1,455,928
Transfers between funds	225,546	-	(225,546)	-
Net Movement in Funds in Year	(973,686)	(450,103)	(32,139)	(1,455,928)
Reconciliation of Funds				
Funds Balance Brought Forward as at 1 April	9,086,320	15,037,016	362,593	24,485,929
Funds Balance Carried Forward as at 31 March	8,112,634	14,586,913	330,454	23,030,001

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (continued)

4. Income from donations

	General £	Designated £	Restricted £	Total 2018 £	Total 2017 £
Rothamsted International	-	-	1,251	1,251	407
	-	-	1,251	1,251	407

5. Investments

	General £	Designated £	Restricted £	2018 £	2017 £
Dividends	138,095	-	-	138,095	161,456
Bank interest	1,223	-	-	1,223	707
Letting income	313,426	-	-	313,426	405,734
	452,744	-	-	452,744	567,897

6. Income from charitable activities

	General £	Designated £	Restricted £	Total 2018 £	Total 2017 £
Rental income from estate properties	938,168	-	-	938,168	670,783
Dilapidation income	-	-	-	-	225,546
Sundry income	644	-	-	644	644
	938,812	-	-	938,812	896,973

During 2018 a review of the nature of tenancies was conducted and nine tenancies which had previously been classified as investment income are considered charitable in nature. The 2018 income in respect of these tenancies was £206,904, which is now included in Note 6 as Income from Charitable Activities (the corresponding income for 2017: £168,710 remains included in Note 5 and has not been restated).

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018 (continued)

7a. Support costs

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

	Raising Funds £	Estate Management £	Governance Costs £	Total 2018 £	Total 2017 £
Legal and other professional fees	14,908	34,580	14,908	64,396	45,153
Audit fees: RSM UK Audit LLP	-	-	30,706	30,706	29,861
	<u>14,908</u>	<u>34,580</u>	<u>45,614</u>	<u>95,102</u>	<u>75,014</u>
2017	<u>6,773</u>	<u>31,607</u>	<u>36,634</u>	<u>75,014</u>	

Governance costs are then further allocated with £41,053 (2017: £32,971) allocated to Estate Management and £4,561 (2017: £3,663) allocated to Raising Funds. RSM UK Tax and Accounting Limited was paid £1,500 (2017: £1,500) for tax services provided during the year.

7b. Analysis of Charitable Expenditure

	General £	Designated £	Restricted £	Total 2018 £	Total 2017 £
Estate Management - Direct	557,641	-	-	557,641	305,877
Estate Management - Support	75,633	-	-	75,633	64,578
Estate Management	<u>633,274</u>	<u>-</u>	<u>-</u>	<u>633,274</u>	<u>370,455</u>
Research	500,000	-	75,784	575,784	384,945
Impairment (reversal)/charge	(521,618)	-	-	(521,618)	2,659,250
Research	<u>(21,618)</u>	<u>-</u>	<u>75,784</u>	<u>54,156</u>	<u>3,044,195</u>
Total	<u>611,656</u>	<u>-</u>	<u>75,784</u>	<u>687,440</u>	<u>3,414,650</u>

8. Expenditure on Raising Funds

	2018 £	2017 £
Investment management costs	3,293	692
Direct costs	<u>3,293</u>	<u>692</u>
Support costs (Note 7a)	19,469	10,436
	<u>22,762</u>	<u>11,128</u>

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Trustees and Related Party Transactions

The Trust is served by 3 staff members, who are employed by Rothamsted Research, and recharged to the Trust at cost of £37,092 (2017: £Nil). There was no payment of remuneration to trustees in the year (2017: £Nil). 2 (2017: 6) trustees claimed reimbursement of travel expenses, the amount of which was £270 (2017: £1.5k).

The key management personnel are considered to be the Trustees and the Chief Executive/Company Secretary. The Trustees did not receive any emoluments for their services (2017: £Nil). The services of the Chief Executive/Company Secretary were provided during the year by Chaseside Solutions Ltd, a company owned by the previous Chief Executive/Company Secretary, and costs of £27k (2017: £42k) were incurred in relation to these services to October 2017. £Nil was owed to Chaseside Solutions Ltd at the year-end (2017: £11k). For the remainder of the year, the services of the Chief Executive/Company Secretary were recharged from Rothamsted Research Ltd and totalled £26,502.

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

The net balance due to Rothamsted Research at 31 March 2018 was £237k (2017: due from Rothamsted Research £71k). Details are in Notes 12 and 13a. Grants paid to Rothamsted Research in respect of research expenditure are detailed in Note 7b above. Rothamsted Research also uses certain of the Trust's tangible fixed asset properties and land held for charitable use as described in Note 10. Rothamsted Research has made a contribution of £Nil to the Trust in respect of dilapidations on one of these properties (2017: £225,546) - see Note 6.

The Trust also worked closely with a subsidiary of Rothamsted Research, Rothamsted Manor Limited ("RML"), which previously collected rents and paid expenses on a number of the Trust's properties that were then transferred to the Trust. In the year 2017/18, RML collected £Nil (2017: £114k) in income and paid £Nil (2017: £114k) in costs. At the year end, the Trust was owed £12.5k in relation to dilapidation costs incurred and recharged to RML (2017: owed net £43k to RoCRE as set out in Note 13a).

The Trust has agreed to provide land on a suitable lease basis for the Lawes Open Innovation Hub, the Conference Centre extension and improved car parking at Rothamsted, which has been constructed by Rothamsted Centre for Research and Enterprise Limited (RoCRE), a joint venture of the Trust as detailed in Note 11). As set out in Note 12, the Trust has retained an unsecured working capital loan to RoCRE of £50k (2017: £50k), which remains outstanding at the year end. No interest is charged on this concessionary loan, which is due for repayment on 31 March 2020 if not settled earlier. The Trust has accrued income of £14k (2017: Nil) from prior years for rental of Brooms Barn by Rothamsted Research.

In 2015/16, a capital grant was paid by the Hertfordshire LEP to RoCRE to fund refurbishment of the Daniel Hall laboratories. However, as Lawes Agricultural Trust owns Daniel Hall and conducted the refurbishment, RoCRE owed £500k to the Trust at 31 March 2016. This was paid to the Trust during 2016/17.

Costs again exclude the cost of administering the actual Fellowship awarding process in connection with Rothamsted International as these costs have been borne by Rothamsted Research Limited in 2018 and 2017. This is normal practice for such a granting body.

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (continued)

10. Tangible Assets

	Freehold land and buildings £	Collections of books and paintings £	Rare furniture, statuary and effects £	Total £
Cost/Deemed cost as at 1 April 2017	8,179,020	4,333,050	334,950	12,847,020
Additions	3,044,947	-	-	3,044,947
Cost/Deemed cost as at 31 March 2018	<u>11,223,967</u>	<u>4,333,050</u>	<u>334,950</u>	<u>15,891,967</u>
Impairment as at 1 April 2017	-	2,659,250	-	2,659,250
Reversal of impairment	-	(521,618)	-	(521,618)
Impairment as at 31 March 2018	<u>-</u>	<u>2,137,632</u>	<u>-</u>	<u>2,137,632</u>
Net book value as at 31 March 2018	<u>11,223,967</u>	<u>2,195,418</u>	<u>334,950</u>	<u>13,754,335</u>
Net book value as at 31 March 2017	<u>8,179,020</u>	<u>1,673,800</u>	<u>334,950</u>	<u>10,187,770</u>
Historical cost as at 31 March 2018	<u>11,223,967</u>	<u>1,883,724</u>	<u>326,300</u>	<u>13,433,991</u>
Historical cost as at 31 March 2017	<u>8,179,020</u>	<u>1,883,724</u>	<u>326,300</u>	<u>10,389,044</u>

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

The collections of rare furniture, statuary and effects were revalued in May 2007 by L & J Gull Fine Arts Limited International Valuers and Loss Adjusters at an estimated open market value of £334,950. The collection of prints and paintings were revalued in May 2007 by L & J Gull Fine Arts Limited International Valuers and Loss Adjusters at an estimated open market value of £395,050. These values were adopted by the Trustees as at 31 March 2007 and are now held at deemed cost at the date of transition to FRS 102.

The collection of rare books was revalued by Bernard Quaritch Ltd in March 2017, at a fair value of £1,278,750 and consequently a partial impairment reversal of £521,617 has been recognised in the year (2017: £2,659,250). Subsequent to the year end, in July 2018, the rare books were auctioned, attracting final receipts (including commission) totalling £1,800,368. Due to this, a reversal of impairment totalling £521,618 has been recognised.

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018 (continued)

11. Fixed Asset Investments

	Note	2018 £	2017 £
Investment properties	13a	6,135,129	6,135,129
Quoted investments	13b	3,711,931	5,338,527
Unlisted investment	13c	153,463	153,463
		<u>10,000,523</u>	<u>11,627,119</u>

	2018 £	2017 £
a) Investment Properties at valuation		
Fair value at 1 April	6,135,129	5,705,000
Additions	-	486,129
Deficit on revaluation	-	(56,000)
Fair value at 31 March	<u>6,135,129</u>	<u>6,135,129</u>
Historic cost at 31 March	<u>819,497</u>	<u>819,497</u>

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

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

	2018 £	2017 £
b) Movements on Quoted Investments		
Fair value as at 1 April	5,338,527	5,443,917
Additions	-	2,550,000
Disposals	(1,644,624)	(3,215,963)
Investment gains	18,028	560,573
Fair value	<u>3,711,931</u>	<u>5,338,527</u>
Historic cost	<u>2,559,432</u>	<u>4,167,796</u>

LAWES AGRICULTURAL TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (continued)

Fixed Asset Investments (continued)

c) Summary of Quoted and Unlisted Investments

	£
Unlisted investment (Note 13d)	153,463
Quoted Equities: Europe	188,984
Quoted Equities: Global	673,227
Hedge Funds	2,544,153
Property	16,986
Liquid Assets-Global	235,300
Cash	53,281
	<hr/>
Fair value as at 31 March 2018	3,865,394
	<hr/>
Historic cost as at 31 March 2018	2,646,785
	<hr/>

Significant investments within the total investment holdings at 31 March 2018 are as follows:

	£	%
Sarasin Global Equity	673,227	17
ICS-INS Sterling Liq- Heritage Account	235,300	6
Sarasin Endowments Fund -Class A INC	2,544,153	66
	<hr/>	<hr/>

d) Unlisted Investment

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

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018 (continued)

11. Fixed Asset Investments (continued)

e) Joint Venture Investment

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

RoCRE is a joint venture between the Lawes Agricultural Trust (40%), Rothamsted Research (40%), and the BBSRC (20%). 40% of the results and the assets and liabilities of the joint venture for the year ended 31 March 2018 are set out below:

	2018 £'000	2017 £'000
Turnover	617	541
Cost of sales	(542)	(512)
Gross profit	75	29
Administrative expenses	(150)	(121)
Loss before tax	(75)	(92)
Deferred taxation	-	(26)
Retained loss for the year	(75)	(118)
Net liabilities at 1 April	(220)	(102)
Net liabilities at 31 March	(295)	(220)
Being:		
Tangible fixed assets	4,682	4,883
Current assets	425	344
Current liabilities: Creditors: due within one year	(613)	(440)
Creditors: due after more than one year	200	(204)
Deferred capital grant	(4,989)	(4,803)
Net liabilities at 31 March	(295)	(220)

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018 (continued)

12. Debtors

	2018	2017
	£	£
Due within 1 year		
Trade debtors	43,068	78,048
Amounts due from Rothamsted Research Limited	-	225,547
Amounts due from Rothamsted Manor Limited	12,545	-
Prepayments and accrued Income	14,693	4,467
	<u>70,306</u>	<u>308,062</u>
Due after more than 1 year		
Rothamsted Centre for Research and Enterprise Limited	50,000	50,000
	<u>120,306</u>	<u>358,062</u>

13a. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	70,113	298,338
Amounts due to Rothamsted Research Limited	236,414	154,357
Amounts due to Rothamsted Manor Limited	-	43,373
Amounts due to Rothamsted Centre for Research and Enterprise Limited	43,020	-
Deferred Income	81,909	55,233
VAT	9,947	4,125
Accruals	154,167	153,869
	<u>595,570</u>	<u>709,295</u>

13b. Creditors: amounts falling due after one year

This relates to a bank loan to part-fund the construction of the Fisher and De Ramsey Court buildings, financed by Barclays. The loan is repayable by way of bullet repayment two years following the date of first drawdown – it will therefore be repayable in full 30 June 2019. By way of security, Barclays took fixed charges over all Trust land and buildings: in October 2018, Barclays agreed to remove this blanket security and instate fixed charges over just the Fisher and De Ramsey Court buildings.

14. Funds and transfers

All 2017/18 fund movements are shown in the Statement of Financial Activities on Page 16. In the year ended 31 March 2017, there was a transfer of £225,546 from restricted to unrestricted funds representing the utilisation of a capital grant from Hertfordshire LEP for the refurbishment of laboratory facilities in Daniel Hall, which had been completed.

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018 (continued)

15. Net Assets: analysis between funds

	Unrestricted Funds	Restricted Fund	Total	
31 March 2018				
	General Fund £	Designated Capital Reserve Fund £	Rothamsted International £	£
Allocation of Net Assets:				
Tangible fixed assets	6,654,332	7,100,003	-	13,754,335
Investments	1,706,906	2,158,487	-	3,865,393
Investment properties	819,497	5,315,632	-	6,135,129
Current assets	1,987,702	30,819	255,921	2,274,442
Long term liabilities	(2,298,665)	-	-	(2,298,665)
	8,869,772	14,604,941	255,921	23,730,634

	Unrestricted Funds	Restricted Funds	Total	
31 March 2017				
	General Fund £	Designated Capital Reserve Fund £	Rothamsted International £	£
Allocation of Net Assets:				
Tangible fixed assets	3,087,767	7,100,003	-	10,187,770
Investments	3,351,531	2,140,459	-	5,491,990
Investment properties	819,497	5,315,632	-	6,135,129
Current assets	853,839	30,819	330,454	1,215,112
	8,112,634	14,586,913	330,454	23,030,001

Purposes of funds

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

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

Rothamsted International is a restricted fund of the Trust established for the purposes set out on pages 6 of the Report of the Trustees.

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018 (continued)

16. Property matters

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

The Trust has a potential contingent liability estimated in the region of £700k relating to VAT on the construction costs for the Fisher and De Ramsey Court buildings. This is covered in Note 2 to these financial statements.

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

	2018 £	2017 £
Net income/(expenditure) for the year	700,633	(1,445,928)
Dividends, interest and rent from investments	(452,744)	(567,897)
Gain on disposal of investments	(18,028)	(504,573)
Impairment on books	(521,618)	2,659,250
Interest payable	29,308	-
Operating cash flows before movement in working capital	(262,449)	130,851
Decrease in debtors	237,756	257,541
(Increase)/decrease in creditors	(113,725)	337,131
Cash (used in)/generated by operating activities	(138,418)	725,524

LAWES AGRICULTURAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018 (continued)

18. Financial Instruments

	2018 £	2017 £
Financial assets at amortised cost	57,761	303,595
Other financial assets:		
Concessionary loan at cost plus accrued	50,000	50,000
Financial assets (investments) at fair value through income and expense	3,865,394	5,491,990
Financial liabilities at amortised cost	2,826,533	649,937

19. Post Balance Sheet Events

As referred to in the Report of the Trustees above, the Trust received the Charity Commission approval for the transfer of Rothamsted International to Rothamsted Research on 17 September 2018. The mechanisms for completing this transaction are in the process of being completed.