

Agriculture and Horticulture Development Board



Growing British Agriculture and Horticulture



Annual Report and Accounts 2020/21

HC 767



Agriculture and Horticulture Development Board Annual report and accounts 2020–2021

For the period 1 April 2020 to 31 March 2021

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

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Contents

Chair's foreword	4
Performance report	
Overview	6
– Introduction, overview and AHDB purpose and strategic priorities	7
Performance	8
– Delivering for each AHDB industry sector	8
– Key issues and risks	15
– Financial performance	15
– Diversity and inclusion	16
– Sustainable development performance	16
Performance analysis	17
– Levy and ballot process	17
– Board scrutiny	18
Summary and look ahead	18
Accountability report	
Corporate governance report	19
– Board's report	19
– Statement of the Accounting Officer's responsibilities	21
– Governance statement 2020/21	21
AHDB Board and statutory committees at 31 March 2021	27
Remuneration and staff report	28
Certificate and Report of the Comptroller and Auditor General	35
Financial statements 2020/21	
Consolidated statement of comprehensive net expenditure	38
AHDB statement of comprehensive net expenditure	39
Consolidated statement of financial position	40
AHDB statement of financial position	41
Consolidated cash flow statement	42
AHDB cash flow statement	43
Consolidated statement of movement in reserves	44
AHDB statement of movement in reserves	45
Notes to the financial statements	46
Annex – Levy rates in operation during 2020/21	75
AHDB Sector Boards at 31 March 2021	76

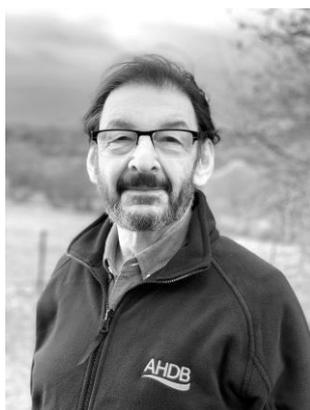
The Agriculture and Horticulture Development Board (AHDB) is funded from levies paid by farmers, growers and others in the supply chain. Because the levy is statutory, AHDB is classified as a non-departmental public body (NDPB) and comes under the sponsorship of the Department for Environment, Food and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

Twelfth Annual Report to the Secretary of State for Environment, Food and Rural Affairs, the Scottish Ministers, the Welsh Ministers and the Northern Ireland Ministers, and Statement of Accounts for the year ended 31 March 2021.

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

Chair's foreword

The challenging events of the year need little introduction. Not only did we first have to adapt to the head office having been made inoperable from a fire at the end of the previous year, the COVID-19 pandemic then reinforced the home-working constraints on an organisation that depends on providing personal service to its levy payers. The countdown to our departure from the EU



provided a timetable for preparing exporters to deal with the anticipated changes and informing farmers and growers of how they might start to address the challenges and opportunities that lay ahead. In April 2020 Defra published the report on the Request for Views from AHDB levy payers that had taken place in late 2018 with the clear priorities of delivering better levy payer engagement and improved value. This was followed by a call for ballots on the continuation of levies by horticulture and potato levy payers.

All of these events, both external and internal, have been challenging on many fronts and have placed considerable strain on the organisation and its staff. Despite all of this I am proud to report that AHDB stepped up and continued to support levy-paying farmers, growers and processors through these uncertain times with some exceptional work and the continuation of vital key services.

We responded with agility and pace to the impact of COVID-19, playing a central role in helping to resolve the issue of excess milk in the market following the lockdown and closure of foodservice. By collaborating with Dairy UK, Defra and the Welsh and Scottish governments we were able to launch a £1 million marketing campaign, with the theme of Milk Your Moments. The campaign helped drive an estimated 11.2 million litres of additional liquid milk sales during the pandemic in the early part of 2020, as well as raising £100k for mental health charities.

Our 'Make it' campaign for beef and then lamb, jointly funded with Quality Meat Scotland (QMS) and Hybu Cig Cymru – Meat Promotion Wales (HCC), ran over eight weeks in the spring in response to the significant impact of the loss of foodservice. It was aimed at encouraging consumers to cook steak at home and called upon retailers to buy a wider range of cuts to reduce the pressure on carcase balance. The Make It campaign also encouraged families and older couples to add lamb to their shopping baskets. It generated £9.8 million in incremental retail beef sales while the lamb campaign generated sales worth £2.45 million.

Our export development work continued, despite the unprecedented challenges, and by working collaboratively with industry and the Government we continued to put our produce front and centre on the global table. Notable successes included the initial shipments of UK beef to the USA in September, for the first time in more than 20 years. Industry estimates beef exports to the USA will be worth £66 million over the next five years. More broadly, red meat exports remained stable at £1.5 billion. Pork exports to the

Asia Pacific region were up 36% in value on the previous year to £324 million. British dairy exports in 2020 totalled 1.32 million tonnes with an export value of £1.56 billion.

In addition, we increased our representation on the ground in the key strategic markets of China, Japan, the USA and the Middle East regions in 2020 to support our export growth. We continued our investment in a presence in the embassy in Beijing, developed the new commercial focus of our Brussels office and the appointment of selected agents in several important markets for the future. We moved our activities to digital platforms and delivered a number of virtual buyer meetings supported by in-country resources as restrictions eased. AHDB was able to offer British meat pavilions at three trade shows to host UK exporters and market representatives to continue to build business.

Our R&D activities continued to develop. Usage of our dairy genetic and genomic evaluation services increased, with an extra 34% of eligible herds now signed up to our Herd Genetic Report. The Nutrient Management Guide (RB209) app generated 51,000 downloads through a smartphone or tablet. The Recommended Lists for cereals and oilseeds launched in November included major changes to the wheat rust disease ratings and, for the first time, a new wheat variety with a specific recommendation for resistance to Barley Yellow Dwarf Virus (BYDV) – all now accessible through the new RL app.

Events have long formed a key part of our activities, from delivering farmer-to-farmer learning via our demonstration farm network of Strategic and Monitor Farms known as our Farm Excellence Platform (FEP) to discussion groups and participating in international trade shows to support overseas market development. Inevitably, the pandemic impacted all these activities, but we successfully moved to virtual online events, capturing and engaging with larger and new levy payer audiences in the process. Our network of Monitor and Strategic Farms grew to 91 and across HQ and Knowledge Exchange events, in 2020/21 we ran 273 digital events.

The latest Farm Excellence Platform Impact & Outcomes Survey illustrated the value with Ninety-nine per cent of levy payers that attended FEP events reporting one or more positive business outcomes as a direct result. Eighty-six per cent of attendees stated that the benefits experienced would have a positive impact on their costs, productivity or profitability.

This reflection of the rapid change to online delivery has been a game changer in raising the profile of our Knowledge Exchange activity with levy payers and stakeholders by reaching new audiences and a coordinated approach to key account management. During 2020/21, our webinars generated attendances of 18,869, with an additional 38,446 post-event views in the same period.

Throughout this challenging time, demand for our independent, evidence-based information and insight has never been more important. Our Market Intelligence team delivered invaluable analysis, insight and advice, preparing levy payers to navigate the process of leaving the EU. This has dovetailed with looking ahead with the production of our sector-by-sector Agri-Market Outlooks, which generated more than 35,000 web hits, aimed at helping levy payers

plan to help maximise the potential of their respective businesses. Market Intelligence web pages were accessed the equivalent of once every 7.4 seconds and 62 Market Update videos were produced.

Despite the significant successes of the year, we also had to recognise the results of the Horticulture and Potato ballots. In both cases levy payers indicated a desire to cease the payment of statutory levies. Ministers are consulting with the industry on the future of the current statutory levies for horticulture and potatoes. Overall, Ministers remain supportive of the continuation of AHDB and statutory levies in other levy paying sectors.

In order to meet the Board's fiduciary responsibilities, in May 2021, ahead of the proposal on changes to the Statutory Instrument, the Board announced it was actively managing a radical reduction of costs and liabilities for AHDB's horticulture and potato operations. We are doing this through a managed wind-down and transition of all programmes of work in those sectors. This includes a commitment to fund from reserves any current horticulture research projects through to the end of their contracts, to ensure the value is not lost to levy payers.

Both the outcome of the Government's Request for Views on AHDB and the ballots highlight the responsibility of the organisation to meet the changes needed to deliver levy payers' trust in AHDB's ability to provide programmes and services that our levy payers want.

Ultimately our primary responsibility is to our levy payers who are at the very heart of what we do. They are facing big changes and business pressures and they want to see AHDB change and deliver clearer value for the levies that they pay. This year has seen the start of a period of radical transition and change for the organisation.

In September 2020, we announced our five commitments for change and since the end of the reporting year covered by this report, we have embarked on a programme to give each of our sectors greater control over how their levies are spent. In addition, we have set in motion measures to deliver better value for money.

The Board has set about introducing changes to the governance structure of the organisation to make it more effective, address costs, improve levy payer engagement, reduce bureaucracy, and introduce greater transparency and accountability.

Tim Rycroft joined the organisation as CEO in August 2021. Ministers appointed five new skill-based non-executive directors to a newly formed Board in September 2021. The Board now comprises nine members plus an independent chair and detailed plans have been announced to give levy payers a real voice in the running of the organisation.

A programme of cost reduction was well underway at the date of signing this report, including significant reductions

in headcount. By focusing on becoming a leaner and a more agile organisation, we will be able to deliver better value for money to our levy payers, which Tim Rycroft details in his overview on page 6.

While delivering change for any organisation can be difficult and painful, we have a big opportunity ahead of us to improve engagement with our levy payers. This will provide clearer and more regular feedback on our performance and score our programmes of activity to ensure we remain focused on sector-specific requirements and priorities in the future.

There is an immense benefit to the work funded from the levies, but we must recognise that there are levy payers who do not value it and remain unconvinced of the benefits of statutory levies in principle. Statutory levies are used to fund collaborative programmes in many countries such as Australia and New Zealand and we must take our lessons from global best practice. I believe AHDB has a critical role to play in helping the industry deal with the challenges of the future but in order to deliver its potential AHDB must become more focused and cost-effective in delivering to levy payers real needs.

I thank the Board Members and executive for their support and tremendous hard work during the reporting period. In particular, those Board Members whose terms in office came to an end – Sophie Churchill, George Lyon, Adam Quinney and Paul Temple; also Jane King, who stepped down as Chief Executive after six years of passionate leadership and commitment.

Nicholas Saphir
Chair
Agriculture and Horticulture Development Board

17 November 2021

Performance report

From the Chief Executive and Accounting Officer

Introduction

AHDB has embarked on a period of radical change, driven by three factors. First, the imperative to get closer to levy payers to ensure everything we do serves their needs and represents best value. Second, the rapid changes affecting our industry: farmers, growers and processors. Third, delivering on our own vision for AHDB as an essential enabler for farming success.



In this overview, I will cover the significant change milestones between the end of the reporting period of 31 March 2021 up to late summer 2021. The main body of this Performance Report then covers the financial year of 1 April 2020 to 31 March 2021.

Overview

The response to the Government's Request for Views report on AHDB published in April 2020 set out the case for change. This was brought into stark reality with ballots in our Horticulture and Potatoes sectors in February and March 2021, respectively, both showing a strong majority against the continuation of those respective statutory levies.

The outcomes were deeply disappointing. Nonetheless, we have heard the voice of levy payers loud and clear.

Accountability to levy payers and value for money must now become hallmarks of AHDB. A clear plan to put levy payers at the heart of what we do is well underway. Everyone at AHDB understands the importance of delivering this at pace with votes on the priorities and work programmes in our other sectors planned to run in Spring 2022. It is my absolute determination that we will win the endorsement of the remaining levy payers in those votes.

Prior to the Potato and Horticulture sector ballot results, we had completed a consultation on a new five-year Change and Strategy Programme. We had also started to implement five Board commitments:

- We will communicate regularly on how your levy has been spent and the benefits – engaging with levy payers to determine priorities
- We will work with growers and the supply chain to design a modern levy system
- We will focus on farm performance, marketing and exports, driven by independent evidence
- We will develop a board and advisory structure that reduces both bureaucracy and costs
- We will hold a regular vote on the future of the levy – so you can express your views on the value of AHDB to your business

Since 31 March 2021 we have made significant progress. We have put in place a new skill-based Board and reshaped the governance structure so there is faster and clearer decision-making and less bureaucracy where levy payers have more input and control on the programmes of work they wish to fund through a collective levy. We have reshaped the senior executive team reducing the number from 20 to 14 (30%) as part of this process and also have permission from Defra to make up to 140 FTE (full-time equivalent) staff redundant as part of our restructure, which includes winding down Horticulture and Potato activity.

Following the ballots in our Horticulture and Potato sectors, the Board wanted to respect the outcome of the two votes. Our fiduciary responsibilities meant that the Board must be clear how activities in those sectors would be funded going forward, pending a decision by Ministers on the future of the current levy systems in those sectors, and taking into account the levy funding that would be required for any potential wind-down of those sector operations. In May 2021, the Board, with advice from the Potato and Horticulture Sector Boards, announced it was actively managing a radical reduction of costs and liabilities for AHDB's Horticulture and Potato operations. It is doing this by winding down and stopping all activity other than where the work is already contracted research, or the activity is of the highest use to the industry and a managed transition to an alternative funding/delivery mechanism may be needed e.g. on Extension of Authorisations for Minor Use (EAMU) or emergency disease support. AHDB Horticulture and Potatoes work is being archived and made accessible online to levy payers to ensure the industry can continue to benefit longer term.

In November 2021, Ministers proposed a number of changes to the Statutory Instrument governing AHDB, and this is subject to an industry consultation over the winter. These proposed changes include the provision for AHDB's levy payers to be provided with a mechanism that will allow improved levy payer engagement and regular feedback on their preference for which future services they wish to receive from AHDB. The amendments do not extend to changing the fundamental requirement for AHDB to exist and collect levies, or the ability for levy payers to trigger a binary yes/no ballot on a sector levy.

The AHDB Board is currently planning that 2021/22 may be the last levy collection year for Horticulture and Potatoes and we will raise just enough, together with reserves, to cover the transition and full wind down costs of AHDB's operations in support of those industries. Final ministerial decisions on the future of the statutory levies in these two sectors will be made after the consultation.

As we prepare for the first of the new votes in our other four sectors - Beef & Lamb, Pork, Dairy and Cereals & Oilseeds – in Spring 2022, the team has very much focused on communicating on key sector-specific priorities to help ensure clarity around what levy payers get for their money.

This tailored sector-specific approach is aimed at providing a more targeted service based on levy payer feedback. In doing so, AHDB will help put levy payers in a stronger position to meet the twin challenges of operating in a post-

EU landscape and fundamental changes in agricultural policy with the transition from the loss of the Basic Payment Scheme (BPS) to the introduction of Environmental Land Management scheme (ELMs).

As we work through implementing our change programme, it is imperative that we don't lose sight of continuing to deliver our day-to-day services to levy payers as we support them through this pivotal period for UK agriculture. Looking ahead, the entire industry is facing multiple challenges, but one which a newly focused AHDB can help it embrace and maximise the opportunities that lie ahead.

While our focus is very much on change and moving forwards, it is also important to acknowledge some of the great work our team delivered during the 2020/21 financial year against a backdrop of an extraordinary 12 months, dominated by the global impact of the coronavirus (COVID-19) pandemic and our exit from the EU.

To reiterate what the Chair has said in his foreword, successfully applying our Business Continuity Plan enabled our professional team to work from home and ramp up delivery of practical advice which enabled us to seamlessly continue providing essential support to farmers, growers and processors.

Our Market Intelligence team delivered invaluable analysis, insight and advice, preparing levy payers to navigate the process of leaving the EU. Market Intelligence web pages were accessed the equivalent of once every 7.4 seconds, with more than 35,000 web hits being generated for our Agri Market Outlooks.



Market Intelligence web pages accessed the equivalent of **once every 7.4 seconds**

Our international market development work continued with red meat exports remaining stable at £1.5 billion, despite the challenges of leaving the EU and COVID-19. In addition, we ran eight domestic marketing campaigns for meat and dairy – around one every six weeks.



Red meat **exports** remained stable at **£1.5 billion**, despite the challenges of leaving the EU and Covid-19

Industry reputation was again in sharp focus with challenges to farming, particularly red meat and dairy, on environmental and health grounds. To address this our £1.5 million 'We Eat Balanced' campaign, which ran across TV, social media and print in January and February, started to drive a positive rethink of red meat and dairy for consumers. This has given us a firm foundation on which we can develop our industry reputation support further as part of our change programme. The Advertising Standards Authority (ASA) received a number of complaints about the We Eat Balanced campaign, predominantly from those opposed to meat and dairy consumption. None of the complaints were upheld by the ASA in an important ruling for British farming, in August 2021. We always work hard to ensure our campaigns are robust and evidence-based. This ruling means we can continue to communicate the benefits of consuming red meat and dairy as part of a balanced diet.

These illustrate just some of the highlights of the last year. This report summarises our performance in the 12 months to 31 March 2021, with the following pages illustrating the value levy payers get for their levy on a sector-by-sector basis and some examples of the work done on behalf of those sectors during the reporting period.

AHDB purpose and strategic priorities

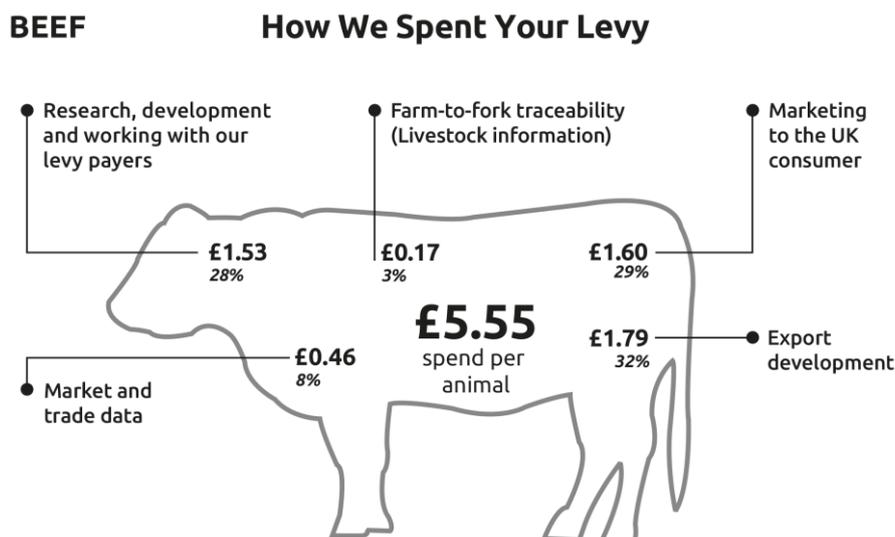
2020/21 has marked a year of transition for AHDB, with our previous three-year Inspiring Success strategy drawing to a close. We have developed our Change Programme and Strategy 2021–2026 and consulted on it in December 2020. We had constructive feedback which was broadly supportive. The outcome of the Horticulture and Potatoes ballots and waiting for a formal ministerial decision on the future have meant that we have not published a finalised strategy at this time. We are using the draft strategy to guide our activities in 2021/22 prior to a vote in spring 2022, which will allow levy payers to vote on our five year sector plans.

Purpose: Growing British Agriculture and Horticulture

During 2020/21, our strategic areas of work were:

1. Bringing data, insight and analysis together in an easy-to-use format to help farmers, growers and supply chains make better business decisions
2. Helping farming and growing businesses reduce their environmental footprint to meet future policy and consumer needs
3. Investing in targeted research to tackle current and future pests, weeds and diseases
4. Helping levy payers, industry and researchers share technical information and best practice through our Farm Excellence Network and skills development
5. Unlocking and making the most of export opportunities to grow markets for British produce
6. Promoting our industry and building the reputation of its products at home and overseas

Delivering for AHDB Beef



Total strategic activity expenditure of Beef & Lamb in 2020/21 was £17.4 million (see Note 2a in the Financial Statements). The infographic illustrates expenditure on a per chargeable levy unit basis. Costs associated with Levy Payer Communications, Digital & Creative, and Support and other expenditure are allocated on a pro-rata basis to the categorised delivery areas. The calculations are based on 1.7 million animals processed. The difference between expenditure and levy collected in any one year is due to non-levy income streams and active reserves management.

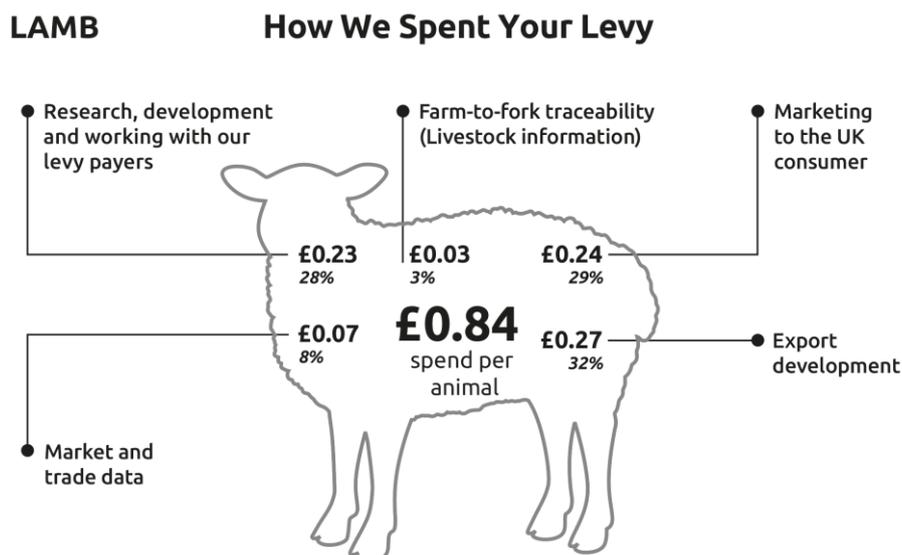
Beef sector challenges

- Protecting and promoting the domestic reputation of beef amidst rapidly changing consumer perceptions
- Driving forward market access and exports to take advantage of changing global trade patterns
- Preparing the sector for the opportunities and challenges of leaving the EU and the new landscape of farm support
- Providing farmers with tools and knowledge to share best practice, aid farm profitability, productivity, and environmental impact

Some highlights from 2020–21

- Closure of foodservice and restaurants, and a huge surge of retail (mince-specific) sales posed a significant challenge for the industry. AHDB working with Quality Meat Scotland and Hybu Cig Cymru were agile in delivering the eight-week Make It campaign to improve carcass balance and ensure beef steak was front of mind for UK shoppers changing the way they shopped, cooked and ate at home
- In January 2021 AHDB launched the £1.5 million 'We Eat Balanced' campaign to manage industry reputation for red meat and dairy. It delivered key messages to concerned consumers around the nutritional benefits (B12), sustainability and welfare. Milk Your Moments, Make it Steak and Make it Lamb campaigns delivered an average return of £9.60 in retail sales for every £1 invested
- We delivered beef market access to Japan, China and the USA, plus discussions with South Korea. £5.43 million of UK beef was shipped to Japan in this first full year of market access. The UK was the main European supplier of beef to Canada with a value of £17 million
- Genetics work progressed significantly in the past year and we are developing a co-funded vision for the future of beef cattle genetics. Building on our National Beef Evaluations, we will deliver breeding values for feed efficiency, TB resistance (which can be 10% inheritable), maternal traits for age at first calving, longevity and calf survival, in addition to breeding for commercial carcass traits. All supporting a more profitable, environmentally low impact national herd
- AHDB Market Intelligence continued to provide accurate and timely primary pricing and production data combined with insightful market analysis to beef levy payers to promote transparency and trust in the supply chain and support business decision-making. Much of this forms the core for Farmers Weekly and Farmers Guardian price reporting
- The newly-launched KPI express tool supports farmers in understanding their business and creating proxies for environmental performance and profitability
- Farmer-to-farmer learning and research projects delivered grassland management, including grass and weather data 'Grasscheck GB' resulting in £17,455/year saving for an example 86ha farm. Carbon auditing on 10 farms also provided data around the environment and protection of soil health

Delivering for AHDB Lamb



Total strategic activity expenditure of Beef & Lamb in 2020/21 was £17.4 million (see Note 2a in the Financial Statements). The infographic illustrates expenditure on a per chargeable levy unit basis. Costs associated with Levy Payer Communications, Digital & Creative, and Support and other expenditure are allocated on a pro-rata basis to the categorised delivery areas. The calculations are based on 9.7 million animals processed. The difference between expenditure and levy collected in any one year is due to non-levy income streams and active reserves management.

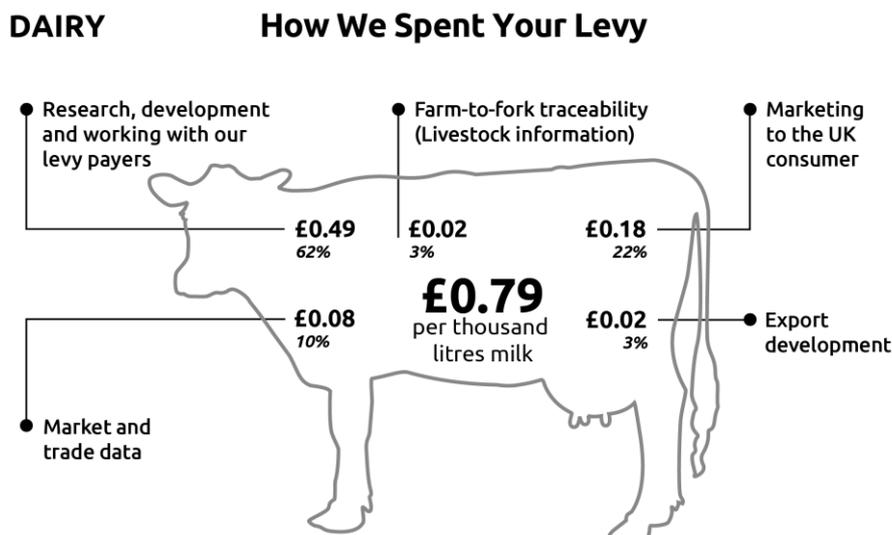
Lamb sector challenges

- Protecting and promoting the domestic reputation of lamb amidst rapidly changing consumer perceptions and focusing on the growth of the ethnic market
- Driving forward market access and exports to take advantage of changing global trade patterns
- Preparing the sector for the opportunities and challenges of leaving the EU and the new landscape of farm support
- Providing farmers with tools and knowledge to share best practice, aid farm profitability, productivity, and environmental impact

Some highlights from 2020–21

- A significant amount of lamb consumption sits within the foodservice market. Closure of foodservice and restaurants during the pandemic was a real risk. AHDB, working with Quality Meat Scotland and Hybu Cig Cymru, were agile in delivering an eight-week Make It Lamb campaign to bring lamb front of mind for UK shoppers changing the way they shopped, cooked and ate at home
- In January 2021, AHDB launched the £1.5 million We Eat Balanced campaign to manage industry reputation for red meat and dairy. It delivered key messages to concerned consumers around the nutritional benefits (B12), sustainability and welfare. Milk Your Moments, Make it Steak and Make it Lamb campaigns delivered an average return of £9.60 in retail sales for every £1 invested
- Exiting the EU posed a significant issue for lamb, which is the main market for UK lamb exports. Our trade show presence promoting British lamb to export markets was moved to digital or in-country delivery throughout COVID-19 so those opportunities were not lost, and we delivered lamb market access to Japan, along with applications and ongoing discussions with Taiwan and China
- In January 2021, AHDB launched an electronic medicine hub, a simple tool where vets and farmers can upload their medicine records, benchmark to support on-farm management and enable reporting of national figures of antibiotic usage to improve trade and protect our reputation with consumers and global markets
- Genetic improvement provides an important way for producers to lift the productivity and profitability of their livestock enterprises. Genetic gain within the UK is currently worth £10.7 million per annum to the sheep industry, with much of this work underpinned by AHDB's programme of research, delivery and Knowledge Exchange
- Current research at Scotland's Rural College (SRUC) shows that rates of gain are 7%–20% faster in flocks that CT scan. This is why AHDB pioneered the use of CT scanning and has actively supported breeders to use it for over 20 years for the benefit of the whole supply chain
- Our teams have supported farmer-to-farmer learning and research projects via digital delivery and our Strategic and Monitor Farms throughout the past year, delivering events and groups from 'Challenge Sheep', to 'Ram Compare' national progeny test programme driving informed ram selection resulting in £3 to £4 performance increase per lamb

Delivering for AHDB Dairy



Total strategic activity expenditure of Dairy in 2020/21 was £10.1 million (see Note 2a in the Financial Statements). The infographic illustrates expenditure on a per chargeable levy unit basis. Costs associated with Levy Payer Communications, Digital & Creative, and Support and other expenditure are allocated on a pro-rata basis to the categorised delivery areas. The calculations are based on 12.5 billion litres delivered. The difference between expenditure and levy collected in any one year is due to non-levy income streams and active reserves management.

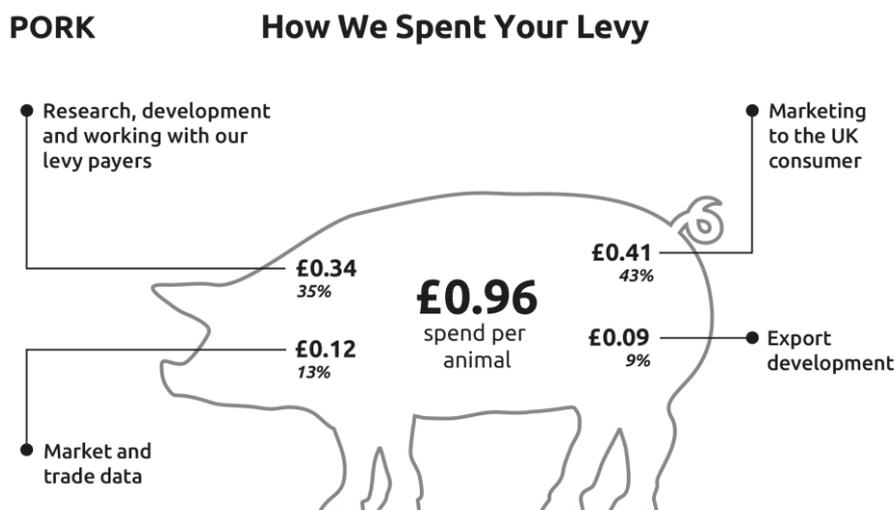
Dairy sector challenges

- Tracking and addressing rapidly changing consumer perceptions of dairy and what they buy
- Reducing the environmental impact of the dairy sector
- Strengthening supply chain relationships to take advantage of new global trading arrangements
- Giving all dairy farmers the opportunity to benefit from sharing best practice

Some highlights from 2020–21

- Closure of foodservice and restaurant outlets due to COVID-19 posed the challenge of 'finding a home' for an estimated two million litres of milk per day. The crisis hit as dairy farmers were approaching spring milk production peak with limited processing capacity. We responded with agility and pace, collaborating with Dairy UK, Defra and the Welsh, Scottish and Northern Ireland governments to launch the £1 million Milk Your Moments marketing campaign from May to July 2020. The campaign worked alongside action by processors and farmers to reduce milk volumes. It drove a positive impact on the reputation of dairy and farming resulting in liquid milk sales rising by 9.1% over the campaign period and very low levels of on-farm milk disposal taking place
- As of end of March 2021, 510 Welsh dairy farmers had received support via the HerdAdvance project, part of the Dairy Improvement Programme funded by the Welsh Government Rural Communities – Rural Development Programme
- The £1.5 million 'We Eat Balanced' industry reputation campaign in January 2021 achieved its goal of shifting consumer attitudes on dairy. For example, 9% more consumers felt dairy could form part of a healthy balanced diet, while 13% fewer people intended to cut back on dairy consumption
- Carbon farm assessments have been initiated and in the reporting year were completed on 10 AHDB Strategic Dairy Farms (SDFs)
- The milk levy (combined with external funding from the Welsh Government and the Betty Lawes Foundation) supports a network of 22 Strategic Dairy Farms, sharing good practice through on-farm and virtual events, giving farmers access to industry experts and the latest research. Ninety-two per cent of levy payers who attended an event said changes made would have a positive impact on costs, productivity or profitability, and 60% experienced or anticipated a financial benefit estimated on average to be £36k
- Over £500k is invested every year on genetics and genomics, including evaluations of over one million live cows each year delivering £297 of improvement in UK farmers' herds for every £1 of levy spent. Also, there was an estimated £44.5 million industry benefit from genetic improvements in the UK herd in 2020
- Dairy Market Intelligence subscriber numbers increased by 15% to 5,537 at 31 March 2021 from 4,795 at 31 March 2020, reflecting the importance of this information in business decision-making

Delivering for AHDB Pork



Total strategic activity expenditure of Pork in 2020/21 was £8.6 million (see Note 2a in the Financial Statements). The infographic illustrates expenditure on a per chargeable levy unit basis. Costs associated with Levy Payer Communications, Digital & Creative, and Support and other expenditure are allocated on a pro-rata basis to the categorised delivery areas. The calculations are based on 8.9 million animals processed. The difference between expenditure and levy collected in any one year is due to non-levy income streams and active reserves management.

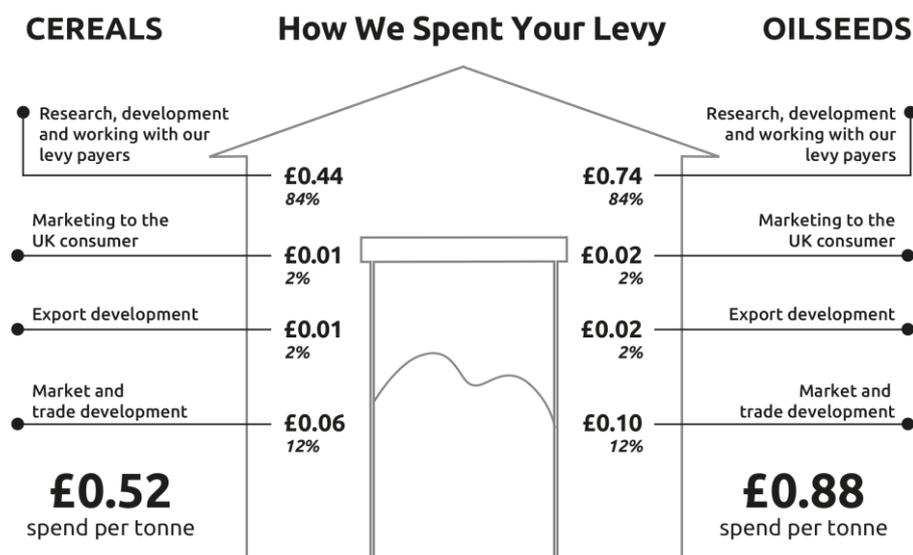
Pork sector challenges

- Selling every part of the pig for the best return at home or overseas
- Continuing to protect the reputation of pork and promote its benefits to consumers
- Continuing to improve animal health and welfare, and reduce our impact on the environment
- Improving production efficiency in a way that supports the reputation of British pork, while remaining competitive at home and overseas

Some highlights from 2020–21

- The value of export trade of UK pig meat was £654.6 million in 2020. AHDB has supported this by championing the sector at international shows, building relationships that fuel trade, and providing critical technical support to open up new markets and sustain trade where they are already open
- Pork exports to the Asia Pacific region were up 36% in value on the year to £324 million, which is of particular importance for the UK having left the EU
- In the UK we support a positive attitude towards pork through our marketing work which features TV adverts, 'always on' social media and other channels
 - Eighty per cent of consumers agree our pork medallion TV advert would make them want to buy more pork
 - Messages around the 'ease' and 'convenience' of cooking with pork have significantly shifted perceptions, meaning the desire to cook with pork is now at its highest level in three years
 - Pork has become the fastest growing protein choice (over the past 12 months), outperforming other proteins
- The new £1.5 million 'We Eat Balanced' reputation campaign supports the desire to consume meat as part of a healthy and sustainable diet. After seeing the advert the target group of consumers were 6% more likely to show a positive attitude to the association between meat and health and their intent to purchase meat rose by 11%
- AHDB's electronic medicine book (eMB) records antibiotic use in approximately 95% of the UK pig production. The results show that the sector has responsibly reduced antibiotic use by 62% since 2015
- AHDB's accelerated ammonia monitoring trial showed that our pig industry is successfully reducing ammonia emissions, saving producers an estimated £15.3 million in mitigation payments
- Our programmes monitoring disease and animal welfare levels are used widely throughout the industry and underpin continuous improvement and credibility of the sector
- During the COVID-19 pandemic, we successfully switched to digital methods of delivering support to levy payers, illustrated by a five-fold increase in visits to our website as we rolled out more tailored support that can be easily accessed at any time

Delivering for AHDB Cereals & Oilseeds



Total strategic activity expenditure of Cereals & Oilseeds in 2020/21 was £10.1 million (see Note 2a in the Financial Statements). The infographic illustrates expenditure on a per chargeable levy unit basis. Costs associated with Levy Payer Communications, Digital & Creative, and Support and other expenditure are allocated on a pro-rata basis to the categorised delivery areas. The calculations are based on 20 million tonnes produced. The difference between expenditure and levy collected in any one year is due to non-levy income streams and active reserves management.

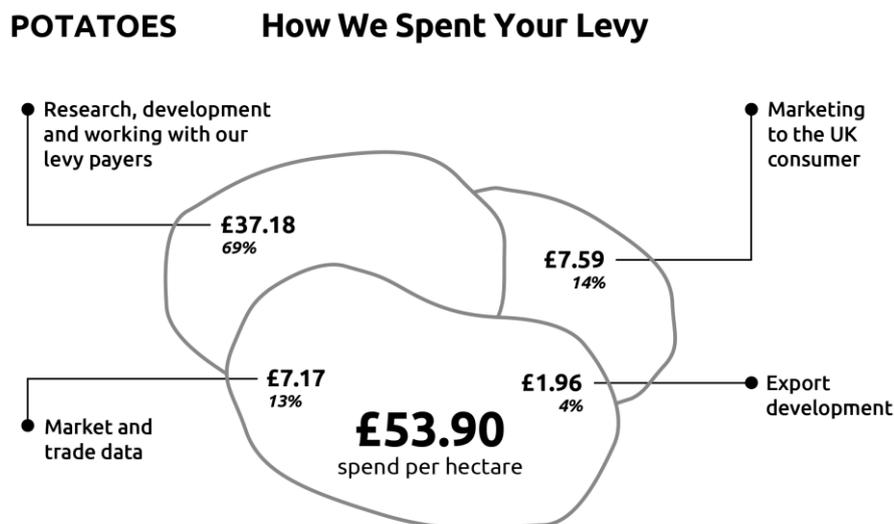
Cereals & Oilseeds sector challenges

- Remaining financially viable as the current reduction in payment support is only partly offset by the Environmental Land Management Scheme
- With less chemistry available, maintaining crop quality and tackling weed, pest and disease pressures with greater adoption of Integrated Pest Management (IPM)
- Meeting net zero ambitions for the environment in a profitable manner in supply chains
- Attracting and retaining the right level of skilled staff in the industry for the future
- Maintaining industry reputation to ensure the consumer continues to purchase UK products

Some highlights from 2020–21

- The latest version of the popular Recommended Lists (RL) for cereals and oilseeds was launched in November 2020, all now accessible through the new RL app. We also launched a variety selection tool and app
- Integrated Pest Management (IPM) is now the focus of AHDB's work on managing pests, weeds and diseases, particularly reducing dependence on some chemical treatments:
 - As part of this we set up the IPM Hub – a real time facility to provide priority information on managing crop health and weeds, generating 1,913 visits over the first two months from its launch in February 2021
 - A new package was put together to assist growers of oilseed rape in dealing with the cabbage stem flea beetle
 - We also launched the yellow rust watch list with regard to variety selection
- Market Intelligence (MI) activity continued to support the industry, including through the popular Grain Market Daily which moved to a digital-only platform. Total engagement across all MI emails, website hits, podcast listens and live and post-live viewing of webinars reached over 24,000 for Grain Market Outlook content
- We established a new Business Impact Calculator to support growers to remain viable as current subsidy regimes change across the UK
- We established digital Knowledge Exchange (KE) meetings with 6,222 attending open online KE events between June 2020 - February 2021, compared to 2,915 attending events in person between June 2019 - February 2020
- AHDB continued to drive Farmbench to assist growers in monitoring their financial performance and target areas where the most benefit can be made from changes
- We launched the Knowledge Library giving far greater access to research information – the uplift is 3,000–4,500 monthly page views
- AHDB launched an on-farm carbon auditing programme and established baseline data for the first time. Also established work on a new Envirobench tool which will allow growers to compare their performance against others and over time, along with the ability to focus on where the most effective changes can be made
- We provided overseas buyers with data on crop quality in a format they can use and support the ukp/uks export branding

Delivering for AHDB Potatoes



Total strategic activity expenditure of Potatoes in 2020/21 was £6.3 million (see Note 2a in the Financial Statements). The infographic illustrates expenditure on a per chargeable levy unit basis. Costs associated with Levy Payer Communications, Digital & Creative, and Support and other expenditure are allocated on a pro-rata basis to the categorised delivery areas. The calculations are based on 117.5 thousand hectares planted. The difference between expenditure and levy collected in any one year is due to non-levy income streams and active reserves management.

Potatoes sector challenges

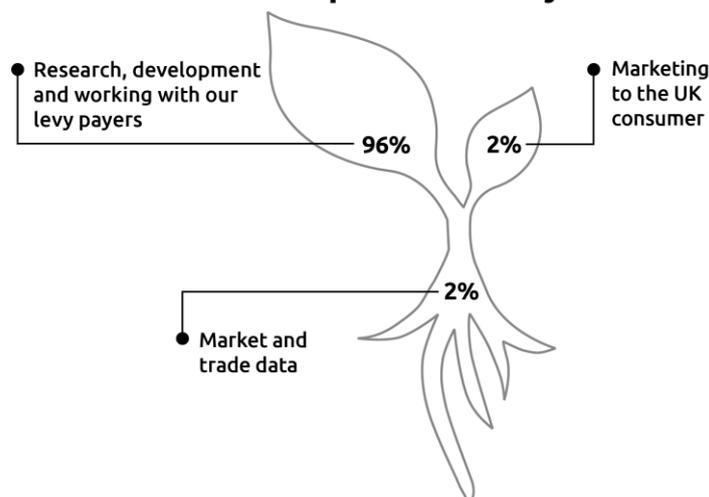
- Achieving sustainable crop storage
- Surviving a transition away from conventional crop protection
- Enduring the positive credentials of potatoes are understood by consumers
- Ensuring the immediate and longer-term financial sustainability of the industry

Some highlights from 2020–21

- Approximately 95,000 tonnes of GB seed potatoes were exported in the 2020/21 season, worth £50 million. The full impact of leaving the EU was avoided due to businesses shipping seed potatoes to the EU prior to the 1 January 2021 deadline. However, from this point GB seed potatoes were no longer permitted into the EU while a sanitary and phytosanitary (SPS) agreement was being sought
- We introduced a sector balance sheet for crop production and consumption across all market segments which has proved highly relevant during lockdown
- We continued research into post-chlorpropham sprout management solutions including a successful application for emergency use of 1, 4-dimethylnaphthalene as part of a £500k trials programme
- AHDB introduced an on-line national trading platform for those who lost markets during lockdown on which £1 million of product was traded
- We delivered a full Strategic Potato Farm (SPot Farm) trial programme focusing on crop protection challenges by using digital events and discussion groups
- The online delivery of an ambitious webinar programme during the COVID-19 pandemic delivered 13,900 views by the potato industry across 42 Knowledge Exchange events

Delivering for AHDB Horticulture

HORTICULTURE How We Spent Your Levy



Total strategic activity expenditure of Horticulture in 2020/21 was £7.3 million (see Note 2a in the Financial Statements). The infographic illustrates expenditure on a percentage basis, given that the Horticulture levy is not assessed on a per unit crop basis. Costs associated with Levy Payer Communications, Digital & Creative, and Support and other expenditure are allocated on a pro-rata basis to the categorised delivery areas. The difference between expenditure and levy collected in any one year is due to non-levy income streams and active reserves management.

Horticulture sector challenges

- With the prospect of fewer plant protection products, helping identify management tools for existing and emerging pest, weed and disease threats
- Addressing how growers can manage their business with increasing staff costs and a shortage of skilled labour
- Addressing how the sector can best manage resources to minimise environmental impacts and maximise benefits

Some highlights from 2020–21

- During the COVID-19 pandemic, AHDB Horticulture reacted swiftly to support the industry including:
 - Working with the Government and the wider UK horticulture industry, creating an online hub for all growers which hosted advice and documentation needed to support them and their seasonal workers
 - Co-creating and hosting the 'Pick for Britain' website to support growers seeking local employment
 - Promoting training videos in multiple languages for horticultural businesses to enable staff training to continue while socially distancing
- £101,625 was invested in Integrated Pest Management (IPM) for soft fruit in the 2020/21 year
- AHDB led on technical support through an industry working group addressing Tomato Brown Rugose Fruit Virus (ToBRFV) and provided UK growers with independent, timely, in-depth information
- In 2020, AHDB and the Biotechnology and Biological Sciences Research Council (BBSRC) leveraged £640k to fund future research on downy mildew genetics in legume crops
- In 2020/21 AHDB invested in, and supported, 42 PhD studentships to ensure that talented young researchers focus their work in science relevant to the horticulture industry
- AHDB supported 13 strategic centres in field vegetables, fruit, ornamental crops and SmartHort to deliver applied research in commercial sites hosted by growers and industry
- Forty-six per cent of surveyed growers and 73% of horticulture agronomists said they use the AHDB Pest Bulletin
- SmartHort's programme continued to focus on reducing costs, improving labour efficiency and productivity through three SmartHort strategic centres which went online during the COVID-19 pandemic. Businesses reported estimated combined labour efficiency savings of over £425k in their first year of the programme
- AHDB invested more than £215k into the Apple and Pear Rootstock Breeding Club, which has ensured that new varieties of rootstocks are available to all UK apple and pear growers

Key issues and risks

The main risks considered and reviewed by the Board and the Audit and Risk Assurance Committee during the period were as follows. Risks specific to Livestock Information Limited (LI Limited) can be found in the Annual Report and Accounts for LI Limited. More details regarding the AHDB risks can be found in the Governance Report on page 25.

- **Coronavirus** – Continued support for the impact of the global COVID-19 pandemic on our sectors with AHDB's delivery of work programmes being amended, plus coordinating practical internal matters through our Business Continuity Plan team.
- **Exiting the EU** – While the trade deal reached with the EU in December 2020 reduced the risk of structural change to the industry, changes in agricultural policy continue to present uncertainty around long-term risks and opportunities.
- **Support of levy payers** – We head into our new strategy and change programme with a renewed sense of purpose to succeed in the areas where the levy payers have been dissatisfied, following votes against the continuation of the statutory levy in the Horticulture and Potatoes sectors.
- **Data protection and cyber security** – Data protection continued to be a focus during 2020, with a significant effort to ensure staff working from home (due to COVID-19) continued to apply data protection and information security policies and processes.
- **Health and safety** – In response to the COVID-19 pandemic, a large selection of wellbeing activities and support have been coordinated by the HR team. These activities allowed for all employees to participate, using best practice with Defra, and helped to ensure the safety of our staff while homeworking, in the office and during fieldwork. These activities included webinars on mindfulness, mental health and resilience webinar training, promotion of mental health material, Time to Talk sessions alongside ongoing review and touch points with vulnerable and shielding individuals
- **Legacy pensions schemes** – The organisation is responsible for the funding of two legacy defined benefit pension schemes, which are vulnerable to the same potential risks as all defined benefit schemes.
- **VAT status** – HMRC determined in October 2020 that the AHDB levies should not be subject to VAT going forwards, meaning that AHDB could not recover Input VAT on its supplies. HMRC then upheld this decision in August 2021 following an internal review. The impact of HMRC's decision is that AHDB's cost base would increase by c.£5.5 million pa based on the historical activity levels of the six sectors, or c. £4.1 million against the activities of the Beef & Lamb, Cereal & Oilseeds, Dairy and Pork sectors.

AHDB has considered the available options and is pursuing a dual course of action, each considered to be in the continued best interests of our levy

payers. The preferred solution is for AHDB to successfully apply for, and gain, Section 33(3) status under the VAT Act 1994, which, if granted, would largely mitigate the impact of HMRC's decision. AHDB is also appealing HMRC's decision of October 2020 through a Tax Tribunal. Outcomes from each course of action remain uncertain.

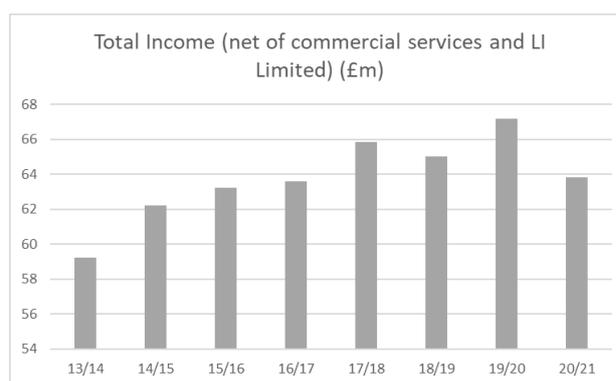
- **Income completeness** - The level of physical/on-site audits reduced in 2020/21 as a result of operational changes needed to comply with health and safety requirements and lockdown restrictions during the COVID-19 pandemic. See page 26 in the Governance Statement for more details.

Financial performance

The total income for core activities during 2020/21 (excluding any commercial or Livestock Information Limited activities) was £63.8 million (2019/20 £67.2 million), while operating expenditure on core strategic activities was £59.8 million (2019/20, £66.2 million).

Excluding Livestock Information Limited, the total comprehensive income for AHDB in 2020/21 was £1.0 million (2019/20, £0.4 million) and, when excluding pensions asset/liability movements of £1.3 million (2019/20, £1.2 million) and an asset revaluation increase of £0.1 million (2019/20, £0.1 million decrease), the underlying surplus for AHDB standalone for 2020/21 was £2.2 million (2019/20, £0.6 million deficit).

As a Group, including Livestock Information Limited and excluding asset revaluation and pension asset/liability movements, the underlying AHDB Group deficit for 2020/21 was £6.7 million (2019/20, £2.6 million deficit); the deficit resulting from Livestock Information Limited accounting treatment is met by Defra and not by levy payer reserves. More details about the Group results are available in the Accountability Report, Financial results on page 19

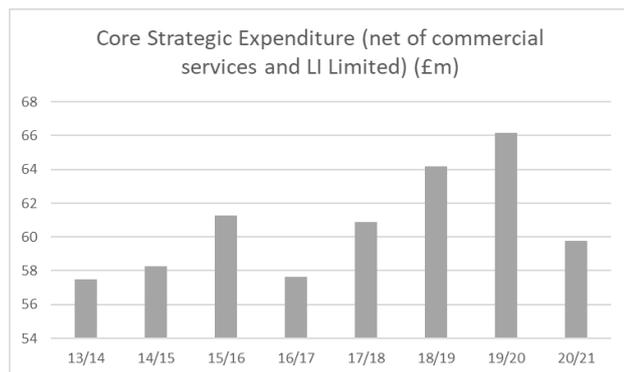


Gross levy income for 2020/21 of £57.7 million was £2.3 million less than last year due to two main factors:

- A 10% reduction in the Horticulture levy rate
- A much reduced 2020 harvest in the Cereals & Oilseeds sector due to bad weather in late autumn 2019 and Spring 2020

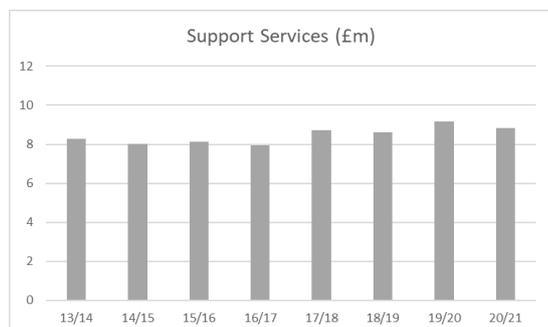
Non-levy income of £6.1 million was £1.1 million less than last year mainly as a result of the Livestock Information Programme activities being transferred to Livestock Information Limited, which will take the programme forward. This year-on-year reduction was partly offset during

2020/21 by contributions from Defra and DairyUK towards our marketing campaigns.



COVID-19 restrictions affected our ability to undertake activities which resulted in reduced expenditure across all core strategic activity areas compared to 2019/20. These were primarily in Research & Development, Knowledge Exchange, and Export Development.

During 2020/21, AHDB ring-fenced £3.5 million of red meat levies to be spent on activities that had been jointly agreed with the red meat levy boards in Wales and Scotland. This recognised that a proportion of cattle, sheep and pigs slaughtered in England, which gives rise to the levy that AHDB collects, spend much of their economic lives in Wales and Scotland. This fund was spent on agreed activities that provided benefits to levy payers across Great Britain and had a balance of £0.8 million at 31 March 2021 which will continue to be spent in future years. With effect from 1 April 2021, the fund was superseded by Section 35 of the UK Agriculture Bill and an associated 'Red Meat Levy Scheme' has been established that defines the fair reallocation of red meat levies between home nations, in relation to cross border movement of livestock to slaughter.



Central support costs were reduced compared to the previous year mainly due to reduced travel and meeting costs. Going forwards, support services are one of the focus areas of the future strategy as outlined in our Change Programme and Strategy 2021–26: "We need to be more efficient across all parts of the organisation. Our existing services will be reviewed to see if there are other ways in which they can be delivered more efficiently and effectively. The first step will be to streamline AHDB to deliver savings in staff and support costs."

Our sector boards, including staff and sector-specific costs account for circa 3% income (2019/20, 4%). A breakdown of how the levy from each sector is spent can be found in Note 2a on page 51.

Anti-corruption and fraud prevention: AHDB is committed to ensuring that the risk of fraud, corruption, and

bribery in all its forms is minimised. Our anti-fraud policy and gifts & hospitality policy inform staff of our approach to this serious area and incorporate a fraud response plan. We follow the Nolan Committee's seven principles of public life and these, together with our policies, and our financial systems and checks, contribute to minimising risk in this area.

Advertising and publicity: Marketing, which includes advertising and publicity, plays a key role in a number of our delivery programmes across trade development, export development, levy payer communications and digital and creative output which include website development, video, and graphic design. In 2020/21, AHDB spent £10.9 million on marketing (2019/20: £10.9 million). Further information can be found on pages 8 to 14 which outline delivery within each sector.

Diversity and Inclusion

Our people are essential to delivering our outcome-focused work for farmers, growers and processors. As a responsible employer, we are committed to equality and diversity in the workplace, and train and develop our management teams to embrace the values of our policy. During 2020/21, we continued to implement our Succession Planning and Talent Management Strategy. As part of our long-term commitment to diversity, inclusion and gender balance, we continued to actively review the issue of gender pay. The services we deliver to levy payers are designed to promote a successful agricultural and horticultural sector, which supports successful rural communities (see the Staff report on page 33).

Sustainable development performance

During 2020/21 some of the sustainability measures in this section were particularly impacted by the COVID-19 lockdowns. For instance, business related travel by car/rail/plane was significantly reduced. We would expect these to increase again as COVID-19-related restrictions ease.

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

Strategy for sustainability: During 2020/21, AHDB was briefed by Defra on its progress on putting in place a new sustainability strategy 'The Green Forum'. As an arm's length body of Defra, AHDB will be required to deliver against the targets in this, which will be set to help deliver the UK's net-zero commitment.

Greenhouse gas emissions: AHDB's carbon footprint, measured in tonnes of CO₂ (see table), shows that in a normal year, such as 2019/20, travel accounts for more than half of the emissions, reflecting the nature of our business. However, with the COVID-19 restrictions travel was significantly reduced in 2020/21.

Fleet: AHDB currently has six commercial vehicles on its fleet, one of which is fully electric. The average CO₂ emission of the commercial fleet is 130gsm.

AHDB has 68 vehicles on its company car fleet, including 10 hybrid/electric vehicles. The average CO₂ emission is 104gsm (national average is 108).

Staff continue to be encouraged to seek alternatives to long-distance driving and to make more use of webinars, digital conferencing and video facilities. The experiences of these technologies during COVID-19 lockdowns has helped shift behaviours in this regard.

Finite resource consumption: On water, our HQ used 253 cubic metres during 2020/21, down from the 1,140 cubic metres during 2019/20. This significant reduction is due to the COVID-19 pandemic and fire rectification works which dramatically reduced building occupancy during 2020/21.

Waste minimisation and management: Although there are still no council-run waste recycling collections at our main office site, we recycle waste paper, cardboard, plastic bottles and printer cartridges. During 2020/21, we recycled 9.51 tonnes of our waste with a further 3.09 tonnes going to landfill. In addition, 0.45 tonnes was collected as food waste.

Greenhouse Gas Emissions	Year Ended 31 March 2021		Year Ended 31 March 2020	
	Measure	Tonnes CO ₂	Measure	Tonnes CO ₂
Scope 1: Direct Emissions				
Bulk Fuels:				
Vehicles (miles)	169,151	46	1,256,084	363
Heating oil (litres)	7,222	20	6,001	16
Gas (kWh)	19,160	4	19,548	4
Scope 2: Energy Indirect				
Electricity (kWh)	627,206	145	998,970	253
Scope 3: Other Indirect Emissions:				
Rail travel (miles)	4,634	0	212,884	13
Air travel (miles)	12,176	2	358,653	61
Travel by non-AHDB-owned transport (miles)	76,540	21	598,341	173
Waste management (tonnes)	13	5	31	7
Total		243		890
Tonnes/£m income		3.8		13.3

Costs (£)	Year ended 31 March 2021	Year ended 31 March 2020
Heating oil	2,942	2,146
Gas	1,394	1,371
Electricity	93,005	109,502
Waste management	8,022	10,742

Our total reported emissions reduced by 73% in 2020/21 compared to the previous year, as seen in the year-on-year emissions values in the above table. The effect of COVID-19 restrictions was the main driver of this reduction with the number of miles travelled reducing by 89% in 2020/21 when compared to 2019/20.

Electricity emissions were reduced by 37% due to a reduced level of staff occupancy of the HQ building. However, the related costs were only reduced by 15% due to fixed cost elements such as standing charges and climate charges. Year-on-year heating oil emissions increased by 20% and costs by 37% because of the need to power generators and other specialist equipment during remediation building work following the HQ building fire in January 2020. Gas emissions and costs which relate to the French offices remained similar to the prior year. Waste

management processed fell by 58% although costs were only reduced by 25% as there is a fixed cost element to this activity.

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

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

Performance analysis

2020/21 was a transitional year where we have been running an interim strategy and against which we have not set new corporate targets. We have however, continued to measure key metrics including value for money, awareness of AHDB and understanding of AHDB through our annual Levy Payer Satisfaction Survey, highlighted in the table below.

There has been little growth in the perception of 'value for money' in the Potatoes and Horticulture sectors which was further evidenced by the triggering of ballots in each sector.

Measure \ Sector	Value for money (mean score out of 10)		Awareness		Understanding of AHDB (mean score out of 10)	
	2015	2020	2015	2020	2015	2020
Beef & Lamb	4.7	5.5*	72%	92%*	3.8	5*
Cereals & Oilseeds	5.3	5.7	82%	97%*	4.5	6*
Dairy	3.9	5.1*	79%	96%*	4.1	5.9*
Pork	5.4	5.9	83%	100%*	4.5	6.6*
Horticulture	4.7	4.4	92%	100%*	6	6.6*
Potatoes	4.2	4.4	97%	99%	5.8	6.4

* Denotes statistically significant movement 2015 to 2020

Levy and ballot process

An ultimate test of levy payer satisfaction with our performance is provided under the AHDB Order 2008 - the Statutory Instrument under which AHDB operates. It allows levy payers to request a ballot on the continuance of a particular levy. If 5% of levy payers in any sector write to AHDB within a 90-day period, a ballot will be held on that levy and the results sent to Ministers for a decision.

AHDB received ballot requests for the Horticulture and Potatoes sectors in 2020/21. For Horticulture the overall voter turnout was 69%. By individual votes cast on the basis of one levy payer one vote, 61% were against continuing the levy versus 39% to retain the levy. For Potatoes the overall voter turnout was 64%. By individual votes cast on the basis of one levy payer one vote, 66% were against continuing the levy versus 34% to retain the levy. In both cases the ballot voting report by an independent scrutineer, was passed to Ministers for a decision on what happens next.

Board scrutiny

During 2020/21 AHDB committed to review and change its governance structures to provide levy payers with greater input into decision-making. Following the end of this reporting year we have put in place a new governance structure, details of which can be found on page 22.

During the reporting year we were structured with six advisory committees, known as sector boards, helping the AHDB Board and staff to shape all our strategic work programmes and to challenge and scrutinise delivery. This supplemented the scrutiny provided by the Audit and Risk Assurance Committee – please see the Governance Statement for more information on page 23.



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

These sector boards were predominantly made up of levy payers, providing an important level of direct accountability for AHDB. A list of sector board members can be found on page 76.

During the reporting year, the main AHDB Board held six formal meetings, two extraordinary meetings and five informal, interim meetings to help manage the rapidly changing situation with COVID-19, the Horticulture and Potato ballot results and the organisational restructure. In addition, the six sector boards held 28 meetings between them and 36 informal meetings.

Summary and look ahead

As I outlined earlier the AHDB delivered some fantastic work in 2020/21 against the unprecedented challenges presented by the COVID-19 pandemic and leaving the EU.

It is important to acknowledge this and the effort put in to support the industry by the professional people in the organisation. However, we cannot ignore the voices of our levy payers who are at the heart of what we do. There is clearly a desire for significant changes to be made at AHDB to deliver better value for those levy payers to whom we are ultimately accountable.

AHDB has an important role to play in continuing to support levy payers. By giving levy payers more say in what we deliver, restructuring to a leaner model and re-focusing our priorities, I believe the newly-shaped AHDB will play a crucial role in supporting levy payers to meet the challenges and maximise the opportunities that lie ahead.

Tim Rycroft
Chief Executive and Accounting Officer
Agriculture and Horticulture Development Board

17 November 2021

Accountability report

Corporate governance report

Board's report

Introduction

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

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

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

The composition of the AHDB Board is reported on page 27. Details of the Accounting Officer, who is the Chief Executive of AHDB, are reported on page 29.

Jane King was the Chief Executive Officer and Accounting Officer until 31 March 2021. From 1 April 2021 to 30 August 2021, Ken Boyns was the Interim Chief Executive Officer and Accounting Officer. Tim Rycroft took up the role of Chief Executive Officer and Accounting Officer from 31 August 2021.

Any interests held by AHDB Board members in other relevant organisations are disclosed in Note 18 of the financial statements.

AHDB's corporate governance is described and reviewed in the Governance Statement on pages 21 to 26.

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

Financial results

AHDB's overall Group results show a net total comprehensive expenditure of £7.9 million (2019/20: expenditure of £1.5 million). The annual Group deficit increased year on year primarily due to Defra funding to Livestock Information Limited (LI Limited) being recorded as 'Financing' which is accounted directly to the Group's reserves. The Group total operating expenditure (excluding pension items) of £69.8 million was £0.4 million greater in 2020/21 compared to 2019/20 as a result of the year-on-year increase in expenditure through LI Limited (£6.9

million) being offset by the reduction in expenditure related to AHDB activities because of COVID-19 restrictions (£6.5 million). Net non-operating items (excluding pension items) were similar to last year at £0.1 million income.

The Group cash balance at the end of the year was £25.6 million. Cash at bank is a fundamental component of our reserves policy, which is designed to fund a fluctuating working capital cycle, as well as maintain a base fund to protect AHDB's ability to continue to provide levy-payer services, should circumstances lead to an unexpected short-term reduction in our income. Cash is usually at its lowest in the summer months.

To aid the reader, the 2020/21 Annual Report and Accounts includes an additional Statement of Consolidated Net Expenditure, detailing the income and expenditure of AHDB only, and includes "AHDB Total" columns to Notes 2a and 2b (see pages 39 and 51 to 54 respectively). This provides the reader with a view of the financial information for AHDB in isolation from its wider Group totals. The presentation of the Group financial results is influenced by the method of accounting for the funding from Defra to LI Limited. The 'AHDB only' set of financial results aims to provide a clearer view of the six levy-funded sector activities.

AHDB gross levy income of £57.7 million is £2.3 million less than 2019/20 due to two primary factors:

- A 10% reduction in the Horticulture levy rate
- A much reduced 2020 harvest in the Cereals & Oilseeds sector due to bad weather in late autumn 2019 and Spring 2020

The impact of COVID-19 restrictions on AHDB's planned activities reduced operating expenditure by £6.5 million compared to 2019/20, which resulted in the AHDB standalone surplus of £2.2 million (2019/20: £0.6 million deficit), excluding the impact of pension scheme movements and property revaluations. AHDB had planned to deliver a deficit position for 2020/21. The surplus for 2020/21 and a property revaluation produced an AHDB standalone reserves position of £30.1 million at 31 March 2021, compared to £27.7 million in the prior year (excluding the pension reserve deficit). More details about AHDB core levy board activity is available in the financial performance section of the Performance Report on page 15.

Pension schemes

In accordance with the Government Financial Reporting Manual for the year ended 31 March 2021, AHDB accounts for its pension scheme obligations under the requirements of IAS 19 (revised): there are legacy pension schemes from the Meat and Livestock Commission (MLC) and Home Grown Cereals Authority (HGCA), with recognition of pension liabilities of £7.2 million and £0.4 million, respectively, in the AHDB statement of financial position. These assets and liabilities belong to the pension schemes and, in accordance with the Pension Scheme Surpluses (Valuation) Regulations 1987, are not available to AHDB.

At 31 March 2021 virtually all AHDB current employees are part of a defined contribution pension scheme. However, AHDB is the participating employer responsible for two legacy defined benefit pension schemes from MLC and

HGCA, two of the predecessor bodies that formed AHDB. These schemes are reported on in more detail in Note 17. The members of the schemes are previous employees of MLC and HGCA, many are pensioners, and most of the rest no longer work for AHDB (deferred members of the scheme). AHDB is responsible for ensuring members receive their benefits.

The MLC scheme has a triennial valuation being assessed as at 31 March 2021 and which is yet to be completed. If the position of the scheme remains in deficit, it would require further investment from AHDB in the form of an enhanced recovery plan. The actuarial valuation process takes up to 15 months to complete (typically around a year). Consequently, it is not yet possible to predict the outcome and it could be significantly better or worse. Both pension schemes have taken steps to reduce the volatility they are exposed to through liability-driven investment approaches. The MLC scheme also has 64% of its liabilities covered by bought-in insurance policies that are valued using the same assumptions as those liabilities.

Payment policy

AHDB's policy is to pay accounts according to suppliers' payment terms or, where such terms are not specified, to pay within 30 days of agreement of the amount invoiced. During 2020/21, controls surrounding the payments process were maintained despite the need to adapt procedures in line with COVID-19 restrictions. The payment time between invoice date and payment date that occurred the most often during 2020/21 was 25 days.

The average time between invoice date and payment date for all invoices paid in 2020/21 was 42.3 days. This average time metric can be skewed by timing differences between when the invoice is dated and the timeframe of when payment(s) is necessary for the completed agreed services.

Contractors

AHDB uses the services of specialist individual contractors to provide specific services where the resource is not available in-house and where it would not be commercially or operationally viable to provide the resource internally. During 2020/21, the cost of services provided by such specialist contractors by the AHDB group was £7.3 million, of which £0.1 million (2019/20: £1.3 million) was through engagement with AHDB and £7.2 million was through engagement with LI Limited. The reduction year-on-year for AHDB standalone is due to the contractors engaged on the Livestock Information Programme being transferred to LI Limited when it became operational during 2019/20.

Environmental issues (sustainable development)

Please see the Performance Report on page 16.

Auditor

The external auditor of AHDB is appointed by statute and is the Comptroller and Auditor General (C&AG). The C&AG has also been appointed the external auditor of AHDB's subsidiary Livestock Information Limited. Services are limited to the audit and no fees were paid in respect of non-audit services

Personal data-related incidents

AHDB has had no material data-related incidents that required reporting to the ICO. There were eight personal

data incidents logged during the year (17 in 2019/20). All were reported to the Defra data protection officer. The incidents were used as opportunities to reinforce staff understanding and training and improve systems and processes. Data incidents ranged from the loss of an encrypted AHDB mobile phone by a member of staff to forwarding an email to the wrong person and a programming code error in a digital tool, giving some users visibility to names they should not have been able to see.

AHDB received one Subject Access Request during 2020/21 which was addressed in line with our policy and within the 30 day regulatory response time.

Statement of the Accounting Officer's responsibilities

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

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

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

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

Disclosure of audit information to the Comptroller and Auditor General

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

Governance statement 2020/21

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

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

Jane King was the Chief Executive Officer and Accounting Officer until 31 March 2021. From 1 April 2021 to 30 August 2021, Ken Boyns was Interim Chief Executive Officer and Accounting Officer. I took up the role of Chief Executive Officer and Accounting Officer from 31 August 2021.

Governance framework – AHDB Board and committees

The AHDB Board has historically consisted of 10 members: the chair, three independent members and six specialist members who were also chairs of the six sector boards.



The members of the AHDB Board are appointed by Ministers from all four constituent countries of the UK (see listing on page 27). During the reporting period the Board was supported through a structure of six advisory committees, known as sector boards, comprised of members appointed by AHDB to provide expertise on their specific sector and included at least one independent member per sector board (see listing on page 76). Each sector board had functions delegated from the AHDB Board, including developing the most appropriate strategies to meet the challenges of their sector, within the framework of the AHDB Corporate Strategy.

During the reporting period AHDB started to make substantial changes to its structure which included a review and changes to the governance framework.

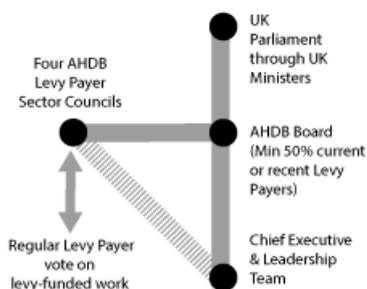
A sub-group of the Board was set up during 2020/21 to work with independent external advisors in order to carry out a board and governance evaluation and to create a report

which proposes options for how governance could work more effectively and efficiently going forwards.

As part of this the Board acknowledged that the different industry sectors served by AHDB are genuinely different, with differing needs that need to be more effectively considered in the new governance model.

This work, along with re-shaping the senior executive to support the new governance framework, was still in progress at 31 March 2021 and was largely completed by October 2021. The main components of the new governance framework are designed to deliver accountability and responsibility for what AHDB does and how it does it.

- The AHDB Board is accountable to Parliament (through Ministers) for 'what' AHDB does. It is appointed on a skills basis, with at least five being recent or current levy payers with industry expertise. The Board will normally consist of eight non-executive members plus the chair. The recruitment of this new Board composition started in March 2021 and five new Board Members were appointed on 13 September 2021
- The Board is now supported by four sector committees, proposed to be called "sector councils". The sector councils decide 'what' strategic programmes of work are needed to support their sectors and also what recommended levy rate is needed to fund that work. These councils are comprised of levy payers from each sector, with appointments confirmed through a levy payer vote
- The sector councils are informed in their decision-making through a regular (five-yearly) open vote by levy payers on costed strategic work programmes. These are proposed by the sector councils and AHDB Executive, to address the key priorities identified in each sector. There will also be annual voting where necessary
- The AHDB Executive is responsible for 'how' the strategic work programmes are delivered. The executive is comprised of a Leadership Team of two divisional directors, HR Director and Finance Director reporting to the Chief Executive Officer, plus 10 specialist directors to work with the sectors or manage the key operational delivery teams such as exports, marketing, science and economic analysis



AHDB Governance After

In compliance with HM Treasury's corporate governance code for central government, the Board operates with the support of two sub-committees, an Audit and Risk Assurance Committee (ARAC), and a Remuneration and Nominations Committee.

The report that followed the Board and governance evaluation found the ARAC to be generally working well with scope for it to be involved in a wider range of activities within its existing remit. The Board evaluation report recommended that the Remuneration and Nominations Committee scope, and the skills on it, needed review. This will take place alongside new Board Members being appointed.

The staff resource to support the corporate governance area was strengthened giving more focus to the practical administration and operation of the Board.

Board focus

During 2020/21 the Board focused considerable time on developing the new five-year strategy, published for feedback on 7 December 2020, assessing governance as well as overseeing the ballots that were called on the continuance of the levy in the Horticulture and Potatoes sectors. In particular, the Board considered:

- The future strategy and change programme for AHDB 2021-2026
- Five AHDB commitments in response to the Request for Views feedback, including a detailed governance review, plans for improved levy payer engagement, regular ballots and modernisation of levy systems
- Exiting the EU and its implications for the industry and AHDB
- How to secure the future of potato storage research (preceding the Potatoes Sector ballot outcome)
- How we deliver better levy payer engagement from our communications and technical campaigns
- How we work more closely in partnership with other bodies such as Quality Meat Scotland and Red Tractor
- How we evaluate the value for money to levy payers from our work
- Proposals to support the establishment of a new professional body, The Institute for Agriculture & Horticulture (TIAH)

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

	Board*		ARAC		Remuneration	
	Available	Attended	Available	Attended	Available	Attended
Nicholas Saphir	6	6	N/A	N/A	4	4
Hayley Campbell-Gibbons	6	6	N/A	N/A	4	4
Sophie Churchill	1	1	1	1	N/A	N/A
George Lyon	6	6	N/A	N/A	4	4
Sarah Pumfrett	6	6	4	4	N/A	N/A
Adam Quinney	6	6	N/A	N/A	4	4
Richard Soffe	5	5	3	3	N/A	N/A
Janet Swadling	6	6	4	4	N/A	N/A
Mike Sheldon	6	6	4	4	N/A	N/A
Paul Temple	6	6	N/A	N/A	4	4
Paul Unwin**	N/A	N/A	1	1	N/A	N/A

*In addition to the six formal Board meetings listed above, Board members were invited to attend two Extraordinary and five informal, interim meetings during the year.

**Paul Unwin is a member of ARAC only.

Alison Levett also attended Board meetings as an observer on behalf of the Potato Sector.

As at 31 March 2021 the following Board members' terms ended: George Lyon, Adam Quinney, Richard Soffe and Paul Temple. There were six vacancies on the Board as at 1 April 2021. Adam Quinney and Paul Temple continued as interim chair of the Beef & Lamb Sector Board and the Cereals & Oilseeds Sector Board respectively and attended the AHDB Board as observers without voting rights from 1 April 2021 until new Board members took office on 13 September 2021. Alison Levett continued as interim chair of the Potatoes Sector Board and AHDB Board

observer. Peter Rees was appointed interim chair of the Dairy Sector Board and AHDB Board observer until a new Board Member took office on 13 September 2021.

The Board evaluation process provided recommendations to add key skills in the areas of IT, public sector environment and accountability and executive management of a medium-sized organisation.

The CEO/Accounting Officer and Leadership Team attended Board meetings. There were no other changes during the 2020/21 financial year.

The AHDB Executive Leadership Team

The AHDB Leadership Team (listed on page 29) is the executive team responsible for ensuring delivery of the strategy set by the Board and supervising the day-to-day management operations within AHDB. The team meets weekly to monitor and review both the performance of the organisation and manage specific operational matters.

Board performance and effectiveness

In addition to the external Board and governance evaluation described earlier, the effectiveness of the Board is assessed by the Chair conducting individual appraisals of each Board Member on an annual basis. The Board also assesses its own effectiveness by individually completing evaluations annually.

Conflicts of interest were declared and monitored throughout the year. Conflicts that needed to be managed included: Mike Sheldon as a member of AHDB ARAC, Chair of Livestock Information Limited ARAC and Non-Executive Director of Livestock Information Limited, which was mitigated by declaring the conflict at the start of the specific discussion items and not participating in the discussion or being allowed to vote on the decision; and Janet Swadling in relation to work on The Institute for Agriculture and Horticulture (TIAH) which was mitigated by her not participating in Board decisions on TIAH.

The AHDB Board also managed potential conflicts related to the MLC Pension Scheme and HGCA Pension Plan for Board members and senior executives who are also directors of the Pension Trustee company for the Scheme and Plan by being clear in respective meetings which interest they represented and not participating in items where there was a conflict.

Quality of management information

The plan for further improvement to the format and quality of information the Board receives was delayed due to COVID-19, and the changes in the strategy. The Board evaluation report identified mixed views on the quality of management information, but it showed general acceptance that the management information provided to the board needs to be developed further. The aim during 2021/22 is to improve reporting of progress against targets and objectives and seek further feedback. This work has been supported by the appointment of a Governance Manager from 1 April 2021.

Corporate governance effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the process of governance. My review of the effectiveness is informed by the work of the internal auditors and the Chief Officers within AHDB, who have

responsibility for the development and maintenance of the governance processes and internal control framework. I have also taken account of comments made by the previous two Accounting Officers in their hand over letters and the external auditor in its management letter and other reports. Both former Accounting Officers have reviewed this Governance Statement.

I have been advised by the Board and the ARAC in my review of the effectiveness of the system of internal control.

AHDB embraces and is committed to the principles and requirements of good corporate governance and is already addressing the points raised by the Board evaluation report where improvements are needed. The process of corporate governance continued to be embedded throughout the organisation during the year ended 31 March 2021 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance. As part of this the Board set the following milestones:

- The Board composition and skill sets to be represented to be finalised within the reporting period
- Work with Defra to complete the recruitment and appointment by ministers of Board member vacancies, and for AHDB to deliver the induction of new Board members by 30 September 2021. (This was completed on 14 October 2021 despite the recruitment process taking longer than expected).

The Board considers it has complied with the corporate governance in the central government department's code of good practice insofar as it applies to externally funded arm's length bodies.

No significant internal control issues were brought forward from 2019/20 and no new ones were raised in 2020/21.

Audit and Risk Assurance Committee (ARAC)

Membership of the ARAC is detailed on page 27. Meeting attendance is covered in the table on page 22.

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

The ARAC was satisfied that the general level of management and financial control was sufficient to assure the Board and levy payers that the processes, systems and risk management techniques applied to AHDB operations were fit for purpose.

ARAC has self-assessed against the required skills matrix and will seek to address gaps through the appointment of new ARAC members following the 2021 Board appointments. Janet Swadling, a member of ARAC, sponsors and oversees the counter-fraud initiatives and action plan.

The ARAC ensured that it received enough information throughout the year to assure itself that sufficient progress was made on key areas including data and information management/cyber security.

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

Internal control: The AHDB executive discusses significant control issues and risks with the ARAC. The process allows for robust challenge from ARAC to the executive and agreement and monitoring of subsequent actions. Assurance was obtained that key internal control recommendations made by internal and external auditors had been implemented by management. ARAC requested explanations and agreed what remedial steps would be taken for any actions that had been delayed.

Financial reporting: An understanding of the current areas of greatest financial risk and how the executive is managing these effectively was obtained. Significant risks and exposures were discussed with management, and the internal and external auditors. Management's plans to minimise and manage such risks were discussed, including the ongoing VAT case (refer to specific risks, page 25), the liability of the defined benefit pensions, and the revision of the reserves policy.

Following the Horticulture and Potato sector ballots there was review and scrutiny of the plans and associated activities that would be wound-down in order to minimise costs and liabilities whilst AHDB was awaiting Ministerial decisions on the future of those sectors.

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

Throughout 2020/21, AHDB's internal audit function was outsourced to RSM. The function operates to standards defined in the Government Internal Audit Standards. The internal audit function has a central role in assessing the robustness of the implementation of the risk management strategy and management of internal controls across AHDB. It provides information on the various strengths and weaknesses and advises on where improvements are necessary and desirable for the good governance of AHDB. The internal audit plan for AHDB is set and approved annually by the ARAC. RSM's annual internal audit report for 2020/21 gave the second highest rating being "the organisation has an adequate and effective framework for risk management, governance and internal control", which is the same as the previous year. There are four possible rating categories, from 'Substantial' through 'Reasonable' and 'Partial' to 'No' assurance.

During 2020/21, the internal audit areas covered, were:

- Current Home Working Arrangements – Substantial assurance
- Key Financial Controls – Reasonable assurance
- Data Management & Security – Partial assurance
- IT Systems Development & Delivery – Advisory only (no assurance rating provided)
- Strategic Change Management – Advisory only (no assurance rating provided)

There were nine high priority recommendations made by RSM from the internal audits carried out during the year. Management undertook to implement the required actions

and some were in progress before the end of the financial year.

AHDB has considered the overall management of internal control and governance throughout the year and can confirm there are no issues requiring specific disclosure beyond those explained above.

Internal audit arrangements for 2021/22 are for RSM to continue to supply a full internal audit service. RSM were reappointed for two years, with the option to extend for up to a further two years, following a public procurement process.

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

Other assurances

During 2020/21, two areas of operation were certified to ISO 9001:2015 for their quality management systems. The ISO 9001:2015 standard pulls together policies, processes and procedures safeguarding the quality, efficiency and consistency of our systems, continually improves customer satisfaction and provides a basis for business excellence. The scope of our quality management systems covers primary data provision in our Market Intelligence division and services provided at our Sutton Bridge research facility.

Risk: Business risks were monitored and a new risk policy was implemented. See below for more detail on risks.

Remuneration and Nominations Committee

Membership of the Remuneration and Nominations Committee is detailed on page 27, and attendance is recorded in the table on page 22. The Committee is chaired by a AHDB Board member and includes three other Board members, plus the AHDB Chair. The Remuneration and Nominations Committee met four times during 2020/21, when it:

- Approved the implementation of government guidelines on pay
- Assessed the annual performance of the Chief Executive and Leadership Team
- Determined the strategic direction of compensation and benefits across the organisation and provided the AHDB Board with assurances on performance and reward
- Reviewed the gender pay gap within AHDB and the actions being taken to reduce this.
- Set-up a sub group to manage the appointment of the new Board members, and oversee the transition appointment arrangements relating to the sector board members whilst the governance structure was being reviewed.

Whistleblowing policy

AHDB is committed to high standards of openness and accountability, and concerns about malpractice are taken very seriously. A disclosure to AHDB, based on an honest and reasonable suspicion that malpractice has occurred, is

occurring or is likely to occur, will be protected. Employees who raise concerns reasonably and responsibly will not be penalised. During 2020/21, there were no concerns raised under the whistleblowing policy.

Risk management

During the year ended 31 March 2021, Jane King, the previous Chief Executive acted as a sponsor of AHDB's corporate governance and risk management programme, with Ken Boyns, the Chief Finance and Operations Officer (CFOO) operating as a key manager. The CFOO then took on this responsibility from 1 April 2021 to 30 August 2021 as Interim Chief Executive, and it was then passed to me as the Chief Executive from 31 August 2021. During 2020/21 we implemented the new risk management policy and risk appetite.

The risk management policy constitutes a key element of our internal control and corporate governance framework. Chief Officers and directors, as senior team members, are responsible for ensuring that risks to the delivery of our strategy and to AHDB have been properly identified, assessed and managed across their work areas. They are responsible for escalating risks to the Leadership Team for its attention when necessary.

Risk appetite

The review of AHDB's risk appetite last took place by the Board in January 2020. It provides guidance to management on the level of risk considered appropriate and recognised that an aversion to risk must not prevent AHDB from taking opportunities that will aid successful and innovative development in line with its strategic plan. Being prepared to take higher risks across strategic, operational and reputational risk is matched by robust risk management and internal control environments to ensure those higher risks are taken with due consideration and with the appropriate management. An example of taking more risks is the joint work with Defra on the Livestock Information Programme. The review also confirmed a low-risk appetite to be applied to matters impacting on health and safety or other legal and regulatory matters.

LI Limited

LI Limited is developing the livestock information programme. The programme will develop a livestock tracing service replacing three existing services which are now approaching obsolescence. LI Limited felt the impact of COVID-19 on its operations during 2020-21 and delivery plans were affected as the programme had to pause, replan and regroup. Consequently, LI Limited is running behind the original plan and there will inevitably be some delays to the final implementation date that had originally been planned. Cross-membership between AHDB's ARAC and LI Limited's ARAC ensures that AHDB's ARAC is kept informed about any risk matters affecting LI Limited. Full details of the key risks that LI Limited have identified and are managing are available through LI Limited's 2020/21 Annual Report and Accounts which are filed at Companies House.

Specific risks

The highest risks that were identified and managed at the corporate level in 2020/21 were in the following areas;

Coronavirus

Managing the impact on operations of the global COVID-19 pandemic had a significant impact on AHDB. The AHDB response was co-ordinated through its Business Continuity Plan team with the focus on:

- Implementing government advice to protect staff and enable safe and healthy home and office working, supported through robust and regular risk assessments
- Continuing to deliver impactful services to farmers, growers and the food supply chain in the new environment with a major switch from physical farm level events to digital meetings, webinars and conferences
- Working with the wider industry to maintain food/labour supplies

This risk will continue to be monitored and mitigated in line with ongoing official advice.

Exiting the EU

During 2020/21, we managed two EU Exit risks:

- Preparing for structural change to the industry and potential resulting changes to AHDB levy income
- Potential for changes to AHDB's remit brought about as a consequence of changes to agriculture policies across the governments and assemblies in the UK)

In December 2020 a trade deal with the EU became a reality and the first risk detailed above was reduced significantly, and subsequently will no longer be monitored regularly.

The second risk continues to carry some possible impact. Therefore, we will continue to assess the possible medium to long-term risks and opportunities of leaving the EU, where we may be able to support the levy payer community.

Data protection and cyber security

Data Protection and compliance with UK data protection regulations continued to be a focus during 2020/21. This is reflected in the new incident management response process and other information security incidents, in addition to the logging and reporting of all personal data breaches. During 2020/21, a significant communications effort also took place to ensure staff working from home (due to COVID-19) continued to apply data protection and information security policies and processes.

Each Chief Officer is responsible for proper data handling within their area of responsibility. The organisation holds an Information Asset Register that is managed by the data protection officer. We continue to grow our maturity in this area, with the resulting reduction of risks in both GDPR and cyber security. See section on personal data-related incidents on page 20.

An internal audit on Data Management & Security reported partial assurance with two high priority actions. This report helped us to maintain focus on improving our cyber security maturity across people, processes and technology with significant progress in staff awareness, security testing and additional policies and processes during the 2020/21 financial year, all of which are reported regularly to ARAC.

Health and safety

AHDB aims to ensure the continuous improvement in health and safety reporting and management within the organisation. The Health and Safety Dashboard ensured the visibility of health and safety trends to the AHDB Board and Leadership Team.

In response to the COVID-19 pandemic the implementation of COVID-19 risk assessments and secure operating procedures, along with alignment and benchmarking of best practice with Defra, helped ensure the safety of our staff while homeworking, in the office and during fieldwork. A COVID-19 secure workplace review of the HQ building by the Health and Safety Executive on 31 March 2021 identified no areas for improvement. Additional focus on the Sutton Bridge Experimental Unit this year included both additional measures and assessments of control and safety systems of work around confined spaces and flammables storage. The COVID-19 secure workplace risk assessment for the Sutton Bridge site allowed for continued research operations through the pandemic for that location.

Legacy pension schemes

The organisation is responsible for the funding of two legacy defined benefit pension schemes. These schemes are vulnerable to the same potential risks all defined benefit schemes are and experienced some volatility during 2020/21. AHDB is working with the Trustee Directors to support the reduction of volatility in the schemes. Please see Note 17 for more information.

Support of levy payers – levy ballots

We continued to actively manage the risk around the support of levy payers throughout the past year. However, the dissatisfaction from some levy payers resulted in ballots in early 2021 on the continuance of the statutory levy in the Horticulture and Potatoes sectors. These both returned outcomes against the continuance of the levy. The voting reports were passed to Ministers for their decision. The Ministers subsequently proposed in an industry consultation started in November 2021, that 2021/22 should be the final year of statutory levies in these two sectors. See the Performance Report, page 6, for more information.

We head into our new strategy and change programme with a renewed sense of purpose to succeed, especially in those areas of the continuing sectors where levy payers have shown to be dissatisfied. The strategy, our greater ambition and the higher risk appetite requires better levy payer engagement and communication of the value of the work to levy payers.

The outcome of the Horticulture and Potato sector ballots, and the subsequent work to manage the wind down of activity in those sectors, gave rise to an assessment of the adequacy of the Board's reserves policy. This assessment resulted in an amendment to that policy, which took place after 31 March 2021, to allow for more flexible financial management of reserves for a sector, depending on the level of levy-funded activity being delivered for that sector, whilst maintaining sufficient reserves to manage a sector wind-down, should that become necessary.

VAT status

As reported earlier, HMRC determined in October 2020 that the AHDB levies should not be subject to VAT going forwards, meaning that AHDB could not recover Input VAT

on its supplies. The impact of HMRC's decision is that AHDB's cost base would increase by c.£5.5 million pa based on the historic activity levels of the six sectors, or c. £4.1 million against the activities of the Beef & Lamb, Cereal & Oilseeds, Dairy and Pork sectors. HMRC have confirmed an application would not be retrospective. AHDB may be required to enact HMRC's decision at a point in time which is before the outcomes of its Section 33(3) application and the Tax Tribunal appeal are known. Outcomes from each mitigation remain uncertain.

Levy Completeness

As a result of the operational changes needed to comply with health and safety requirements and lockdown restrictions during the COVID-19 pandemic, the level of physical/on-site levy audits completed during 2020/21 had to be reduced when compared to AHDB's standard approach and practices to levy audit and compliance work in any other year. In sectors other than Horticulture and Potato buyers, relevant industry information from third party data sources and desktop analysis was undertaken to evaluate the accuracy of levy return data that was submitted by our levy payers during the year. Our standard auditing processes for all sectors, which covers analysis, levy assessment and levy collection of past periods where relevant, has returned to the standard operating model from summer 2021 onwards.

Conclusion

As Accounting Officer, I have considered the evidence provided regarding the operation of internal control, the independent advice and assurance provided by the Audit and Risk Assurance Committee, the results of the internal audit assurance process, and taking account of the observations of the external auditor. Taking this evidence into account I am content that appropriate systems of internal control and risk management have been in place for the year under review and up to the date of approval.

AHDB Board and statutory committees at 31 March 2021

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

AHDB Board

Chair:

Nicholas Saphir

Independent members:

*George Lyon
Sarah Pumfrett
Janet Swadling

Specialist members and sector board chairs:

Hayley Campbell-Gibbons, Chair of AHDB Horticulture Sector Board
**Sophie Churchill OBE, Chair of AHDB Potatoes Sector Board
*Adam Quinney, Chair of AHDB Beef & Lamb Sector Board
Mike Sheldon, Chair of AHDB Pork Sector Board
*Richard Soffe, Interim Chair of AHDB Dairy Sector Board
*Paul Temple, Chair of AHDB Cereals & Oilseeds Sector Board

**Denotes end of term in office on 31 March 2021.*

***Sophie Churchill's term in office ended on 22 July 2020.*

Colin Bateman, Sarah Bell, Stephen Briggs, Lyndon Edwards and Catherine MacKenzie were appointed to the AHDB Board from 13 September 2021.

Further details of Board appointments after 31 March 2021 can be found in the Governance Framework section of the Governance Report on pages 21–22 and in the Remuneration and Staff Report, pages 28–32.

Biographical details of current Board members are published on www.ahdb.org.uk

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

Statutory committees

AHDB Audit and Risk Assurance Committee

Sarah Pumfrett (Chair) – AHDB Independent Board Member
**Sophie Churchill OBE – AHDB Board Member
Mike Sheldon – AHDB Board Member
Richard Soffe – AHDB Board Member
Janet Swadling – AHDB Independent Board Member
***Paul Unwin – independent member of the AHDB Beef & Lamb Sector Board

***Denotes end of term in office on 22 July 2020.*

****Paul Unwin was appointed to the Audit and Risk Assurance Committee from 9 March 2021.*

Audit and Risk Assurance Committee terms of reference are published on www.ahdb.org.uk

AHDB Remuneration and Nominations Committee

*George Lyon (Chair) – AHDB Independent Board Member
Hayley Campbell-Gibbons – AHDB Board Member
Nicholas Saphir – AHDB Board Chair
*Adam Quinney – AHDB Board Member
*Paul Temple – AHDB Board Member

**Denotes end of term in office on 31 March 2021.*

Remuneration and Nominations Committee terms of reference are published on www.ahdb.org.uk

Remuneration and staff report

Membership of the Remuneration and Nominations Committee

Membership of the Remuneration and Nominations Committee consists of five AHDB Board members appointed by the Board. The Chair of the Committee throughout the year was George Lyon, an independent AHDB Board Member. The other members of the committee as at 31 March 2021 were Hayley Campbell-Gibbons, Adam Quinney, Nicholas Saphir and Paul Temple. Membership is reviewed periodically or on termination of a member's appointment to the Board.

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

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

The Remuneration and Nominations Committee's function in relation to its responsibilities regarding remuneration is as follows (a summary of the activity of the committee regarding nominations is included in the Governance Statement on page 24):

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

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

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

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

Methods used to assess whether performance conditions are met

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

Proportion of remuneration which is subject to performance conditions

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

The amount of senior managers' remuneration that is subject to performance conditions, where agreed, is restricted under government pay guidelines to a maximum of 10% of salary. No members of the Leadership Team were eligible for performance-related pay in 2020/21.

Policy on duration of contracts, notice periods and termination payments

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

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

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

(Details of AHDB Board members and Board statutory committees are shown on page 27. Sector board members are shown on page 76).

Contracts of employment for the Leadership Team

Set out below are details of the contracts of employment for AHDB's Leadership Team as at 31 March 2021.

	Contract start date	Contract expiry date	Contract notice period	Unexpired term	
Jane King: Chief Executive Officer	01-Feb-15	30-Sep-21	6 months	6 months	Note 1
Ken Boyns: Chief Finance and Operations Officer	01-Jul-16	Indefinite	6 months	Not applicable	Note 2
Rebecca Geraghty: Chief Technical Officer	08-Oct-18	Indefinite	6 months	Not applicable	
Tom Hind: Chief Strategy Officer	05-Oct-15	10-Sep-20	6 months	Not applicable	
Will Jackson: Interim Chief Strategy Officer	03-Aug-20	31-Jul-21	6 months	Not applicable	Note 3
Richard Laverick: Chief Livestock Information Programme Officer	01-Sep-18	Indefinite	6 months	Not applicable	
Christine Watts: Chief Communications and Market Development Officer	14-Jan-16	Indefinite	6 months	Not applicable	

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

Note 1:

Jane King commenced her notice period on 1 April 2021 and left AHDB on 30 September 2021. During this period of contractual notice, she remained available to support the organisation as required and all arrangements have been approved by Defra and HM Treasury.

Note 2:

Ken Boyns was Interim Chief Executive Officer from 1 April 2021 until 30 August 2021 inclusive. Tim Rycroft became Chief Executive Officer 31 August 2021.

Note 3:

Will Jackson's contract start date and contract expiry date reflect the effective dates of secondment to the role.

Remuneration of the Leadership Team (audited)

Set out below are details of the remuneration of AHDB's Leadership Team during the year to 31 March 2021. Benefits include the provision of a company car, private health cover and, where applicable, other miscellaneous allowances and holiday buy-back arrangements. No other non-cash benefits were provided.

	Basic salary (Bands of £5,000)		Bonus (Bands of £5,000)		Benefits in kind (Nearest £100)		Pension benefit (Nearest £000)		Total (Bands of £5,000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Jane King: Chief Executive Officer	140-145	135-140	-	-	10,200	10,300	11,000	14,000	160-165	160-165
Ken Boyns: Chief Finance and Operations Officer	95-100	95-100	-	-	7,300	7,400	11,000	12,000	115-120	115-120
Rebecca Geraghty: Chief Technical Officer	85-90	80-85	-	-	10,100	11,300	5,000	1,000	105-110	95-100
Tom Hind: Chief Strategy Officer (to 10 September 2020)	45-50	105-110	-	-	3,200	7,400	5,000	11,000	55-60	125-130
Will Jackson: Interim Chief Strategy Officer (from 3 August 2020)	55-60	-	-	-	8,400	-	5,000	-	65-70	-
Richard Laverick: Chief Livestock Information Programme Officer	90-95	90-95	-	-	7,300	7,400	9,000	9,000	110-115	105-110
Christine Watts: Chief Communications and Market Development Officer	115-120	115-120	-	-	6,600	6,600	12,000	12,000	135-140	130-135

Tom Hind left AHDB 10 September 2020 with a full year equivalent salary of £110k - £115k in 2020/21. Will Jackson was appointed to the Leadership team from 3 August 2020 with a full year equivalent salary of £80k-£85k in 2020/21.

Pension scheme particulars of the Leadership Team (audited)

Set out below are the pension scheme particulars of AHDB's Leadership Team during the year to 31 March 2021.

	Pension Scheme details	Employees contribution rate	Employers contribution rate	
Jane King: Chief Executive	AHDB Group Personal Pension Plan	0.0%	0.0%	Note 1
Ken Boyns: Chief Finance and Operations Officer	AHDB Group Personal Pension Plan	5.0%	10%	Note 2
Rebecca Geraghty: Chief Technical Officer - L&G Pension from 01/01/2020	AHDB Group Personal Pension Plan	3.0%	6.0%	
Tom Hind: Chief Strategy Officer (to 10 September 2020)	AHDB Group Personal Pension Plan	5.0%	10.0%	
Will Jackson: Interim Chief Strategy Officer (from 03 August 2020)	AHDB Group Personal Pension Plan	5.0%	10.0%	
Richard Laverick: Chief Technical Officer Chief LIP Officer	AHDB Group Personal Pension Plan	26.0%	10.0%	
Christine Watts: Chief Communications and Market Development Officer	AHDB Group Personal Pension Plan	5.0%	10.0%	

Note 1:

Jane King's employee's contribution rate and employer's contribution rate were both 10% until 31 December 2020. Jane left the Pension Scheme on 31 December 2020.

Note 2:

Ken Boyns's employer's contribution rate was 12.5% until 31 August 2020, then 10% from 1 September 2020.

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

Rebecca Geraghty was an active member of the HGCA defined benefit scheme until 31 October 2019 and has transferred to the AHDB Group Personal Pension Plan from January 2020. Details are shown in the table above in 'Pension scheme particulars of the Leadership Team (audited)'.

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

Set out below are details of the employer's contributions made on behalf of AHDB's Leadership Team who were members of a defined contribution scheme during the year to 31 March 2021.

	Employer's contributions	
	For the year ended 31-Mar-21	For the year ended 31-Mar-20
	£'000	£'000
Jane King: Chief Executive	11	14
Ken Boyns: Chief Finance and Operations Officer	11	12
Rebecca Geraghty: Chief Technical Officer	5	1
Tom Hind: Chief Strategy Officer (to 10 September 2020)	5	11
Will Jackson: Interim Chief Strategy Officer (from 3 August 2020)	5	-
Richard Laverick: Chief Livestock Information Programme Officer	9	9
Christine Watts: Chief Communications and Market Development Officer	12	12

Fair pay report (audited)

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

The annualised banded remuneration, excluding pension benefit, of the highest-paid executive employed by AHDB at 31 March 2021 was £150k–£155k (2019/20: £145k–£150k). This was 3.7 times (2019/20: 3.7) the median remuneration of the workforce, which was £40,827 (2019/20: £39,643).

In 2020/21 and 2019/20, no employees received remuneration higher than the annualised amount paid to the Chief Executive. The range of remuneration for 2020/21 commenced at £10k–£15k (2019/20: £10k–£15k). Total remuneration includes salary, non-consolidated performance-related pay, and benefits in kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Emoluments of AHDB Board Members (audited)

Set out below are details of the emoluments of AHDB's Board members during the year ended 31 March 2021. No other cash or non-cash benefits were provided to AHDB Board members.

Board Member	Role(s)	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 (Restated) £'000
Nicholas Saphir	Chair of AHDB Board, RemNom	50-55	-
Peter Kendall	Chair of AHDB Board, RemNom	-	50-55
Hayley Campbell-Gibbons	Chair of AHDB Horticulture Sector Board, RemNom	30-35	30-35
Sophie Churchill	Chair of AHDB Potatoes Sector Board, ARAC	5-10	30-35
Gwyn Jones	Chair of AHDB Dairy Sector Board, ARAC	-	30-35
Will Lifford	Independent Board Member of AHDB, ARAC	-	10-15
George Lyon	Independent Board Member of AHDB, RemNom, HGCA Pension Plan Trustee Director, Chair of MLC Pension Plan Trustees	15-20	10-15
Sarah Pumfrett	Independent Board Member of AHDB, ARAC	10-15	-
Adam Quinney	Chair of AHDB Beef & Lamb Sector Board, RemNom	30-35	30-35
Mike Sheldon	Chair of AHDB Pork Sector Board, ARAC, MLC Pension Plan Trustee Director	30-35	35-40
Richard Soffe	Interim Chair of AHDB Dairy Sector Board, ARAC	30-35	-
Janet Swadling	Independent Board Member of AHDB, ARAC, Chair of HGCA Pension Plan Trustees, Skills Group Project Lead	45-50	10-15
Paul Temple	Chair of AHDB Cereals & Oilseeds Sector Board, RemNom	30-35	30-35

RemNom indicates a member of the AHDB Remuneration and Nominations Committee.

ARAC indicates a member of the AHDB Audit and Risk Assurance Committee.

Full year equivalent value during 2020/21 for Sophie Churchill is £30-35k.

Janet Swadling's roles for 2020/21 included the Chair of HGCA Pension Plan Trustees and the Skills Group Project Lead which she did not undertake in 2019/20.

Mike Sheldon was also an LI Limited Board member during 2020/21 (and 2019/20), receiving £0k–£5k (2019/20: £0k–£5k). Will Lifford was also an LI Limited Board member during 2019/20, receiving £0k–£5k. More details regarding LI Limited Board membership can be found in the LI Limited Annual Report and Accounts.

Mike Sheldon's prior year emoluments have been restated because in the 2019/20 Annual Report Accounts, £30k-35k was included within the table alongside £0k–£5k in notes beneath the table related to Pension Trustee emoluments. The Pension Trustee emoluments are included within the table this year.

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

	Contract start date	Contract end date
Nicholas Saphir: Chair of AHDB	01-Apr-20	31-Mar-23
Peter Kendall: Chair of AHDB	01-Apr-14	31-Mar-20
Hayley Campbell-Gibbons: Chair of AHDB Horticulture Sector Board	01-Nov-18	31-Oct-21
Sophie Churchill: Chair of AHDB Potatoes Sector Board	10-Apr-17	22-Jul-20
Gwyn Jones: Chair of AHDB Dairy Sector Board	01-Oct-14	31-Mar-20
Will Lifford: Independent Board Member of AHDB	01-Apr-13	31-Mar-20
George Lyon: Independent Board Member of AHDB	01-Apr-15	31-Mar-21
Sarah Pumfrett: Independent Board Member of AHDB	01-Apr-20	31-Mar-23
Adam Quinney: Chair of AHDB Beef and Lamb Sector Board	23-Nov-15	31-Mar-21
Mike Sheldon: Chair of AHDB Pork Sector Board	10-Apr-17	09-Apr-22
Richard Soffe: Interim Chair of AHDB Dairy Sector Board	08-Jul-20	31-Mar-21
Janet Swadling: Independent Board Member of AHDB	31-May-18	31-Mar-24
Paul Temple: Chair of AHDB Cereals and Oilseeds Sector Board	01-Apr-15	31-Mar-21

With effect from 1 April 2021, Alison Levett was re-appointed as Interim Chair of the AHDB Potatoes Sector Board, Adam Quinney was appointed as Interim Chair of the AHDB Beef & Lamb Sector Board and Paul Temple as Interim Chair of the AHDB Cereals & Oilseeds Sector Board. Peter Rees was appointed as Interim Chair of the AHDB Dairy Sector Board. All four were appointed for a six month term to 30 September 2021. None of these roles are Board members of AHDB but they do attend the Board as observers until new Board members are appointed by ministers.

Staff report

AHDB is supported by a dedicated team of permanent staff.

Staff costs and average numbers (audited): For the year ended 31 March 2021, AHDB employed an average full-time equivalent ('FTE') of 500 staff (496 in the previous year), of which 24 staff were funded through non-levy sources (17 reported in the previous year; additional workstreams have been identified to be funded through non-levy sources, increasing the 19/20 comparison to 27). In addition, there were four FTEs employed for LI Limited (one in the previous year). A further one was employed under other contractual arrangements on levy activities (four in the previous year).

AHDB activity-based headcount in 2020/21 broadly remained at a similar level to 2019/20. There were fewer leavers during 2020/21 than there had been in previous years (averaging three per month compared to five per month in 2019/20). Also, during the course of the year, any employees who left AHDB were not being routinely replaced due to a recruitment hold whilst the skillsets required to deliver the new AHDB strategy were assessed, and to await the outcome of the ballots in Horticulture and Potatoes sectors.

To ensure control of headcount numbers, we set the cap for 2021/22 at 499 FTE for levy-dependent posts. Our staff turnover ran at 9.7%, down from 15.2% on the previous year (AHDB only). Total staff costs for 2020/21 were £26.1 million (2019/20: £25 million). Further breakdown of staff costs is included in Note 3 on page 55.

Staff composition: The gender split of the average full time equivalent staff employed across the AHDB Group in 2020/21 was 312 (62%) female and 192 (38%) male (2019/20: 63% female, 37% male). For staff working on levy-dependent activities, the split was 295 (62%) female and 181 (38%) male (2019/20: 37% male, 63% female). At 31 March 2021, of the six members of the Leadership Team, three were male and three were female (31 March 2020: three male, three female).

Sickness absence data: Absence due to sickness is monitored across the AHDB Group in the year ended 31 March 2021, days lost through sickness equated to 3.5 days per full-time equivalent employee or 1.5% of total attendance (2020: 6.7 days, 2.9%).

Annual staff survey: Having run the previous staff survey for five years, we moved to the Gallup Q12 survey in April 2018, which allows us to more easily benchmark with external organisations. The survey is designed around 12 questions, which are grouped into Maslow's hierarchy of needs at work. An engagement index is produced, which allows AHDB to better compare employee engagement with other companies. Ultimately, AHDB aspires to become an employer of choice. The survey was conducted in May 2020 for the third time and progress was made within the year following 2019 results.

2018 – 20th percentile
2019 – 33rd percentile
2020 – 36th percentile

Although only a slight increase, the results are an indication that action planning and making small changes where possible have increased staff engagement. The employee voice group was launched in October 2020, meeting monthly to discuss engagement and gather feedback from colleagues.

Human resources (HR) strategy: During 2020/21, we continued to implement our HR strategy to support AHDB's purpose and corporate priorities. As the AHDB new strategy evolves and sectors review their priorities, the components within the HR strategic work streams were aligned to:

- i. Delivering high-quality HR support to enable managers to maximise employee performance and engagement
- ii. Developing and maintaining transparent and consistently applied HR policies and procedures
- iii. Designing and embedding a talent management framework for recruitment, succession planning, talent management, leadership and development of colleagues.
- iv. Developing a transparent and equitable reward structure including a formal review of the benefits package
- v. Developing and maximizing the use of IT systems within the HR function.

Through the strategy, AHDB has continued to drive a change in culture towards a more performance-driven and learning organisation that continues to be more outcome-focused. As part of that strategy, HR has successfully worked with managers to undertake succession planning for key roles and continued to develop talent within the organisation including a small apprenticeship programme.

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

Gender pay gap: AHDB has a long-term commitment to diversity, inclusion and gender balance, and we continue to review the issue of gender pay as part of this. At April 2020, AHDB's mean gender pay gap was 18.7% and the median gender pay gap was 20.2%. (April 2019: 19.5% and 19.2%, respectively). Progress is closely monitored on a regular basis towards our commitment to close the overall mean and median gender pay gap.

Consultants and off-payroll arrangements: AHDB spent £21k on the services of external consultants during 2020/21 (2019/20: £13k), the payments related to specialist contractors are described in the Contractors section on page 20. Off-payroll engagements are set out on page 34.

Additional Information (not audited)

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

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

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

Compensation and exit packages agreed for the year to 31 March 2021 (audited)

Exit packages cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	for the year ended 31 March 2021	for the year ended 31 March 2020	for the year ended 31 March 2021	for the year ended 31 March 2020	for the year ended 31 March 2021	for the year ended 31 March 2020
< £10,000	-	-	2	-	2	-
£10,000 - £25,000	-	-	-	-	-	-
£25,000 - £50,000	-	-	-	-	-	-
£50,000 - £75,000	-	-	-	-	-	-
£75,000 - £150,000	-	-	-	-	-	-
Total number of exit packages	-	-	2	-	2	-
Total cost	-	-	£9,087	-	£9,087	-

Any exit packages were in accordance with relevant pension scheme rules and contractual entitlements. None of the exit packages related to senior managers in the years ended 31 March 2021 or 2020.

Off-payroll engagements

Off-payroll engagements as of 31 March 2021, for more than £245 per day

	GROUP	AHDB
Number of existing engagements as of 31 March 2021	2	2
Of which...		
Number that have existed for less than one year at time of reporting		
Number that have existed for between one and two years at time of reporting		
Number that have existed for between two and three years at time of reporting		
Number that have existed for between three and four years at time of reporting		
Number that have existed for four or more years at time of reporting	2	2

All off-payroll engagements, between 1 April 2020 and 31 March 2021, for more than £245 per day

	GROUP	AHDB
Number of off-payroll workers engaged during the year ended 31 March 2021	78	19
Of which...		
Number determined as in-scope of IR35	0	0
Number determined as out-of-scope of IR35	78	19
Number of engagements reassessed for compliance or assurance purposes during the year	77	19
Of which: number of engagements that saw a change to IR35 status following review	0	0
Number of engagements where the status was disputed under provisions in the off-payroll legislation	0	0
Of which: number of engagements that saw a change to IR35 status following review	0	0

There were no off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2020 and 31 March 2021.

Parliamentary accountability and audit report (audited)

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

Contingent liabilities, Note 16 to the Accounts, details our contingent liabilities. There are no remote contingent liabilities.

Tim Rycroft
Chief Executive and Accounting Officer
Agriculture and Horticulture Development Board

17 November 2021

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, the Scottish Parliament, the Welsh Parliament and the Northern Ireland Assembly

Opinion on financial statements

I certify that I have audited the financial statements of the Agriculture and Horticulture Development Board and its group for the year ended 31 March 2021 under the Agriculture and Horticulture Development Board Order 2008. The financial statements comprise: the Consolidated and AHDB Statement of Comprehensive Net Expenditure, the Consolidated and AHDB Statements of Financial Position, the Consolidated and AHDB Statements of Movements in Reserves, the Consolidated and AHDB's Cash Flow Statements; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the group's and of Agriculture and Horticulture Development Board's affairs as at 31 March 2021 and of the group's deficit and AHDB surplus for the year then ended;
- have been properly prepared in accordance with the Agriculture and Horticulture Development Board Order 2008 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Agriculture and Horticulture Development Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Agriculture and Horticulture Development Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Agriculture and Horticulture Development Board's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Agriculture and Horticulture Development Board is adopted in consideration of the requirements set out in International Financial Reporting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the annual report but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Board and the Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Agriculture and Horticulture Development Board Order 2008; and

- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Agriculture and Horticulture Development Board and its environment obtained in the course of the audit, I have not identified material misstatements in the performance and Accountability report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Board and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Agriculture and Horticulture Development Board'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 Board and the Accounting Officer anticipates that the services provided by Agriculture and Horticulture Development Board will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Agriculture and Horticulture Development Board Order 2008.

My 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 a certificate that includes my 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Agriculture and Horticulture Development Board's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Agriculture and Horticulture Development Board's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Agriculture and Horticulture Development Board and group's controls relating to the Agriculture and Horticulture Development Board Order 2008 and Managing Public Money.
- discussing among the engagement team including significant component audit teams and involving relevant internal and external specialists, including actuaries regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias in management estimates.
- obtaining an understanding of Agriculture and Horticulture Development Board and group's framework of authority as well as other legal and regulatory frameworks that the Agriculture and Horticulture Development Board and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Agriculture and Horticulture Development Board and group. The key laws and regulations I considered in this context included Managing Public Money, Agriculture and Horticulture Development Board Order 2008, Employment Law, Tax legislation and pensions legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- reviewing the processes, verifying the data used and the appropriateness of the assumptions and judgements applied for material estimates presented within the accounts. This covered the pension scheme liability valuation and the Cereals & Oilseed accrued income.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

18 November 2021

Financial statements 2020/21

Consolidated statement of comprehensive net expenditure for the year ended 31 March 2021

	Note	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000
Income			
Gross levy	2a	57,676	59,947
Non-levy sources	2a	6,080	7,224
Total income		63,756	67,171
Operating expenditure			
Levy collection			
Staff costs	2a, 3	(344)	(367)
Other costs	2a, 4	(783)	(880)
Core strategic activities			
Staff costs	2a, 3	(24,875)	(23,796)
Other costs	2a, 4	(43,783)	(44,375)
Current pension service cost	17f	(757)	(879)
Past pension service cost	17f	(100)	-
Total operating expenditure		(70,642)	(70,297)
Surplus/(deficit) on ordinary activities before interest and taxation		(6,886)	(3,126)
Interest receivable		33	118
Interest payable		(1)	(16)
Other finance income relating to pension schemes	17e	(211)	(101)
Surplus/(deficit) on ordinary activities before taxation		(7,065)	(3,125)
Taxation	5	(6)	(23)
Surplus/(deficit) for the financial year		(7,071)	(3,148)
Other comprehensive income			
Surplus/(deficit) for the financial year		(7,071)	(3,148)
Net gain/(loss) on revaluation of property, plant and equipment	10	121	(121)
Net gain/(loss) on revaluation of pension assets and liabilities	17e	(907)	1,730
Total comprehensive income/(expenditure)		(7,857)	(1,539)
Attributable to:			
AHDB Share		(3,501)	(565)
NCI Share of Livestock Information Limited		(4,356)	(974)

Note 1:

These accounts incorporate movements in pension scheme assets and liabilities which do not form part of the reserves available for levy payer delivery activities. Those pension scheme liabilities recognised in the AHDB's accounts increased by £1.3 million in 2020/21 (2019/20: decrease of £1.2m). Excluding pension scheme asset movements and revaluation of property, a surplus of £2.2m excluding Livestock Information Limited (LI Limited) (2019/20: deficit of £0.6m), or a deficit of £6.7 million including LI Limited was recorded in the year (2019/20: deficit of £2.6m). Further information regarding pensions is shown in Note 17 to the accounts.

Note 2:

AHDB holds a controlling interest in LI Limited. AHDB holds 51% of member voting rights and holds influence over the appointments for a majority of board directors. AHDB has fully consolidated the financial results of LI Limited as part of the financial results for the AHDB Group. The other member of LI Limited is Defra. Defra's interest is represented as a non-controlling interest in AHDB's consolidated statement of comprehensive net expenditure.

Note 3:

AHDB's share of the total comprehensive income/(expenditure) is comprised of its 51% share of LI Limited's deficit, being £4.5 million (2019/20: deficit £1 million), and AHDB's stand-alone surplus £1.0 million (2019/20: surplus £0.4 million) including pension movements and property revaluations.

The notes on pages 46 to 50 are an integral part of these consolidated financial statements.

AHDB Statement of comprehensive net expenditure for the year ended 31 March 2021

	Note	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000
Income			
Gross levy	2a	57,676	59,947
Non-levy sources	2a	6,080	7,224
Total income		63,756	67,171
Operating expenditure			
Levy collection			
Staff costs	2a, 3	(344)	(367)
Other costs	2a, 4	(783)	(880)
Core strategic activities			
Staff costs	2a, 3	(24,630)	(23,788)
Other costs	2a, 4	(35,138)	(42,396)
Current pension service cost	17f	(757)	(879)
Past pension service cost	17f	(100)	-
Total operating expenditure		(61,752)	(68,310)
Surplus/(deficit) on ordinary activities before interest and taxation		2,004	(1,139)
Interest receivable		33	118
Interest payable		(1)	(16)
Other finance income relating to pension schemes	17e	(211)	(101)
Surplus/(deficit) on ordinary activities before taxation		1,825	(1,138)
Taxation	5	(6)	(23)
Surplus/(deficit) for the financial year		1,819	(1,161)
Other comprehensive income			
Surplus/(deficit) for the financial year		1,819	(1,161)
Net gain/(loss) on revaluation of property, plant and equipment	10	121	(121)
Net gain/(loss) on revaluation of pension assets and liabilities	17e	(907)	1,730
Total comprehensive income/(expenditure)		1,033	448

Note 1:

These accounts incorporate movements in pension scheme assets and liabilities which do not form part of the reserves available for levy payer delivery activities. Those pension scheme liabilities recognised in the AHDB's accounts increased by £1.3 million in 2020/21 (2019/20: decrease of £1.2 million). Further information regarding pensions is shown in Note 17 to the accounts.

Note 2:

The AHDB Statement of comprehensive net expenditure is a new edition to the 2020/21 ARA to provide transparency to levy payers on AHDB only activities.

The notes on pages 46 to 50 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 31 March 2021

	Note	As at 31-Mar-21		As at 31-Mar-20	
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	6	2,014		2,074	
Intangible assets	8	5,583		3,658	
Total non-current assets			7,597		5,732
Current assets					
Trade and other receivables	11	12,585		12,887	
Cash at bank and in hand	12	25,612		24,861	
Total current assets			38,197		37,748
Total assets			45,794		43,480
Current liabilities					
Trade and other payables	13	(13,240)		(13,281)	
Total current liabilities			(13,240)		(13,281)
Non-current assets plus net current assets			32,554		30,199
Non-current liabilities					
Pension liability	17f	(7,623)		(6,303)	
Total non-current liabilities			(7,623)		(6,303)
Net assets			24,931		23,896
Reserves					
Accumulated funds		23,536		26,691	
Total pension reserve		(7,623)		(6,303)	
Revaluation reserve		28		-	
Financing					
Financing from sponsoring department		6,806		2,286	
Financing from sponsoring department - Non Controlling Interest share		6,540		2,196	
Non Controlling Interest Surplus/(Deficit) for the year		(4,356)		(974)	
Total reserves			24,931		23,896

Note 1:

AHDB holds a controlling interest in Livestock Information Limited (LI Limited). AHDB holds 51% of member voting rights and holds influence over the appointments for a majority of board directors. AHDB has fully consolidated the financial results of LI Limited as part of the financial results for the AHDB Group. The other Member of LI Limited is Defra. Defra's interest is represented as a non-controlling interest in AHDB's consolidated statement of financial position.

The financial statements on pages 38 to 74 were approved by the AHDB Board and signed on its behalf by:

Nicholas Saphir
Chair

Tim Rycroft
Chief Executive and Accounting Officer

17 November 2021

AHDB statement of financial position as at 31 March 2021

	Note	As at 31-Mar-21		As at 31-Mar-20	
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	7	1,493		1,683	
Intangible assets	9	151		195	
Investments	10	521		391	
Total non-current assets			2,165		2,269
Current assets					
Trade and other receivables	11	12,585		12,900	
Cash at bank and in hand	12	25,119		24,823	
Total current assets			37,704		37,723
Total assets			39,869		39,992
Current liabilities					
Trade and other payables	13	(9,784)		(12,288)	
Total current liabilities			(9,784)		(12,288)
Non-current assets plus net current assets			30,085		27,704
Non-current liabilities					
Pension liability	17f	(7,623)		(6,303)	
Total non-current liabilities			(7,623)		(6,303)
Net assets			22,462		21,401
Reserves					
Accumulated funds		30,083			27,704
Total pension reserve		(7,623)			(6,303)
Revaluation reserve		2			-
Total reserves			22,462		21,401

The financial statements on pages 38 to 74 were approved by the AHDB Board and signed on its behalf, by:

Nicholas Saphir
Chair

Tim Rycroft
Chief Executive and Accounting Officer

17 November 2021

Consolidated cash flow statement for the year ended 31 March 2021

	Note	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000
Cash flows from operating activities			
Surplus/(deficit) on ordinary continued activities before taxation	2a	(7,065)	(3,125)
Adjustments for:			
Interest receivable		(33)	(118)
(Profit)/loss on transfer of subsidiary	10	(31)	-
Depreciation and amortisation	6 & 8	297	242
Current pension service cost	17e	757	879
Past service cost	17e	100	-
Other finance income	17e	211	101
(Increase)/decrease in trade and other receivables	11	302	(1,260)
Increase/(decrease) in trade and other payables	13	(41)	560
Tax paid		(6)	(23)
Defined benefit scheme pension contributions paid	17f	(655)	(418)
Cash flows from operating activities		(6,164)	(3,162)
Cash flows from investing activities			
Interest received		33	118
Profit/(loss) on transfer of subsidiary	10	31	-
Payments to acquire property, plant and equipment	6	(39)	(77)
Payments to acquire intangible assets	8	(1,974)	(3,476)
Cash flows from investing activities		(1,949)	(3,435)
Cash flow from financing activities			
Increase/(decrease) in Financing from sponsoring department		4,520	2,286
Financing from sponsoring department - Non Controlling Interest		4,344	2,196
Cash flows from financing activities		8,864	4,482
Increase in cash and cash equivalents		751	(2,115)
Balance at 1 April 2020		24,861	26,976
Net change in cash and cash equivalents		751	(2,115)
Balance at 31 March 2021	12	25,612	24,861

AHDB cash flow statement

for the year ended 31 March 2021

	For the year ended 31-Mar-21 £'000	Restated For the year ended 31-Mar-20 £'000
Cash flows from operating activities		
Surplus/(deficit) on ordinary activities before taxation	1,825	(1,138)
Adjustments for:		
Interest receivable	(33)	(118)
(Profit)/loss on transfer of subsidiary	(31)	-
Depreciation and amortisation	290	232
Depreciation of asset held in investment	7	11
Current pension service cost	757	879
Past service cost	100	-
Other finance income	211	101
(Increase)/decrease in trade and other receivables	315	(1,274)
Increase/(decrease) in trade and other payables	(2,504)	(433)
Increase/(decrease) in provisions	-	-
Tax paid	(6)	(23)
Defined benefit scheme pension contributions paid	(655)	(418)
Cash flows from operating activities	276	(2,181)
Cash flows from investing activities		
Interest received	33	118
Profit/(loss) on transfer of subsidiary	31	-
Distribution of profits from subsidiary	-	-
Payments to acquire property, plant and equipment	(39)	(77)
Payments to acquire intangible assets	(5)	(13)
Cash flows from investing activities	20	28
Increase in cash and cash equivalents	296	(2,153)
Balance at 1 April 2020	24,823	26,976
Net change in cash and cash equivalents	296	(2,153)
Balance at 31 March 2021	25,119	24,823

Consolidated statement of movement in reserves for the year ended 31 March 2021

	Note	Accumulated reserve £'000	Financing reserve £'000	Pension reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2019		28,424	-	(7,471)	203	21,156
Surplus/(Deficit) for the year	2b	(3,148)	-	-	-	(3,148)
Net gain/(loss) on revaluation	2b	(121)	-	-	-	(121)
Pension(loss)/gain	17f	-	-	1,730	-	1,730
Net gain/(loss) on revaluation					(203)	(203)
Transfers from pensions reserve		562	-	(562)	-	-
Grants from sponsoring department			2,286			2,286
Non Control Interest - Livestock Information Limited			2,196			2,196
Balance as at 31 March 2020		25,717	4,482	(6,303)	-	23,896
Surplus/(Deficit) for the year	2a	(7,071)	-	-	-	(7,071)
Net gain/(loss) on revaluation	2a	121	-	-	-	121
Pension gain/(loss)		-	-	(907)	-	(907)
Net gain/(loss) on revaluation					28	28
Transfers from pensions reserve		413	-	(413)	-	-
Grants from sponsoring department		-	4,521	-	-	4,521
Non Control Interest - Livestock Information Limited		-	4,343	-	-	4,343
Balance as at 31 March 2021		19,180	13,346	(7,623)	28	24,931

Reserves are allocated to the reporting segments as detailed below:

AHDB Beef & Lamb		9,010	-	(4,800)	-	4,210
AHDB Cereals & Oilseeds		5,538	-	(423)	-	5,115
AHDB Dairy		3,101	-	-	-	3,101
AHDB Horticulture		6,049	-	-	-	6,049
AHDB Pork		5,161	-	(2,400)	-	2,761
AHDB Potatoes		1,198	-	-	28	1,226
Livestock Information Limited		(10,877)	13,346	-	-	2,469
Total		19,180	13,346	(7,623)	28	24,931

AHDB statement of movement in reserves for the year ended 31 March 2021

	Accumulated reserve £'000	Pension reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2019	28,627	(7,471)	-	21,156
Deficit for the year	(1,161)	-	-	(1,161)
Net gain/(loss) on revaluation	(121)	-	-	(121)
Pension (loss)/gain	-	1,730	-	1,730
Net gain/(loss) on revaluation	(203)	-	-	(203)
Transfers from pensions reserve	562	(562)	-	-
Balance as at 31 March 2020	27,704	(6,303)	-	21,401
Surplus/(Deficit) for the year	1,819	-	-	1,819
Net gain/(loss) on revaluation	121	-	-	121
Pension gain/(loss)	-	(907)	-	(907)
Net gain/(loss) on revaluation	-	-	2	2
Movement in revaluation reserve	26	-	-	26
Transfers from pensions reserve	413	(413)	-	-
Balance as at 31 March 2021	30,083	(7,623)	2	22,462

Reserves are allocated to the reporting segments as detailed below:

AHDB Beef & Lamb	9,010	(4,800)	-	4,210
AHDB Cereals & Oilseeds	5,538	(423)	-	5,115
AHDB Dairy	3,101	-	-	3,101
AHDB Horticulture	6,049	-	-	6,049
AHDB Pork	5,161	(2,400)	-	2,761
AHDB Potatoes	1,224	-	2	1,226
Total	30,083	(7,623)	2	22,462

Notes to the financial statements

1. Principal accounting policies

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

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

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, requires disclosures in respect of new IFRSs, amendments and interpretations that are, or will be, applicable after the reporting period. IFRS 16 has been issued by the International Accounting Standards Board and is applicable for annual reporting periods commencing 1 January 2019 and will be adopted by the FReM for future reporting periods from 1 April 2022 and will supersede all existing IFRS standards on leases.

IFRS 16 will be adopted from 1 April 2022 and is expected to have a considerable impact on financial reporting terms. Upon transition, AHDB will adopt the modified retrospective approach and intends to apply the available practical expedients as directed by the FReM. The initial lease liability will be calculated by reference to the remaining lease payments discounted at an appropriate rate at the date of the initial application. The corresponding Right of Use Asset will be calculated by reference to the lease liability adjusted for any prepaid or accrued lease payments immediately before the date of initial application. It is anticipated that if IFRS 16 was adopted at 1 April 2021, it would require additional assets, with an initial recognisable value of £4.6 million to be recognised on the Statement of Financial Position, with a corresponding £4.6 million lease liability, and therefore no impact on net assets, and an insignificant impact anticipated on net expenditure for the year ending 31 March 2022.

Going concern

AHDB considers the going concern basis appropriate, following the FReM interpretation of IAS1, due to the Statutory Instrument (576/2008) requiring the continuation of the provision of a service by AHDB and for AHDB to collect a levy. The proposed consultation will look to seek views on changing certain aspects of the Statutory Instrument but will not look to change the fundamental requirement for AHDB to exist and collect a levy.

AHDB has also undertaken a detailed going concern assessment given the Horticulture and Potato ballot outcomes and this focussed on the following key themes:

- The ability for AHDB to meet obligations as they fall due. This was assessed on both an income / funding basis and a cashflow basis
- Reviewed a period of at least 12 months beyond the date of signing these accounts
- Considered any other information about the future that is relevant and could affect the going concern assessment.

AHDB considers the going concern basis appropriate because the cashflow forecast for AHDB as a whole remains cash positive over the assessment period, and there are sufficient financial controls and income collection arrangements in place to provide a basis for AHDB to meet obligations as they fall due.

Accounting convention

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

Consolidation

The consolidated financial statements incorporate the financial statements of AHDB and its subsidiaries (Sutton Bridge Experimental Unit Limited and Livestock Information Limited) and are prepared in accordance with the Government Financial Reporting Manual (FReM). Where necessary, adjustments are made to bring the accounting policies under UK Generally Accepted Accounting Principles (UK GAAP), as used in the individual financial statements of the subsidiaries, into line with those used by AHDB in its consolidated financial statements. In accordance with IFRS, inter-company transactions are eliminated. There is further information regarding the consolidation and investments of the group in Note 10.

In reference to the adjustment for the consolidation of Livestock Information Limited, income received from Defra is recognised as Financing directly through the Group reserves, offsetting the deficit recorded for Livestock Information Limited in the Consolidated statement of comprehensive net expenditure.

Notes to the financial statements

1. Principal accounting policies (continued)

Segmental reporting

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

Research and development expenditure

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

Leases

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

Assets under construction

Assets under construction are shown at accumulated cost. Costs considered for capitalisation follow the guidance of IAS 16 for property, plant and equipment and IAS 38 for intangible assets and include the asset's purchase cost (if applicable), any costs directly attributable to bringing the asset to its location and condition for intended use and any costs for dismantling, removal or site restoration (if so obliged).

Once the asset is completed it is transferred to the relevant asset class with depreciation or amortisation commencing when the asset is brought into service.

Property, plant and equipment

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

Expenditure on property, plant and equipment of £5k is capitalised (was £1k in 2019/20) when it is probable that the asset will generate future economic benefits. On initial recognition, assets are valued at cost and any costs attributable to bringing them into working condition. All property, plant and equipment are reviewed annually for impairment and are carried at fair value. Land and buildings are stated at their fair value, based on a periodic professional valuation. All non-property assets are deemed to be short-life or low-value assets and are valued on the basis of depreciated replacement cost as an approximation of fair value. Assets held for resale by way of freehold property have been valued in the consolidated accounts under IFRS 5, at the lower of carrying value and estimated net realisable value.

Intangible assets

Intangible assets are non-monetary assets without physical substance and comprise of software licences and internally developed IT software, including assets under construction. The capitalisation threshold is £5k (was £1k in 2019/20). These assets are only revalued where it is possible to obtain a reliable market value. When fully operational in the business, internally generated software is stated at a proxy for fair value, being indexed amortised replacement cost.

Depreciation and amortisation

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

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

Freehold land is not depreciated.

Notes to the financial statements

1. Principal accounting policies (continued)

Provisions

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

Foreign exchange

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

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

Cash and cash equivalents

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

Financial instruments

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

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

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

Pensions

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

a) Defined benefit schemes

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

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

All assets and liabilities in relation to the MLC and HGCA Pension Schemes, in accordance with the Pension Scheme Surpluses (Valuation) Regulations 1987, are separately ring-fenced from AHDB's normal operating activities and relate to the red meat (i.e. AHDB Beef & Lamb, and AHDB Pork) and AHDB Cereals & Oilseeds sectors respectively only, having no financial impact on any other sector within AHDB. Settlements are recognised when a transaction is entered into that eliminates all further legal or constructive obligations for benefits under a scheme.

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

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

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

Notes to the financial statements

1. Principal accounting policies (continued)

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

More detailed information can be found in Note 17 to the accounts.

b) Defined contribution schemes

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

Levy income

AHDB raises statutory levies from the meat and livestock (cattle, sheep and pigs) sectors in England; the commercial horticulture, milk and potato sectors in Great Britain and the cereals and oilseeds sector in the UK. Levy income is based on the latest available estimates of sector-specific levy quantities, as billable within the provisions of Schedule 3 of the AHDB Order 2008. (The levy rates in operation during 2020/21 can be found on page 75).

Levy income is treated under IFRS 15 as adapted and interpreted by FReM. As AHDB is required to retain the revenue received from levy payers, maximise it to deliver benefits to each sector as a whole across a full year. The amounts can be reliably measured. Therefore, AHDB does not have to wait until all, or substantially all, of the revenue has been received in order to recognise levy as revenue. Levy payers are invoiced based on returns they make to AHDB according to the timeframes stipulated in the Statutory Instrument (576/2008) with income accruals, based on the latest market intelligence and historical trend analysis, being prepared at the year-end where required. A calculation to ascertain the hypothetical levy gap, being an assessment of levy potentially due but not declared, has been carried out and is not deemed to be material.

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

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

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

The cereal levy is based on weight and has two elements, a grower levy and a buyer levy. A buyer of cereals must deduct the grower levy element from the price paid and hold it on trust for AHDB. Five per cent of the combined grower and buyer levy is then taken as commission by the buyer and the remainder paid to AHDB. For oilseeds, there is only a grower levy and so a buyer must deduct all the levy from the price paid to the grower and hold it on trust, then pay it to AHDB. Levy is also payable on cereals that are processed, with differential rates applying, dependent on whether the cereals are processed into feeding stuffs or non-feeding stuffs. Cereal grower, buyer and processor levies are invoiced quarterly in arrears and oilseed grower levy is invoiced biannually in arrears. The income recognised in the financial statements comprises the actual levy invoiced for that year and an estimate of the levy due for the period for which there has not yet been an invoice raised. This estimate is based on latest market intelligence and analysis of historical trends.

c) Milk levy (deployed by AHDB Dairy)

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

d) Horticulture levies (deployed by AHDB Horticulture)

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

Notes to the financial statements

1. Principal accounting policies (continued)

e) Potato levies (deployed by AHDB Potatoes)

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

Income recognition

All income is recorded on a gross basis in the consolidated statement of comprehensive net expenditure, except where AHDB is acting as an agent in making payments to third parties. In such instances, income and expenditure are offset and, therefore, not recorded in the financial statements. In year-ended 31 March 2021, AHDB acted as an EU grant agent on EU Pigs project and EuroDairy.

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

Notes to the financial statements

2a. Analysis of income and expenditure by segment: actual for the year ended 31 March 2021

Accounting standard requires entities to report their performance by segment, which AHDB complies with by analysing its income and expenditure by its six sectors and its subsidiary Livestock Information Limited.

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Total £'000	Livestock Information Limited £'000	AHDB Group total £'000
Income									
Gross levy	16,701	10,372	7,527	7,646	9,612	5,818	57,676	-	57,676
<i>Non-levy sources:</i>									
Fee and grant income	1,141	155	1,822	455	448	296	4,317	-	4,317
EU grant income	1,043	-	711	9	-	-	1,763	-	1,763
Livestock Information & Movement System	-	-	-	-	-	-	-	-	-
<i>Subtotal non-levy sources</i>	2,184	155	2,533	464	448	296	6,080	-	6,080
Total income	18,885	10,527	10,060	8,110	10,060	6,114	63,756	-	63,756
Operating expenditure									
Levy collection	(247)	(431)	(36)	(122)	(146)	(145)	(1,127)	-	(1,127)
<i>Core strategic activities:</i>									
Research and Development and Knowledge Exchange	(3,956)	(6,059)	(4,852)	(5,159)	(2,218)	(3,074)	(25,318)	-	(25,318)
Livestock Information & Movement System	(437)	-	(233)	-	(8)	-	(678)	(8,890)	(9,568)
Trade Development	(4,130)	(182)	(1,787)	(103)	(2,689)	(628)	(9,519)	-	(9,519)
Export Development	(4,623)	(204)	(236)	(14)	(562)	(162)	(5,801)	-	(5,801)
Supply chain integration	-	-	-	-	-	-	-	-	-
Market Intelligence	(1,196)	(848)	(753)	(126)	(805)	(592)	(4,320)	-	(4,320)
Levy Payer Communications	(838)	(816)	(727)	(590)	(597)	(509)	(4,077)	-	(4,077)
Digital & Creative	(629)	(415)	(359)	(220)	(498)	(237)	(2,358)	-	(2,358)
Support and other expenditure	(1,638)	(1,567)	(1,109)	(1,068)	(1,185)	(1,130)	(7,697)	-	(7,697)
<i>Subtotal core strategic activities:</i>	(17,447)	(10,091)	(10,056)	(7,280)	(8,562)	(6,332)	(59,768)	(8,890)	(68,658)
Current pension service cost	(467)	(57)	-	-	(233)	-	(757)	-	(757)
Past pension service cost	(67)	-	-	-	(33)	-	(100)	-	(100)
Total operating expenditure	(18,228)	(10,579)	(10,092)	(7,402)	(8,974)	(6,477)	(61,752)	(8,890)	(70,642)

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

Notes to the financial statements

2a. Analysis of income and expenditure by segment: actual for the year ended 31 March 2021 (continued)

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Total £'000	Livestock Information Limited £'000	AHDB Group total £'000
Surplus/(deficit) on ordinary activities before interest and taxation	657	(52)	(32)	708	1,086	(363)	2,004	(8,890)	(6,886)
Interest receivable	10	7	3	8	1	4	33	-	33
Interest payable	(1)	-	-	-	-	-	(1)	-	(1)
Other finance income/expenditure	(133)	(11)	-	-	(67)	-	(211)	-	(211)
Surplus/(deficit) on ordinary activities before taxation	533	(56)	(29)	716	1,020	(359)	1,825	(8,890)	(7,065)
Taxation	(2)	(1)	(1)	(1)	-	(1)	(6)	-	(6)
Surplus/(deficit) for the financial year	531	(57)	(30)	715	1,020	(360)	1,819	(8,890)	(7,071)
Net gain/(loss) on revaluation on property, plant and equipment	-	-	-	-	-	121	121	-	121
Net gain/(loss) on revaluation of pension assets and liabilities	(600)	(7)	-	-	(300)	-	(907)	-	(907)
Total comprehensive income/(expenditure)	(69)	(64)	(30)	715	720	(239)	1,033	(8,890)	(7,857)

AHDB parent figures

AHDB produced separate parent statement of comprehensive income on page 39. Its results are included in the group results above, consolidated with its subsidiaries as detailed in Note 10. Assets and liabilities are not separately reported by sector.

Underlying surplus/(deficit)

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

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Total £'000	Livestock Information Limited £'000	AHDB Group total £'000
Total comprehensive income/(expenditure)	(69)	(64)	(30)	715	720	(239)	1,033	(8,890)	(7,857)
Revaluation on property, plant and equipment	-	-	-	-	-	(121)	(121)	-	(121)
Movement on Pension Asset/Liability	1,067	(280)	-	-	533	-	1,320	-	1,320
Underlying surplus/(deficit) for the financial year	998	(344)	(30)	715	1,253	(360)	2,232	(8,890)	(6,658)

AHDB Total is 'represented' above as it was not provided in the 2019/20 Annual Report and Accounts. It is included here to provide an AHDB standalone total for clarity

Notes to the financial statements

2b. Analysis of income and expenditure by segment: actual for the year ended 31 March 2020

Accounting standard requires entities to report their performance by segment, which AHDB complies with by analysing its income and expenditure by its six sectors and their subsidiary Livestock Information Limited.

The tables in this note include a restatement for the year ended 31 March 2020 in so far as an additional column is presented to identify an AHDB only total.

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Total £'000	Livestock Information Limited £'000	AHDB Group total £'000
Income									
Gross levy	16,814	11,963	7,559	8,395	9,432	5,784	59,947	-	59,947
<i>Non-levy sources:</i>									
Fee and grant income	1,514	201	878	550	502	549	4,194	-	4,194
EU grant income	1,105	-	533	1	11	-	1,650	-	1,650
Livestock Information & Movement System	889	-	474	-	17	-	1,380	-	1,380
<i>Subtotal non-levy sources</i>	3,508	201	1,885	551	530	549	7,224	-	7,224
Total income	20,322	12,164	9,444	8,946	9,962	6,333	67,171	-	67,171
Operating expenditure									
Levy collection	(232)	(538)	(52)	(123)	(157)	(145)	(1,247)	-	(1,247)
<i>Core strategic activities:</i>									
Research and Development and Knowledge Exchange	(4,025)	(6,837)	(4,559)	(6,289)	(2,588)	(3,415)	(27,713)	-	(27,713)
Livestock Information & Movement System	(1,146)	-	(611)	-	(22)	-	(1,779)	(1,987)	(3,766)
Trade Development	(4,526)	(196)	(1,215)	(158)	(3,452)	(553)	(10,100)	-	(10,100)
Export Development	(5,369)	(332)	(387)	(19)	(887)	(281)	(7,275)	-	(7,275)
Market Intelligence	(1,178)	(901)	(724)	(135)	(731)	(560)	(4,229)	-	(4,229)
Levy Payer Communications	(1,025)	(1,230)	(692)	(638)	(691)	(592)	(4,868)	-	(4,868)
Digital & Creative	(536)	(521)	(276)	(214)	(531)	(235)	(2,313)	-	(2,313)
Support and other expenditure	(1,654)	(1,579)	(1,226)	(1,097)	(1,202)	(1,149)	(7,907)	-	(7,907)
<i>Subtotal core strategic activities:</i>	(19,459)	(11,596)	(9,690)	(8,550)	(10,104)	(6,785)	(66,184)	(1,987)	(68,171)
Current pension service cost	(533)	(79)	-	-	(267)	-	(879)	-	(879)
Past pension service cost	-	-	-	-	-	-	-	-	-
Total operating expenditure	(20,224)	(12,213)	(9,742)	(8,673)	(10,528)	(6,930)	(68,310)	(1,987)	(70,297)

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

Notes to the financial statements

2b. Analysis of income and expenditure by segment: actual for the year ended 31 March 2020 (continued)

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Total £'000	Livestock Information Limited £'000	AHDB Group total £'000
Surplus/(deficit) on ordinary activities before interest and taxation	98	(49)	(298)	273	(566)	(597)	(1,139)	(1,987)	(3,126)
Interest receivable	37	24	11	28	5	13	118	-	118
Interest payable	(5)	(4)	(4)	(1)	(1)	(1)	(16)	-	(16)
Other finance income/expenditure	(67)	(1)	-	-	(33)	-	(101)	-	(101)
Surplus/(deficit) on ordinary activities before taxation	63	(30)	(291)	300	(595)	(585)	(1,138)	(1,987)	(3,125)
Taxation	(8)	(5)	(2)	(5)	(1)	(2)	(23)	-	(23)
Surplus/(deficit) for the financial year	55	(35)	(293)	295	(596)	(587)	(1,161)	(1,987)	(3,148)
Net gain/(loss) on revaluation on property, plant and equipment	-	-	-	-	-	(121)	(121)	-	(121)
Net gain/(loss) on revaluation of pension assets and liabilities	1,600	(670)	-	-	800	-	1,730	-	1,730
Total comprehensive income/(expenditure)	1,655	(705)	(293)	295	204	(708)	448	(1,987)	(1,539)

AHDB parent figures

AHDB produces a separate parent statement of comprehensive income on page 39. Its results are included in the group results above, consolidated with its subsidiaries as detailed in Note 10. Assets and liabilities are not separately reported by sector.

Underlying surplus/(deficit)

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

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Total £'000	Livestock Information Limited £'000	AHDB Group total £'000
Total comprehensive income/(expenditure)	1,655	(705)	(293)	295	204	(708)	448	(1,987)	(1,539)
Revaluation on property, plant and equipment	-	-	-	-	-	121	121	-	121
Movement on Pension Asset/Liability	(1,200)	632	-	-	(600)	-	(1,168)	-	(1,168)
Underlying surplus/(deficit) for the financial year	455	(73)	(293)	295	(396)	(587)	(599)	(1,987)	(2,586)

AHDB Total is 'represented' above as it was not provided in the 2019/20 Annual Report and Accounts. It is included here to provide an AHDB standalone total for clarity

Notes to the financial statements

3. Staff numbers and related costs

	For the year ended 31 March 2021			For the year ended 31 March 2020		
	Staff with a permanent (UK) employment contract	Other staff engaged on the objectives of AHDB	Total staff	Staff with a permanent (UK) employment contract	Other staff engaged on the objectives of AHDB	Total staff
Numbers employed						
The average full-time equivalent numbers employed by AHDB during the year, were:						
Commercial activities	-	-	-	-	-	-
AHDB activities – Non-levy-dependent	24	-	24	17	-	17
AHDB activities – Levy-dependent	476	1	477	479	4	483
Livestock Information Limited	4	-	4	1	-	1
Total	504	1	505	497	4	501
Staff costs	£'000	£'000	£'000	£'000	£'000	£'000
Salaries – Commercial activities	-	-	-	-	-	-
Social security costs – Commercial activities	-	-	-	-	-	-
Salaries – AHDB activities	20,645	10	20,655	19,782	231	20,013
Social security costs – AHDB activities	2,610	-	2,610	2,523	-	2,523
Salaries – Livestock Information Limited	203	-	203	6	-	6
Social security costs – Livestock Information Limited	29	-	29	1	-	1
Defined benefit scheme current service costs (Note 17e)	757	-	757	879	-	879
Defined benefit scheme past service costs (Note 17e)	100	-	100	-	-	-
Defined contribution scheme costs	1,722	-	1,722	1,619	-	1,619
Total staff costs	26,066	10	26,076	24,810	231	25,041

Notes to the financial statements

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

	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000	Group As at 31-Mar-20 £'000	AHDB As at 31-Mar-20 £'000
Surplus/(deficit) on ordinary activities before interest and taxation is stated after charging/(crediting)				
Rentals under operating leases:				
- Leasehold property rents	637	637	492	492
- Vehicle leases	410	410	505	505
- Hire of equipment	40	40	55	55
Research and development and knowledge exchange expenditure	25,318	25,318	27,713	27,713
Exchange (gains)/losses	-	-	-	-
Auditors remuneration and expenses	147	115	122	97
Non-cash items:				
Depreciation and amortisation	297	290	241	232
Impairment of receivables	121	121	129	129

The audit fee for AHDB is £115,000 (2019/20: £97,000) and the audit fee for LI Limited is £32,000 (2019/20: £25,000).

5. Taxation

	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000
Current tax		
UK corporation tax on commercial profits for the period	-	-
UK corporation tax on interest income for the period	6	23
Under-provision in respect of prior years	-	-
Over-provision in respect of prior years	-	-
Current tax charge for the year	6	23

The tax on commercial profits assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019/20: 19%). The differences are explained overleaf.

Notes to the financial statements

5. Taxation (continued)

	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000
Surplus/(deficit) on ordinary activities before taxation	(7,065)	(3,125)
Surplus/(deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019/20: 19%)	(1,342)	(594)
Effects of:		
Income not chargeable for taxation purposes	12,114	12,763
Expenditure not deductible for taxation purposes	(13,456)	(13,356)
Standard rate of corporation tax in the UK of 19% (2019/20 19%) on interest receivable	6	23
Under-provision in respect of prior years	-	-
Over-provision in respect of prior years	-	-
Current tax charge for the year	6	23

6. Property, plant and equipment

Group	Land £'000	Buildings £'000	Leasehold improvements £'000	IT equipment £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation								
As at 1 April 2019	165	621	1,878	472	1,236	231	4	4,607
Additions	-	-	-	77	-	-	-	77
Disposals	-	-	-	-	-	-	-	-
Transfer	-	-	-	(182)	-	-	-	(182)
Revaluation	(102)	(264)	-	-	-	-	-	(366)
As at 31 March 2020	63	357	1,878	367	1,236	231	4	4,136
As at 1 April 2020	63	357	1,878	367	1,236	231	4	4,136
Additions	-	-	19	-	20	-	-	39
Disposals	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
Revaluation	21	119	-	-	-	-	-	140
As at 31 March 2021	84	476	1,897	367	1,256	231	4	4,315
Depreciation								
As at 1 April 2019	-	(27)	(559)	(267)	(819)	(186)	(4)	(1,862)
Charge for year	-	(15)	(127)	(19)	(58)	(23)	-	(242)
Relating to disposals	-	-	-	-	-	-	-	-
Revaluation	-	42	-	-	-	-	-	42
As at 31 March 2020	-	-	(686)	(286)	(877)	(209)	(4)	(2,062)
As at 1 April 2020	-	-	(686)	(286)	(877)	(209)	(4)	(2,062)
Charge for year	-	(9)	(128)	(31)	(59)	(21)	-	(248)
Relating to disposals	-	-	-	-	-	-	-	-
Revaluation	-	9	-	-	-	-	-	9
As at 31 March 2021	-	-	(814)	(317)	(936)	(230)	(4)	(2,301)
Net book value as at 31 March 2021	84	476	1,083	50	320	1	-	2,014
Net book value as at 31 March 2020	63	357	1,192	81	359	22	-	2,074

Freehold property at Sutton Bridge was valued at 31 March 2021 at open market valuation for restricted use, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom by Bidwells, Chartered Surveyors. The valuation was £560k, which will be depreciated to allow for wear and tear from the valuation date.

Notes to the financial statements

7. Property, plant and equipment

AHDB	Land £'000	Buildings £'000	Leasehold improvements £'000	IT equipment £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation								
As at 1 April 2019	-	51	1,878	472	729	231	4	3,365
Additions	-	-	-	77	-	-	-	77
Transfer	-	-	-	-	-	-	-	-
Disposals	-	-	-	(182)	-	-	-	(182)
Revaluation	-	(22)	-	-	-	-	-	(22)
As at 31 March 2020	-	29	1,878	367	729	231	4	3,238
As at 1 April 2020	-	29	1,878	367	729	231	4	3,238
Additions	-	-	19	-	20	-	-	39
Disposals	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
Revaluation	-	10	-	-	-	-	-	10
As at 31 March 2021	-	39	1,897	367	749	231	4	3,287
Depreciation								
As at 1 April 2019	-	(5)	(559)	(267)	(311)	(186)	(4)	(1,332)
Charge for year	-	(4)	(127)	(19)	(59)	(23)	-	(232)
Relating to disposals	-	-	-	-	-	-	-	-
Revaluation	-	9	-	-	-	-	-	9
As at 31 March 2020	-	-	(686)	(286)	(370)	(209)	(4)	(1,555)
As at 1 April 2020	-	-	(686)	(286)	(370)	(209)	(4)	(1,555)
Charge for year	-	(2)	(128)	(31)	(59)	(21)	-	(241)
Relating to disposals	-	-	-	-	-	-	-	-
Revaluation	-	2	-	-	-	-	-	2
As at 31 March 2021	-	-	(814)	(317)	(429)	(230)	(4)	(1,794)
Net book value as at 31 March 2021	-	39	1,083	50	320	1	-	1,493
Net book value as at 31 March 2020	-	29	1,192	81	359	22	-	1,683

Notes to the financial statements

8. Intangible Assets

Group	Software Licence £'000	Software Development £'000	Asset under Construction £'000	Total £'000
Cost or valuation				
As at 1 April 2019	-	-	3,476	3,476
Additions	-	-	-	-
Transfer	-	-	182	182
Disposals	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2020	-	-	3,658	3,658
As at 1 April 2020	-	-	3,658	3,658
Additions	5	-	1,969	1,974
Disposals	-	-	-	-
Transfer	195	-	(195)	-
Revaluation	-	-	-	-
As at 31 March 2021	200	-	5,432	5,632
Depreciation				
As at 1 April 2019	-	-	-	-
Charge for year	-	-	-	-
Relating to disposals	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2020	-	-	-	-
As at 1 April 2020	-	-	-	-
Charge for year	(49)	-	-	(49)
Relating to disposals	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2021	(49)	-	-	(49)
Net book value as at 31 March 2021	151	-	5,432	5,583
Net book value as at 31 March 2020	-	-	3,658	3,658

The value of additions through the year mainly relates to the build of the IT system being £1.9 million that will be the core of the Livestock Information Service being developed by Livestock Information Limited (LI Limited). The value incorporates both system licence and direct development costs. The group incurred £2.4 million as non-capitalised research and development expenditure related to the asset during 2020/21.

Notes to the financial statements

9. Intangible assets

AHDB	Software Licence £'000	Software Development £'000	Asset under Construction £'000	Total £'000
Cost or valuation				
As at 1 April 2019	-	-	13	13
Additions	-	-	-	-
Transfer	-	-	182	182
Disposals	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2020	-	-	195	195
As at 1 April 2020	-	-	195	195
Additions	5	-	-	5
Disposals	-	-	-	-
Transfer	195	-	(195)	-
Revaluation	-	-	-	-
As at 31 March 2021	200	-	-	200
Depreciation				
As at 1 April 2019	-	-	-	-
Charge for year	-	-	-	-
Relating to disposals	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2020	-	-	-	-
As at 1 April 2020	-	-	-	-
Charge for year	(49)	-	-	(49)
Relating to disposals	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2021	(49)	-	-	(49)
Net book value as at 31 March 2021	151	-	-	151
Net book value as at 31 March 2020	-	-	195	195

The value of additions through the year relates to AHDB Homestead Intranet system and the Signet Database System, previously under construction has now been brought into use during the year.

Notes to the financial statements

10. Investments

Sutton Bridge Experimental Unit Limited

Sutton Bridge Experimental Unit Limited (SBEU) is a company limited by shares, with AHDB holding 807,769 £1 nominal value ordinary shares representing 100% of the issued share capital of the company. SBEU owns the freehold land and buildings interest in the potato industry's R&D facility, Sutton Bridge Experimental Unit, based at Spalding. SBEU's financial results for the year have been consolidated as part of the financial results for AHDB Potatoes in the analysis of income and expenditure by segment in Note 2. Its balance sheet forms a part of the AHDB Group consolidated statement of financial position. SBEU had a surplus of £104k for the year ended 31 March 2021 (2020: £118k deficit). This property was professionally revalued at £560k as at 31 March 2021, based on its restricted use. The carrying value of AHDB's investment in SBEU as a result of the revaluation of the property is £521k. The balance of £39k is reflected in AHDB's Property, Plant & Equipment.

	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000	Group As at 31-Mar-20 £'000	AHDB As at 31-Mar-20 £'000
AHDB investment in SBEU	-	521	-	391

Other subsidiary undertakings

Livestock Information Limited

Livestock Information Limited (LI Limited) is a company limited by guarantee with two members, AHDB and Defra. LI Limited was incorporated on 18 July 2019, becoming operational on 1 October 2019. The first accounting period for LI Limited was from 18 July 2019 to 31 March 2020. The registered address is AHDB Stoneleigh Park, Kenilworth, Warwickshire CV8 2TL. The company has been incorporated to manage the development and implementation of a new Livestock Information Service, providing multi-species livestock information, identification and traceability.

AHDB holds a controlling interest in LI Limited. AHDB holds 51% of member voting rights and holds influence over the appointments for a majority of Board Directors. AHDB has fully consolidated the financial results of LI Limited as part of the financial results for the AHDB Group. The other Member of LI Limited is Defra. Defra's interest is represented as a non-controlling interest in AHDB's financial statements.

Notes to the financial statements

11. Trade and other receivables

	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000	Group As at 31-Mar-20 £'000	AHDB As at 31-Mar-20 £'000
Amounts falling due within one year				
Levy income receivable	5,666	5,666	4,832	4,832
Receivables for fee and other income	242	242	603	603
Provision for bad and doubtful debts	-	-	-	-
Expected credit loss	(744)	(744)	(618)	(618)
Accrued EU grant income	988	988	810	810
Prepayments and accrued income	6,010	6,010	7,088	7,088
Amounts owed by subsidiary undertakings	-	-	-	13
Balances with central government bodies	423	423	172	172
Balances with public corporations and trading funds	-	-	-	-
Corporation Tax				
Department for Environment, Food and Rural Affairs				
Other Defra bodies				
Total amounts falling due within one year	12,585	12,585	12,887	12,900

	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000	Group As at 31-Mar-20 £'000	AHDB As at 31-Mar-20 £'000
Amounts falling due greater than one year				
Prepayments and accrued income	-	-	-	-
Total amounts falling due greater than one year	-	-	-	-

	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000	Group As at 31-Mar-20 £'000	AHDB As at 31-Mar-20 £'000
Receivables past due				
Up to 3 months past due	1,531	1,531	1,555	1,555
3 to 6 months past due	886	886	363	363
Over 6 months past due	1,074	1,074	767	767
	3,491	3,491	2,685	2,685

Trade and other receivables at 31 March 2021 are broadly in line with the prior year position. However, there are some material changes within the categories.

Levy income receivable is £0.8 million more than March 2020, primarily due to the Horticulture and Potato sectors awaiting Ministerial decisions on the future of the levy for both sections (see page 6 of the Performance Report). Levy collection activities in these two sectors were scaled back during the year which has led to an increase in receivables and an increase in the expected credit loss position of £0.1 million at March 2021.

The prepayments and accrued income position at March 2021 is £1 million lower than March 2020 mainly due to a reduction in accrued income and other debtors that were settled during 2020/21. The Cereals & Oilseed sector was affected by the unprecedented weather in late autumn and early winter preventing farmers from planting wheat crops, while most moved to spring cropping there has not been the expected increase in barley area. Oilseed rape levy has reduced due to a smaller area planted and processors levy has reduced malting activity in brewing as a result of COVID-19 and the closure of the hospitality industry.

Notes to the financial statements

12. Cash and cash equivalents

	Group 31-Mar-21 £'000	AHDB 31-Mar-21 £'000	Group 31-Mar-20 £'000	AHDB 31-Mar-20 £'000
Balance at 1 April	24,861	24,823	26,976	26,976
Net change in cash and cash equivalents	751	296	(2,115)	(2,153)
Balance at 31 March	25,612	25,119	24,861	24,823
Balances at 31 March were:				
Short term investment	3,000	3,000	6,000	6,000
Commercial banks and cash in hand	22,612	22,119	18,861	18,823
Balance at 31 March	25,612	25,119	24,861	24,823

£3 million is held in a 32-day notice account.

13. Trade and other payables

	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000	Group As at 31-Mar-20 £'000	AHDB As at 31-Mar-20 £'000
Amounts falling due within one year				
Trade payables	1,929	1,353	1,684	1,661
Accruals and deferred income	8,441	6,473	9,623	8,370
Other payables	306	306	321	321
Corporation tax	6	6	23	23
VAT	579	650	456	881
Other taxation and social security	917	905	935	932
Amounts owed to subsidiary undertakings	-	10	-	-
Defra underwrite for redundancy	-	-	-	-
Pig Industry Development Scheme Fund	76	76	76	76
Other Defra Bodies	986	5	163	24
Total amounts falling due within one year	13,240	9,784	13,281	12,288
Intragovernment balances				
Balances with central government bodies	2,489	1,567	1,578	1,861

Notes to the financial statements

14. Financial commitments

	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000	Group As at 31-Mar-20 £'000	AHDB As at 31-Mar-20 £'000
Capital expenditure commitments				
Contracted for	-	-	1,291	80
Approved research projects				
Within one year	6,559	6,559	9,430	9,430
Thereafter	5,722	5,722	6,018	6,018
	12,281	12,281	15,448	15,448
Operating leases				
As at 31 March, AHDB was committed to future minimum lease payments under non-cancellable operating leases for each of the following periods:				
Property				
Within one year	624	624	629	629
Between two and five years	1,481	1,481	2,064	2,064
Over five years	-	-	-	-
	2,105	2,105	2,693	2,693
Vehicles				
Within one year	301	301	369	369
Between two and five years	176	176	392	392
	477	477	761	761
Equipment				
Within one year	5	5	28	28
Between two and five years	-	-	5	5
	5	5	33	33

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

Notes to the financial statements

15. Financial instruments

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

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

	Group As at 31-Mar-21 £'000	Group As at 31-Mar-21 £'000	Group As at 31-Mar-20 £'000	Group As at 31-Mar-20 £'000
	Financial assets at amortised cost	Other financial liabilities	Financial assets at amortised cost	Other financial liabilities
Trade receivables				
Levy receivable	5,666		4,832	
Receivables for fees	242		603	
Accrued income (less prepayments)	5,698		6,633	
Intragovernment balances	423		172	
Receivables due greater than one year	-		-	
Cash and equivalents	25,612		24,861	
Trade and other payables				
Trade payables		1,929		1,684
Accruals		8,441		9,623
Pig Industry Development Scheme Fund		76		76
Intragovernment balances		986		163
Other		306		321
Total	37,641	11,738	37,101	11,867

Credit and liquidity risk

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

Interest rate risk

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

Foreign currency risk

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

Market and price risk

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

Notes to the financial statements

16. Contingent liabilities

There were no contingent liabilities at 31 March 2021 of a significant nature to require reporting. There were no contingent liabilities reported at 31 March 2020 and the investigation referred to at 31 March 2020 has closed without a liability arising.

17. Pensions

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

17a. Group Personal Pension Plans

AHDB WorkSave Pension Plan

The AHDB WorkSave Pension Plan is a group personal pension plan whereby AHDB has selected a pension scheme and provider that it believes to be suitable for its employees. The plan had a total of 475 members as at 31 March 2021 (31 March 2020: 484 members). The normal current employee and employer contribution rates are 3%/6%, 4%/8% and 5%/10%, respectively. The scheme is provided by Legal & General. The cost to AHDB Group of operating the scheme during the year ended 31 March 2021 was £1,682k (2019/20: £1,578k). The value of outstanding contributions as at 31 March 2021 was £138k (31 March 2020: £137k).

17b. Information about the legacy pension schemes

Introduction

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

Defined benefit schemes

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

MLC Pension Scheme

AHDB is the principal employer in a contributory pension scheme providing defined benefits to legacy MLC employees and ex-employees based on final pensionable salary. This scheme is closed to new entrants and on 31 March 2021 there were only nine members of AHDB staff actively contributing to this scheme. There were 1,247 members of the defined benefit section of the scheme on 31 March 2021. The assets of the scheme are held separately from those of AHDB, being invested with insurance and investment companies. The scheme has provision for pensions in payment to be increased by 5% per annum or the percentage shown in the Pension Increases Order, if lower. If the percentage shown in the Order exceeds 5% per annum, there is provision in the scheme rules for pensions in payment to be increased beyond 5% per annum by the Trustees, with AHDB's consent. Contributions to the scheme are charged to AHDB's income and expenditure account and are determined by a qualified actuary on the basis of annual valuations, using the projected unit method. The employer's contributions to the scheme in 2021/22 are estimated to be £0.2 million.

Actuarial valuations are usually prepared on a triennial basis. The latest valuation was completed as at 31 March 2018 and indicated a funding deficit of £0.5 million. The recovery plan agreed between the MLC Pension Scheme Trustees and AHDB, concerning the funding of the deficit, was for the recovery plan to be funded over three financial years, with the last payment made in April 2020.

A substantial part of the scheme's assets are represented by buy-in policies with insurance providers (Aviva and Just Retirement – now known as Just) to cover the future liabilities of the scheme in relation to the in-payment pension obligations at that time. These were effected in order to reduce the scheme's and the employer's risk exposure to future downturns in asset performance and improvements in longevity. Under the terms of each buy-in, the annuity policy is in the name of the Trustee and, as such, is considered a qualifying investment of the scheme. Due to market conditions, the policy attracts an income related to the Retail Price Index (RPI), while the pension payments from the scheme have guaranteed increases at the Consumer Price Index (CPI). While CPI remains lower than RPI, a small surplus will be generated and added to the total scheme assets for the benefit of the scheme as a whole. Following the Government's announcement on RPI reform post-2030, an inflation risk premium (IRP) has been introduced into the assumptions. This has the effect of reducing the RPI assumption by 0.2% p.a. As shown in Note 17d page 69, at 31 March 2021, 64% of the scheme's total assets were represented by the buy-in policies. The assets of the policies have been valued for AHDB's

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

The first policy was acquired in June 2011 to guarantee the obligations of pensions in payment at that date and of those pensioners' dependants in future. A further tranche of liabilities was added to the policy in July 2013 to cover pensions that had come into payment since June 2011, again including pensions falling due in the future to those pensioners' dependants. This policy is held with Aviva. In March 2016, a further policy was acquired from Just to cover pensions that have come into payment since July 2013. The valuation method used to value the assets placed on the buy-in policies with Aviva and Just is consistent with that used last year. It has been calculated as the present value of the future expected policy income stream, using the same assumptions as used to calculate the defined benefit obligation, except that the policy income in excess of Guaranteed Minimum Pensions (GMP) and GMP accrued post 5 April 1988 are assumed to increase in line with RPI inflation with relevant caps applied rather than CPI. These assumptions have been selected because the incomes from the policies match the corresponding pension payments from the scheme in all other aspects. By using these assumptions, in future years, the asset value on the buy-in policy will move in line with the corresponding liabilities, while still allowing for the expected higher future income stream if RPI is assumed to be higher than CPI. The RPI and CPI accounting disclosure assumptions as at 31 March 2021 reflect our current assessment of the potential changes to the RPI in the future and the extent to which financial markets have already priced in these changes.

The Pension Scheme Trustee board has moved to a fiduciary management approach and the managers have partially invested in a liability-driven-investment approach to try and reduce the potential volatility the scheme is exposed to. The effect of the ruling in the Lloyds Trustees vs Lloyds Bank PLC and Others [2018] case on Guaranteed Minimum Pensions (GMP) has been taken into account in the valuation of the liabilities of the scheme.

A further judgement was made on this case in November 2020 and covered whether schemes are required to revisit past transfers to allow for GMP equalisation. The Scheme Actuary has, for this purpose, included an additional liability of £0.1 million and accounted for this as a past service cost.

As in previous years, the discount rate has been derived using the Willis Towers Watson Global RATE:Link model. This has, however, seen two changes this year:

- At AHDB's request, the rate has been re-calibrated to remove government-backed institutions and thus better align the discount rate with the exclusively corporate bond universe
- The underlying bond data basis previously used in RATE:Link has been changed by Bloomberg such that a single classification is now given to each bond issuer rather than to each individual bond. As this is not deemed suitable for discount rate purposes by Willis Towers Watson, an alternative basis has been used. This change was consequently beyond AHDB's control.

HGCA Pension Plan

The plan provides benefits to legacy HGCA employees, based on final salary. This plan is closed to new entrants and, on 31 March 2021, there were two members of staff actively contributing to this plan. The assets of the plan exist to provide benefits for all the members of the plan – current pensioners, deferred members (ex-employees who are yet to retire) and the few AHDB employees still contributing to the plan. Actuarial valuations are usually prepared on a triennial basis. The latest valuation was completed as at 31 March 2019 and indicated a funding deficit of £1.1 million. The recovery plan agreed between the HGCA Pension Plan Trustees and AHDB, concerning the funding of the deficit, specified recovery plan contributions of £289k pa (from 1 April 2020), plus £25k pa contribution to plan expenses, payable monthly. The funding shortfall is expected to be eliminated by 30 September 2022, based on the technical assumptions. Actual experience might be worse or better than the technical assumptions. The employer's contributions to the plan in 2021/22 are estimated at £355k including recovery plan contribution but excluding payments for expenses. The effect of the ruling in the Lloyds Trustees vs Lloyds Bank PLC and Others [2018] case on GMP equalisation has been taken into account in the valuation of the liabilities of the plan.

A further judgement was made on this case in November 2020 and covered whether schemes are required to revisit past transfers to allow for GMP equalisation. The Plan Actuary confirmed that any additional allowance for this purpose would be immaterial; hence no allowance has been made.

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

Defined contribution schemes

MLC Pension Scheme

The defined contribution section of the MLC Pension Scheme had a total of nine active members as at 31 March 2021 (31 March 2020: 10 members). The current employee and employer contribution rates are 5% and 7%, respectively. The cost to AHDB of operating the scheme during the year ended 31 March 2021 was £40k (2019/20: £41k) and the value of outstanding contributions as at 31 March 2021 was £3k (31 March 2020: £3k). This scheme was closed to new members in 2008 when AHDB set up the AHDB WorkSave Pension Plan for newly appointed employees.

Notes to the financial statements

17. Pensions (continued)

17c. Principal assumptions

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

	MLC Pension Scheme		HGCA Pension Plan	
	31-Mar-21 % pa	31-Mar-20 % pa	31-Mar-21 % pa	31-Mar-20 % pa
Price inflation	2.8	2.0	2.8	2.0
Rate of increase in pay	2.8	2.0	2.8	2.0
Rate of increase of pensions in payment*	2.8	2.1	2.8	2.1
Rate of increase for deferred pensioners*	2.8	2.0	2.8	2.0
Discount rate	2.1	2.2	2.1	2.2

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

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

	MLC Pension Scheme		HGCA Pension Plan	
	31-Mar-21 years	31-Mar-20 years	31-Mar-21 years	31-Mar-20 years
Male currently aged 65	22.8	22.7	22.6	23.2
Female currently aged 65	24.5	24.4	24.9	24.9
Male currently aged 50	23.9	23.9	23.5	24.5
Female currently aged 50	25.7	25.7	25.9	26.3

The sensitivity of the value placed on the schemes' liabilities is reviewed as part of the process in setting the assumptions. To determine the sensitivity of the defined benefit obligation to changes in the key assumptions, an approximate basis change, based on the split of obligations between activities, deferrals, pensioners and dependants, and the estimated duration of each set of liabilities, was carried out. Examples of changes in the value of scheme liabilities in the event of any given assumption changing in isolation are noted below.

The effect of a decrease in the assumed discount rate of 0.5% would increase liabilities by 7.4% in the MLC Scheme and by 9.9% in the HGCA Plan.

If the RPI price inflation measure applied were to be increased by 0.2%, it would impact all linked assumptions such as the corresponding CPI assumption, pension increase assumptions and the long-term salary growth assumption, and liabilities would increase by 1.4% in the MLC Scheme and by 3.5% in the HGCA Plan.

If the gap between RPI and CPI was to increase by 0.3% then there would be a decrease in liabilities by 2.9% in the MLC Scheme and by 5.0% in the HGCA Plan.

Notes to the financial statements

17. Pensions (continued)

17d. Assets

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

	MLC Pension Scheme		HGCA Pension Plan	
	31-Mar-21 % pa	31-Mar-20 % pa	31-Mar-21 % pa	31-Mar-20 % pa
Equities	12.4	11.5	-	-
Bonds	7.9	6.1	-	-
Diversified growth	-	-	53.5	46.7
Liability driven	6.6	7.0	45.5	52.6
Property	2.2	1.8	-	-
Annuities	64.1	68.0	0.5	0.6
Cash	0.7	1.3	0.5	0.1
Other	6.1	4.3		

17e. Components of defined benefit cost for the 12 months ended 31 March 2021

Analysis of amounts charged to statement of comprehensive income:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000
Current service cost	(200)	(200)	(33)	(54)	(233)	(254)
Past service cost	(100)	-	-	-	(100)	-
Administration costs	(500)	(600)	(24)	(25)	(524)	(625)
Net interest on net defined benefit liability/(asset)	(200)	(100)	(11)	(1)	(211)	(101)
Total income/(expense) recognised in profit and loss	(1,000)	(900)	(68)	(80)	(1,068)	(980)

Notes to the financial statements

17. Pensions (continued)

17e. (continued)

Analysis of the amounts charged to other comprehensive income:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000
Actuarial gains and (losses) on assets	15,100	(7,800)	1,623	(533)	16,723	(8,333)
Experience gains and (losses) on liabilities	3,700	2,000	241	490	3,941	2,490
Gains (losses) from changes to assumptions	(19,700)	8,200	(2,859)	1,760	(22,559)	9,960
Change in irrecoverable surplus	-	-	988	(2,387)	988	(2,387)
Total amount (charged)/credited in other comprehensive income	(900)	2,400	(7)	(670)	(907)	1,730

17f. Reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets to the assets and liabilities recognised in the statement of financial position

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	As at 31-Mar-21 £'000	As at 31-Mar-20 £'000	As at 31-Mar-21 £'000	As at 31-Mar-20 £'000	As at 31-Mar-21 £'000	As at 31-Mar-20 £'000
Present value of defined benefit obligation	(218,100)	(208,800)	(25,219)	(23,143)	(243,319)	(231,943)
Fair value of plan assets	210,900	203,200	26,825	25,392	237,725	228,592
Surplus/(deficit) on Scheme	(7,200)	(5,600)	1,606	2,249	(5,594)	(3,351)
Irrecoverable surplus (effect of asset ceiling)	-	-	(2,029)	(2,952)	(2,029)	(2,952)
Net asset/(liability) recognised in Statement of Financial Position	(7,200)	(5,600)	(423)	(703)	(7,623)	(6,303)

Notes to the financial statements

17. Pensions (continued)

17f. Reconciliation to the statement of financial position

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

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000
Surplus/(deficit) in the Scheme at start of year	(5,600)	(7,400)	(703)	(71)	(6,303)	(7,471)
Contributions paid	300	300	355	118	655	418
Current service cost	(200)	(200)	(33)	(54)	(233)	(254)
Past service cost	(100)	-	-	-	(100)	-
Net interest on net defined benefit (asset)/liability	(200)	(100)	(11)	(1)	(211)	(101)
Administration costs	(500)	(600)	(24)	(25)	(524)	(625)
Actuarial (loss)/gain	(900)	2,400	(7)	(670)	(907)	1,730
Surplus/(deficit) in the Scheme at end of year	(7,200)	(5,600)	(423)	(703)	(7,623)	(6,303)

Please note contributions paid include recovery plan payments.

17g. Reconciliation of opening and closing balances of the present value of the defined benefit obligation

Change in scheme liabilities:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000
Balance at 1 April	(208,800)	(224,600)	(23,143)	(25,311)	(231,943)	(249,911)
Current service cost	(200)	(200)	(33)	(54)	(233)	(254)
Administration costs						
Interest cost	(4,500)	(5,000)	(497)	(576)	(4,997)	(5,576)
Contributions by plan participants	(100)	(100)	(6)	(9)	(106)	(109)
Actuarial gains and losses						
Actuarial gains/(losses) on experience	3,700	2,000	241	490	3,941	2,490
Actuarial gains/(losses) on demographic assumptions	-	(500)	617	-	617	(500)
Actuarial gains/(losses) on financial assumptions	(19,700)	8,700	(3,476)	1,760	(23,176)	10,460
Benefits paid	11,600	10,900	1,078	557	12,678	11,457
Past service cost	(100)	-	-	-	(100)	-
Scheme liabilities at end of year	(218,100)	(208,800)	(25,219)	(23,143)	(243,319)	(231,943)

Notes to the financial statements

17. Pensions (continued)

17g. Reconciliation of opening and closing balances of the fair value of plan assets

Change in scheme assets:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-20 £'000
Balance at 1 April	203,200	217,200	25,392	25,792	228,592	242,992
Expected return on plan assets	4,300	4,900	551	588	4,851	5,488
Return on scheme assets greater/(less) than discount rate	15,100	(7,800)	1,623	(533)	16,723	(8,333)
Contributions by the employer	300	300	355	118	655	418
Contributions by the plan participants	100	100	6	9	106	109
Administration costs	(500)	(600)	(24)	(25)	(524)	(625)
Benefits paid	(11,600)	(10,900)	(1,078)	(557)	(12,678)	(11,457)
Fair value of assets at end of year	210,900	203,200	26,825	25,392	237,725	228,592

The actual return of plan assets in the MLC Pension Scheme was a gain of £19.4 million (2019/20: loss of £2.9 million). The actual return of plan assets in the HGCA Pension Plan was a gain of £2.2 million (2019/20: gain of £0.1 million).

17h. Maturity profile of defined benefit obligation

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

	MLC	HGCA
	<u>£000</u>	<u>£000</u>
Expected benefit payments made during 2021/22	10,000	716
Expected benefit payments made during 2022/23	10,200	734
Expected benefit payments made during 2023/24	9,800	784
Expected benefit payments made during 2024/25	10,000	787
Expected benefit payments made during 2025/26	10,400	823
Expected benefit payments 2026/27 to 2030/31	51,500	4,322

Notes to the financial statements

18. Related party transactions

AHDB is a non-departmental public body (NDPB) funded by statutory levies and sponsored by the Department for Environment, Food and Rural Affairs (Defra). Defra is a government department that is regarded as a related party. Defra is the sponsoring department of the other arm's-length bodies listed below and, by virtue of their relationship with Defra, are also regarded as related parties.

The main government bodies the AHDB Group had transactions with during the year were Defra and other Defra bodies, HMRC, Public Health England and the Health & Safety Executive. The AHDB group structure including Livestock Information Ltd is noted on pages 38 and 61.

Nicholas Saphir is a director of Assured Food Standards (AFS), with transactions of £283k during the year and no balance was due at 31 March 2021.

Jane King and Janet Swadling were both company directors of Agskills Limited at 31 March 2021. Jane resigned as director on 24 June 2021. Janet resigned as director on 29 June 2021 and was appointed secretary on 19 July 2021. Agskills Limited received a grant of £60k from AHDB during the year and no balance was due at 31 March 2021.

Richard Soffe is an emeritus director at the Rural Business School, Duchy College, with transactions of £29k during the year, and no balance was due at 31 March 2021. Richard is also a selector for the Nuffield Farming Scholarships with transactions of £13k during the year and no balance was due at 31 March 2021.

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

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

AHDB Board / Statutory Committee Member	Levy paying entity	Relationship of AHDB Board member to Levy paying entity	Sector
Adam Quinney	A C & S E Quinney	Partner	Beef & Lamb
Paul Temple	H S Temple & Son	Partner	Cereals & Oilseeds/Beef
Paul Unwin	Firs Croft Partnership	Partner	Beef & Lamb

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

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

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

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

Transactions with senior members of staff can be found in the remuneration and staff report on page 28.

19. Events after the reporting date

Defra and the Devolved Administrations indicated to AHDB in September 2021 that 2021/22 may be the final levy collection year for the Horticulture and Potatoes sectors. This decision will be dependent on the results of a government led consultation due to close in January 2022. Wind-down plans for those two sectors are described in more detail within the Performance Report section.

Defra and the Devolved Administrations are seeking views through a consultation on proposed amendments to the Statutory Instrument. The Statutory Instrument sets out the legal obligations on AHDB, including the basis of how it should collect specified levies. The consultation is seeking views on a new mechanism that will allow improved levy payer engagement and regular feedback on their preference for which future services they wish to receive from AHDB.

Overall, Ministers remain supportive of the continuation of AHDB and statutory levies and allowing levy-payers a greater say on how the levy is spent.

As a result of the Potato sector levy payer ballot outcome, the research and development activity in the sector has been wound down and the land and buildings that were utilised by the sector for research purposes at Sutton Bridge are now being held for sale. This decision was taken after 31 March 2021 and is disclosed as a non-adjusting event after the reporting date.

The wind-down plans for Horticulture and Potatoes sectors also include the conclusion of existing research programmes so the return on the grower levies already invested is not lost. Research projects are reflected within Note 14 – Financial Commitments at a value of £5.5 million for the Horticulture sector and £0.5 million for the Potato sector.

Authorisation for issue

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

Annex – Unaudited information

Levy rates in operation during 2020/21

SECTOR	Standard levy rate 2020/21
Pigs (England)	£ per head
Producer	0.85
Slaughterer/exporter of live pigs	0.20
Beef and Lamb (England)	£ per head
Cattle (excluding calves)	
Producer	4.05
Slaughterer/exporter of live cattle	1.35
Calves	
Producer	0.08
Slaughterer/exporter of live calves	0.08
Sheep	
Producer	0.60
Slaughterer/exporter of live sheep	0.20
Milk (GB)	Pence per litre
Buyers and direct sellers of milk	0.060
Cereals and oilseeds (UK)	Pence per tonne
Cereal grower	46.00
Cereal buyer	3.80
Cereal processor (human and industrial)	9.50
Cereal processor (feed)	4.60
Oilseeds	75.00
Horticulture (GB)	% sales turnover
Horticulture products	0.45
Mushroom spawn	Pence per litre
- Agaricus	7.2
- Non-agaricus	1.8
Potatoes (GB)	
Potato growers	£42.62 per hectare
Purchasers of potatoes	£0.1858 per tonne

Note: Higher rates apply for overdue payment.

AHDB Sector Boards at 31 March 2021

AHDB Pork Sector Board

Mike Sheldon, (Chair)
Chris Aldersley, processor
Rupinder Ashworth, independent member
Robert Beckett, producer, Yorkshire
Timothy Bradshaw, producer, Yorkshire
Richard Buckle, producer, Yorkshire
Adam Cheale, processor
****Nick Davies**, processor
***William de Klein**, processor
Mark Haighton, processor
Robert Mutimer, producer, Norfolk
Robin Thompson, producer, Northamptonshire
Simon Watchorn, producer, Suffolk

**William de Klein was appointed from 1 August 2020*

*** Denotes end of term in office on 31 May 2020*

AHDB Dairy Sector Board

***Richard Soffe**, (Interim Chair)
David Craven, dairy farmer, Cheshire
Andrew Fletcher, dairy farmer, Cheshire
Elizabeth Haines, dairy farmer, Shropshire
Oliver Hall, independent member
Ian Harvey, dairy farmer, Cornwall
Mary Quicke, dairy farmer, Devon
****Peter Rees**, dairy farmer, Carmarthenshire
Scott Shearlaw, dairy farmer, Ayrshire
Joseph Towers, dairy farmer, Lancashire

**Denotes end of term in office on 31 March 2021*

***Peter Rees was appointed Interim Chair of the Dairy Sector Board from 1 April 2021*

AHDB Beef & Lamb Sector Board

Adam Quinney, (Chair)
Colin Bateman, producer, Cumbria
Trevor Bellis, processor
Conor Colgan, producer, Northumberland (sadly deceased 27 November 2020)
Anne-Marie Hamilton, producer, Bedfordshire
Laurie Ibbotson, processor
James Shouler, producer, Oxfordshire
***Richard Sparey**, producer, Herefordshire
James Taylor, producer, Oxfordshire
Stephen Thompson, processor
Paul Unwin, independent member
Robert Venner, auctioneer

**Denotes end of term in office on 31 March 2021*

AHDB Horticulture Sector Board

Hayley Campbell-Gibbons, (Chair)
Michael Barker, independent member
Jamie Dewhurst, hardy nursery stock grower, Warwickshire
Mark Eves, grower – tulips and bulbs, Norfolk
Roma Gwynn, independent member
Robert James, specialist in protected edibles, Kent
Peter Judge, grower – soft fruit, Herefordshire
Robert Saunders, specialist in fruit agronomy (tree fruit), Kent
Keston Williams, grower – vegetables and salad crops, West Sussex

AHDB Cereals & Oilseeds Sector Board

Paul Temple, (Chair)
David Bell, grower, East Fife
Tony Bell, animal feed sector, Yorkshire
Clare Bend, independent member
Jane Biss, processor
Iain Davies, processor
Howard Leland, processor
Russ McKenzie, grower, Cambridgeshire
James Standen, grower, Newcastle-upon-Tyne
Patrick Stephenson, independent member
David Walston, grower, Cambridgeshire
Mark Wood, grower, Herefordshire

AHDB Potatoes Sector Board

***Sophie Churchill**, OBE (Chair)
****Alison Levett**, (Interim Chair)
James Cargill, potato grower, Aberdeenshire
Daniel Metheringham, processor
Jonathan Papworth, potato grower, Cambridgeshire
Will Shakeshaft, potato grower, Cambridgeshire
Andrew Skea, potato grower, Angus
Michael Welham, potato grower, Essex and Suffolk
Mark Willcox, processor
Christopher Wilson, potato grower, Somerset

**Denotes end of term in office on 9 July 2020*

***Alison Levett was appointed Interim Chair of the Potatoes Sector Board from 20 April 2020*



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