

Horticulture Research International

(A Company Limited by Guarantee)

Directors' report and financial statements

for the year ended 31 July 2006

Registered number 173485



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HORTICULTURE RESEARCH INTERNATIONAL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2006

The directors present their report and the unaudited financial statements for the year ended 31 July 2006

Status and Principal activities of the company

Horticulture Research International ('HRI') is a company limited by guarantee and an exempt charity. HRI did not trade during the year.

Dividends

The Company is limited by guarantee of the members. The Company cannot distribute its profits to its members and therefore no dividend is payable.

Board of Directors

The Directors of the Company during the year were as follows:

V D VandeLinde - resigned 14 July 2006
J F Baldwin
Professor R B Freedman
Professor S B Palmer

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements 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.

HORTICULTURE RESEARCH INTERNATIONAL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2006

By order of the Board

A handwritten signature in black ink, appearing to read 'J F Baldwin', written in a cursive style.

J F BALDWIN
Secretary

Date 16th October 2006

Horticulture Research International

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 July 2006

	<i>Note</i>	2005/06	2004/05
		Total	Total
		£	£
INCOME			
Funding Council Grants	2	-	31,042
Academic Fees and Support Grants	3	-	11,280
Research Grants and Contracts	4	-	17,589,295
Other Operating Income	5	-	2,645,647
Endowment Income, Investment Income and Interest Receivable	6	<u>-</u>	<u>138,560</u>
Total Income		<u>-</u>	<u>20,415,824</u>
EXPENDITURE			
Staff Costs	7	-	10,193,022
Depreciation		-	1,899,938
Other Operating Expenses		<u>-</u>	<u>6,836,316</u>
Total Expenditure		<u>-</u>	<u>18,929,276</u>
Exceptional Items		<u>-</u>	<u>(5,268,680)</u>
DEFICIT FOR THE FINANCIAL YEAR		<u>-</u>	<u>(3,782,132)</u>

Horticulture Research International

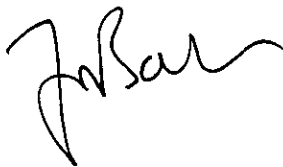
BALANCE SHEET at 31 July 2006

On 1 April 2004 the University of Warwick became the sole member of HRI and on 31 July 2005 the Company transferred the business and assets of the Company to the University for a consideration of £1. Therefore, during the financial year and preceding financial period, the Company held no assets and incurred no liabilities.

For the year ended 31 July 2006, the company was entitled to exemption under section 249A(1) of the Companies Act 1985. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2). The directors acknowledge their responsibility for

- i) Ensuring that the company keeps accounting records which comply with section 221, and
- ii) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These financial statements on pages 3 to 10 were approved by the Board of Directors on 16 October 2006 and were signed on its behalf by



**J F Baldwin
Director**

Horticulture Research International

CASH FLOW STATEMENT

For the year ended 31 July 2006

	<i>Notes</i>	2005/06 £	2004/05 £
Net Cash Outflow from Operating Activities	9	-	(16,007,141)
Returns on Investments and Servicing of Finance	10	-	138,560
Capital Expenditure and Financial Investment	11	<u>-</u>	<u>119,503</u>
Decrease in Cash		<u>-</u>	<u>(15,988,084)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS / (DEBT)

For the year ended 31 July 2006

	<i>Notes</i>	2005/06 £	2004/05 £
Decrease in Cash in the Period		-	(15,988,084)
Increase in provisions		<u>-</u>	<u>13,090,014</u>
Change in Net Funds		-	(2,898,070)
Net Funds at 1 August		<u>-</u>	<u>2,898,070</u>
Net Funds at 31 July		<u>-</u>	<u>-</u>

Horticulture Research International

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards and the Statement of Recommended Practice (SORP) Accounting in Further and Higher Education Institutions. This SORP is the most relevant to apply to this company as an exempt charity and wholly owned subsidiary of the University of Warwick.

2. HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND & TEACHER TRAINING AGENCY GRANTS	2005/06	2004/05
	£	£
<u>Recurrent Grants</u>		
Higher Education Funding Council for England		
Teaching	-	16,280
Research	-	11,742
<u>Specific Grants</u>		
HE Innovations Fund	-	<u>3,020</u>
	<u>-</u>	<u>31,042</u>
3. ACADEMIC FEES AND SUPPORT GRANTS	2005/06	2004/05
	£	£
Other Fees	<u>-</u>	<u>11,280</u>

Horticulture Research International

NOTES TO THE ACCOUNTS

4. RESEARCH GRANTS AND CONTRACTS	2005/06	2004/05
	£	£
Income		
Research Councils	-	5,901,072
Central Government, Local Authorities and Public Corporations	-	10,294,695
Charitable Bodies	-	119,470
European Union	-	546,643
Industry and Commerce	-	645,220
Overseas	-	82,195
Others	-	-
	<u>-</u>	<u>17,589,295</u>
5. OTHER OPERATING INCOME	2005/06	2004/05
	£	£
Residences, Catering and Conferences	-	98,341
Other Services Rendered	-	192,089
Released from Deferred Capital Grants	-	1,425,435
Retail Operations	-	35,092
Other Income	-	603,517
Other Specific Grants	-	291,173
	<u>-</u>	<u>2,645,647</u>
6. INTEREST RECEIVABLE	2005/06	2004/05
	£	£
Other Interest Receivable	<u>-</u>	<u>138,560</u>
	<u>-</u>	<u>138,560</u>

Horticulture Research International

NOTES TO THE ACCOUNTS

7. STAFF	2005/06	2004/05
	£	£
<u>Staff Costs</u>		
Wages and Salaries	-	8,437,541
Social Security Costs	-	649,232
Other Pension Costs	-	<u>1,106,249</u>
	<u>-</u>	<u>10,193,022</u>

The average number of persons employed by the company during the year (including directors) was

	2005/06	2004/05
	Number	Number
Management	-	1
Operational	-	181
Support	-	46
	<u>-</u>	<u>228</u>

The number of staff, including senior post-holders and the principal, who received emoluments in the following ranges was

	2005/06	2005/06	2004/05	2004/05
	Number of	Number of	Number of	Number of
	senior post-	other staff	senior post-	other staff
	holders		holders	
£50,001 to £60,000	-	-	-	6
£60,001 to £70,000	-	-	-	-
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	-	-	1	-
£90,001 to £100,000	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1</u>	<u>6</u>

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NOTES TO THE ACCOUNTS

8. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2005/06	2004/05
	£	£
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
External Audit	-	7,500
Internal Audit	-	-
Other services provided by internal or external auditor	-	-
	<u> </u>	<u> </u>
9. RECONCILIATION OF OPERATING SURPLUS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES	2005/06	2004/05
	£	£
Deficit Before Tax	-	(3,782,132)
Depreciation	-	1,899,938
Loss on Disposal of Tangible Fixed Assets to University	-	31,268,014
Deferred Capital Grants transferred to University	-	(28,617,554)
Deferred Capital Grants Released to Income	-	(1,425,435)
Other Interest Receivable (Note 6)	-	(138,560)
Decrease in Stocks	-	133,879
Decrease in Debtors	-	2,530,867
Decrease in Creditors	-	(4,786,144)
Decrease in Provisions	-	(13,090,014)
	<u> </u>	<u>(16,007,141)</u>
	<u> </u>	
10. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2005/06	2004/05
	£	£
Interest Receivable (Note 6)	-	138,560
	<u> </u>	<u>138,560</u>
	<u> </u>	<u>138,560</u>

Horticulture Research International

NOTES TO THE ACCOUNTS

11. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2005/06	2004/05
	£	£
Tangible Assets Acquired	-	(534,718)
Deferred Capital Grants Received	-	415,215
DEFRA restructuring fund	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>(119,503)</u>

12. SUBSIDIARY COMPANIES

HRI Limited is a wholly owned subsidiary company of Horticulture Research International. The issued share capital of HRI Limited consists of 3 ordinary shares of £1 each (and total net assets of £3). The company is registered in England and Wales and did not trade during the year. The subsidiary is not consolidated on the grounds of materiality in accordance with S229 of the Companies Act 1985.

13. COMPANY LIMITED BY GUARANTEE

The Company is limited by guarantee of the Members. The University of Warwick is currently the only member of Horticulture Research International. The consolidated financial statements of the University are available to the public and may be obtained from:

University House
University of Warwick
Gibbet Hill Road
Coventry
CV4 8UW