

HORTICULTURE RESEARCH INTERNATIONAL
(A Company Limited by Guarantee)

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 1996



COMPANY NO: 173485
CHARITY REGISTRATION NO: 211581

HORTICULTURE RESEARCH INTERNATIONAL

CONTENTS

	Page
Company information	1
Report of the directors	2 - 5
Report of the auditors	6
Statement of financial activities	7
Balance sheet	8
Cash flow statement	9
Notes to the accounts	10 - 21

HORTICULTURE RESEARCH INTERNATIONAL

COMPANY INFORMATION

Board of Directors	Mr G Terry Pryce (Chairman), CBE Mrs V A Boakes Professor D Boulter, CBE Dr P J Bunyan Professor J A Callow Professor T J Flowers Mr M G Holmes Mr A P Mitchell, CBE Dr R F Pugh Mrs S R Beard (resigned 15 May 1996)
Chief Executive	Professor C C Payne
Secretary	Mr T G J Heller
Registered office	Wellesbourne Warwickshire CV35 9EF
Auditors	Robson Rhodes Chartered Accountants Bankfield House 132 New Walk Leicester LE1 7JA
Bankers	The Royal Bank of Scotland plc 79/83 Colmore Row Birmingham B3 2AP
Solicitors	Stones Porter 26 Farrington Street London EC4A 4AQ Lawrence Graham 190 Strand London WC2

HORTICULTURE RESEARCH INTERNATIONAL

REPORT OF THE DIRECTORS

The directors present their annual report and the audited accounts for the year ended 31 March 1996.

Status and principal activities of the company

The Company is limited by Guarantee and has charitable status. It is an Executive Non-Departmental Public Body operating towards Next Steps lines, sponsored by the Ministry of Agriculture, Fisheries and Food (MAFF) and regulated by a Management Statement agreed with MAFF. HRI's purpose is to carry out research and development (R&D) work in support of horticulture and related industries and to exploit the results commercially. The Company is managed by a Chief Executive who reports to a non-executive Board of Directors.

Review of the development and future of the Company's activities

During the year, the Company enhanced its position as the principal UK contractor for R&D in horticulture. Income for 1995-96 marginally exceeded the targets set in the HRI Corporate Plan. However, income earned from Government customers fell slightly by £200,000 to £17.0m, despite a reduction in MAFF commissioned research of £1.5m. This was achieved by HRI successfully competing for the increased funding available for MAFF open, competitive and Link contracts, which increased its income from this source by 247% to £1.6m. Following the vigorous growth in previous years, the level of other commercial income dropped slightly in 1995/96 to £4.7m (£4.8m in 1994/95). During the year there has been a further reduction in the levy income available through the Horticultural Development Council. Despite increased competition for European Commission funding, HRI has successfully maintained its level of overseas income.

MAFF invested £9.0m in HRI's restructuring building programme during 1995/96 with the focus of activity at Wellesbourne, where a number of facilities and infrastructure projects were completed. Amongst these was the long awaited refurbishment of the Prince Philip and David Lowe laboratories, and the construction of new library and conference facilities. The first phase of the building programme's largest single contract, the construction of the new glasshouse area at Wellesbourne, was completed at the end of the year, in readiness for use by scientists recently transferred from Littlehampton. The new glasshouses represent state-of-the-art facilities designed with maximum flexibility for future use in mind. At East Malling, the refurbishment of the EMB laboratory building commenced. Rigorous management of the programme continued to ensure that each new project was delivered within budget and when required for use. A bid for a supplementary investment of £1.8m, for completion of the programme, was approved by MAFF, increasing the overall funding to £44.242m.

The programme of transfers of staff and their families from Littlehampton and East Malling was completed on target with Littlehampton closing on 15 December 1995. Incoming staff have integrated well with their Wellesbourne colleagues and their new surroundings. A planned reduction in staff posts through a programme of voluntary and compulsory redundancies was completed during 1995/96.

During the year the management structure of the Company was reviewed. The conclusion of the review was to introduce site based management with effect from 1 April 1996. The posts of Site Director of Wellesbourne and Site Director of East Malling were advertised internationally which produced strong shortlists; after interviews, Dr Crute and Dr Thompson were appointed to Wellesbourne and East Malling respectively with Dr Shipway continuing as Director of the Horticultural Development Division.

HORTICULTURE RESEARCH INTERNATIONAL

REPORT OF THE DIRECTORS (Continued)

Review of the development and future of the company's activities (continued)

HRI continues to be very successful in the transfer of its R&D results to the end-user. The number of technology transfer events averaged more than two for each week of the year and, as in previous years, many were in association with the HDC, APRC and the Research Associations. There was a further increase in finely-focused events, whether concerned with a single specialist commodity such as Poinsettias or with complex technology such as controlled environment storage or softwood cutting technology. However, attendances remained high at events dealing with topics of major interest such as mushroom or tomato production.

Appreciation of the strong relationship between HRI and the industry it serves has appeared in publications and reports as diverse as the editorial columns of the Grower and reports from the House of Lords Select Committee on Science and Technology and the House of Commons Agriculture Committee. However, during the year, HRI was one of many public sector research organisations to be subjected to the Government's Prior Options Review process. This process focuses on whether research needs to be undertaken by a public sector body or could be performed in the private sector; and whether there is scope for rationalisation with other public sector research establishments working in the same area. It is the Board's view that HRI is operating effectively and appropriately in the public sector undertaking research which is for the public good.

Any future changes in ownership must not prejudice HRI's capacity to provide what the UK horticultural industry and its other customers require. Successful privatisation would demand substantial financial resources and stability: at present these, and a sustainable cash flow are not in place. The Board believes that there is no immediate practicable alternative for HRI other than to remain in the public sector. HRI's mission requires a breadth of coverage of research discipline and horticultural commodity that a private sector buyer would be unlikely to be able to sustain. Additionally, HRI must remain as a source of impartial advice or risk losing its credibility: any change that distances the industry would be greatly prejudicial to the future success and competitiveness, not simply of HRI but also UK horticulture.

Results

The results for the year are set out on page 7.

Fixed assets

Movements in tangible fixed assets are set out in note 8 to the accounts.

Directors

The directors at the date of this report are set out on page 1.

Mrs S R Beard resigned as a director of the company on 15 May 1996.

Charitable status

The company is registered as a charity by the Charity Commission.

HORTICULTURE RESEARCH INTERNATIONAL

REPORT OF THE DIRECTORS (Continued)

Employees

During the year the company has continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the company's position and of any significant organisational changes.

The company is aware of its statutory duty to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the company, as well as generally through training and career development.

The company is an equal opportunities employer.

Directors' responsibilities for the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these accounts, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards and the Statement of Recommended Practice, Accounting by Charities, and;
- prepared the accounts on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under the Management Statement of the company, the accounting officer of the company (who is the Chief Executive) is responsible to the Accounting Officer of the Ministry of Agriculture, Fisheries and Food and accountable to Parliament for the proper and effective management of all public funds spent with the company.

HORTICULTURE RESEARCH INTERNATIONAL

REPORT OF THE DIRECTORS
(Continued)

Auditors

The auditors, Robson Rhodes are willing to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Approval

The report of the directors was approved by the Board on 11 September 1996 and signed on its behalf by:

G Terry Pryce
Chairman

A handwritten signature in black ink, appearing to read 'G Terry Pryce', with a horizontal line underneath.

HORTICULTURE RESEARCH INTERNATIONAL

REPORT OF THE AUDITORS TO THE MEMBERS OF HORTICULTURE RESEARCH INTERNATIONAL

We have audited the accounts on pages 7 to 21 which have been prepared on the basis of the accounting policies set out on pages 10 to 12.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1996 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robson Rhodes
Chartered Accountants and Registered Auditor

Leicester

11 September 1996

HORTICULTURE RESEARCH INTERNATIONAL

STATEMENT OF FINANCIAL ACTIVITIES year ended 31 March 1996

	Note	1996 £'000	1995 £'000
Income and Expenditure			
Incoming Resources			
Commission from Ministry of Agriculture, Fisheries and Food	2	11,747	13,247
Grant in aid from the Biotechnology and Biological Sciences Research Council		3,603	3,353
Commercial contracts research income			
MAFF open and link contracts	2	1,564	633
Other		4,671	4,799
Other receipts		1,323	1,516
Amortisation of capital grants		2,321	2,118
Total Incoming Resources		<u>25,229</u>	<u>25,666</u>
Resources Expended			
Direct charitable expenditure	4	24,015	23,723
Other expenditure:			
Management and administration	4	1,680	1,674
Total Resources Expended		<u>25,695</u>	<u>25,397</u>
Net (Outgoing)/Incoming resources for the year	3	(466)	269
Fund balances brought forward at 1 April 1995			
Reserve fund		1,521	1,252
Accumulated surpluses		639	639
Fund balances carried forward at 31 March 1996			
Reserve fund	16	1,521	1,521
Accumulated surpluses	17	173	639

Supplementary notes

- The company's results for the year relate entirely to continuing operations. No acquisitions were made during the year.
- The company made no recognised gains or losses during the year other than the deficit as reported above.

HORTICULTURE RESEARCH INTERNATIONAL

BALANCE SHEET at 31 March 1996

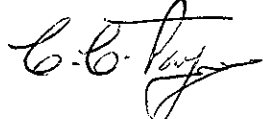
	Note	1996 £'000	1995 restated £'000
Fixed assets			
Tangible assets	8	40,916	33,797
Investments	9	-	-
		<u>40,916</u>	<u>33,797</u>
Current assets			
Stocks	10	463	508
Debtors	11	5,372	5,374
Cash at bank and in hand		3,077	1,701
		<u>8,912</u>	<u>7,583</u>
Creditors: Amounts falling due within one year	12	(6,487)	(5,293)
		<u>2,425</u>	<u>2,290</u>
Net current assets			
Capital grants: Amounts to be amortised within one year	13	(2,300)	(2,100)
		<u>125</u>	<u>190</u>
Total assets less current liabilities		<u>41,041</u>	<u>33,987</u>
Capital grants: Amounts to be amortised after more than one year			
	13	(36,626)	(29,694)
Provisions for liabilities and charges			
Pensions reserve fund	14	(2,421)	(1,833)
Other provisions	14	(300)	(300)
		<u>1,694</u>	<u>2,160</u>
Income funds			
Reserve fund	16	1,521	1,521
Accumulated surpluses	17	173	639
		<u>1,694</u>	<u>2,160</u>

The accounts were approved by the Board on 11 September 1996 and signed on its behalf by:

G TERRY PRYCE

 - CHAIRMAN

C C PAYNE

 - CHIEF EXECUTIVE

HORTICULTURE RESEARCH INTERNATIONAL

CASH FLOW STATEMENT year ended 31 March 1996

	1996 £'000	1995 £'000
Net cash inflow/(outflow) from operating activities	1,933	(126)
Returns on investment and servicing of finance		
Interest received	128	129
Investing activities		
Payments for tangible fixed assets	(10,231)	(8,236)
Receipts from sale of tangible fixed assets	93	41
	(10,138)	(8,195)
	(8,077)	(8,192)
Financing		
Capital grants received	9,453	7,302
Increase/(decrease) in cash and cash equivalents	1,376	(890)
Notes:		
1. Reconciliation of surplus for the year to net cash outflow from operating activities		
(Deficit)/surplus for the year	(466)	269
Depreciation	3,112	2,800
Profit on sale of tangible fixed assets	(93)	(39)
Pension provisions and net transfers	594	894
Pensions paid	(6)	-
Contract claims provision	-	-
Amortisation of capital grants	(2,321)	(2,118)
Interest receivable	(128)	(129)
Decrease/(increase) in stocks	45	(55)
Decrease/(increase) in debtors	2	(2,613)
Increase in creditors	1,194	865
Net cash inflow/(outflow) from operating activities	1,933	(126)
2. Analysis of changes in cash and cash equivalents during the year		
Balance at 1 April 1995	1,701	2,591
Net cash inflow/(outflow)	1,376	(890)
Balance at 31 March 1996	3,077	1,701

HORTICULTURE RESEARCH INTERNATIONAL

NOTES TO THE ACCOUNTS

31 March 1996

1. ACCOUNTING POLICIES

Convention

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards and the Statement of Recommended Practice, Accounting by Charities.

Basis of preparation

The format of the accounts has been adapted from that laid down in Part 1 of Schedule 4 to the Companies Act 1985 to suit the circumstances of the company as permitted by paragraph 3(3) of that Schedule.

Income

Grants receivable from the Biotechnology and Biological Sciences Research Council and the Commission from the Ministry of Agriculture, Fisheries and Food are recognised in the income and expenditure account on the basis of agreed programmes of work.

Research income from other bodies consists of the invoiced value (excluding VAT) for work undertaken during the year. Income arising on long term contracts is recognised on the basis of the sales value of work performed in the year.

Income from sales of produce, publications and sundry items consists of amounts invoiced during the year, excluding value added tax.

Expenditure

Expenditure is charged to the income and expenditure account as goods and services are received. The charge includes value added tax attributable to the expenditure.

Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost (less any estimated residual value) of each asset evenly over its expected useful life, as follows:

Additions to leasehold land and buildings	-	over 50 years
Plant and machinery, fixtures and fittings	-	over 3-8 years

The original cost of leasehold improvements is written off on disposal, and the original cost of equipment is written off at the earlier of disposal or the expiration of a ten year life.

Government grants

Government grants receivable for capital expenditure are credited to unamortised Capital Grants account (see note 13) and released to the income and expenditure account over the expected useful lives of the relevant assets.

Grants of a revenue nature are credited to income in the year to which they relate.

HORTICULTURE RESEARCH INTERNATIONAL

NOTES TO THE ACCOUNTS

31 March 1996

1. ACCOUNTING POLICIES (Continued)

Long term contracts

Long term contracts are those extending in excess of 12 months and any of a shorter duration in progress at 31 March which are material to the activity of the period. Attributable income is recognised proportionate to the percentage of completion of each contract. Immediate provision is made for all foreseeable losses if a contract is assessed as unprofitable.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each item to its present location and condition.

Raw materials and consumables	-	purchase cost on a first-in, first-out basis
Growing crops	-	cost of direct materials and labour plus attributable overheads by using standard industry rates

Net realisable value is based on the estimated selling prices, less further costs expected to be incurred to completion and disposal.

Pensions

Superannuation benefits are provided for eligible employees of the Biotechnology and Biological Sciences Research Council on loan to the company under a scheme administered and financed by the Council. Benefits for eligible employees of the Ministry of Agriculture, Fisheries and Food on loan to the company are provided under the Principal Civil Service Pension Scheme. The company pays an actuarially assessed superannuation contribution, currently 12% for Industrial grade and 13½% for Non-industrial grade employees, to both these schemes. The costs for the current year are included in Note 4 under Employee costs.

The company also sets aside in the Pensions reserve fund the same level of superannuation contribution in respect of eligible employees holding contracts of employment with the company and also accumulates in the Fund any pension transfer values received in respect of these employees. This treatment is in accordance with Paragraph 31 of the Financial Memorandum to the company's Management Statement. An actuarial valuation of the company's liability in respect of Horticulture Research International employees was commissioned as at 31 March 1996. The preliminary results of the current assessment are detailed in note 5. Such valuations are carried out at each year end and annual superannuation charges are considered accordingly.

HORTICULTURE RESEARCH INTERNATIONAL

NOTES TO THE ACCOUNTS

31 March 1996

1. ACCOUNTING POLICIES (Continued)

Research and development

Research and development expenditure on externally funded commercial projects is matched with the related income. All other research and development expenditure is written off in the year it is incurred.

2. MINISTRY OF AGRICULTURE, FISHERIES AND FOOD INCOME

	1996 £'000	1995 £'000
Commission	11,747	13,247
Open contracts	1,210	362
Link contracts	354	271
	<u>13,311</u>	<u>13,880</u>

3. NET (OUTGOING)/INCOMING RESOURCES

	1996 £'000	1995 £'000
Net (outgoing)/incoming resources for the year is stated after charging:		
Auditors' remuneration		
Audit services	29	28
Other services	9	3
Directors' remuneration (see note 6)	61	57
Directors' reimbursed expenditure	9	10
Depreciation of tangible fixed assets	3,112	2,800
Operating lease charges		
Plant and machinery	29	44
Land and buildings	596	565
	<u>2,321</u>	<u>2,118</u>
And after crediting:		
Amortisation of capital grants (see note 13)	2,321	2,118
Rental income	174	156
Bank interest	128	129
	<u>2,623</u>	<u>2,513</u>

HORTICULTURE RESEARCH INTERNATIONAL

NOTES TO THE ACCOUNTS

31 March 1996

4. RESOURCES EXPENDED

	Direct charitable expenditure £'000	1996 Management and administration £'000	Total £'000
Employee costs	13,557	911	14,468
General operational costs	7,368	747	8,115
Depreciation	3,090	22	3,112
	<u>24,015</u>	<u>1,680</u>	<u>25,695</u>

	Direct charitable expenditure £'000	1995 Management and administration £'000	Total £'000
Employee costs	14,157	952	15,109
General operational costs	6,783	705	7,488
Depreciation	2,783	17	2,800
	<u>23,723</u>	<u>1,674</u>	<u>25,397</u>

5. EMPLOYEES AND EMPLOYEE COSTS

	1996 Number	1995 Number
a) Average number of persons employed during the year:		
Science	375	374
Administration	96	106
Other non-industrial	97	107
Industrial/agricultural	157	180
	<u>725</u>	<u>767</u>

Of the 725 (1995 - 767) staff of the company, 461 (1995 - 522) are employed by the BBSRC, 94 (1995 - 126) by the Ministry of Agriculture, Fisheries and Food, and 170 (1995 - 119) by the company.

HORTICULTURE RESEARCH INTERNATIONAL

NOTES TO THE ACCOUNTS

31 March 1996

5. EMPLOYEES AND EMPLOYEE COSTS (Continued)

	1996 £'000	1995 £'000
b) Costs in respect of these staff were:		
Wages and salaries	12,054	12,508
Social security costs	880	911
Superannuation costs	1,534	1,690
	<u>14,468</u>	<u>15,109</u>
c) Chief executive's total remuneration inclusive of superannuation costs	<u>85</u>	<u>79</u>
d) The following number of senior employees received remuneration falling within the following ranges:		
	Number	Number
£30,001 - £35,000	33	43
£35,001 - £40,000	11	7
£40,001 - £45,000	10	8
£45,001 - £50,000	4	3
	<u> </u>	<u> </u>

- e) As stated in note 1, the company sets aside in the Pensions reserve fund superannuation contributions in respect of eligible employees holding contracts of employment with the company and also accumulates in the Fund any pension transfer values received in respect of these employees. As at the balance sheet date the liability accrued in the accounts amounted to £2.42m (see note 13).

An actuarial valuation of the company's liability in respect of Horticulture Research International employees transferring into the Principal Civil Service Pension Scheme at a future date was commissioned as at 31 March 1996. The valuation is being performed by the Government Actuary's Department. The results of the current assessment indicate a total estimated accrued pension liability of £2.12 million in respect of the 180 staff employed by the company at that date. The demographic and economic assumptions used for the purpose of the valuation were based on analyses of the experience of the generality of Civil Servants.

The directors consider it imprudent on a year on year basis to transfer the calculated surplus on the pension reserve fund that is indicated by the actuarial assessment back to the accumulated surpluses of the company.

HORTICULTURE RESEARCH INTERNATIONAL

NOTES TO THE ACCOUNTS

31 March 1996

6. DIRECTORS' REMUNERATION

	1996 £'000	1995 £'000
Directors remuneration	61	57
Chairman (and highest paid director)	22	22

The other directors received remuneration in the following bands:

	Number	Number
£0 - £5,000	9	8

7. TAXATION

The company is a registered charity and therefore no corporation tax is payable.

HORTICULTURE RESEARCH INTERNATIONAL

NOTES TO THE ACCOUNTS

31 March 1996

8. TANGIBLE FIXED ASSETS

	Additions to leasehold land and buildings £'000	Plant and machinery, fixtures and fittings £'000	Total £'000
Cost			
At 1 April 1995	37,911	6,722	44,633
Additions in year at cost	9,141	1,090	10,231
Disposals	-	(539)	(539)
Expiration of 10 year life	-	(729)	(729)
At 31 March 1996	<u>47,052</u>	<u>6,544</u>	<u>53,596</u>
Depreciation			
At 1 April 1995	5,622	5,214	10,836
Charged in year	1,973	1,139	3,112
Disposals/expiration of 10 year life	-	(1,268)	(1,268)
At 31 March 1996	<u>7,595</u>	<u>5,085</u>	<u>12,680</u>
Net book value			
At 31 March 1996	<u>39,457</u>	<u>1,459</u>	<u>40,916</u>
At 31 March 1995	<u>32,289</u>	<u>1,508</u>	<u>33,797</u>

Less than one per cent of total net book value of the tangible fixed assets recorded above relate to the management and administration function.

All land occupied by Horticulture Research International is leased. It is assumed that on expiry of the leases concerned, they will be renewed in favour of the company.

9. INVESTMENTS

The following are wholly owned subsidiary companies:

Malling Limited
HRI Limited
Sciencebase Limited

The issued share capital of both Malling Limited and HRI Limited consists of 3 ordinary shares of £1 each. Sciencebase Limited has share capital consisting of 2 ordinary shares of £1 each. Each of these companies is registered in England and Wales and none traded during the year.

HORTICULTURE RESEARCH INTERNATIONAL

NOTES TO THE ACCOUNTS

31 March 1996

10. STOCKS

	1996 £'000	1995 £'000
Raw materials and consumables	411	456
Growing crops	52	52
	<u>463</u>	<u>508</u>

11. DEBTORS

	1996 £'000	1995 £'000
Trade debtors	1,483	3,140
Amounts recoverable on contracts	1,801	732
Other debtors	768	349
Salary deposit	896	896
Prepayments	424	257
	<u>5,372</u>	<u>5,374</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £'000	1995 £'000
Payments received on account	1,348	664
Trade creditors	1,561	1,425
Other creditors	3,432	2,830
Accruals and deferred income	146	374
	<u>6,487</u>	<u>5,293</u>

HORTICULTURE RESEARCH INTERNATIONAL

NOTES TO THE ACCOUNTS

31 March 1996

13. CAPITAL GRANTS

	1996 £'000	1995 £'000
Amounts to be amortised:		
Within one year	2,300	2,100
After more than one year	36,626	29,694
	<u>38,926</u>	<u>31,794</u>
	<u><u>38,926</u></u>	<u><u>31,794</u></u>
Movement in year:		
At 1 April 1995	31,794	26,610
Additions -		
Ministry of Agriculture, Fisheries and Food	9,181	6,948
BBSRC	272	352
Commercial contracts	-	2
Amortisation	(2,321)	(2,118)
At 31 March 1996	<u>38,926</u>	<u>31,794</u>
	<u><u>38,926</u></u>	<u><u>31,794</u></u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

Movements in the year:

	1996 £'000	1995 £'000
Pensions reserve fund		
At 1 April 1995	1,833	939
Provided in the year	450	653
Transfers in	230	247
Transfers out	(86)	(6)
Pensions paid	(6)	-
At 31 March 1996	<u>2,421</u>	<u>1,833</u>
	<u><u>2,421</u></u>	<u><u>1,833</u></u>
Other provisions:		
Provision for contract claims		
At 1 April 1995	300	300
Provided in the year	-	-
At 31 March 1996	<u>300</u>	<u>300</u>
	<u><u>300</u></u>	<u><u>300</u></u>

HORTICULTURE RESEARCH INTERNATIONAL

NOTES TO THE ACCOUNTS

31 March 1996

15. LIABILITY LIMITED BY GUARANTEE

The company is limited by the guarantee of the 10 Members, who are also the Directors, to a maximum of £1 each.

16. RESERVE FUND

	1996 £'000	1995 £'000
Movement in the year:		
Opening reserve fund - as previously reported	3,354	2,191
Pensions provisions and net transfers	-	894
Prior year adjustment	(1,833)	(1,833)
	<hr/>	<hr/>
Opening reserve fund - as restated	1,521	1,252
Surplus for the year	-	269
	<hr/>	<hr/>
At 31 March 1996	1,521	1,521
	<hr/> <hr/>	<hr/> <hr/>

Paragraph 31 of the Financial Memorandum to the company's Management Statement allows the company to establish a Reserve Fund for the purposes of providing for items of capital expenditure and pension costs in future years. The prior year adjustment set out above relates to the reclassification of the provisions in respect of pension costs being transferred to Provisions for liabilities and charges (see note 14). This change in accounting practice arises as a consequence of both the continued postponement of primary legislation in Parliament transferring all employees and pension liabilities into the Principal Civil Service Pension Scheme and the commencement of payment of pensions to retired former employees. The revised balance sheet treatment is in accordance with SSAP 24.

17. ACCUMULATED SURPLUSES

	1996 £'000	1995 £'000
At 1 April 1995	639	639
Deficit for the year	(466)	-
	<hr/>	<hr/>
At 31 March 1996	173	639
	<hr/> <hr/>	<hr/> <hr/>

Under the conditions of grant in aid agreed between the Biotechnology and Biological Sciences Research Council and the company, any unspent balance of an annual grant will not normally be surrendered at the end of a financial year, but the Council reserves the right to make adjustments in succeeding years

HORTICULTURE RESEARCH INTERNATIONAL

NOTES TO THE ACCOUNTS

31 March 1996

18. COMMITMENTS

	1996 £'000	1995 £'000
a) Capital commitments:		
Contracted for	3,394	9,200
	<hr/>	<hr/>
Not contracted for	4,200	4,800
	<hr/>	<hr/>

Horticulture Research International is currently undertaking a substantial capital restructuring programme. The total cost of the programme is approximately £44 million, including fees and VAT, and is being supported by HM Treasury, through the Ministry of Agriculture, Fisheries and Food. Of this amount £37 million was spent in the five years ending 31 March 1996.

The capital commitments shown above show the division of £7,594 million between contracted and not contracted commitments.

- b) Leasing commitments:
The annual commitments under operating leases are analysed according to the period in which each lease expires, as follows:

	1996 £'000	1995 £'000
i) Land and buildings, leases expiring:		
Within one year	-	-
In two to five years	215	215
Beyond five years	360	360
	<hr/>	<hr/>
	575	575
	<hr/>	<hr/>
ii) Plant and machinery, leases expiring:		
Within one year	27	-
In two to five years	21	45
Beyond five years	3	-
	<hr/>	<hr/>
	51	45
	<hr/>	<hr/>

HORTICULTURE RESEARCH INTERNATIONAL

NOTES TO THE ACCOUNTS

31 March 1996

19. CONTINGENT LIABILITIES

Insurances:

- a) Building insurance is only effected by the company in respect of the East Malling site.
- b) A policy is in existence to cover the company's liability under the Employers' Liability (Compulsory Insurance) Act 1969 for company employees, but certificates of indemnity under the Regulations of the Act are in operation from the Ministry of Agriculture, Fisheries and Food for MAFF employees and from the Office of Science and Technology for BBSRC employees.