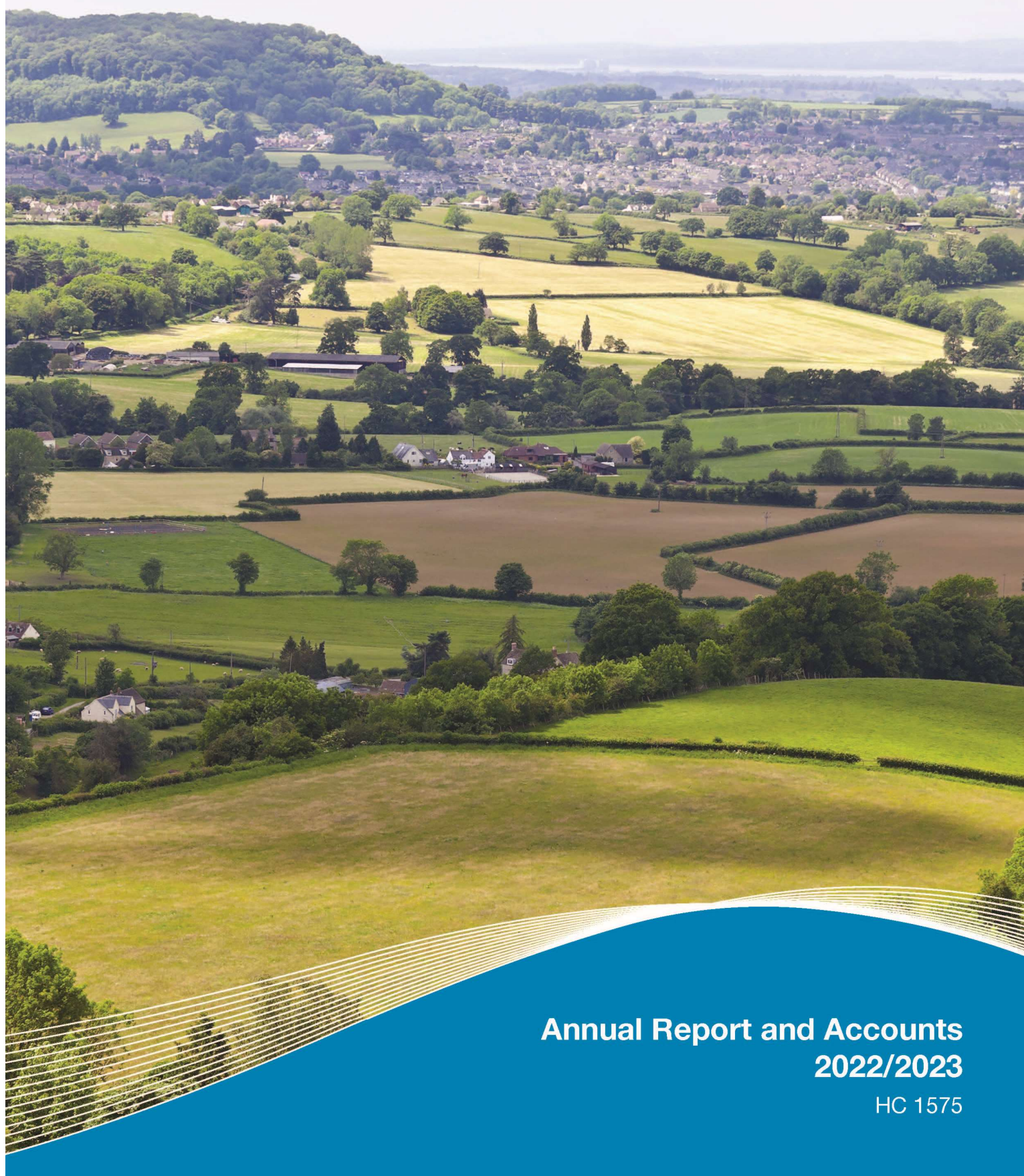




# Agriculture and Horticulture Development Board



**Annual Report and Accounts  
2022/2023**

HC 1575





# **Agriculture and Horticulture Development Board Annual report and accounts 2022–2023**

For the period 1 April 2022 to 31 March 2023

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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Any enquiries regarding this publication should be sent to us at AHDB, Corporate Affairs, Siskin Parkway East, Middlemarch Business Park, Coventry CV3 4PE. Email: [info@ahdb.org.uk](mailto:info@ahdb.org.uk)

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The Agriculture and Horticulture Development Board (AHDB) is funded by 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).

Fourteenth 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 2023.

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



## Chair's foreword

British farmers, growers and the supply industry faced serious challenges during the year. Volatile markets were of benefit to some, although increased costs for energy, fertiliser, livestock feed and labour eroded potential gains. For others, such as the pig sector, it was a year of significant losses. At the same time British farming is also facing up to the major transition from the farm Basic Payment Scheme (BPS), the introduction of the Environmental Land Management scheme (ELMs), the need to meet the Government's Net Zero ambitions, changes in consumer demand and the potential risks and benefits from the accelerating number of new trade agreements.



This period of change makes the role of AHDB even more important in helping our levy payers understand and manage their businesses for a profitable and sustainable future.

Our independent and evidence-based market intelligence helps levy payers and stakeholders to make the right decisions for the important challenges ahead. In this respect AHDB occupies a unique space as a well-resourced, truly independent provider of data and analysis. During the year the Market Intelligence team provided ongoing and immediate information on fast changing markets as well as, importantly, well-based reports on Trade Agreements and market opportunities.

In defining levy payers' needs the 'Shape the Future' campaign gave every levy payer the opportunity, during April and May 2022, to vote on the priorities and work programmes that are most important to them. It was a vital step in ensuring that AHDB is a responsive levy payers' organisation that reflects the needs of farmers and the supply chain in supporting collective and individual success. It also ensured that levy payers are at the heart of what we do.

During another challenging year of change our dedicated professional staff have also overseen the completion of the promised change to a much improved, cost-efficient, flexible and responsive AHDB operation to meet the changing priorities of levy payers. We achieved the target £7.8 million of cost reductions that were signalled in the board's plans. We made a total saving of £8.5 million and reduced headcount from 397 to 354 while at the same time continuing to deliver first class day-to-day services to support levy payers.

After 2 years dedicated service to the organisation, Tim Rycroft has decided that this is the right time to step down as CEO to pursue new opportunities and challenges. Throughout his leadership, Tim has demonstrated a deep commitment to delivering for all levy payers and has embedded a culture that fosters collaboration. The board is very grateful to Tim for his role in further developing a value based and levy payer engaged organisation. The

process for finding a successor to Tim will begin shortly, and he will leave with our best wishes for future success by the end of 2023.

Tim will detail the year's highlights in his Performance Report, but I would also like to take this opportunity to mention some of the important work that the AHDB team has delivered.

**Market Intelligence** – This year has continued to see the evolution of agricultural policy, which we have been tracking and has allowed us to provide important information to levy payers, including a deep dive into the costs and financial returns of the Sustainable Farming Incentive (SFI). Our Ukraine hub provided levy payers with easy-to-access information on the rapidly developing market situation and what it would mean for their businesses. We have regularly published advice on how to take advantage of market opportunities, improve the management of inputs cost and consider strategic decision-making. The detailed analysis of the Australian and New Zealand trade agreements, as well as the risks and opportunities offered by other potential FTAs, including the USA, were published to all stakeholders and one off requests for data and analysis were provided on a regular basis.

**Export** – Exports and international market development again showed itself to be a standout highlight of the year, an operational activity which plays a major role in adding real value to the industry. The 12 months to 31 December 2022 saw the value of red meat exports hit record levels with a value of £1.7 billion and an impressive £1.8 billion in value for the wider dairy category. We also saw the first shipment of UK lamb to the USA in more than two decades as well as further developments in opening up the Mexican and Chilean market for pork, with further access being sought to expand our export reach.

**Domestic marketing** – Our successful work on enhancing the reputation of UK farm produce, including the £4 million We Eat Balanced consumer campaign, helped underpin long-term consumer attitudes to British meat and dairy as part of a healthy and sustainable diet. It included NHS doctor and TV celebrity Dr Ranj Singh joining a morning milk round to deliver health advice to households, helping consumers understand the benefits of B12. A PR campaign in August reinforcing the role of consumption of animal protein coincided with World Iron Awareness Week, with our campaign subsequently selected as a finalist for the PR Moment's Public Sector Campaign of the Year award.

**Reputation** – Maintaining and defending industry reputation by using hard evidence remained a cornerstone of our work and we continued to challenge misrepresentation in the media of the health and environmental credentials regarding red meat and dairy, including successful challenges to the ASA as well as articles in the leading press.

**Research** – This year in addition to delivering our flagship Cereals & Oilseeds Recommended Lists (RL) we have begun a process of review to ensure that the lists continue to develop in line with levy payer needs. As pledged in the Cereals & Oilseeds sector plan, the review was launched in November 2022. We are incredibly grateful to the over

900 people who participated in the first phase of this activity by completing a RL questionnaire or attending an online focus group. These valuable views and feedback will be used to consider potential changes to the lists as we progress into the next phases of the review in 2023. Crop inputs, particularly fertiliser and fungicides, have been highlighted as an important topic for further discussion. We are using the results of research completed this year on fertiliser management to achieve grain protein quality targets for milling wheat, and on nutrient management for oats, to update the AHDB Nutrient Management Guide (RB209) in 2023. The revised guide will also include an update on the effect of economic changes on nitrogen rates, following a review of how best to respond to expensive nitrogen fertiliser and the environmental need for change.

All of this and more has been achieved in collaboration with levy payers, the wider industry and government. AHDB remains a vital source of independent evidence that the industry will need in the difficult years ahead.

Levy payers are at the heart of what we do, and I'm confident that we will be able to help shape a positive future for the industry through our targeted services.

During a period of such radical change I particularly want to thank the board and the staff for their passion, professionalism and dedication over the last 12 months.

**Nicholas Saphir**  
**Chair**  
**Agriculture and Horticulture Development Board**

11 July 2023

# Performance report

## From the Chief Executive and Accounting Officer

### Introduction

At the end of 2022/23, AHDB completed its multi-year programme of change. The year began with our largest-ever levy payer consultation and ended with new, fully funded sector strategies being published and our move to a new, smaller and less expensive headquarters building.



In 2021 we made a series of promises to levy payers. We said that our priorities would in future accurately reflect their priorities. We said that our work for them would be delivered in a more focused, impactful and accountable way. We said that AHDB itself would be a leaner and more efficient organisation. I am proud to say that we have delivered on all those promises.

Change on this scale is hard, for individuals and for teams. Many valued colleagues have left us. Some longstanding work programmes that levy payers rated less highly have been stopped. My smaller leadership team has shouldered heavy burdens in terms of taking on additional work and responding at short notice to new challenges. I am enormously grateful to them for the leadership they have shown, as I am to everyone at AHDB who has stuck with us during many difficult months. Better times are now clearly in sight.

Our work to wind-down support for the horticulture and potatoes sectors has been incredibly professional. We have respected our obligations to levy payers in those sectors and to the staff who served them. We have applied high standards of governance to surplus levy funds of both sectors, working to ensure that information and insights paid for by the levy remain accessible to levy payers.

We have continued to promote and enable industry collaboration, holding the ring, providing independent data or marshalling different voices, most notably around plans for a Digital Grain Passport and as part of Livestock Information Limited. Sometimes 'in the middle' can be an uncomfortable place to be, but we believe it is vital that we use our independence in service of industry objectives.

As we close the financial year, we are very clear that the best role we can play for levy payers is using (or generating) independent evidence to drive collaborative action. Our simple motivation is to move farming forward (recognising that 'progress' will have different meanings for individual levy payers). We are funded by farming and processing for their benefit and we will continue to help our levy payers clear roadblocks or accelerate progress.

### Overview

After a necessary period of introspection and review, during 2022/23 AHDB got back on its feet and started looking to the future. As noted above, AHDB now knows clearly what it must be for the industry and what levy payers expect of it.

Though the substantive organisational changes of the last two years are now behind us, change and adaptation will always be part of who we are. This reflects the prolonged period of volatility in which agriculture finds itself.

On top of the sector plans lie strategic themes like sustainability, reputation and data: issues that affect all levy payers. On these, AHDB is working to answer the most pressing questions and to provide practical advice based on the best evidence of what 'good' looks like.

In April 2022 we delivered Shape the Future, our first democratic levy payer vote on priorities and programmes of work.

During the reporting period, newly-formed Sector Councils replaced our former Sector Boards. The change sounds minimal but the Councils are very different from their predecessors. They are focused on identifying sector needs, making decisions over the use of levy funds and oversight of AHDB's delivery plans. These actions were part of making good on our commitment to building a modern, fresh governance structure that puts levy payers right at the heart of everything we do.

Sector plans were published in November 2022, based closely on the priorities identified by levy payers in Shape the Future. For the livestock sectors, this means a focus on work to promote industry reputation and enhance exports. For Cereals & Oilseeds our technical work around the Recommended List, pest management and nutrient management are core.

The sector plans are the delivery 'north star' for levy payers in those sectors. Sector Councils will ensure we are supported and encouraged to deliver the plans and will rigorously hold us to account if we fall short.

Our work on exports and international market development, in collaboration with government and industry, continued to deliver successes. Indeed, in 2022 the value of red meat exports reached its highest levels since records began, worth a massive £1.7 billion, which is an outstanding achievement. According to HMRC, the total value of red meat shipments increased 22% year on year – with more than 609,000 tonnes exported around the world, up 9%.

Beef exports brought the biggest boost to the figures, with the value of shipments up nearly 46% to £640 million – driven by the recovery of trade with the EU. Pig meat exports reached £623 million, up almost 10%, followed by sheep meat exports which were valued at £503 million – a rise of 13% year-on-year. Key target markets, such as Canada, Japan and Europe, which remains the UK's most valuable market, saw strong growth and we also saw new



opportunities created for pork exports to Chile and lamb to the USA which we will be looking to develop further in the year ahead.

As with so much that we do, our export development work is driven by independent evidence. This tells us which markets and products to focus on, as well as what local consumer trends are. Our recent analysis on prospects for UK agri-food exports, for example, dovetails with our work on the ground in-market, helping our producers and exporters build an understanding of the opportunities and challenges of trading in different world regions. Similarly, our sector-specific Agri-Market Outlook provided invaluable information on understanding the markets and how they are likely to develop, providing levy payers with insight and analysis to help anticipate how their businesses may need to adapt.

As an evidence-based agricultural organisation, another one of our roles is to defend the reputation of the industry and ensure public debate about the food our farmers produce is well-informed, transparent and honest. Our We Eat Balanced campaign continued to help protect long-term consumer attitudes to British meat and dairy as part of a healthy and sustainable diet. Another highlight was our 'Iron Woman' campaign, aimed at highlighting the issue of low iron intake in young women and the benefits of red meat as a source of iron. The campaign was selected as a finalist for the PR Moment's Public Sector Campaign of the Year award.

We also continued to challenge inaccuracy and misinformation, most notably in an open letter to the medical journal *The Lancet* formally requesting the retraction of The Global Burden of Disease Study 2019. This followed multiple requests from AHDB and others concerning a lack of clarity from *The Lancet* on whether the 2019 update was scrutinised by peers and conducted in line with appropriate procedures to ensure its accuracy. It is imperative that AHDB stands up in this way, redressing the balance and highlighting the evidence that red meat offers a valuable contribution to a healthy balanced diet.

Meanwhile, consistent with our commitment to being a lean organisation, we have reduced our headcount from 397 at 31 March 2022 to 354 at 31 March 2023 and finalised the move from our headquarters at Stoneleigh to a smaller HQ near Coventry, which will save around £500,000 per year in our annual budget to be reinvested in core activities.

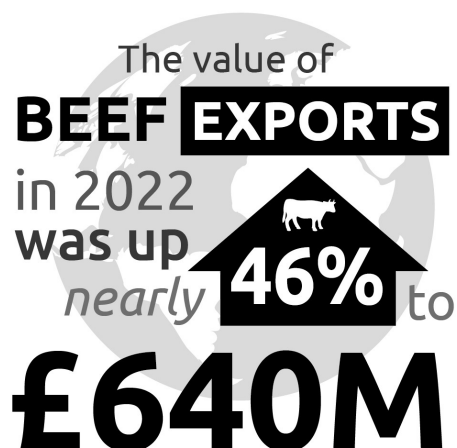
This report summarises AHDB's performance in the 12 months to 31 March 2023. The following pages illustrate how levies have been invested to deliver services for our sectors during that reporting period.

### **AHDB purpose and strategic priorities**

Levy payers told us they wanted us to focus on the following priorities:

- Defending the reputation of meat and dairy
- Developing new markets for high-quality products
- Helping drive profitability and productivity through expert insight and analysis
- Enabling better business decisions with services such as the Recommended Lists and our nutrient management information, including RB209

## Delivering for AHDB Beef



### Sector priorities

- **Reputation:** The aim of this work is to protect and promote the reputation of beef to consumers. It includes the education of future consumers, promoting the image of red meat in the media, tackling reputational issues, providing expert spokespeople and information for the media, responding to government consultations, and informing policy development
- **Marketing:** Aimed at protecting long-term demand by championing beef as an excellent choice for consumers. It includes the continuation of our *We Eat Balanced* campaign, delivering other highly visible targeted marketing campaigns across national TV, online, social and press, showcasing our world-class farming standards to consumers and working with retailers to improve the shopping experience
- **Exports:** The aim is to increase market access and drive exports to underpin prices, giving us a better chance of getting the best value for the whole carcass and supporting farmgate prices. We will continue to work with industry and government to continue opening new markets, champion beef at international trade shows, host foreign governments and buyers, work with exporters to visit target markets and increase trade and support exports in existing markets
- **Insight and Evidence:** Aimed at enabling levy payers to improve their on-farm practices and gather data to support the reputation of beef. This work will include the supply of price information, following consumption trends and monitoring emerging longer-term market signals, analysing costs of production and farm margins and using our knowledge to help levy payers navigate changes to environmental policy

### Some further highlights

- Beef exports to Japan in 2022 saw an increase in value of 68% to £16.3 million.
- In January, *We Eat Balanced* featured on mainstream TV/on demand, YouTube, newspapers, social media and in eight major supermarkets, where eight million on-pack stickers linked shoppers to healthy meat recipes.
- Our Food – a fact of life (FFL) education programme, delivered in partnership with the British Nutrition Foundation, delivered four national teacher conferences and 12 webinars and workshops, with 99% of the teachers attending saying the conference gave them ideas to take back to school and implement/discuss with colleagues.

## Delivering for AHDB Lamb

**9/10** consumers who saw the most recent **We Eat Balanced TV advert** agreed it **SUCCESSFULLY COMMUNICATED** that **meat** and **dairy** form part of a **balanced diet**



**British lamb** was exported **to the USA** for the **first time** in over **20 years**



### Sector priorities

- **Reputation:** The aim of this work is to protect and promote the reputation of lamb to consumers. It includes the education of future consumers, promoting the image of red meat in the media, tackling reputational issues, providing expert spokespeople and information for the media, responding to government consultations and informing policy development
- **Marketing:** Aimed at protecting long-term demand by championing lamb as an excellent choice for consumers. It includes the continuation of our We Eat Balanced campaign, delivering other highly visible targeted marketing campaigns across national TV, online, social and press, showcasing our world-class farming standards to consumers and working with retailers to improve the shopping experience
- **Exports:** The aim is to increase market access and drive exports to underpin prices, giving us a better chance of getting the best value for the whole carcass and supporting farmgate prices. We will continue to work with industry and government to continue opening new markets, champion lamb at international trade shows, host foreign governments and buyers, work with exporters to visit target markets and increase trade and support exports in existing markets
- **Insight and Evidence:** Aimed at enabling levy payers to improve their on-farm practices and gather data to support the reputation of lamb. This work will include the supply of price information, following consumption trends and monitoring emerging longer-term market signals, analysing costs of production and farm margins and using our knowledge to help levy payers navigate changes to environmental policy

### Some further highlights

- Sheep meat exports in 2022 were up 7.8% in volume to 78,844 tonnes
- 94% of the UK's total sheep meat exports in 2022 were shipped to the EU
- The value of sheep meat exports to Canada increased 160% in 2022, up from almost £1.9 million the previous year to almost £5 million.

## Delivering for AHDB Dairy

**Our We Eat Balanced campaign**  
ran in  
**Autumn 2022 and January 2023**  
to **drive awareness** of  
the **nutritional value**  
that **dairy and lean meat** can add  
as part of a **healthy, balanced diet**  
and reached a staggering  
**43 million adults**

**Cheese** exports  
to **Singapore**  
***increased in value***  
to more than  
**£3 million**  
with **552 tonnes**  
**exported** in 2022

### Sector priorities


- **Reputation:** To continue to engage with consumers of all ages and promote and defend the reputation of dairy in the media while opening new markets and increasing dairy exports. It will include delivering consumer marketing campaigns that drive a positive attitude towards dairy consumption, using data, evidence and experts to robustly challenge misinformation about dairy in the media and opening new export markets by collaborating with government and industry
- **Data and Evidence:** Using evidence and data to defend or enhance the reputation of the dairy industry at home and abroad. It will include tracking the use of antibiotics in the sector via its electronic Medicine Hub, collaboration with others to prevent or minimise the effect of endemic diseases and to consider the leading role that genetics and genomics play in helping us in our journey towards net zero
- **Practical support:** Aimed at using our strategic farm network to focus on answering farmers' questions on how to make their businesses more profitable and sustainable and to provide targeted market intelligence to support farmers with forecasts and insights. Our work will include the cost of production/farm margins analysis, evidence to inform government policies and analysing consumer trends and global trade to feed into its domestic marketing and export work

### Some further highlights

- Dr Raj Singh encouraged people to 'Wake up to B12' as part of our We Eat Balanced campaign, resulting in 6% more people seeing dairy as a good source of vitamin B12
- We delivered four national teacher conferences and 12 webinars and workshops, with 100% of teachers saying they were more informed as a result of attending the conferences
- In December AHDB contacted Compassion In World Farming to highlight a misleading statement in a press release. AHDB outlined the issues around direct comparisons of livestock emissions and transport emissions

## Delivering for AHDB Pork

**China**  
remained the  
**largest importer**  
of pork from the UK in 2022,  
taking **126,723t**  
worth almost  
**£203M**



**8 in 10**  
consumers  
that saw the  
**Mix up Midweek  
with PORK  
campaign**  
**agreed PORK can form**  
part of a **nutritious meal**



### Sector priorities

- **Marketing:** The aim of this work is to support the long-term demand for pig meat by championing pork as a healthy and versatile choice for consumers. It will involve continuing to deliver award-winning consumer marketing campaigns that drive positive attitudes to pork consumption, inspiring young consumers to cook and eat pork via social media, shifting resources when required to stimulate additional demand for particular cuts and working with retailers to improve the meat aisle
- **Exports:** Aimed at increasing market access and driving export value and volume to underpin pig prices. It will include identifying lucrative markets, helping to secure market access and working with governments and industry to achieve trading and veterinary requirements in new markets, optimising access for all cuts and championing British pork at international shows
- **Reputation:** Aimed at protecting and promoting the reputation of the industry to consumers and optimising sales opportunities. It will include challenging misinformation in the public domain, using data and evidence, working with industry and government to limit the impact of endemic disease by making it easy for farmers to arrange pig movements via AHDB's Pig Hub and working to illustrate the low and decreasing impact of pig production on the environment

### Some further highlights

- The amount of pig meat exported in 2022 increased 6% to 372,597 tonnes
- Mix up Midweek with Pork stimulated a 33% uplift in volume sales of pork medallions in-store
- Our Iron Lady PR campaign to highlight the positive role of lean meat as part of a balanced diet was selected as a finalist for the PR Moment's Public Sector Campaign of the Year award

## Delivering for AHDB Cereals & Oilseeds



AHDB arable Market Intelligence web pages generated

**2.4 million hits** 

Subscriptions to the **Grain and Oilseeds Weekly Market Report** rose to

**9,281**

while subscriptions to **Grain Market Daily** reached

**4,807**

### Sector priorities

- **Trusted variety and product testing:** AHDB's Recommended Lists, which gives levy payers the opportunity to compare varieties on an independent, consistent and fair basis, was ranked as the most important work that we fund as part of our Shape the Future vote. Our work will include keeping Recommended Lists up to date and undertaking a major review to improve them, improving our fungicide performance research to make it more accessible to levy payers and agronomists and trialling other commercial products and methods, particularly innovative new ones where there is clear levy payer demand
- **Independent, practical research and market intelligence:** AHDB will continue to evolve the information it provides, providing core data and prices for the whole supply chain that others do not, along with a concise analysis of the key issues affecting levy payers. It will also analyse emerging carbon and biodiversity markets and combine farm costs data with market intelligence to address topical issues, such as the impact of fertiliser prices on profit margins
- **Work across the supply chain:** AHDB is uniquely placed to bring the industry together and facilitate pre-competitive discussions to benefit all levy payers. Our work will include facilitating farmer-to-farmer learning, on-farm research and connecting levy payers with the best information and expertise, via our network of Strategic Farms, Monitor Farms and Arable Business Groups, together with a wealth of other opportunities for levy payers and advisors. We will also defend the industry from unfair criticism in the media and support export market access by continuing to maintain access in existing markets

### Some further highlights

- Recommendations from research projects on nitrogen and sulphur fertiliser management to achieve grain protein quality targets for milling wheat and nitrogen and sulphur fertiliser management for yield and quality in winter and spring oats are being used to update the AHDB Nutrient Management Guide (RB209) in 2023. Fourteen research projects and technical reports are now available following the conclusion of our five-year programme of cross-sector work on soil health and soil biology
- More than 900 people participated in the first phase of the review of our Recommended Lists (RL) to ensure they continue to develop in line with levy payer needs
- We have been working with the industry to explore a Digital Grain Passport to replace the current paper one, with AHDB bringing together levy payers, plus other key participants such as hauliers, to discuss important topics in a pre-competitive space



## Key issues and risks

### Risks

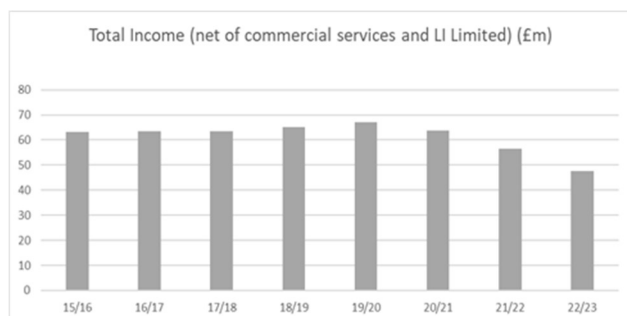
In 2022/23, the key risks regularly discussed by the board included delivering proposals based on the outcomes of the Shape the Future levy payer vote, Horticulture and Potato sector wind-down risks, and organisational capacity. More detailed information on specific risks is contained within the Governance Statement.

### Financial performance

The total net income for core activities during 2022/23 (excluding Livestock Information Limited activities) was £47.6 million (2021/22 £56.5 million), while operating expenditure on core strategic activities was £49.1 million (2021/22, £54.4 million).

Excluding Livestock Information Limited, the total comprehensive expenditure for AHDB in 2022/23 was £5.4 million (2021/22, income of £7.7 million) and, when excluding pensions asset/liability movements of £2.3 million (2021/22, £7.5 million) the underlying deficit for AHDB standalone for 2022/23 was £3.1 million (2021/22, surplus £0.2 million).

As a Group, including Livestock Information Limited and excluding pension asset/liability movements, the underlying AHDB Group deficit for 2022/23 was £17.7 million (2021/22, £15.3 million); the deficit resulting from Livestock Information Limited is a required accounting treatment to reflect the expenditure incurred delivering the Livestock Information Programme, the cost of which is met by Defra and not by levy payer reserves. More details about the Group results are available in Notes 2a and 2b.

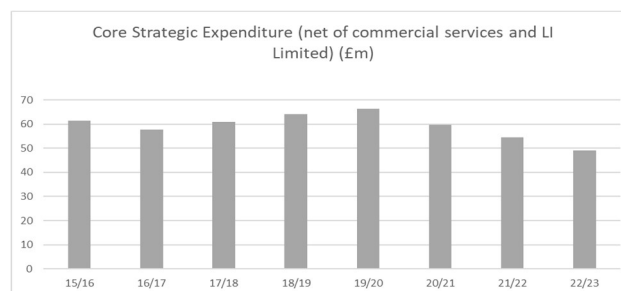


Gross levy income for 2022/23 of £44.8 million was £8.1 million less than 2021/22, primarily due to the following factors:

- The statutory levy for Horticulture and Potatoes ended in 2021/22 resulting in a reduction of £10.0 million
- An increase of £0.9 million in Cereals & Oilseeds, primarily due to a 10% increase in production
- An increase of £0.5 million in Pork, the levy was paused for one month during 2021/22 as a result of Ministers agreeing to a temporary, one-month zero levy rate during a period of exceptional difficulty for the UK pig sector
- An increase of £0.6 million in the Beef & Lamb sector, due to elevated activity.

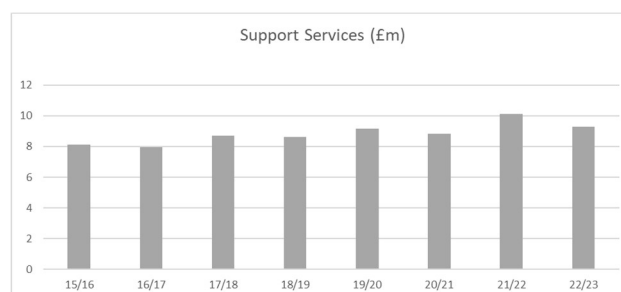
Non-levy income for 2022/23 of £5.5 million was £0.7 million less than 2021/22, primarily due to two grants that ran for one year only in 2021/22.

With effect from 1 April 2021, the former Red Meat Levy Ring-Fenced Fund mechanism was superseded by Section 35 of the UK Agriculture Bill. An associated Red Meat Levy Scheme (RML Scheme) has been established that defines the fair reallocation of red meat levies between home nations in relation to the cross-border movement of livestock to slaughter. In prior years, these funds were ring-fenced within AHDB's expenditure, meaning that the introduction of the RML Scheme has resulted in less expenditure being reported in the accounts. The RML Scheme levy reallocation value for 2022/23 was £2.6 million (2021/22, £2.5 million). The former Ring-Fenced Fund was used through 2022/23 on cross-border activities.



The core strategic operational expenditure for the continuing sectors increased by £1.5 million, when compared to 2021/22, to £45.9 million (2021/22: £44.4 million). The main driver for this is the increased allocation of support and other expenditure. A new lease for a smaller building was signed in February 2023 which is expected to yield savings of £0.5 million in 2023/24.

Expenditure on core strategic activities in the 'winding down' sectors for 2022/23 was £3.2 million (2021/22, £10.0 million). See Notes 2a and 2b for more information.



Central support services expenditure in 2022/23 decreased compared to 2021/22 by £0.8 million, primarily due to a reduction in staff costs as a result of redundancies partially offset by one-off relocation costs.

Sector boards and councils, including staff and sector-specific costs, account for circa 4% of income in 2022/23 an increase of 1% compared to 2021/22 due to increased professional fees relating to pension advice. A breakdown of how the levy from each sector is invested can be found in Note 2a.

The financial results are analysed below from two perspectives: firstly, as the overall AHDB Group and secondly as AHDB levy board activity only.

**AHDB Group:** AHDB's overall Group results show a net total comprehensive expenditure of £20.0 million (2021/22: expenditure of £7.8 million). This result includes a loss on revaluation of pension assets and liabilities of £2.7 million (2021/22: £7.8m surplus) and a net AHDB-only deficit of

£2.7 million for the year (2021/22: £7.7m surplus). The main contribution to the group result is the Livestock Information Limited deficit of £14.6m (2021/22: £15.5m deficit). Livestock Information Limited is fully funded by Defra. This is treated as 'Financing' for sponsoring department which is accounted for directly in Group's reserves in accordance with the FReM.

The Group cash balance at the end of the year was £6.6 million compared to £22.6 million in 2021/22, this reduction is driven by a revised investment strategy, whereby surplus cash funds are placed on short term treasury deposits with Barclays Bank. These deposits are classed as financial assets for accounting purposes. 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.

**AHDB levy board:** To aid the reader, the 2022/23 Annual Report and Accounts includes a Statement of Consolidated Net Expenditure. This details the income and expenditure of AHDB only and includes breakdown totals for continuing and winding-down sectors, alongside an "AHDB Total" and an "AHDB Group Total" column to Notes 2a and 2b. 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 heavily influenced by the method of accounting for the funding from Defra to LI Limited.

When including pension scheme movements and costs, non-levy income, and other non-operating costs, AHDB continuing sectors recorded an underlying deficit in 2022/23 of £0.2 million (2021/22: £0.2 million surplus). Excluding the pension reserves, AHDB continuing sectors' reserves were £22.8 million on 31 March 2023 (31 March 2022: £23.0 million). Including pension reserves, AHDB continuing sectors' reserves on 31 March 2023 were £20.3 million (31 March 2022: £22.8 million). Any pension related reserves are not available to AHDB for operational purposes, they are required for legacy pension scheme and plan obligations.

The Horticulture and Potatoes sectors were winding down operations during 2022/23 because of decisions taken by AHDB, Ministers of Defra and the devolved governments following the outcome of the levy payer ballots in February (Horticulture) and March (Potatoes) 2021. The Statutory Instrument update that came into force on 26 May 2022 (SI 2022/577) allows AHDB to continue to support these sectors without any 2022/23 levy collection. The focus for these sectors is on collection of outstanding levies, expenditure management and cost control to ensure activities are managed in line with the wind down plan.

Across the two sectors there is no gross levy income in 2022/23 (2021/22: £10.0 million), core strategic operational expenditure was £3.2 million (2021/22: £10.0 million) with an underlying deficit of £2.9 million when including all non-levy income and other costs (2021/22 £0.1 million surplus). Reserves for these two sectors on 31 March 2023 were £4.5 million (31 March 2022: £7.4 million). The reserves will fund the remaining wind down activity planned over the coming months.

During 2022/23 AHDB continued to provide a finite programme of emergency work on pests and diseases for

the Horticulture sector, including the Extension of Authorisation for Minor Use EAMUs) and Emergency Authorisations (EAs) to provide industry and government time to agree a future delivery mechanism for this valued service. The AHDB board in conjunction with Defra agree that the distribution of available surplus reserves following the winding down and transitioning to HCP Ltd will be issued as a grant for the furtherance of EAMUs and EA services. The grant agreement was signed by both parties on 31 March 2023, with payments expected in 2023/24 of £1.3 million. This grant agreement has been treated as a financial commitment at 31 March 2023 as AHDB has no present obligation under the agreement.

**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 includes website development, video, and graphic design. In 2022/23, AHDB spent £9.7 million on marketing (2021/22, £8.1 million).

**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 and 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, financial systems and checks, contribute to minimising risk in this area.

## Equality, 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, diversity and inclusion in the workplace, and develop our management teams to embrace the values of our policy. As part of our long-term commitment to equality, diversity and inclusion, we continued to actively review the issue of gender pay and the board commissioned a review of this area as part of this process.

## Sustainable development performance

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

**Strategy for sustainability:** The shared Defra sustainability policy was launched in March 2023. Throughout 2023 we will develop action plans to deliver in collaboration with stakeholders across the Defra Group to establish specific targets, timeframes, and responsibilities for all areas of Defra Group operations.

**Fleet:** AHDB has reduced its commercial vehicle fleet to four vehicles in 2022/23 from six vehicles in 2021/22, one of which is fully electric (a ULEV ratio of 25% for the commercial vehicle fleet). The average CO<sub>2</sub> emission of the commercial fleet has reduced to 113 gsm, down from 130 gsm in 2021/22.

AHDB has also reduced its company car fleet from 34 vehicles in 2021/22 to four leased pool vehicles, one of which is a fully electric vehicle (a ULEV ratio of 25% for the company car fleet). The average CO<sub>2</sub> emission has

reduced to 87 gsm for 2022/23, down from 101 gsm in 2021/22.

**Finite resource consumption:** AHDB's HQ water consumption reduced from 471 cubic metres in 2021/22 to 433 cubic metres in 2022/23.

**Paper usage:** Paper usage through printers in AHDB's UK offices and by some home workers in 2022/23 was 398 reams. This represents a 90% reduction compared to a baseline of 3,876 reams used in 2018/19; data for a baseline year of 2017/18 is not available.

**Waste:** AHDB's HQ waste is divided into recycling, general, and food waste. During 2022/23, AHDB recycled 15.8 tonnes of waste, including 2.5 tonnes of IT waste. 6.4 tonnes went to landfill. The increase in waste compared to 2021/22 is due to the relocation of the HQ office during which AHDB encouraged staff to digitise documentation and destroy paper filing where appropriate.

During 2022/23, the separation of single-use plastic waste at the HQ site was introduced and reporting on this will be available from 2023/24. Facilities procurement processes in 2023/24 will include the objective of reducing the environmental impact of Information and Communication Technology (ICT) and reducing the use of single-use plastics.

**Relocation:** AHDB procured recycled furniture for its new HQ building and sold surplus furniture from the old building to fund the purchase of the recycled furniture. This approach reduced both the carbon footprint and costs for the project.

Greenhouse Gas Emissions	Year ended 31 March 2023		Year ended 31 March 2022	
	Measure	Tonnes CO <sub>2</sub>	Measure	Tonnes CO <sub>2</sub>
<b>Scope 1: Direct Emissions</b>				
<b>Bulk Fuels:</b>				
Vehicles (miles)	4,508	1	217,473	60
Heating oil (litres)	4,569	12	4,976	14
Gas (kWh)	44,054	8	21,030	4
<b>Scope 2: Energy Indirect</b>				
Electricity (kWh)	594,275	114	607,610	128
<b>Scope 3: Other Indirect Emissions:</b>				
Rail travel (miles)	95,420	5	37,186	2
Air travel (miles)	92,963	14	3,572	1
Travel by non-AHDB-owned transport (miles)	323,597	90	309,251	85
Waste management (tonnes)	32	5	28	4
<b>Total</b>		<b>249</b>		<b>298</b>
<b>Tonnes/£m income</b>		<b>5.2</b>		<b>5.3</b>

Costs (£)	Year ended 31 March 2023	Year ended 31 March 2022
Heating Oil	3,571	2,431
Gas	782	1,434
Electricity	137,226	92,822
Waste management	11,749	10,009
Water	1,032	4,024
Business travel	828,671	300,065

Total reported emissions decreased by 17% in 2022/23 compared to the previous year, as seen in the year-on-year emissions values in the above table. The main driver

of this decrease is the reduction in the number of people employed during the year due to the winding down of the Horticulture and Potato sectors.

Electricity emissions were reduced by 11% in 2022/23 compared to 2021/22 driven by a reduction in the prescribed GHG conversion factor, despite an increase in cost year-on-year of 48% due to the rise in energy prices. Gas emissions related to the French offices have doubled due to an increase in office occupancy. Waste management processed has increased by 19% as a result of preparations for the move to the new HQ building in April 2023.

From 1 April 2022 AHDB introduced new measures to capture more detailed sustainability data, which has led to the use of more accurate GHG conversion factors. AHDB has also moved away from the use of fleet vehicles, reducing direct emissions by 98%, which has also led to an increase in indirect travel-related emissions. There is a material increase in air travel driven by the return of in-person overseas events and conferences.

**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 products come from sustainable sources.

**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.

## Performance analysis

2022/23 continued to be a transitional year where we have been executing the required activity to close the sectors of Horticulture and Potatoes and deliver the Shape the Future levy payer voting process to define our strategic focus for each sector in the coming years. The interim strategy continued as our guide and while new corporate targets were not set for 2022/23, there was an expectation to continue to deliver against key metrics including value for money, awareness of AHDB and understanding of AHDB by sector. The latest set of data (2021) from our Levy Payer Satisfaction Survey is highlighted in the table below. The next set of survey data will be available in August 2023 and will be published in the 2023/24 Annual Report and Accounts.

Measure \ Sector	Value for money (mean score out of 10)		Awareness		Understanding of AHDB (mean score out of 10)	
	2015	2021	2015	2021	2015	2021
Beef & Lamb	4.7	5.5*	72%	95%*	3.8	5.3*
Cereals & Oilseeds	5.3	6	82%	95%*	4.5	5.9*
Dairy	3.9	5.2*	79%	98%*	4.1	5.8*
Pork	5.4	5.9	83%	94%*	4.5	6.4*

\* Denotes statistically significant movement 2015 to 2021

## Regular vote and the levy ballot process

At least every five years, AHDB must hold a democratic levy payer vote on the priorities and programmes of work they want to have funded by their levy. The first such vote ran from 11 April to 9 May 2022; 10,537 levy payers had registered to have their say, and 4,478 voted. The results informed our sector councils on what the main priorities are for levy payer businesses and what work they want AHDB to deliver for them.

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 will be sent to Ministers for a decision. There were no requests for a ballot received during the 2022/23 financial year.

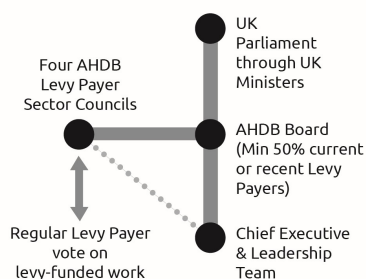
## Board scrutiny

The AHDB board is accountable for **what** AHDB delivers, and the executive is responsible for **how** AHDB does it.

The board is appointed on a skills basis, with at least half being recent or current levy payers with industry expertise. The board consisted of ten non-executive members including the chair. The board is supported in its work by two statutory committees – the Remuneration and Nominations Committee and the Audit and Risk Assurance Committee.

The board is also supported by sector committees 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. A list of sector council members can be found at the end of the Annual Report and Accounts. During 2022/23, the Horticulture Sector Board remained operational to help oversee the wind-down process for that sector.

More detail on the governance framework can be found in the Accountability Report.



## AHDB Governance

During the reporting year, the main AHDB board held six formal meetings and one extraordinary meeting. The four sector councils held 20 meetings between them, and the Horticulture Sector Board held seven meetings.

## Summary and look ahead

AHDB has come through a turbulent couple of years. For much of that period we were operating in 'survival' mode but we have now emerged, more focused and confident, more energised and able to 'thrive' and deliver value for money and tangible benefits for our levy payers.

Our staff have continued to show incredible commitment through this period, delivering services for our levy payers under immensely challenging circumstances and I would like to thank them for the resilience and professionalism they have shown.

During the year ahead, we will continue to focus on putting independent evidence into collaborative action to drive progress for the industry.

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

**11 July 2023**

# 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 agricultural 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.

The composition of the AHDB board is reported on page 23. Details of the Accounting Officer, who is the Chief Executive of AHDB, are reported on page 25.

Any interests held by AHDB board members in other relevant organisations are disclosed in Note 22 of the financial statements.

AHDB's corporate governance is described and reviewed in the Governance Statement.

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.

#### Pension schemes

In accordance with the Government Financial Reporting Manual for the year ended 31 March 2023, 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 £2.4 million and nil, 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 2023 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 21. The members of the schemes are previous employees of MLC and HGCA, many are pensioners, and most of the remainder no longer work for AHDB (deferred members of the scheme). AHDB is responsible for ensuring members receive their benefits. With effect from 31 March 2022, both the HGCA Pension Plan and MLC Pension Scheme ceased future accrual of benefits. Consequently, with effect from 1 April 2022, there were no active members in either of these schemes.

The MLC Pension Scheme's latest triennial actuarial valuation, as at 31 March 2021, was completed on 22 August 2022 and identified a Technical Provisions funding deficit of £7.3 million. AHDB agreed an enhanced recovery plan over the next 12 years, the details of which are explained in Note 21.

The latest triennial actuarial valuation of the HGCA Pension Plan was completed as at 31 March 2022, resulting in a Technical Provisions funding deficit of £525k. Annual Deficit Repair Contributions (DRCs) were agreed between AHDB and HGCAPP Trustees of £210k per annum from 1 April 2023 to 30 September 2025.

Both pension schemes have taken steps to reduce the volatility they are exposed to through liability-driven investment approaches. The MLC scheme also has c.2/3 of its liabilities covered by bought-in insurance policies that are valued using the same assumptions as those liabilities.

Application of the IFRIC14 interpretation of IAS 19, has led to an asset ceiling being placed on the net surplus of both the MLCPS and HGCAPP. More details are provided in Note 21.

#### 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.

The payment time between the invoice date and payment date that occurred the most often during 2022/23 was 31 days (2021/22: 25 days). The average time between the date the invoice was received and the payment date for all invoices paid in 2022/23 was 27.4 days (2021/22 22.7 days).

#### Contractors

AHDB uses the services of individual specialist 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 2022/23, the cost of services provided by such specialist contractors by the AHDB Group was £12.2 million (2021/22: £7.8 million), of which £3.0 million (2021/22: £0.6 million) was through engagement with AHDB and £9.2 million (2021/22: £7.2 million) was through engagement with LI Limited.

## Environmental issues (sustainable development)

Please see the Performance Report.

## 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 three personal data incidents logged during the year (seven in 2021/22). One of the data incidents was human error by a member of staff when sending an email, and two related to lost/stolen equipment all of which were password protected and encrypted. Each of these was reported to the Defra data protection officer. The incidents were used as opportunities to reinforce staff understanding and training and improve systems and processes.

One Subject Access Request was received during 2022/23.

## 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.

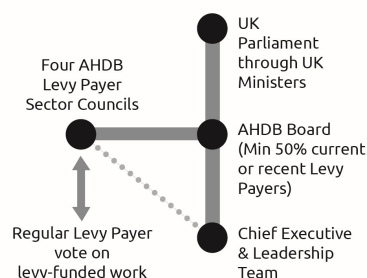
I consider the Annual Report and Accounts as a whole to be fair, balanced and understandable.

## Governance Statement 2022/23

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 a 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.

## Governance framework – AHDB board and committees



## AHDB Governance

The AHDB board consists of a maximum of ten non-executive members and is led by a chair. At least 50% of board members are current or recent levy payers with appropriate skills and a proven understanding of the skills and opportunities facing the industry. The board also has a minimum of three independent members bringing a range of additional skills and experience. The members of the AHDB board are appointed by Ministers from all four constituent countries of the UK. As at 31 March 2023,



there were eight board members in post including the chair.

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 (RemNom).

The board is also supported through a structure of four advisory committees, known as sector councils, comprised of members appointed by AHDB to provide expertise on their specific sector. Each sector council has 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. The Horticulture Sector Board and its members continued to assist AHDB through the winding down process of that sector in 2022/23.

The main components of the AHDB 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 50% being recent or current levy payers with industry expertise. Recruitment for one new board member was completed at the end of the reporting period with a start date of 1 April 2023
- The board is supported by four advisory sector committees, 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 for that respective sector, with appointments confirmed through a levy payer vote
- The sector councils are informed in their decision-making through a regular (at least five-yearly) open vote by levy payers on 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 for ratification of sector council appointments and reappointments.
- The AHDB executive is responsible for 'how' the strategic work programmes are delivered. Sector councils cannot discharge executive functions. The executive is currently comprised of a Leadership team of two divisional directors, HR Director, and Finance Director reporting to the Chief Executive Officer. The Leadership team is supported by 10 specialist directors to work with the sectors or manage the key operational delivery teams such as exports, marketing, science, and economic analysis.

### Board focus

During 2022/23 the board focused time on the delivery of AHDB's strategy, and the wind-down of work to support the Horticulture sector. In particular, the board considered:

- The future strategy and change programme for AHDB 2021-2026
- The winding-down of activities in the Horticulture sector
- How we deliver better levy payer engagement from our communications and technical campaigns

- How we work with other bodies such as Red Tractor to deliver the outcomes desired by levy payers
- How we evaluate the value for money to levy payers from our work
- Development and delivery of the new sector plans following the Shape the Future campaign.

Attendance of the board members at the formal board and committee meetings held during the year, was:

	Board		ARAC		RemNom	
	Available	Attended	Available	Attended	Available	Attended
Nicholas Saphir	6	6			3	2
Colin Bateman	6	6			3	3
Sarah Bell	1	1			1	1
Stephen Briggs	6	6	5	5		
Lyndon Edwards	6	6	5	5		
Catherine MacKenzie	6	6			3	3
Sarah Pumfrett	6	6	5	5		
Mike Sheldon	6	6			3	3
Janet Swadling	6	6	5	3		

*In addition to the six formal board meetings listed above, board members were invited to attend one extraordinary meeting and no informal, interim meetings during the year.*

*ARAC held four scheduled meetings, with the fifth being an additional meeting called to consider the ARA.*

*The four sector councils held 20 meetings between them. In addition, the Horticulture Sector Board held seven meetings.*

As at 31 March 2023 the terms of office for Mike Sheldon and Sarah Pumfrett were due to come to an end, but both were reappointed by Ministers with effect from 1 April 2023. Mike Sheldon was reappointed as a board member and chair of the Pork Sector Council for one year, and Sarah Pumfrett was reappointed for a second three-year term of office. One board vacancy was successfully recruited with a start date of 1 April 2023. Peter Judge continued as interim chair of the Horticulture Sector Board and AHDB board observer by invitation during the winding-down process. With effect from 1 January 2023 Fred Sworder joined as an AHDB board observer as part of the UK Boardroom Apprentice Scheme.

The CEO/Accounting Officer, members of the Leadership team and the Governance Manager attended board meetings.

### The AHDB Executive Leadership Team

The AHDB Leadership team is the executive team responsible for ensuring the delivery of the strategy and objectives set by the board and supervising the day-to-day management operations within AHDB. The team meets informally weekly and formally monthly 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: Sarah Pumfrett as Chair 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.

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 standard format board reporting, use of dashboards, and strategic target setting that were introduced through 2021/22 were improved upon through 2022/23 to provide appropriate levels of information for decision making.

#### **Corporate governance effectiveness**

As Accounting Officer, I have the responsibility of reviewing the effectiveness of the process of governance. My review of the effectiveness is informed by the work of the internal auditors and the senior directors within AHDB, who have responsibility for the development and maintenance of the governance processes and internal control framework.

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. The process of corporate governance continues to be embedded throughout the organisation during the year ended 31 March 2023 and up to the date of approval of the Annual Report and Accounts and accords with HM Treasury guidance.

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 2021/22 and no new ones were raised in 2022/23.

#### **Audit and Risk Assurance Committee (ARAC)**

Membership of the ARAC is detailed on page 23. Meeting attendance is covered in the table on page 19.

The ARAC Terms of Reference define how it supports 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 though no gaps were disclosed members completed training activities to further their knowledge. Janet

Swadling, a member of ARAC, continues to sponsor and oversee 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 in key areas including data, information management, and 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 a 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 on 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 liability of the defined benefit pensions, and the implementation of the reserves policy (refer to specific risks, page 22). No instances of fraud or error were discovered or disclosed.

**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 2022/23, 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 2022/23 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 2022/23, the internal audit areas covered, were:

Audit area	Rating
Enterprise Resource Planning (ERP) system pre-implementation review	Substantial assurance
HR recruitment	Substantial assurance
ERP post-implementation review	Reasonable assurance
Expenses and company credit cards	Reasonable assurance
Internal audit follow-up	Reasonable assurance
Executive leadership team and executive governance	Advisory review No opinion

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.

**External audit:** The audit scope and approach proposed by the external auditor were 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.

#### Business critical models

AHDB uses a small number of financial models within its planning and analysis area. The financial models come under the ownership of the Financial Controller, with the oversight of the Finance Director, and are maintained and assured by suitably skilled specialists within the Financial Controller's team.

#### Other assurances

During 2022/23, AHDB's primary market intelligence datasets were produced using quality management systems that are certified to the internationally recognised ISO 9001:2015 standard. This incorporates our policies, processes, and procedures, which safeguard the quality, efficiency, and consistency of our systems. It helps us to continuously improve customer satisfaction and provides a basis for business excellence.

AHDB uses a small number of financial models within its planning and analysis area. The financial models come under the ownership of the Financial Controller, with the oversight of the Finance Director, and are maintained and assured by suitably skilled specialists within the Financial Controller's team.

**Risk:** Business risks continued to be monitored and effectively managed across the organisation. AHDB continually seeks to improve internal risk management and embed this within the organisation, with a procurement process beginning in 2022/23 for new risk management software. See below for more detail on risks.

#### Remuneration and Nominations Committee

Membership of the Remuneration and Nominations Committee is detailed on page 23, and attendance is recorded in the table on page 19. The Committee is chaired by an AHDB board member and includes two other board members, plus the AHDB Chair.

During 2022/23, the Remuneration and Nominations Committee met three times, when it:

- Approved the implementation of government guidelines on pay which was a 2% award for this year
- Approved the recruitment package for new sector council members
- 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

#### 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 2022/23, there were no concerns raised under the whistleblowing policy.

#### Risk management

During the year ended 31 March 2023, AHDB's Governance Manager continued to operate as the key manager for risk management within AHDB. The CEO remains the overall sponsor of risk management within the organisation.

AHDB's risk management policy constitutes a key element of the internal control and corporate governance framework. Senior management team members, are responsible for ensuring that risks to the delivery of 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. Through its monitoring, AHDB was satisfied that it was not subject to any risks in relation to Russia's invasion of Ukraine.

#### Risk appetite

Following an annual review of AHDB risk appetite the board deemed that no changes were necessary to that agreed in 2021/22.

#### LI Limited

LI Limited continue with the development of the Livestock Information Programme. In 2022/23, LI further developed the ID tagging service LUIS (Livestock Unique Identifying Service) to include cattle whilst continuing to provide tagging and traceability services for sheep, deer and goats. A UK-wide view of movement traceability was piloted in the year.

Cross-membership between AHDB's ARAC and LI Limited's ARAC and board 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 will be included within LI Limited's 2022/23 Annual Report and Accounts which is expected to be signed in the Autumn of 2023. Note 23 of the Financial Statements (page 81) includes information regarding expected future governance changes.

### **Specific risks**

In 2022/23 a total of nine risks were identified and managed at a corporate level. Of those, the following risks were reviewed most frequently.

#### **Legacy pension schemes**

AHDB continued to work closely with the Trustee Directors of the two legacy defined benefit pension schemes the organisation is responsible for funding. This work was to support the reduction of volatility in the schemes that continued into 2022/23 - more information is provided in the section on pensions.

Capita are the administrators of the MLC pension scheme. On 13 April 2023 we were informed by Capita of a cyber incident. On 17 May 2023 Capita confirmed that MLC Scheme data had been exfiltrated and as a result the data breach response plan has been enacted. There are no financial consequences to AHDB as a result of this breach.

#### **VAT status**

In October 2020, HMRC determined that AHDB levies should not be subject to VAT. This meant AHDB would not be able to recover input VAT, thereby increasing costs. AHDB exhausted all options to mitigate the financial impact of the decision and implemented the process and accounting changes from 1 April 2022. This reduced AHDB's spending power by circa £4 million per annum going forwards.

#### **Loss of levy payer support prior to Shape the Future voting**

Ensuring continued levy payer support in the four continuing sectors, through the Shape the Future process was a particular focus for the organisation in 2021/22. This work continued in 2022/23 through the publication of the four new sector plans detailing the priorities for the sectors in the coming years following the Shape the Future levy payer vote.

#### **Inability to reach cost-saving targets**

Following 2020/21 the organisation was set with ambitious cost-saving targets to be achieved by March 2023. The AHDB board, statutory committees and Leadership team regularly monitored and assessed the organisation's ability to reach the targets set and were pleased to confirm that targets were met by the end of 2022/23 deadline.

#### **Inability to deliver appropriate corporate administration/Lack of staff capacity**

The organisation has undergone significant change following the levy ballots in the Horticulture and Potato

sectors. There were staffing reductions as a direct result of the ballot outcomes. The organisational changes and reorganisation increased the risk to the delivery of ongoing services and administration. AHDB continued to monitor and manage organisational change closely to ensure there was no adverse impact on levy payers.

#### **Shape the Future voting process fails**

The commitment to deliver Shape the Future was a significant undertaking by AHDB. A new system whereby the views of levy payers across all sectors could be captured had to be devised and implemented. The Shape the Future votes closed on 9 May 2022, with the successful gathering of levy payer priorities becoming a key focus of discussion across all areas and levels of AHDB through the preparation and launch of the four sector plans.

#### **Sector wind-down risks**

Detailed financial management was undertaken to ensure that the final levies in Horticulture and Potatoes would be sufficient to cover the planned cost to wind down these sectors.

Following the ballots to end the continuance of statutory levy in the Horticulture and Potato sectors, the board also reviewed and amended its reserves policy. The new reserves policy was enacted following a direct request from Defra to ensure adequate reserves were held to self-fund any future sector wind-downs (when added to a final year of levy collection). This was enacted without the inclusion of pension liabilities.

#### **Levy collection**

The loss of the Horticulture and Potato sectors has resulted in a reduction in the size of the levy collection and auditing teams during 2022/23. To ensure AHDB is collecting the required funds from the remaining sectors a more targeted approach has been adopted, which places more reliance on desk-top evidence from third parties as a basis for levy assessment, with on-site audits being carried out on levy payers who fall outside a specified comfort range in order to ensure compliance with AHDB's legal obligations under the Statutory Instrument.

#### **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 2023

AHDB is managed by a board whose members are appointed by the Ministers of all four UK constituent countries. It consists of up to ten non-executive members, including the chair. At least 50% of board members must be current or recent levy payers with appropriate skills and a proven understanding of the skills and opportunities facing the industry. The board also has a minimum of three other members who bring a range of additional required skills and experience.

## AHDB board

**Chair:** Nicholas Saphir

**Independent members:** Dr Catherine MacKenzie  
Sarah Pumfrett  
Janet Swadling

**Specialist members and sector board/council chairs:** Colin Bateman, levy payer and Chair of Beef & Lamb Sector Council  
\*Sarah Bell, levy payer and Chair of Cereals & Oilseeds Sector Council  
Stephen Briggs, levy payer and Interim Chair of Cereals & Oilseeds Sector Council  
Lyndon Edwards, levy payer and Chair of Dairy Sector Council  
\*\*Peter Judge, Interim Chair of Horticulture Sector Board  
Mike Sheldon, Chair of AHDB Pork Sector Council

*\*Sarah Bell stepped down from the board with her last day in post being 31 July 2022. Stephen Briggs was appointed as Interim Chair of the Cereals & Oilseeds Sector Council with effect from 1 August 2022. Tom Clarke was appointed a board member and Chair of the Cereals & Oilseeds Sector Council from 1 April 2023.*

*\*\* Attended board meetings by invitation only as an observer with no voting rights*

*Further details of board appointments can be found in the Governance Framework section of the Governance Report and in the Remuneration and Staff Report.*

Biographical details of current board members are published on [www.ahdb.org.uk](http://www.ahdb.org.uk)

A register of AHDB board member interests is maintained and can be obtained by writing to: AHDB Governance Manager, Agriculture and Horticulture Development Board, Siskin Parkway East, Middlemarch Business Park, Coventry CV3 4PE.

## Statutory committees

### AHDB Audit and Risk Assurance Committee

Sarah Pumfrett (Chair) – AHDB independent board member  
Stephen Briggs – AHDB board member  
Lyndon Edwards – AHDB board member  
Janet Swadling – AHDB independent board member

### AHDB Remuneration and Nominations Committee

Dr Catherine MacKenzie (Chair) – AHDB independent board member  
Colin Bateman – AHDB board member  
Sarah Bell – AHDB board member  
Nicholas Saphir – Chair, AHDB board  
Mike Sheldon – AHDB board member

*Sarah Bell stepped down from RemNom, with her last day in post being 31 July 2022*

*Terms of reference for both statutory committees are published on [www.ahdb.org.uk](http://www.ahdb.org.uk)*

## Remuneration and staff report

### Membership of the Remuneration and Nominations Committee

Membership of the Remuneration and Nominations Committee consists of at least three AHDB board members appointed by the board. The membership is detailed on page 23, and attendance is recorded in the table on page 19. Membership is reviewed periodically or upon 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):

- Advise Defra on the number of days of commitment required from AHDB board members
- Set the remuneration for the sector board / sector council 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 Leadership team in the AHDB Group, including pay, benefits and pension arrangements.
- Advise the board, in consultation with the Chief Executive, on the proposals for any annual review for staff in general and salary structure and gender pay
- Provide oversight to the 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 Leadership team.

### 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

AHDB does not have a performance remunerations scheme for any employees including board members and the Leadership team.

### 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 appropriate authority (Secretary of State or other Ministers, if appropriate). This does not require a notice period and no termination payments apply. Board appointments are ordinarily made for terms of three years.

The Leadership team 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.



## 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 2023.

	Contract start date	Contract expiry date	Contract notice period	Unexpired term
Tim Rycroft: Chief Executive Officer	31-Aug-21	Indefinite	6 months	Not applicable
Ken Boyns: Divisional Director of Services	31-Aug-21	Indefinite	6 months	Not applicable
Naveen Gupta: Finance Director (until 20 July 2022)	1-Aug-19	20-Jul-22	3 months	Not applicable <i>Note 1</i>
Tony Holmes: Finance Director (from 18 July 2022)	18-Jul-22	Indefinite	6 months	Not applicable <i>Note 2</i>
Will Jackson: Divisional Director of Engagement	31-Aug-21	Indefinite	6 months	Not applicable
Jackie Kay: HR Director	1-Oct-19	Indefinite	6 months	Not applicable
Richard Laverick: Chief Livestock Information Officer (until 6 June 2022)	1-Sep-18	6-Jun-22	6 months	Not applicable

Contract start dates indicated above reflect the start date in those positions.

Note 1:

Naveen Gupta left AHDB on 20 July 2022.

Note 2:

Tony Holmes became Finance Director on 18 July 2022.

## Remuneration of the Leadership team (audited)

Set out below are details of the remuneration of AHDB's Leadership team actually paid during the year to 31 March 2023, with full-year equivalent values provided beneath the table, where appropriate. 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)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Tim Rycroft: Chief Executive Officer (from 31 August 2021)	150-155	95-100	-	-	700	400	15,000	9,000	165-170	105-110
Jane King: Chief Executive Officer (until 30 September 2021)	-	70-75	-	-	-	5,100	-	-	-	75-80
Ken Boyns: Divisional Director of Services	110-115	115-120	-	-	7,300	7,300	11,000	11,000	130-135	130-135
Rebecca Geraghty: Chief Technical Officer (until 8 October 2021)	-	45-50	-	-	-	5,200	-	3,000	-	50-55
Naveen Gupta: Finance Director (until 20 July 2022)	30-35	55-60	-	-	2,200	4,300	3,000	6,000	35-40	65-70
Tony Holmes: Finance Director (from 18 July 2022)	65-70	-	-	-	5,100	-	7,000	-	80-85	-
Will Jackson: Divisional Director of Engagement	100-105	90-95	-	-	10,600	12,400	10,000	9,000	120-125	110-115
Jackie Kay: HR Director	95-100	55-60	-	-	7,300	4,500	10,000	6,000	110-115	65-70
Richard Laverick: Chief Livestock Information Officer (until 6 June 2022)	15-20	90-95	-	-	1,300	7,300	2,000	9,000	20-25	110-115
Christine Watts: Chief Communications and Market Development Officer (until 21 February 2022)	-	105-110	-	-	-	5,900	-	11,000	-	125-130

For 2022-23:

The full-year equivalent salary in this period are as follows: Naveen Gupta £95k - £100k, Tony Holmes £95k - £100k, Richard Laverick £95k - £100k. Tim Rycroft was in post for all of 2022/23 and seven months of 2021/22. See below for 2021/22 full-year equivalent figures.

For 2021-22:

The full-year equivalent salary in this period are as follows: Tim Rycroft; £145k - £150k, Jane King; £140k - £145k, Naveen Gupta; £90k - £95k, Jackie Kay; £90k - £95k, Rebecca Geraghty; £85k - £90k, Christine Watts; £115k - £120k.

During 2021/22, Ken Boyns undertook the role of Interim CEO from 1 April 2021 until 30 August 2021, with a full-year equivalent salary of £120k - £125k. From 31 August 2021, Ken became Divisional Director of Services, with a full-year equivalent salary of £105k - £110k.

In addition to the amounts included in the table above, contractual exit payments were agreed for Rebecca Geraghty, Richard Laverick, and Christine Watts during 2021/22 of £75k - £80k, £25k - £30k, and £20k - £25k respectively.

## 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 2023.

	Pension Scheme details	Employees contribution rate	Employers contribution rate
Tim Rycroft: Chief Executive Officer	AHDB Group Personal Pension Plan	10.0%	10.0%
Ken Boyns: Divisional Director of Services	AHDB Group Personal Pension Plan	5.0%	10.0%
Naveen Gupta: Finance Director (until 20 July 2022)	AHDB Group Personal Pension Plan	5.0%	10.0%
Tony Holmes: Finance Director (from 18 July 2022)	AHDB Group Personal Pension Plan	5.0%	10.0%
Will Jackson: Divisional Director of Engagement	AHDB Group Personal Pension Plan	5.0%	10.0%
Jackie Kay: HR Director	AHDB Group Personal Pension Plan	5.0%	10.0%
Richard Laverick: Chief Livestock Information Programme Officer (until 6 June 2022)	AHDB Group Personal Pension Plan	26.0%	10.0%

## 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 2023.

	Employer's contributions	
	For the year ended	For the year ended
	31-Mar-23 £'000	31-Mar-22 £'000
Tim Rycroft: Chief Executive Officer	15	9
Ken Boyns: Divisional Director of Services	11	11
Rebecca Geraghty: Chief Technical Officer (until 8 October 2021)	-	3
Naveen Gupta: Finance Director (until 20 July 2022)	3	6
Tony Holmes: Finance Director (from 18 July 2022)	7	-
Will Jackson: Divisional Director of Engagement	10	9
Jackie Kay: HR Director	10	6
Richard Laverick: Chief Livestock Information Programme Officer (until 6 June 2022)	2	9
Christine Watts: Chief Communications and Market Development Officer (until 21 February 2022)	-	11

## Fair pay report (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The annualised, banded remuneration, excluding pension benefit, of the highest-paid executive employed by AHDB in the financial year 2022/23 was £150k–£155k (2021/22, £150k–£155k), a 0% change compared to 2021/22.

The ratios between the mid-point of the banded remuneration (excluding pension benefits) of the highest paid director and the lower quartile, median, and upper quartile for staff pay are as follows:

	Lower Quartile	Median	Upper Quartile
2022/23	4.6 : 1	3.7 : 1	3.0 : 1
2021/22	4.8 : 1	3.8 : 1	3.0 : 1

The lower quartile, median, and upper quartile for staff salaries and total pay and benefits (in £) are as follows:

	Lower Quartile		Median		Upper Quartile	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Salary	32,281	31,000	38,000	36,890	48,817	47,430
Total Pay and Benefits	33,295	31,878	41,399	40,418	51,657	51,043

In 2022/23 and 2021/22, no employees received remuneration in excess of the annualised amount paid to the Chief Executive. Remuneration ranged from £15k–£20k to £150k–£155k (2021/22: £10k–£15k to £150k–£155k) and, when taken as a whole, employee salary and allowances increased by 2.8% in 2022/23 when compared to 2021/22.

Total remuneration includes salary and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. AHDB does not make performance-related payments or bonuses.

## 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 2023. The 2022/23 figures include a total of £12k for related expenses. No other cash or non-cash benefits were provided to AHDB board members.

Board Member	Role(s)	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000
Nicholas Saphir	Chair of AHDB Board, RemNom	55-60	55-60
Colin Bateman	Chair of AHDB Beef and Lamb Sector Council, RemNom	25-30	10-15
Sarah Bell	Chair of AHDB Cereals & Oilseeds Sector Council, RemNom	10-15	10-15
Stephen Briggs	Board Member of AHDB, Interim Chair of AHDB Cereals & Oilseeds Sector Council, ARAC	20-25	5-10
Hayley Campbell-Gibbons	Chair of AHDB Horticulture Sector Board, RemNom	-	15-20
Lyndon Edwards	Chair of AHDB Dairy Sector Council, ARAC	30-35	5-10
Dr Catherine MacKenzie	Board Member of AHDB, Chair of RemNom	10-15	5-10
Sarah Pumfrett	Board Member of AHDB, Chair of ARAC	10-15	10-15
Adam Quinney	Chair of AHDB Beef & Lamb Sector Board, RemNom	-	15-20
Mike Sheldon	Chair of AHDB Pork Sector Council, RemNom, MLC Pension Plan Trustee Director	20-25	30-35
Janet Swadling	Board Member of AHDB, ARAC, Chair of HGCA Pension Plan Trustees	20-25	15-20
Paul Temple	Chair of AHDB Cereals & Oilseeds Sector Board, RemNom	-	15-20

RemNom indicates a member of the AHDB Remuneration and Nominations Committee.  
ARAC indicates a member of the AHDB Audit, Risk and Assurance Committee.

The full year equivalent value for Sarah Bell in 2022/23 is £10k–£15k. Full year equivalent values for Colin Bateman, Sarah Bell, Stephen Briggs, Lyndon Edwards, and Dr Catherine MacKenzie in 2021/22 are £10k–£15k.

Sarah Pumfrett was also an LI Limited board member during 2022/23, receiving £0.

More details regarding LI Limited board member membership can be found in the LI Limited Annual Report and Accounts.

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

	<b>Contract start date</b>	<b>Contract end date</b>	
Nicholas Saphir: Chair of AHDB	1-Apr-20	31-Mar-24	<i>Note 1</i>
Colin Bateman: Chair of AHDB Beef and Lamb Sector Council	13-Sep-21	12-Sep-24	
Sarah Bell: Chair of AHDB Cereals and Oilseeds Sector Council	13-Sep-21	31-Jul-22	
Stephen Briggs: Board Member of AHDB	13-Sep-21	12-Sep-24	
Hayley Campbell-Gibbons: Chair of AHDB Horticulture Sector Board	1-Nov-18	31-Oct-21	
Tom Clarke: Chair of AHDB Cereals and Oilseeds Sector Council	1-Apr-23	31-Mar-26	<i>Note 2</i>
Lyndon Edwards: Chair of AHDB Dairy Sector Council	13-Sep-21	12-Sep-24	
Dr Catherine MacKenzie: Board Member of AHDB	13-Sep-21	12-Sep-24	
Sarah Pumfrett: Board Member of AHDB	1-Apr-20	31-Mar-26	<i>Note 3</i>
Mike Sheldon: Chair of AHDB Pork Sector Board	10-Apr-17	9-Apr-24	<i>Note 4</i>
Janet Swadling: Board Member of AHDB	31-May-18	31-Mar-24	
<i>Interim Appointments</i>			
Peter Judge: Interim Chair of AHDB Horticulture Sector Board	1-Nov-21	31-Mar-22	
Alison Levett: Interim Chair of AHDB Potatoes Sector Board	20-Jul-20	31-Mar-22	
Adam Quinney: Interim Chair of AHDB Beef and Lamb Sector Board	1-Apr-21	30-Sep-21	
Peter Rees: Interim Chair of AHDB Dairy Sector Board	1-Apr-21	30-Sep-21	
Paul Temple: Interim Chair of AHDB Cereals and Oilseeds Sector Board	1-Apr-21	30-Sep-21	

Note 1:

Nicholas Saphir was re-appointed Chair of AHDB for one year, with effect from 1 April 2023.

Note 2:

Tom Clarke was appointed board member and Chair of the Cereals & Oilseeds Sector Council for three years with effect from 1 April 2023.

Note 3:

Sarah Pumfrett was re-appointed as board member and Chair of the Audit and Risk Assurance Committee (ARAC) for three years with effect from 1 April 2023.

Note 4:

Mike Sheldon was re-appointed as board member and Pork Sector Council Chair for 12 months, with effect from 10 April 2023.

## Staff report

AHDB is supported by a dedicated team of permanent staff.

**Staff costs and average numbers (audited):** For the year ended 31 March 2023, AHDB employed an average full-time equivalent (FTE) of 355 staff (429 in the previous year), of which 14 FTE were funded through non-levy sources (32 reported in the previous year). In addition, there were ten FTEs employed for LI Limited (eight in the previous year). None were employed under other contractual arrangements on levy activities (one in the previous year).

AHDB activity-based headcount has continued to reduce compared to 2021/22. Following the result of the Potatoes and Horticulture ballots in Spring 2021, there was a requirement to reduce headcount. Staff working in these sectors have either left, been made redundant, or been redeployed within AHDB (where there were suitable vacancies elsewhere in the business). In addition to this, AHDB made a commitment to make efficiency savings to further reduce the total FTE employed to deliver AHDB activities. A large proportion of the FTE reduction was achieved by not replacing leavers, and by not extending or replacing employees on fixed-term contracts.

Our staff turnover (unaudited), including the effect of further leavers in the Horticulture and Potatoes sectors, ran at 29.6% (105 leavers), reduced from 37.7% in the previous year (AHDB only). Total staff costs for 2022/23 were £19.9 million (2021/22, £22.8 million). AHDB have used temporary agency staff resources totalling £15k in 2022/23 (2021/22, £60k). Further breakdown of staff costs is included in Note 3.

**Staff composition:** As at 31 March 2023, the gender split of the AHDB headcount of 354 was 244 (69%) females and 110 (31%) males at 31 March 2023 (2021/22 63% female, 37% male).

For staff working on levy-dependent activities, the split was 231 (68%) females and 110 (32%) males (2021/22, 63% female, 37% male).

Of the five members of the Leadership team, four were male and one was female.

Note the way the gender split is calculated has changed in 2022/23 to ensure it aligns with the gender pay calculation. The previous year's figures have also been updated in this report to accurately demonstrate the difference.

**Sickness absence data:** Absence due to sickness is monitored across AHDB and LI Ltd. Note the way sickness days lost and total attendance has changed in 2022/23 by calculating separate figures for AHDB and LI Ltd. The previous year's figures have also been updated in this report to accurately demonstrate the difference.

**AHDB:** In the year ending 31 March 2023, total days lost through sickness was 1380 (2021/22: 875). The days lost through sickness equated to 3.89 days per FTE (2021/22: 2.04 days), or 1.61% of total attendance (2021/22: 1.86%).

**LI Limited:** In the year ending 31 March 2023, total days lost through sickness was 28 (2021/22: 65). The days lost through sickness equated to 2.8 days per FTE (2021/22: 8.13 days), or 1.16% of total attendance (2021/22: 3.35%).

**Annual staff survey:** A staff engagement survey was not conducted in 2022/23 due to the implementation of the reorganisation following the wind-down of the Horticulture and Potato sectors. An employee wellbeing survey was conducted by CIC, our Employee Assistance Programme provider on AHDB's behalf in February 2023. The employee voice group meets bi-monthly to discuss engagement and gather feedback from colleagues on business issues.

**Human resources (HR) strategy:** During 2022/23, we continued to implement our HR strategy to support AHDB's purpose and corporate priorities:

- We are committed to ensuring equality, diversity and inclusion in the workplace and ensure we train and develop our employees to embrace the values of our policy. We continue to be registered as a disability-confident employer and are working closely with Defra on an equality, diversity and inclusion working group
- Delivering high-quality HR support to enable managers to maximise employee performance and potential
- Developing and maintaining transparent and consistently applied HR policies and procedures.
- Designing and embedding learning and development opportunities to ensure colleagues were able to engage in training and fulfil their potential
- Developing a transparent and equitable pay and reward structure
- Developing and maximising the use of IT systems within the HR function
- Promoting employee engagement by continuing to meet the employee voice group bi-monthly to discuss engagement and gather feedback from colleagues on business issues
- 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

**Gender pay gap:** At 31 March 2022, AHDB's mean gender pay gap was 19.3% and the median gender pay gap was 18.2% (31 March 2021: 17.8% and 17.8%, respectively). Progress is closely monitored on a regular basis towards our commitment to closing the overall mean and median gender pay gap. In accordance with government requirements data reported for the gender pay gap is always published a year in arrears.

**Annual staff survey:** A staff survey was not conducted in 2022/23 due to the implementation of the reorganisation following the wind-down of the Horticulture and Potato sectors. The employee voice group meets bi-monthly to discuss engagement and gather feedback from colleagues on business issues.

**Consultants and off-payroll arrangements:** AHDB spent £0k on the services of external consultants during 2022/23 (2021/22, £0k). See also the contractors section on page 17. Off-payroll engagements are set out on page 30.

## Compensation and exit packages agreed for the year to 31 March 2023 (audited)

Exit packages cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	for the period ended 31 March 2023	for the year ended 31 March 2022	for the period ended 31 March 2023	for the year ended 31 March 2022	for the period ended 31 March 2023	for the year ended 31 March 2022
< £10,000	5	8	-	1	5	9
£10,000 - £25,000	2	8	1	2	3	10
£25,000 - £50,000	4	6	-	2	4	8
£50,000 - £75,000	-	2	-	-	-	2
£75,000 - £150,000	1	2	1	-	2	2
Total number of exit packages	12	26	2	5	14	31
<b>Total cost</b>	<b>£ 287,361</b>	<b>£ 710,834</b>	<b>£ 112,274</b>	<b>£ 105,849</b>	<b>£ 399,635</b>	<b>£ 816,683</b>

Any exit packages were in accordance with relevant pension scheme rules and contractual entitlements. Four of the exit packages related to senior managers in the year ended 31 March 2023 and four in the year ended 31 March 2022.

## Off-payroll engagements

### Off-payroll engagements as of 31 March 2023, for more than £245 per day

	GROUP	AHDB
Number of existing engagements as of 31 March 2023	72	20
Of which...		
Number that have existed for less than one year at time of reporting	33	12
Number that have existed for between one and two years at time of reporting	17	1
Number that have existed for between two and three years at time of reporting	12	-
Number that have existed for between three and four years at time of reporting	3	1
Number that have existed for four or more years at time of reporting	7	6

### All off-payroll engagements, between 1 April 2022 and 31 March 2023, for more than £245 per day

	GROUP	AHDB
Number of off-payroll workers engaged during the year ended 31 March 2023	167	100
Of which...		
Not subject to off-payroll legislation	44	44
Subject to off-payroll legislation and determined as in-scope of IR35	-	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	123	56
Number of engagements reassessed for compliance or assurance purposes during the year	77	32
Of which: number of engagements that saw a change to IR35 status following review	-	-

There were no off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2022 and 31 March 2023.

## 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. In 2021/22, irregularity was identified around the organisation's employee benefits package, specifically offering private medical insurance to all employees, which had been in place for many years. AHDB is working closely with Defra colleagues to resolve this issue moving forward. The cost of private medical insurance in 2022/23 was £185k.

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 20 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**

11 July 2023

# 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 2023 under the Agriculture and Horticulture Development Board Order 2008.

The financial statements comprise the Agriculture and Horticulture Development Board and its Group's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Agriculture and Horticulture Development Board and its Group's affairs as at 31 March 2023 and their deficit for the year then ended; and
- 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 (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 am independent of the Agriculture and Horticulture Development Board and its Group 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 the Agriculture and Horticulture Development Board and its Group'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 and its Group'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 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 and its Group is adopted in consideration of the requirements set out in 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 is anticipated that the services which they provide will continue into the future.

## Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. 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.

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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Agriculture and Horticulture Development Board Order 2008.

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

- the parts of the Accountability Report subject to audit 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 and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the Agriculture and Horticulture Development Board and its Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 by the Agriculture and Horticulture Development Board and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made, or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; 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 the Accounting Officer's Responsibilities, the board and Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Agriculture and Horticulture Development Board and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the Agriculture and Horticulture Development Board Order 2008;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the Agriculture and Horticulture Development Board Order 2008; and



- assessing the Agriculture and Horticulture Development Board and its Group'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 Accounting Officer anticipates that the services provided by the Agriculture and Horticulture Development Board and its Group 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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Agriculture and Horticulture Development Board and its Group's accounting policies,
- inquired of management, 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 and its Group's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of 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 its Group's controls relating to the Agriculture and Horticulture Development Board's compliance with the Agriculture and Horticulture Development Board Order 2008 and Managing Public Money;
- inquired of management, Agriculture and Horticulture Development Board's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including significant component audit team and the relevant internal and external specialists, including pension actuaries and IT auditors regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Agriculture and Horticulture Development Board and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Agriculture and Horticulture Development Board and its Group's framework of authority and other legal and regulatory frameworks in which the Agriculture and Horticulture Development Board and its Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Agriculture and Horticulture Development Board and its Group. The key laws and regulations I considered in this context included Agriculture and Horticulture Development Board Order 2008, Managing Public Money, employment, pensions and tax legislation.

### **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- substantive testing of income streams to address risk of fraud in revenue recognition and substantive testing of expenditure streams to address the risk of fraud and irregularity.

I communicated relevant identified laws and regulations and potential risks of fraud 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### **Other auditor's responsibilities**

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

**12 July 2023**

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

# TYSTYSGRIF AC ADRODDIAD Y RHEOLWR AC ARCHWILYDD CYFFREDINOL I DDAU DŶ'R SENEDD, SENEDD YR ALBAN, SENEDD CYMRU A CHYNULLIAD GOGLEDD IWERDDON

## Barn ar y datganiadau ariannol

Tystiaf fy mod wedi archwilio datganiadau ariannol y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp a, y flwyddyn a ddaeth i ben ar 31 Mawrth 2023 o dan Orchymyn Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth 2008. Mae'r datganiadau ariannol yn cynnwys y canlynol mewn perthynas â'r Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp:

- Y Datganiad o'r Sefyllfa Ariannol ar 31 Mawrth 2023;
- Y Datganiad Incwm Cynhwysfawr, y Datganiad o Lifoedd Arian Parod a'r Datganiad o Newidiadau mewn Ecwiti am y flwyddyn a ddaeth i ben bryd hynny; a'r
- nodiadau cysylltiedig, gan gynnwys y polisïau cyfrifyddu o bwys.

Y fframwaith adrodd ariannol sydd wedi'i gymhwyso wrth baratoi datganiadau ariannol y Grŵp yw'r gyfraith gymwys a'r Safonau Cyfrifyddu Rhyngwladol sydd wedi'u mabwysiadu yn y DU.

Yn fy marn i, mae'r datganiadau ariannol:

- yn rhoi darlun cywir a theg o gyflwr materion y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp ar 31 Mawrth 2023 a'u diffyg ar gyfer y flwyddyn a ddaeth i ben bryd hynny; ac
- wedi'u paratoi'n briodol yn unol â Gorchymyn y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth 2008 a chyfarwyddiadau'r Ysgrifennydd Gwladol a wnaed o dan y gorchymyn hwnnw.

## Barn ar reoleidd-dra

Yn fy marn i, ym mhob ffordd faterol, mae'r incwm a'r gwariant a gofnodir yn y datganiadau ariannol wedi eu cymhwyso at y dibenion a fwriadwyd gan y Senedd ac mae'r trafodion ariannol a gofnodir yn y datganiadau ariannol yn cydymffurfio â'r awdurdodau sy'n eu llywodraethu.

## Sail y farn

Cynhaliats fy archwiliad yn unol â'r Safonau Rhyngwladol ar Archwilio (y DU) (ISAs y DU), y gyfraith gymwys a Nodyn Ymarfer 10 y ddogfen *Archwilio Datganiadau Ariannol a Rheoleidd-dra Cyrff Sector Cyhoeddus yn y Deyrnas Unedig (2022)*. Ceir disgrifiad pellach o'm cyfrifoldebau dan y safonau hynny yn adran *Cyfrifoldebau'r Archwilydd am archwilio'r datganiadau ariannol* fy nhystysgrif.

Dan y safonau hynny, mae'n ofynnol i mi a'm staff gydymffurfio â *Safon Foesebol Ddiwygiedig 2019* y Cyngor Adrodd Ariannol. Rwyf yn annibynnol ar y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp yn unol â'r gofynion moesegol sy'n berthnasol i'm harchwiliad o'r datganiadau ariannol yn y DU. Mae fy staff a minnau wedi cyflawni ein cyfrifoldebau moesegol eraill yn unol â'r gofynion hyn.

Credaf fod y dystiolaeth archwilio yr wyf wedi ei chael yn ddigonol ac yn briodol i ddarparu sail ar gyfer fy marn.

## Casgliadau'n ymwneud â busnes gweithredol

Wrth archwilio'r datganiadau ariannol, rwyf wedi dod i'r casgliad bod defnydd y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp o'r sail busnes gweithredol o gyfrifyddu wrth baratoi'r datganiadau ariannol yn briodol.

Ar sail y gwaith rwyf wedi'i gyflawni, nid wyf wedi nodi unrhyw ansicrwydd materol sy'n ymwneud â digwyddiadau neu amodau a allai, yn unigol neu ar y cyd, fwrw amheuaeth sylweddol ar allu'r Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp i barhau fel busnes gweithredol am gyfnod o ddeuddeg mis o leiaf o'r adeg y mae'r datganiadau ariannol wedi'u hawdurdodi i'w cyhoeddi.

Disgrifir fy nghyfrifoldebau i a chyfrifoldebau'r Swyddog Cyfrifyddu mewn perthynas â busnes gweithredol yn adrannau perthnasol y dystysgrif hon.

Caiff y sail busnes gweithredol o gyfrifyddu ei mabwysiadu ar gyfer y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp wrth ystyried y gofynion a nodir yn Llawlyfr Adroddiadau Ariannol y Llywodraeth, a gyhoeddwyd gan Drysorlys EF, sy'n ei gwneud yn ofynnol i endidau fabwysiadu'r sail busnes gweithredol o gyfrifyddu wrth baratoi'r datganiadau ariannol lle rhagwelir y bydd y gwasanaethau y maent yn eu darparu yn parhau i'r dyfodol.

## Gwybodaeth Arall

Mae'r wybodaeth arall yn cynnwys yr wybodaeth sydd wedi'i chynnwys yn yr Adroddiad Blynyddol, ond nid yw'n cynnwys y datganiadau ariannol nac ychwaith fy nhystysgrif a'm hadroddiad fel archwilydd. Y Swyddog Cyfrifyddu sy'n gyfrifol am yr wybodaeth arall.

Nid yw fy marn am y datganiadau ariannol yn cwmpasu'r wybodaeth arall ac, heblaw i'r graddau a nodir yn benodol fel arall yn fy nhystysgrif, nid wyf yn mynegi unrhyw fath o gasgliad sicrwydd ar yr wybodaeth arall honno.

Fy nghyfrifoldeb i yw darllen yr wybodaeth arall ac, wrth wneud hynny, ystyried a yw'r wybodaeth arall yn faterol anghyson â'r datganiadau ariannol neu wybodaeth a gefais yn ystod yr archwiliad, neu a yw'n ymddangos fel arall fel pe bai wedi cael ei chamddatgan yn faterol.

Os byddaf yn nodi anghysondebau materol o'r fath neu gamddatganiadau materol ymddangosiadol, mae'n ofynnol i mi benderfynu a yw hyn yn arwain at gamddatganiad materol yn y datganiadau ariannol eu hunain. Os byddaf, ar sail y gwaith yr wyf wedi'i wneud, yn dod i'r casgliad bod camddatganiad materol o'r wybodaeth arall hon, mae'n ofynnol i mi adrodd y ffaith honno.

Nid oes gennyf ddim i'w adrodd yn hyn o beth.

## Barn ar faterion eraill

Yn fy marn i, mae'r rhan o'r Adroddiad Cydnabyddiaeth Ariannol a Staff i'w harchwilio wedi'i pharatoi'n briodol yn unol â chyfarwyddiadau'r Ysgrifennydd Gwladol a gyhoeddwyd o dan Orchymyn y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth 2008.

Yn fy marn i, ar sail y gwaith a wnaed yn ystod yr archwiliad:

- mae'r rhannau o'r Adroddiad Atebolrwydd sy'n destun archwiliad wedi'u paratoi'n briodol yn unol â chyfarwyddiadau'r Ysgrifennydd Gwladol a wnaed o dan Orchymyn y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth 2008; ac
- mae'r wybodaeth a roddir yn yr Adroddiadau Perfformiad ac Atebolrwydd ar gyfer y flwyddyn ariannol y paratowyd y datganiadau ariannol ar ei chyfer yn gyson â'r datganiadau ariannol ac yn unol â'r gofynion cyfreithiol cymwys.

## Materion yr wyf yn adrodd arnynt drwy eithriad

Yng ngoleuni'r wybodaeth a'r ddealltwriaeth am y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp a'u hamgylchedd a gafwyd yn ystod yr archwiliad, nid wyf wedi nodi unrhyw gamddatganiadau materol yn yr Adroddiadau Perfformiad ac Atebolrwydd.

Nid oes gennyf unrhyw beth i'w nodi o ran y materion canlynol, y cyflwynaf adroddiad i chi arnynt os, yn fy marn i:

- Na chadwyd cofnodion cyfrifyddu digonol gan y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp neu os na chafwyd ffurflenni digonol ar gyfer fy archwiliad oddi wrth ganghennau nad yw fy staff wedi ymweld â hwy; neu
- nad wyf wedi cael yr holl wybodaeth a'r esboniadau sydd eu hangen arnaf ar gyfer fy archwiliad; neu
- nad yw'r datganiadau ariannol a'r rhannau o'r Adroddiad Atebolrwydd sy'n destun archwiliad yn gyson â'r cofnodion a'r ffurflenni cyfrifyddu; neu
- na wnaed rhai datgeliadau o gydnabyddiaeth ariannol a nodir gan Lawlyfr Adroddiadau Ariannol y Llywodraeth a gyhoeddwyd gan Drysorlys EF, neu nad yw rhannau o'r Adroddiad Cydnabyddiaeth Ariannol a Staff sydd i'w harchwilio yn gyson â'r cofnodion a'r ffurflenni cyfrifyddu; neu
- nad yw'r Datganiad Llywodraethu'n adlewyrchu cydymffurfiaeth â chanllawiau Trysorlys EF.

## Cyfrifoldebau'r Bwrdd a'r Swyddog Cyfrifyddu am y datganiadau ariannol

Fel yr esbonnir yn fanylach yn y Datganiad o Gyfrifoldebau'r Swyddog Cyfrifyddu, y Swyddog Cyfrifyddu a'r Bwrdd sy'n gyfrifol am y canlynol:

- cynnal cofnodion cyfrifyddu priodol;
- rhoi mynediad i'r Rheolwr ac Archwilydd Cyffredinol i'r holl wybodaeth y mae'r rheolwyr yn ymwybodol ohoni sy'n berthnasol i'r gwaith o baratoi'r datganiadau ariannol megis cofnodion, dogfennau a materion eraill;
- rhoi gwybodaeth ac esboniadau ychwanegol i'r Rheolwr ac Archwilydd Cyffredinol sydd eu hangen ar gyfer ei archwiliad;
- rhoi mynediad anghyfyngedig i'r Rheolwr ac Archwilydd Cyffredinol i bersonau o fewn y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp y mae'r archwilydd yn penderfynu ei bod yn angenrheidiol cael tystiolaeth archwilio ganddynt;

- sicrhau bod rheolaethau mewnol o'r fath ar waith yn ôl yr angen i alluogi paratoi'r datganiadau ariannol i fod yn rhydd o gamddatgan materol, boed hynny oherwydd twyll neu wall;
- sicrhau bod y datganiadau ariannol yn rhoi darlun cywir a theg ac yn cael eu paratoi yn unol â chyfarwyddiadau'r Ysgrifennydd Gwladol a wnaed o dan Orchymyn y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth 2008;
- sicrhau bod yr adroddiad blynyddol, sy'n cynnwys yr Adroddiad Cydnabyddiaeth Ariannol a Staff, wedi'i baratoi yn unol â chyfarwyddiadau'r Ysgrifennydd Gwladol a wnaed o dan Orchymyn y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth 2008; ac
- asesu gallu'r Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp i barhau fel busnes gweithredol, gan ddatgelu, fel y bo'n berthnasol, faterion yn ymwneud â busnes gweithredol a defnyddio'r sail busnes gweithredol o gyfrifyddu oni bai bod y Swyddog Cyfrifyddu yn rhagweld na fydd y gwasanaethau a ddarperir gan y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp yn parhau i gael eu darparu yn y dyfodol.

## Cyfrifoldebau'r archwilydd am archwilio'r datganiadau ariannol

Fy nghyfrifoldeb i yw archwilio, ardystio ac adrodd ar y datganiadau ariannol yn unol â Gorchymyn y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth 2008.

Fy amcanion yw cael sicrwydd rhesymol ynghylch a yw'r datganiadau ariannol yn eu cyfanrwydd yn rhydd o gamddatgan materol, boed hynny oherwydd twyll neu wall, a chyhoeddi tystysgrif sy'n cynnwys fy marn. Mae sicrwydd rhesymol yn lefel uchel o sicrwydd, ond nid yw'n warrant y bydd archwiliad a gynhelir yn unol ag ISAs (DU) bob amser yn canfod camddatganiad materol pan fo'n bodoli. Gall camddatganiadau ddeillio o dwyll neu wall ac fe'u hystyrir yn faterol os, yn unigol neu gyda'i gilydd, gellid yn rhesymol ddisgwyl iddynt ddylanwadu ar benderfyniadau economaidd defnyddwyr a wneir ar sail y datganiadau ariannol hyn.

### Y graddau yr ystyriwyd bod yr archwiliad yn gallu canfod diffyg cydymffurfio â chyfreithiau a rheoliadau gan gynnwys twyll

Lluniau weithdrefnau yn unol â'm cyfrifoldebau, a amlinellir uchod, i ganfod camddatganiadau materol mewn perthynas â diffyg cydymffurfio â chyfreithiau a rheoliadau, gan gynnwys twyll. Nodir isod i ba raddau y mae fy ngweithdrefnau'n gallu canfod diffyg cydymffurfio â chyfreithiau a rheoliadau, gan gynnwys twyll.

### Nodi ac asesu risgiau posibl yn ymwneud â diffyg cydymffurfio â chyfreithiau a rheoliadau, gan gynnwys twyll

Wrth nodi ac asesu risgiau camddatgan materol mewn perthynas â diffyg cydymffurfio â chyfreithiau a rheoliadau, gan gynnwys twyll:

- ystyriais natur y sector, yr amgylchedd rheoli a pherfformiad gweithredol, gan gynnwys dyluniad polisïau cyfrifyddu'r Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp,
- holais y rheolwyr, pennaeth archwilio mewnol y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'r rhai sy'n gyfrifol am lywodraethu, gan gynnwys cael ac adolygu dogfennau ategol yn ymwneud â pholisïau a gweithdrefnau'r Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp ynghylch:
  - nodi, gwerthuso a chydymffurfio â chyfreithiau a rheoliadau;
  - canfod ac ymateb i risgiau twyll; a'r
  - rheolaethau mewnol a sefydlwyd i liniaru risgiau sy'n gysylltiedig â thwyll neu ddiffyg cydymffurfio â chyfreithiau a rheoliadau gan gynnwys rheolaethau'r Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp mewn perthynas â chydymffurfiaeth y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth â Gorchymyn y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth 2008 a Rheoli Arian Cyhoeddus;
- holais y rheolwyr, pennaeth archwilio mewnol y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'r rhai sy'n gyfrifol am lywodraethu:
  - a oeddent yn ymwybodol o unrhyw achosion o ddiffyg cydymffurfio â chyfreithiau a rheoliadau;
  - a oedd ganddynt wybodaeth am unrhyw dwyll gwirioneddol, tybiedig neu honedig;
- cefais drafodaeth â'r tîm ymgysylltu, gan gynnwys timau archwilio cydrannau sylweddol a'r arbenigwyr mewnol ac allanol perthnasol, gan gynnwys actiwariad pensiwn ac archwilwyr TG, ynghylch sut a ble y gallai twyll ddigwydd yn y datganiadau ariannol ac unrhyw ddangosyddion posibl o dwyll.

O ganlyniad i'r gweithdrefnau hyn, ystyriais y cyfleoedd a'r cymhellion a all fodoli o fewn y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp ar gyfer twyll a nodais y potensial mwyaf ar gyfer twyll yn y meysydd canlynol: cydnabod refeniw, postio cyfnodion anarferol, trafodion cymhleth a rhagfarn yn amcangyfrifon y rheolwyr. Yn gyffredin â phob archwiliad o dan ISAs (DU), mae hefyd yn ofynnol i mi gyflawni gweithdrefnau penodol i ymateb i'r risg o wrthwneud gan reolwyr.

Cefais ddealltwriaeth o fframwaith awdurdod y Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp a fframweithiau cyfreithiol a rheoleiddiol eraill y mae'r Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp yn gweithredu ynddynt. Canolbwyntiais ar y chyfreithiau a'r rheoliadau hynny a gafodd effaith uniongyrchol ar symiau a datgeliadau materol yn y datganiadau ariannol neu a gafodd effaith sylfaenol ar weithrediadau'r Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth a'i Grŵp. Roedd y chyfreithiau a'r rheoliadau allweddol a ystyriwyd gennyf yn y cyd-destun hwn yn cynnwys Gorchymyn

Bwrdd Datblygu Amaethyddiaeth a Garddwriaeth 2008, Rheoli Arian Cyhoeddus, deddfwriaeth cyflogaeth, pensïynau a threth.

## Ymateb archwilio i risg a nodwyd

Er mwyn ymateb i'r risgiau a nodwyd sy'n deillio o'r gweithdrefnau uchod:

- adolygais ddatgeliadau'r datganiadau ariannol a phrofi'r dogfennau ategol i asesu cydymffurfiaeth â darpariaethau'r cyfreithiau a'r rheoliadau perthnasol a ddisgrifir uchod fel rhai sy'n cael effaith uniongyrchol ar y datganiadau ariannol;
- holais y rheolwyr, y Pwyllgor Archwilio a Risg a chwrsel cyfreithiol mewnol ynghylch ymglyfreitha a hawliadau gwirioneddol a phosibl;
- adolygais gofnodion cyfarfodydd y rhai sy'n gyfrifol am lywodraethu a'r Bwrdd ac adroddiadau archwilio mewnol;
- wrth fynd i'r afael â'r risg o dwyll wrth i reolwyr wrthwneud rheolaethau, profais briodoldeb cofnodion cyfnodion ac addasiadau eraill; asesais a yw'r penderfyniadau a wnaed wrth wneud amcangyfrifon yn arwydd o ragfarn bosibl; a gwerthusais resymeg busnes unrhyw drafodion o bwys sy'n anarferol neu y tu allan i gwrs arferol busnes; a
- chynhaliais brofion sylweddol ar ffrydiau incwm i fynd i'r afael â'r risg o dwyll wrth gydnabod referniw a phroffion sylweddol ar ffrydiau gwariant i fynd i'r afael â'r risg o dwyll ac afreoleidd-dra.

Cyfleais gyfreithiau a rheoliadau perthnasol a nodwyd a risgiau posibl o dwyll i bob aelod o'r tîm ymgysylltu gan gynnwys arbenigwyr mewnol a thimau archwilio cydrannau sylweddol, ac arhosais yn effro i unrhyw arwyddion o dwyll neu ddiffyg cydymffurfio â chyfreithiau a rheoliadau drwy gydol yr archwiliad.

Mae disgrifiad pellach o'm cyfrifoldebau am archwilio'r datganiadau ariannol ar gael ar wefan y Cyngor Adrodd Ariannol yn: [www.frc.org.uk/auditorsresponsibilities..](http://www.frc.org.uk/auditorsresponsibilities..) Mae'r disgrifiad hwn yn rhan o'm tystysgrif.

## Cyfrifoldebau eraill yr archwilydd

Mae'n ofynnol i mi gael digon o dystiolaeth i roi sicrwydd rhesymol bod y gwariant a'r incwm a gofnodwyd yn y datganiadau ariannol wedi'u cymhwyso at y dibenion a fwriadwyd gan y Senedd a bod y trafodion ariannol a gofnodwyd yn y datganiadau ariannol yn cydymffurfio â'r awdurdodau sy'n eu llywodraethu.

Rwyf yn cyfathrebu â'r rhai sy'n gyfrifol am lywodraethu ynghylch cwmpas ac amseriad arfaethedig yr archwiliad a chanfyddiadau archwilio o bwys, ymhlith materion eraill, gan gynnwys unrhyw ddiffygion sylweddol mewn rheolaeth fewnol y byddaf yn dod o hyd iddynt yn ystod fy archwiliad.

## Adroddiad

Nid oes gennyf unrhyw sylwadau i'w gwneud ar y datganiadau ariannol hyn.

Gareth Davies

12 Gorffennaf 2023

## Y Rheolwr ac Archwilydd Cyffredinol

Y Swyddfa Archwilio Genedlaethol

157-197 Buckingham Palace Road

Victoria

Llundain

SW1W 9SP

# Financial statements 2022/23

## Consolidated statement of comprehensive net expenditure for the year ended 31 March 2023

	Note	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000
<b>Income</b>			
Gross levy	2a	42,150	50,323
Non-levy sources	2a	5,507	6,187
<b>Total income</b>		<b>47,657</b>	<b>56,510</b>
<b>Operating expenditure</b>			
<b>Levy collection</b>			
Staff costs	2a, 3	(253)	(336)
Other costs	2a, 4	(872)	(858)
<b>Core strategic activities</b>			
Staff costs	2a, 3	(19,199)	(21,742)
Other costs	2a, 4	(44,557)	(48,193)
Current pension service and administration cost	21f	(422)	(673)
Past pension service cost	21f	-	(100)
<b>Total operating expenditure</b>		<b>(65,303)</b>	<b>(71,902)</b>
<b>Surplus/(deficit) on ordinary activities before interest and taxation</b>		<b>(17,646)</b>	<b>(15,392)</b>
Interest receivable		458	8
Interest payable		(1)	-
Interest charges on lease liability		(16)	-
Other finance income relating to pension schemes	21e	(1)	(184)
<b>Surplus/(deficit) on ordinary activities before taxation</b>		<b>(17,206)</b>	<b>(15,568)</b>
Taxation	5	(87)	(2)
<b>Surplus/(deficit) for the financial year</b>		<b>(17,293)</b>	<b>(15,570)</b>
<b>Other comprehensive income</b>			
Surplus/(deficit) for the financial year		(17,293)	(15,570)
Net gain/(loss) on revaluation of pension assets and liabilities	21e	(2,702)	7,781
<b>Total comprehensive income/(expenditure)</b>		<b>(19,995)</b>	<b>(7,789)</b>
<b>Attributable to:</b>			
AHDB Share		(12,820)	(194)
NCI Share of Livestock Information Limited		(7,175)	(7,595)

### 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 £2.3 million in 2022/23 (2021/22: decrease of £7.5million). Excluding pension scheme asset movements and revaluation of property, a deficit £3.1million excluding Livestock Information Limited (LI Limited) (2021/22: surplus of £0.2m), or a deficit £17.7 million including LI Limited was recorded in the year (2021/22: deficit of £15.3million). Further information regarding pensions is shown in Note 21 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 £7.5 million (2021/22: deficit £7.9million), and AHDB's stand-alone deficit £5.3 million (2021/22: surplus £7.7million) including pension movements and property revaluations.

The notes on pages 47 to 81 are an integral part of these consolidated financial statements.

## AHDB Statement of comprehensive net expenditure for the year ended 31 March 2023

	Note	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000
<b>Income</b>			
Gross levy	2a	<b>42,150</b>	50,323
Non-levy sources	2a	<b>5,470</b>	6,187
<b>Total income</b>		<b>47,620</b>	56,510
<b>Operating expenditure</b>			
<b>Levy collection</b>			
Staff costs	2a, 3	<b>(253)</b>	(336)
Other costs	2a, 4	<b>(872)</b>	(858)
<b>Core strategic activities</b>			
Staff costs	2a, 3	<b>(18,488)</b>	(21,193)
Other costs	2a, 4	<b>(30,588)</b>	(33,242)
Current pension service and administration cost	21f	<b>(422)</b>	(673)
Past pension service cost	21f	-	(100)
<b>Total operating expenditure</b>		<b>(50,623)</b>	(56,402)
<b>Surplus/(deficit) on ordinary activities before interest and taxation</b>		<b>(3,003)</b>	108
Interest receivable		<b>458</b>	8
Interest payable		<b>(1)</b>	-
Interest charges on lease liability		<b>(16)</b>	-
Other finance income relating to pension schemes	21e	<b>(1)</b>	(184)
<b>Surplus/(deficit) on ordinary activities before taxation</b>		<b>(2,563)</b>	(68)
Taxation	5	<b>(87)</b>	(2)
<b>Surplus/(deficit) for the financial year</b>		<b>(2,650)</b>	(70)
<b>Other comprehensive income</b>			
Surplus/(deficit) for the financial year		<b>(2,650)</b>	(70)
Net gain/(loss) on revaluation of pension assets and liabilities	21e	<b>(2,702)</b>	7,781
<b>Total comprehensive income/(expenditure)</b>		<b>(5,352)</b>	7,711

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 £2.3 million in 2022/23 (2021/22: decrease of £7.5million). Further information regarding pensions is shown in Note 21 to the accounts.

The notes on pages 47 to 81 are an integral part of these consolidated financial statements.



# Consolidated statement of financial position

## as at 31 March 2023

	Note	As at 31-Mar-23		As at 31-Mar-22	
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant and equipment	6	185		384	
Intangible assets	8	18,423		12,738	
Right of use assets	10	2,582		-	
<b>Total non-current assets</b>			<b>21,190</b>		13,122
<b>Current assets</b>					
Assets classified as held for sale	11	562		562	
Financial assets	13	20,000		-	
Trade and other receivables	14	7,878		16,721	
Cash at bank and in hand	15	6,647		22,572	
<b>Total current assets</b>			<b>35,087</b>		39,855
<b>Total assets</b>			<b>56,277</b>		52,977
<b>Current liabilities</b>					
Trade and other payables	16	(10,298)		(13,501)	
Lease liabilities	10	(400)		-	
Provisions	17	(132)		(142)	
<b>Total current liabilities</b>			<b>(10,830)</b>		(13,643)
<b>Non-current assets plus net current assets</b>			<b>45,447</b>		39,334
<b>Non-current liabilities</b>					
Lease liabilities	10	(2,127)		-	
Pension liability	21f	(2,400)		(144)	
<b>Total non-current liabilities</b>			<b>(4,527)</b>		(144)
<b>Net assets</b>			<b>40,920</b>		39,190
<b>Reserves</b>					
Accumulated funds		35,432		34,916	
NCI reserve		7,860		4,390	
Total pension reserve		(2,400)		(144)	
Revaluation reserve		28		28	
<b>Total reserves</b>			<b>40,920</b>		39,190

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.

Note 2:

Reserves have been reclassified between accumulated funds and NCI reserve to split out the NCI element.

The notes on pages 47 to 81 are an integral part of these financial statements.

The financial statements on pages 39 to 81 were approved by the AHDB board and signed on its behalf by:

**Nicholas Saphir**  
Chair

**Tim Rycroft**  
Chief Executive and Accounting Officer

11 July 2023

# AHDB statement of financial position

## as at 31 March 2023

	Note	As at 31-Mar-23		As at 31-Mar-22	
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant and equipment	7	185		384	
Intangible assets	9	348		388	
Right of use assets	10	2,582		-	
Investments	12	514		514	
<b>Total non-current assets</b>			<b>3,629</b>		1,286
<b>Current assets</b>					
Assets classified as held for sale	11	562		562	
Financial assets	13	20,000		-	
Trade and other receivables	14	7,807		16,683	
Cash at bank and in hand	15	5,143		22,336	
<b>Total current assets</b>			<b>33,512</b>		39,581
<b>Total assets</b>			<b>37,141</b>		40,867
<b>Current liabilities</b>					
Trade and other payables	16	(7,261)		(10,408)	
Lease liabilities	10	(400)		-	
Provisions	17	(132)		(142)	
<b>Total current liabilities</b>			<b>(7,793)</b>		(10,550)
<b>Non-current assets plus net current assets</b>			<b>29,348</b>		30,317
<b>Non-current liabilities</b>					
Lease liabilities	10	(2,127)		-	
Pension liability	21f	(2,400)		(144)	
<b>Total non-current liabilities</b>			<b>(4,527)</b>		(144)
<b>Net assets</b>			<b>24,821</b>		30,173
<b>Reserves</b>					
Accumulated funds		27,193		30,289	
Total pension reserve		(2,400)		(144)	
Revaluation reserve		28		28	
<b>Total reserves</b>			<b>24,821</b>		30,173

The notes on pages 47 to 81 are an integral part of these financial statements.

The financial statements on pages 39 to 81 were approved by the AHDB board and signed on its behalf, by:

**Nicholas Saphir**  
Chair

**Tim Rycroft**  
Chief Executive and Accounting Officer

11 July 2023

## Consolidated cash flow statement for the year ended 31 March 2023

	Note	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000
<b>Cash flows from operating activities</b>			
Surplus/(deficit) on ordinary continued activities before taxation	2a	(17,206)	(15,568)
<b>Adjustments for:</b>			
Interest received		(211)	(8)
(Profit)/loss on transfer of subsidiary		-	(4)
Depreciation and amortisation	6, 8 & 10	4,067	488
Defined benefit pension costs	21e	422	673
Past service cost	21e	-	100
Other finance income	21e	1	184
(Surplus)/Deficit on disposal of property, plant and equipment		69	-
Impairment of property, plant and equipment	6	-	873
(Increase)/decrease in trade and other receivables	14	8,843	(4,133)
Increase/(decrease) in trade and other payables	16	(3,201)	219
(Increase)/decrease in payables relating to capital		784	
Net provisions created / (written back)	17	(121)	142
Lease liability interest		16	-
Lease liability payments	10	(39)	-
Tax paid		(87)	(2)
Defined benefit scheme pension contributions paid	21f	(869)	(655)
<b>Cash inflows/(outflows) from operating activities</b>		<b>(7,532)</b>	<b>(17,691)</b>
<b>Cash flows from investing activities</b>			
Interest received		211	8
Profit/(loss) on transfer of subsidiary		-	4
Payments to acquire property, plant and equipment	6	(180)	(24)
Intangible assets additions	8	(9,545)	(7,328)
Increase/(decrease) in payables relating to capital		(784)	
(Increase)/decrease in financial assets	13	(20,000)	-
Receipts from sale of property, plant and equipment		180	-
<b>Cash inflows/(outflows) from investing activities</b>		<b>(30,118)</b>	<b>(7,340)</b>
<b>Cash flow from financing activities</b>			
Increase/(decrease) in financing from sponsoring department		11,080	11,216
Financing from sponsoring department - non controlling Interest		10,645	10,775
<b>Cash inflows/(outflows) from financing activities</b>		<b>21,725</b>	<b>21,991</b>
<b>Net Increase/(decrease) in cash and cash equivalents in the period</b>		<b>(15,925)</b>	<b>(3,040)</b>
Cash & cash equivalents at the beginning of the period		22,572	25,612
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>15</b>	<b>6,647</b>	<b>22,572</b>

The notes on pages 47 to 81 are an integral part of these financial statements.

## AHDB cash flow statement for the year ended 31 March 2023

	Note	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000
<b>Cash flows from operating activities</b>			
Surplus/(deficit) on ordinary activities before taxation	2a	(2,563)	(68)
<b>Adjustments for:</b>			
Interest receivable		(211)	(8)
(Profit)/loss on transfer of subsidiary		-	(4)
Depreciation and amortisation	7, 9 & 10	292	219
Depreciation of asset held in investment		-	7
Defined benefit pension costs	21e	422	673
Past service cost	21e	-	100
Other finance income	21e	1	184
(Surplus)/deficit on disposal of property, plant and equipment		69	-
Impairment of property, plant and equipment	7	-	873
(Increase)/decrease in trade and other receivables	14	8,876	(4,095)
Increase/(decrease) in trade and other payables	16	(3,145)	624
Net provisions created / (written back)	17	(121)	142
Lease liability interest		16	-
Lease liability payments	10	(39)	-
Tax paid		(87)	(2)
Defined benefit scheme pension contributions paid	21f	(869)	(655)
<b>Cash inflows/(outflows) from operating activities</b>		<b>2,641</b>	<b>(2,010)</b>
<b>Cash flows from investing activities</b>			
Interest received		211	8
Profit/(loss) on transfer of subsidiary		-	4
Transfer of SBEU property, plant and equipment	12	-	(514)
Payments to acquire property, plant and equipment	7	(180)	(24)
Intangible assets additions	9	(45)	(247)
(Increase)/decrease in financial assets	13	(20,000)	-
Receipts from sale of property, plant and equipment		180	-
<b>Cash inflows/(outflows) from investing activities</b>		<b>(19,834)</b>	<b>(773)</b>
<b>Net Increase/(decrease) in cash and cash equivalents in the period</b>		<b>(17,193)</b>	<b>(2,783)</b>
Cash & cash equivalents at the beginning of the period		22,336	25,119
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>15</b>	<b>5,143</b>	<b>22,336</b>

The notes on pages 47 to 81 are an integral part of these financial statements.

## Consolidated statement of changes in equity for the year ended 31 March 2023

	Note	Accumulated reserve £'000	NCI reserve £'000	Pension reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2021		31,316	1,210	(7,623)	28	24,931
Surplus/(Deficit) for the year	2b	(7,975)	(7,595)	-	-	(15,570)
Non Material Group Adjustments - Livestock Information Limited	2b	57	-	-	-	57
Pension(loss)/gain	21e	-	-	7,781	-	7,781
Transfers from pensions reserve		302	-	(302)	-	-
Grants from sponsoring department		11,216	10,775	-	-	21,991
<b>Balance as at 31 March 2022</b>		<b>34,916</b>	<b>4,390</b>	<b>(144)</b>	<b>28</b>	<b>39,190</b>
Surplus/(Deficit) for the year	2a	(10,118)	(7,175)	-	-	(17,293)
Pension gain/(loss)	21e	-	-	(2,702)	-	(2,702)
Transfers from pensions reserve		(446)	-	446	-	-
Grants from sponsoring department		11,080	10,645	-	-	21,725
<b>Balance as at 31 March 2023</b>		<b>35,432</b>	<b>7,860</b>	<b>(2,400)</b>	<b>28</b>	<b>40,920</b>

The table above has been reclassified between accumulated reserve and NCI reserve to separately disclose the NCI element.

Reserves are allocated to the reporting segments as detailed below:

AHDB Cereals & Oilseeds		5,255	-	-	-	5,255
AHDB Dairy		3,425	-	-	-	3,425
AHDB Pork		5,519	-	(800)	-	4,719
AHDB Beef & Lamb		8,538	-	(1,600)	-	6,938
AHDB Potatoes		1,283	-	-	28	1,311
AHDB Horticulture		3,173	-	-	-	3,173
Livestock Information Limited		8,239	7,860	-	-	16,099
<b>Total</b>		<b>35,432</b>	<b>7,860</b>	<b>(2,400)</b>	<b>28</b>	<b>40,920</b>

Note 1:

AHDB made a commitment to spend £7.5 million of levy payer funds between April 2018 and March 2021 on collaborative programme investments of activities to support the British meat industry with Quality Meat Scotland and Hybu Cig Cymru. At 31 March 2021, we have only spent £6.7 million. The shortfall of £0.8 million was set aside as a ring-fenced fund to be financed from the reserves of the Beef & Lamb and Pork sectors. During 2021/22 an additional £0.5 million was spent, reducing the shortfall to £0.3 million. This reserve was utilised in 2022/23 on cross-border activities.

The notes on pages 47 to 81 are an integral part of these financial statements.

## AHDB statement of changes in equity for the year ended 31 March 2023

	Note	Accumulated reserve £'000	Pension reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2021		30,083	(7,623)	2	22,462
Surplus/(Deficit) for the year	2b	(70)	-	-	(70)
Pension (loss)/gain	21f	-	7,781	-	7,781
Movement in revaluation reserve		(26)	-	26	-
Transfers from pension reserve		302	(302)	-	-
<b>Balance as at 31 March 2022</b>		<b>30,289</b>	<b>(144)</b>	<b>28</b>	<b>30,173</b>
Surplus/(Deficit) for the year	2a	(2,650)	-	-	(2,650)
Pension gain/(loss)	21f	-	(2,702)	-	(2,702)
Transfers from pensions reserve		(446)	446	-	-
<b>Balance as at 31 March 2023</b>		<b>27,193</b>	<b>(2,400)</b>	<b>28</b>	<b>24,821</b>

Reserves are allocated to the reporting segments as detailed below:

AHDB Cereals & Oilseeds		5,255	-	-	5,255
AHDB Dairy		3,425	-	-	3,425
AHDB Pork		5,519	(800)	-	4,719
AHDB Beef & Lamb		8,538	(1,600)	-	6,938
AHDB Potatoes		1,283	-	28	1,311
AHDB Horticulture		3,173	-	-	3,173
<b>Total</b>		<b>27,193</b>	<b>(2,400)</b>	<b>28</b>	<b>24,821</b>

Note 1:

AHDB made a commitment to spend £7.5 million of levy payer funds between April 2018 and March 2021 on collaborative programme investments of activities to support the British meat industry with Quality Meat Scotland and Hybu Cig Cymru. At 31 March 2021, we have only spent £6.7 million. The shortfall of £0.8 million was set aside as a ring-fenced fund to be financed from the reserves of the Beef & Lamb and Pork sectors. During 2021/22 an additional £0.5 million was spent, reducing the shortfall to £0.3 million. This reserve was utilised in 2022/23 on cross-border activities.

The notes on pages 47 to 81 are an integral part of these financial statements.

# 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. There is no expected impact on AHDBs financial statements for the financial year ended 31 March 2024.

### Adoption of IFRS 16

AHDB has adopted IFRS 16 from 1 April 2022 and this has had a considerable impact in financial reporting terms. Upon transition, AHDB adopted the modified retrospective approach and applied the available practical expedients as directed by the FReM.

HM Treasury has withdrawn the accounting policy choice to apply IFRS 16 retrospectively to each prior reporting period presented in accordance with IAS 8. At the date of initial application, therefore, AHDB has recognised the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of taxpayers' equity. HM Treasury has also withdrawn the option to reassess whether a contract is, or contains, a lease at the date of initial application. AHDB, therefore initially applied IFRS 16 to any contracts previously identified as a lease, or containing a lease, under IAS 17 and did not apply IFRS 16 to any contracts not previously identified as such. The following leased assets were identified in this way: a) Land and buildings – AHDB leases office accommodation which is used as its headquarters. Under IAS 17, these contracts were treated as operating leases. b) Vehicles – AHDB leases vehicles primarily for pool vehicles for the purpose of facilities to move items and staff who travel on business and who do not have business insurance. Under IAS 17, these contracts were treated as operating leases. On transition to IFRS 16 AHDB revised their vehicle policy during the year which resulted in vehicles being returned and replaced with a car allowance. The remaining vehicles fall under the low-value exemption under IFRS16. The low-value exemption has been applied to leases under £10,000.

As required by the standard, provisions for dilapidations on leased properties, where a right-of-use asset has been recognised, are capitalised as part of the asset value.

AHDB have applied the recognition and measurement exemption for short-term leases in accordance with IFRS 16 paragraphs (6-8). AHDB have applied the recognition and measurement exemptions provided by IFRS 16:

- For short-term leases (12 months or less)
- For leases for which the underlying asset is of low value, AHDB have adopted a £10,000 threshold.

AHDB have adopted the HMT guidance by using hindsight in determining the lease term and applied the recognition and measurement exemption for short-term leases in accordance with IFRS 16 paragraphs (6-8) to the property lease for Stoneleigh Park. Rental payments have been recognised in the statement of net expenditure in equal instalments up to the end of the lease term.

As permitted by the FReM, right-of-use assets are subsequently measured using the cost model as a proxy for the measurement of the cost value in use. This is because lease terms require lease payments to be updated for market conditions, for example, rent reviews for leased properties, which will be captured in the IFRS 16 cost measurement provisions. Right-of-use assets also have shorter useful lives and values than their respective underlying assets, and, as such, the cost can be used as a proxy for assets with shorter economic lives or lower values in accordance with the FReM.

The initial lease liability is calculated by reference to the remaining lease payments discounted at an appropriate rate at the date of the initial application. We are not able to readily determine the interest rate implicit in the lease and have therefore used the HM Treasury discount rates promulgated in PES papers as the incremental borrowing rate. For leases that commence or are remeasured in the calendar year 2022, the rate applied is 0.95% and for calendar year 2023 the rate is 3.51%. The corresponding Right of Use Asset is calculated by reference to the lease liability adjusted for any prepaid or accrued lease payments immediately before the date of initial application. For interest expense in relation to leasing liabilities, refer to the statement of comprehensive net expenditure.

# Notes to the financial statements

## 1. Principal accounting policies (continued)

AHDB has recognised the following opening balances in 2022/23:

	Property £'000	Motor Vehicles £'000	Total £'000
<b>IAS 17 Operating Lease Commitments</b>			
As at 31 March 2022	1,786	203	1,988
Irrecoverable VAT expensed to SOCNE	(293)	(20)	(313)
Less leases treated as short term on initial adoption of IFRS 16	(1,264)	-	(1,264)
Less lease treated as low value on initial adoption of IFRS 16	-	(147)	(147)
Adjustment from committed expenditure to future cashflows	(38)	-	(38)
Adjustment for discounting of future cashflows	(8)	-	(8)
<b>IFRS 16 lease liability as at 1 April 2022</b>	<b>183</b>	<b>36</b>	<b>219</b>
Amounts prepaid	-	-	-
Amounts capitalised in respect of dilapidations	-	-	-
<b>Right-of-use asset value at 1 April 2022</b>	<b>183</b>	<b>36</b>	<b>219</b>

	Property £'000	Motor Vehicles £'000	Total £'000
Expected IFRS 16 Adjustment as at 31 March 2022	1,445	183	1,628
Less leases treated as short term on initial adoption of IFRS 16	(1,262)	-	(1,262)
Less lease treated as low value on initial adoption of IFRS 16	-	(147)	(147)
<b>IFRS 16 lease liability as at 1 April 2022</b>	<b>183</b>	<b>36</b>	<b>219</b>

### Going concern

AHDB considers the going concern basis appropriate, following the FReM interpretation of IAS1, due to the Statutory Instrument (5762008) requiring the continuation of the provision of a service by AHDB and for AHDB to collect a levy. There is a current proposal to amend the Statutory Instrument which is in the approval stages, the amendments proposed do not look to change the fundamental requirement for AHDB to exist and collect a levy.

AHDB has also undertaken a detailed going concern assessment focusing 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 cashflow basis
- Reviewed a period of at least 12 months beyond the signing of the 2022/23 accounts, including the ability to support the payment of grants to a third party provided for Horticulture to transition over the EAMU and EA service
- 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, except where otherwise noted in specific accounting policies, e.g., for the fair value treatment of pension assets.



# Notes to the financial statements

## 1. Principal accounting policies (continued)

### 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 12.

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.

While Defra is not the majority shareholder in LI Ltd, this treatment recognises Defra's control over AHDB itself which establishes Defra's funding of the Group in respect of LI Ltd as contributions from a controlling party, taken through equity directly in accordance with IAS 1 classification principles.

AHDB has control over LI Limited by satisfying the criteria outlined in IFRS10 and as such it is appropriate for AHDB Group to fully consolidate LI Limited. It exercises control by virtue of the following:

- Ownership of voting rights – AHDB has the power to direct the financial and operating policies of the subsidiary through its 51% voting rights which indicates control
- Ability to influence – AHDB has demonstrated its ability to influence LI Limited's activities to obtain economic benefits. This influence is detailed throughout the Delivery Agreement and the Articles which allow AHDB the ability to make decisions that could significantly impact LI Limited's operations
- Board representation – AHDB has the right to appoint or remove the majority of LI Limited's board members giving it control over LI Limited's strategic decisions
- Rights to returns – AHDB retains the rights to the intellectual property developed by LI Limited as well as any value-added services and data produced by AHDB as detailed in the Delivery Agreement

### 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. AHDB has introduced a timesheet recording system where activities performed are recorded either specific to a sector or across multiple sectors. Time and costs are recorded based on the work delivered to the sector. If the work is across multiple sectors, this is split across the relevant sectors based on a percentage determined by each of the business functions during the budget process and the respective budgets are approved by the AHDB board and sector councils. These percentages are further reviewed and updated as part of AHDB's quarterly forecast process. The business segments are AHDB Cereals & Oilseeds, AHDB Dairy, AHDB Pork, AHDB Beef & Lamb, AHDB Potatoes, AHDB Horticulture and Livestock Information Limited.

The Horticulture and Potatoes sectors were winding down operations during 2022/23 because of decisions taken by AHDB, Ministers of Defra and the devolved governments following the outcome of the levy payer ballots in February (Horticulture) and March (Potatoes) 2021. The Statutory Instrument update that came into force on 26 May 2022 (SI 2022/577) allows AHDB to continue to support these sectors without any 2022/23 levy collection and therefore they do not lead to discontinued operations under IFRS 5. The focus for these sectors is on collection of outstanding levies, expenditure management and cost control to ensure activities are managed in line with the wind-down plan.

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 and development expenditure does not meet the requirements for capitalisation under IAS 38 'Intangible Assets'.

# Notes to the financial statements

## 1. Principal accounting policies (continued)

### 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 the 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 was transferred to AHDB under the Agriculture and Horticulture Development Board Order 2008.

Expenditure on property, plant, and equipment of £5,000 and above is capitalised 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. 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 software licences and internally developed IT software, including assets under construction. The capitalisation threshold is £5,000.

In accordance with IAS 38 and FRS 102 Section 18, costs associated with developing and implementing additional functionality were capitalised as incurred during the year and began amortising based on the same end date of the asset's Useful Economic Life (UEL). An impairment review is carried out on material intangible assets each year.

In addition to the capitalised costs outlined above for each asset are costs incurred in relation to the assets but not directly related to the build work.

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 amortised replacement cost. This fair value represents the value in use of the remaining economic benefit. Impairment assessment compares this value with the depreciated replacement cost of the useful service potential. Possible impairment indicators would include a significant reversal of a branch of development during the construction phase, or a curtailment of the use of system features.

### Depreciation and amortisation

Depreciation and amortisation are 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.

AHDB assets are depreciated in the month in which the asset is brought into use. A full month depreciation is recognised in the statement of comprehensive net expenditure.

# 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.

### Dilapidations

AHDB has entered into a rental agreement for the property it occupies. The agreement includes clauses requiring AHDB, at the end of the rental period, to return the property to the landlord in its original state or to pay the landlord the cost of any necessary work to achieve this ("dilapidations"). AHDB therefore provides for the cost of removing any modifications it makes and repairing any damage or wear occurring during its tenancy.

### 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.

### Financial Assets and Liabilities

Financial assets consist of trade receivables and other current assets such as cash at bank and in hand and cash held on deposit. 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.

During 2022-23 AHDB have revised their investment strategy and placed surplus cash funds on deposit with Barclays Bank for terms ranging from one week to 12 months. Deposits greater than 3 months are considered to be a financial asset rather than cash and cash equivalent in accordance with IFRS 9. See Note 13.

Financial liabilities consist of trade payable and other current liabilities. In accordance with IFRS 9 – financial instruments, financial assets and liabilities are initially recognised at fair value less directly attributable transaction costs. They are, subsequently, measured at amortised cost.

### 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 subject to an 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. See Note 15.

Term deposits which have an original maturity in excess of three months are treated as financial assets (see below and note 13) and the related cash flows are treated as investing activities.

### Pensions

AHDB operates a defined contribution scheme for the benefit of all active employees.

#### 1) Defined contribution scheme

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.

# Notes to the financial statements

## 1. Principal accounting policies (continued)

### 2) Defined benefit schemes

AHDB has two defined benefit legacy schemes which are closed to future accrual.

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.

AHDB takes actuarial valuation and IAS 19 accounting disclosure input from specialist advisors.

Legal advice was sought by AHDB in relation to both MLCPS and HGCAPP in order to assess AHDB's rights to any potential scheme/plan surplus. For both MLCPS and HGCAPP, it is considered that AHDB does not have an unconditional right to any scheme/plan surplus, due to the powers of the Trustees. As a result of this assessment, any accounting surplus indicated by the IAS 19 valuation is restricted in line with IFRIC 14 direction.

For the 31 March 2023 IAS 19 valuation of the scheme/plan, AHDB has decided to replace the full annual membership movement reconciliation with a roll-forward approach. The roll-forward is a common approach to updating the membership basis of the valuation which takes the last actual membership data (ordinarily this is from the last Technical Provisions valuation) and updates it based on recent experience. Not only is this approach common place (both in industry and in the public sector), but it is also less resource intensive resulting in a more efficient production of the IAS 19 valuation.

For AHDB, the last actual membership data is available for both MLCPS and HGCAPP as at 31 March 2022 as a result of last year's IAS 19 valuation, which used a full membership reconciliation basis. This membership dataset is used as the basis for the roll-forward for both the MLCPS and the HGCAPP.

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.

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.

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 21 to the accounts.

### Levy income

AHDB raises statutory levies from the meat and livestock (cattle, sheep, and pigs) sectors in England, the commercial milk sector in Great Britain and the cereals and oilseeds sector in the UK. Due to the winding down of the Horticulture and Potato sectors, statutory levies no longer apply in these sectors. 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 2022/23 can be found on page 82).

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, and the amounts can be reliably measured, AHDB is not required to wait until all, or substantially all, of the revenue has been received in order to recognise the 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.

# Notes to the financial statements

## 1. Principal accounting policies (continued)

### 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 cereals 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 is paid to AHDB. For oilseeds, there is only a grower levy, so a buyer must deduct all the levy from the price paid to the grower, hold it on trust, and 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 the 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 of 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)

2021/22 was the final year the Horticulture statutory levy applied. See Levy collection on page 22 for more information.

### e) Potato levies (deployed by AHDB Potatoes)

2021/22 was the final year the Horticulture/Potato statutory levy applied. See Levy collection on page 22 for more information.

## 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 the year ended 31 March 2023, AHDB acted as an EU grant agent on the EU Pig project.

Section 35 of the Agriculture Act 2020 (c.21) contains provisions that permit the redistribution of levies between red meat levy bodies in Great Britain in certain circumstances.

The mechanism agreed upon by Ministers was not to write this into secondary legislation in each country but to construct a scheme which laid out the methodology and mechanism to underpin the redistribution of red meat levies. The scheme came into force on 1 April 2021 and remains in force unless suspended, revoked by the Ministers, or ended under paragraph 51.

Red Meat Levies are recorded gross. However, any levies to be redistributed in accordance with 'The Scheme' are recorded as a separate 'Levy Repatriation' line to gross levy income.

Repatriation of income is recognised based on calculations agreed by each levy body.

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

## 1. Principal accounting policies (continued)

### Reserves

#### Continuing Sectors

Following an agreement with the AHDB board to reset the sector reserves target, because of the Horticulture and Potatoes ballot outcomes. The target reserves policy has been revised, effective from 1 April 2022 and has been calculated based on a potential wind-up situation, excluding pensions liabilities, to be self-funded by the sector.

The following options are considered below when setting the target reserve for each sector:

Reset the sector reserves target, so it was the higher value between:

- The sector's share of the cashflow and contingency requirements of AHDB
- The level of sector reserves needed to self-fund a wind-up situation, when also applying the funds raised through 12 months of levy post any decision to cease operating in a sector

#### Winding down sectors

2021/22 was the final year the Horticulture and Potato statutory levy applied. Parliament approved the related changes to the legislation governing AHDB on 26 May 2022.

The reserves remaining in the winding down sectors will be released where there is sufficient industry support to continue the furtherance of the critical work by an industry third party within the respective sectors, and grant applications are submitted and approved by Defra. If industry support is not present, AHDB will seek guidance from Defra via the industry on how to utilise the reserves. A contingent reserve will remain in each sector for a period of six years (post wind down) to cover any residual risks that may occur as a result of the wind-down.

### Distribution of Surplus available reserves

#### Horticulture

The AHDB board in conjunction with Defra agreed that the distribution of available surplus reserves following the winding down and transitioning to an industry third-party HCP Ltd would be issued as a grant for the furtherance of EAMUs & EA services. A final grant application of £1.3 million was made to Defra and approval was granted on 8 March 2023. The grant agreement was signed by AHDB and HCP Ltd on 31 March 2023, with a transfer date of 14 April 2023. At 31 March 2023 no present obligation exists in AHDB, as payment has not been made until the performance obligations in the agreement are met which is from April 2023. The grant has been treated as a financial commitment which can be found in Note 18. Liabilities of £0.6 million that AHDB have agreed to settle for existing projects and are not transferred to HCP Ltd are provided for in the consolidated statement of comprehensive net expenditure. All other liabilities that have not been accrued by AHDB are agreed with HCPL as liabilities they will take forward and settle.

Payment of the grant to HCP Ltd commenced on 14 April 2023 and will be paid in equal instalments during 2023/24 in line with the grant agreement.

#### Potatoes

In the potato sector, some proposals have been submitted to the AHDB board for small grants for important work to continue in the absence of AHDB Potatoes taking the lead. The move away from the levy body to a new era has some way to go in this sector, especially as the AHDB board have noted that any grant scheme would be contingent on finalising the sale of the Sutton Bridge research facility and collecting outstanding debt from potato businesses for the 2021 growing season. The AHDB board felt that a public demonstration of support on a scale achieved in horticulture would allow progress on grant schemes.

Defra have been asked to hold a ministerial roundtable meeting with the potato industry to agree on the use of reserves and future funding models. At the time of writing, dates are to be confirmed.

# Notes to the financial statements

## 2a. Analysis of income and expenditure by segment: actual for the year ended 31 March 2023

Accounting standards require 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 Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Pork £'000	AHDB Beef & Lamb £'000	AHDB Continuing £'000	AHDB Potatoes £'000	AHDB Horticulture £'000	AHDB Winding Down £'000	AHDB Total £'000	Livestock Information Limited £'000	Group Eliminations £'000	AHDB Group total £'000
<b>Income</b>												
Gross levy	11,206	7,338	9,409	16,826	44,779	(127)	129	2	44,781	-	-	44,781
Levy repatriation	-	-	(525)	(2,106)	(2,631)	-	-	-	(2,631)	-	-	(2,631)
Subtotal levy sources	11,206	7,338	8,884	14,720	42,148	(127)	129	2	42,150	-	-	42,150
<i>Non-levy sources:</i>												
Fee and grant income	567	1,590	490	1,684	4,331	(1)	384	383	4,714	-	(383)	4,331
EU grant income	11	745	-	-	756	-	-	-	756	-	-	756
Livestock Information & Movement System	-	-	-	-	-	-	-	-	-	420	-	420
Subtotal non-levy sources	578	2,335	490	1,684	5,087	(1)	384	383	5,470	420	(383)	5,507
<b>Total income</b>	<b>11,784</b>	<b>9,673</b>	<b>9,374</b>	<b>16,404</b>	<b>47,235</b>	<b>(128)</b>	<b>513</b>	<b>385</b>	<b>47,620</b>	<b>420</b>	<b>(383)</b>	<b>47,657</b>
<b>Operating expenditure</b>												
Levy collection	(509)	(17)	(157)	(247)	(930)	(101)	(94)	(195)	(1,125)	-	-	(1,125)
<i>Core strategic activities:</i>												
Research and Development and Knowledge Exchange	(5,846)	(4,311)	(1,562)	(3,406)	(15,125)	(60)	(2,230)	(2,290)	(17,415)	-	-	(17,415)
Livestock Information & Movement System	-	-	-	-	-	-	-	-	-	(15,063)	383	(14,680)
Trade Development	(114)	(1,130)	(2,543)	(3,034)	(6,821)	(1)	-	(1)	(6,822)	-	-	(6,822)
Export Development	(94)	(579)	(1,022)	(4,210)	(5,905)	-	-	-	(5,905)	-	-	(5,905)
Market Intelligence	(1,028)	(857)	(1,141)	(1,058)	(4,084)	(32)	(7)	(39)	(4,123)	-	-	(4,123)
Levy Payer Communications	(1,457)	(937)	(970)	(1,535)	(4,899)	(3)	(16)	(19)	(4,918)	-	-	(4,918)
Digital & Creative	(408)	(281)	(214)	(812)	(1,715)	-	-	-	(1,715)	-	-	(1,715)
Support and other expenditure	(2,193)	(1,410)	(1,246)	(2,506)	(7,355)	(279)	(544)	(823)	(8,178)	-	-	(8,178)
Subtotal core strategic activities:	(11,140)	(9,505)	(8,698)	(16,561)	(45,904)	(375)	(2,797)	(3,172)	(49,076)	(15,063)	383	(63,756)
Current pension service cost	(22)	-	(133)	(267)	(422)	-	-	-	(422)	-	-	(422)
Past pension service cost	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating expenditure</b>	<b>(11,671)</b>	<b>(9,522)</b>	<b>(8,988)</b>	<b>(17,075)</b>	<b>(47,256)</b>	<b>(476)</b>	<b>(2,891)</b>	<b>(3,367)</b>	<b>(50,623)</b>	<b>(15,063)</b>	<b>383</b>	<b>(65,303)</b>

Support and other expenditure includes the cost of central functions, such as Finance, HR, and Information Systems; the cost of the AHDB and Sector Council, bad debt provisions, non-operating expenditure as well as 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 2023 (continued)

	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Pork £'000	AHDB Beef & Lamb £'000	AHDB Continuing £'000	AHDB Potatoes £'000	AHDB Horticulture £'000	AHDB Winding Down £'000	AHDB Total £'000	Livestock Information Limited £'000	Group Eliminations £'000	AHDB Group total £'000
<b>Surplus/(deficit) on ordinary activities before interest and taxation</b>	113	151	386	(671)	(21)	(604)	(2,378)	(2,982)	(3,003)	(14,643)	-	(17,646)
Interest receivable	79	49	78	141	347	28	83	111	458	-	-	458
Interest payable	-	-	-	(1)	(1)	-	-	-	(1)	-	-	(1)
Interest charges on Right of Use Assets	(4)	(4)	(4)	(6)	(18)	1	1	2	(16)	-	-	(16)
Other finance income/expenditure	(1)	-	-	-	(1)	-	-	-	(1)	-	-	(1)
<b>Surplus/(deficit) on ordinary activities before taxation</b>	187	196	460	(537)	306	(575)	(2,294)	(2,869)	(2,563)	(14,643)	-	(17,206)
Taxation	(15)	(9)	(15)	(27)	(66)	(5)	(16)	(21)	(87)	-	-	(87)
<b>Surplus/(deficit) for the financial year</b>	<b>172</b>	<b>187</b>	<b>445</b>	<b>(564)</b>	<b>240</b>	<b>(580)</b>	<b>(2,310)</b>	<b>(2,890)</b>	<b>(2,650)</b>	<b>(14,643)</b>	-	<b>(17,293)</b>
Net gain/(loss) on revaluation on property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) on revaluation of pension assets and liabilities	(2)	-	(900)	(1,800)	(2,702)	-	-	-	(2,702)	-	-	(2,702)
<b>Total comprehensive income/(expenditure)</b>	<b>170</b>	<b>187</b>	<b>(455)</b>	<b>(2,364)</b>	<b>(2,462)</b>	<b>(580)</b>	<b>(2,310)</b>	<b>(2,890)</b>	<b>(5,352)</b>	<b>(14,643)</b>	-	<b>(19,995)</b>

### AHDB parent figures

AHDB produced a separate parent statement of comprehensive income on page 35. Its results are included in the group results above, consolidated with its subsidiaries as detailed in Note 12. 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 & equipment which are not part of AHDB's available reserves. Excluding those movements, the net trading performance is:

	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Pork £'000	AHDB Beef & Lamb £'000	AHDB Continuing £'000	AHDB Potatoes £'000	AHDB Horticulture £'000	AHDB Winding Down £'000	AHDB Total £'000	Livestock Information Limited £'000	Group Eliminations £'000	AHDB Group total £'000
Total comprehensive income/(expenditure)	170	187	(455)	(2,364)	(2,462)	(580)	(2,310)	(2,890)	(5,352)	(14,643)	-	(19,995)
Revaluation on property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Movement on Pension Asset/Liability	(144)	-	800	1,600	2,256	-	-	-	2,256	-	-	2,256
<b>Underlying surplus/(deficit) for the financial year</b>	<b>26</b>	<b>187</b>	<b>345</b>	<b>(764)</b>	<b>(206)</b>	<b>(580)</b>	<b>(2,310)</b>	<b>(2,890)</b>	<b>(3,096)</b>	<b>(14,643)</b>	-	<b>(17,739)</b>



# Notes to the financial statements

## 2b. Analysis of income and expenditure by segment: actual for the year ended 31 March 2022

Accounting standard require 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 Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Pork £'000	AHDB Beef & Lamb £'000	AHDB Continuing £'000	AHDB Potatoes £'000	AHDB Horticulture £'000	AHDB Winding Down £'000	AHDB Total £'000	Livestock Information Limited £'000	Group Eliminations £'000	AHDB Group total £'000
<b>Income</b>												
Gross levy	10,288	7,475	8,917	16,197	42,877	5,502	4,471	9,973	52,850	-	-	52,850
Levy repatriation	-	-	(473)	(2,054)	(2,527)	-	-	-	(2,527)	-	-	(2,527)
Subtotal levy sources	10,288	7,475	8,444	14,143	40,350	5,502	4,471	9,973	50,323	-	-	50,323
<i>Non-levy sources:</i>												
Fee and grant income	678	1,840	714	1,653	4,885	107	267	374	5,259	-	(240)	5,019
EU grant income	1	944	-	(17)	928	-	-	-	928	-	-	928
Livestock Information & Movement System	-	-	-	-	-	-	-	-	-	240	-	240
Subtotal non-levy sources	679	2,784	714	1,636	5,813	107	267	374	6,187	240	(240)	6,187
<b>Total income</b>	<b>10,967</b>	<b>10,259</b>	<b>9,158</b>	<b>15,779</b>	<b>46,163</b>	<b>5,609</b>	<b>4,738</b>	<b>10,347</b>	<b>56,510</b>	<b>240</b>	<b>(240)</b>	<b>56,510</b>
<b>Operating expenditure</b>												
Levy collection	(516)	(30)	(144)	(244)	(934)	(122)	(138)	(260)	(1,194)	-	-	(1,194)
<i>Core strategic activities:</i>												
Research and Development and Knowledge Exchange	(6,233)	(5,326)	(2,268)	(4,125)	(17,952)	(1,808)	(3,525)	(5,333)	(23,285)	-	-	(23,285)
Livestock Information & Movement System	-	(197)	(6)	(420)	(623)	-	-	-	(623)	(15,740)	240	(16,123)
Trade Development	(111)	(1,243)	(2,554)	(3,026)	(6,934)	(182)	(8)	(190)	(7,124)	-	-	(7,124)
Export Development	(87)	(401)	(958)	(3,312)	(4,758)	(142)	(12)	(154)	(4,912)	-	-	(4,912)
Market Intelligence	(845)	(721)	(774)	(1,115)	(3,455)	(262)	(69)	(331)	(3,786)	-	-	(3,786)
Levy Payer Communications	(1,112)	(721)	(635)	(906)	(3,374)	(273)	(265)	(538)	(3,912)	-	-	(3,912)
Digital & Creative	(306)	(290)	(456)	(485)	(1,537)	(157)	(161)	(318)	(1,855)	-	-	(1,855)
Support and other expenditure	(1,712)	(1,194)	(1,250)	(1,655)	(5,811)	(1,999)	(1,128)	(3,127)	(8,938)	-	-	(8,938)
Subtotal core strategic activities:	(10,406)	(10,093)	(8,901)	(15,044)	(44,444)	(4,823)	(5,168)	(9,991)	(54,435)	(15,740)	240	(69,935)
Current pension service cost	(73)	-	(200)	(400)	(673)	-	-	-	(673)	-	-	(673)
Past pension service cost	-	-	(33)	(67)	(100)	-	-	-	(100)	-	-	(100)
<b>Total operating expenditure</b>	<b>(10,995)</b>	<b>(10,123)</b>	<b>(9,278)</b>	<b>(15,755)</b>	<b>(46,151)</b>	<b>(4,945)</b>	<b>(5,306)</b>	<b>(10,251)</b>	<b>(56,402)</b>	<b>(15,740)</b>	<b>240</b>	<b>(71,902)</b>

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

In July 2021 AHDB secured funding of up to £3.9m from Defra's resilience fund to help thousands of farmers and growers navigate the fallout of the loss of direct payments and help future-proof their businesses. During 2021/22 AHDB have recognised £1.3m of income and operating expenditure. This amount is included in the table above under Fee and Grant Income and Research and Development and Knowledge Exchange.

## Notes to the financial statements

### 2b. Analysis of income and expenditure by segment: actual for the year ended 31 March 2022 (continued)

	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Pork £'000	AHDB Beef & Lamb £'000	AHDB Continuing £'000	AHDB Potatoes £'000	AHDB Horticulture £'000	AHDB Winding Down £'000	AHDB Total £'000	Livestock Information Limited £'000	Group Eliminations £'000	AHDB Group total £'000
<b>Surplus/(deficit) on ordinary activities before interest and taxation</b>	(28)	136	(120)	24	12	664	(568)	96	108	(15,500)	-	(15,392)
Interest receivable	2	1	-	2	5	1	2	3	8	-	-	8
Interest payable	-	-	-	-	-	-	-	-	-	-	-	-
Other finance income/expenditure	16	-	(67)	(133)	(184)	-	-	-	(184)	-	-	(184)
<b>Surplus/(deficit) on ordinary activities before taxation</b>	(10)	137	(187)	(107)	(167)	665	(566)	99	(68)	(15,500)	-	(15,568)
Taxation	(1)	-	-	(1)	(2)	-	-	-	(2)	-	-	(2)
<b>Surplus/(deficit) for the financial year</b>	<b>(11)</b>	<b>137</b>	<b>(187)</b>	<b>(108)</b>	<b>(169)</b>	<b>665</b>	<b>(566)</b>	<b>99</b>	<b>(70)</b>	<b>(15,500)</b>	<b>-</b>	<b>(15,570)</b>
Net gain/(loss) on revaluation on property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) on revaluation of pension assets and liabilities	(19)	-	2,600	5,200	7,781	-	-	-	7,781	-	-	7,781
<b>Total comprehensive income/(expenditure)</b>	<b>(30)</b>	<b>137</b>	<b>2,413</b>	<b>5,092</b>	<b>7,612</b>	<b>665</b>	<b>(566)</b>	<b>99</b>	<b>7,711</b>	<b>(15,500)</b>	<b>-</b>	<b>(7,789)</b>

#### AHDB parent figures

AHDB produced a separate parent statement of comprehensive income on page 35. Its results are included in the group results above, consolidated with its subsidiaries as detailed in Note 12. 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 Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Pork £'000	AHDB Beef & Lamb £'000	AHDB Continuing £'000	AHDB Potatoes £'000	AHDB Horticulture £'000	AHDB Winding Down £'000	AHDB Total £'000	Livestock Information Limited £'000	Group Eliminations £'000	AHDB Group total £'000
Total comprehensive income/(expenditure)	(30)	137	2,413	5,092	7,612	665	(566)	99	7,711	(15,500)	-	(7,789)
Revaluation on property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Movement on Pension Asset/Liability	(279)	-	(2,400)	(4,800)	(7,479)	-	-	-	(7,479)	-	-	(7,479)
<b>Underlying surplus/(deficit) for the financial year</b>	<b>(309)</b>	<b>137</b>	<b>13</b>	<b>292</b>	<b>133</b>	<b>665</b>	<b>(566)</b>	<b>99</b>	<b>232</b>	<b>(15,500)</b>	<b>-</b>	<b>(15,268)</b>

# Notes to the financial statements

## 3. Staff numbers and related costs

	For the period ended 31 March 2023			For the year ended 31 March 2022		
	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
<b>Numbers employed</b>						
The average full-time equivalent numbers employed by AHDB during the year, were:						
Commercial activities	-	-	-	-	-	-
AHDB activities – Non-levy-dependent	14	-	14	32	-	32
AHDB activities – Levy-dependent	341	-	341	397	1	398
Livestock Information Limited	10	-	10	8	-	8
<b>Total</b>	<b>365</b>	<b>-</b>	<b>365</b>	<b>437</b>	<b>1</b>	<b>438</b>
<b>Staff costs</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Salaries – Commercial activities	-	-	-	-	-	-
Social security costs – Commercial activities	-	-	-	-	-	-
Salaries – AHDB activities	15,293	15	15,308	17,766	60	17,826
Social security costs – AHDB activities	1,959	-	1,959	2,211	-	2,211
Salaries – Livestock Information Limited	585	-	585	452	-	452
Social security costs – Livestock Information Limited	78	-	78	60	-	60
Defined benefit scheme current service and admn costs (Note 21e)	422	-	422	673	-	673
Defined benefit scheme past service costs (Note 21e)	-	-	-	100	-	100
Defined contribution scheme costs	1,522	-	1,522	1,529	-	1,529
<b>Total staff costs</b>	<b>19,859</b>	<b>15</b>	<b>19,874</b>	<b>22,791</b>	<b>60</b>	<b>22,851</b>

# Notes to the financial statements

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

	Group As at 31-Mar-23 £'000	AHDB As at 31-Mar-23 £'000	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000
<b>Surplus/(deficit) on ordinary activities before interest and taxation is stated after charging/(crediting)</b>				
Income	47,657	47,620	56,510	56,510
Expenditure				
Staff Costs	(19,452)	(18,741)	(22,078)	(21,529)
Staff Related Costs	(2,747)	(2,228)	(2,518)	(2,337)
Rent & Service Charges	(457)	(457)	(558)	(558)
Vehicle leases	(147)	(147)	(299)	(299)
Hire of equipment	(37)	(37)	(26)	(26)
Building Costs	(1,364)	(1,362)	(1,190)	(1,190)
Information Technology	(1,444)	(1,205)	(1,324)	(1,244)
Subscriptions & Books	(584)	(583)	(611)	(611)
Legal & Professional Services	(867)	(783)	(664)	(583)
Sub Contracted Services	(19,394)	(10,093)	(16,029)	(1,792)
Audit remuneration and expenses	(180)	(138)	(173)	(133)
Other Charges	4	6	2	65
Collection and Commission	(811)	(811)	(792)	(792)
Research and development and knowledge exchange	(374)	(374)	(12,403)	(12,403)
Marketing	(9,668)	(9,668)	(8,142)	(8,142)
Communication	(1,008)	(1,008)	(1,923)	(1,923)
Shows & Events	(1,544)	(1,540)	-	-
Other Non Operating	(673)	(673)	(1,691)	(1,691)
Defined Benefit Pension Costs	(423)	(423)	(118)	(118)
<b>Non-cash items:</b>				
Depreciation and amortisation	(4,067)	(292)	(488)	(219)
Impairment of property, plant and equipment	-	-	(873)	(873)
Impairment of receivables	(66)	(66)	(4)	(4)
<b>Total Expenditure</b>	<b>(65,303)</b>	<b>(50,623)</b>	<b>(71,902)</b>	<b>(56,402)</b>
<b>Surplus/(deficit) on ordinary activities before interest and taxation</b>	<b>(17,646)</b>	<b>(3,003)</b>	<b>(15,392)</b>	<b>108</b>

The audit fee for AHDB is £138,000 (2021/22: £132,500) and the audit fee for LI Limited is £42,000 (2021/22: £40,000). Other Non Operating includes the costs of restructuring and redundancy.

## 5. Taxation

	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000
<b>Current tax</b>		
UK corporation tax on commercial profits for the period	-	-
UK corporation tax on interest income for the period	87	2
Under-provision in respect of prior years	-	-
Over-provision in respect of prior years	-	-
<b>Current tax charge for the year</b>	<b>87</b>	<b>2</b>

The tax on commercial profits assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2021/22: 19%). The differences are explained overleaf.

## Notes to the financial statements

### 5. Taxation (continued)

	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000
Surplus/(deficit) on ordinary activities before taxation	(17,206)	(15,568)
Surplus/(deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021/22: 19%)	(3,269)	(2,958)
<b>Effects of:</b>		
Income not chargeable for taxation purposes	9,555	11,217
Expenditure not deductible for taxation purposes	(12,824)	(14,175)
Standard rate of corporation tax in the UK of 19% (2021/22 19%) on interest receivable	87	2
Under-provision in respect of prior years	-	-
Over-provision in respect of prior years	-	-
<b>Current tax charge for the year</b>	<b>87</b>	<b>2</b>

### 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
<b>Cost or valuation</b>								
As at 1 April 2021	84	476	1,897	367	1,256	231	4	4,315
Additions	-	-	-	14	10	-	-	24
Transfer to Assets Held for Resale	(84)	(476)	-	-	(1,201)	(231)	(4)	(1,996)
<b>As at 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>1,897</b>	<b>381</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>2,343</b>
As at 1 April 2022	-	-	1,897	381	65	-	-	2,343
Additions	-	-	43	137	-	-	-	180
Disposals	-	-	(1,897)	(244)	(24)	-	-	(2,165)
<b>As at 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>43</b>	<b>274</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>358</b>
<b>Depreciation</b>								
As at 1 April 2021	-	-	(814)	(317)	(936)	(230)	(4)	(2,301)
Charge for year	-	(9)	(131)	(28)	(47)	(1)	-	(216)
Transfer to Assets Held for Resale	-	9	-	-	1,187	231	4	1,431
Impairment	-	-	(611)	-	(262)	-	-	(873)
<b>As at 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>(1,556)</b>	<b>(345)</b>	<b>(58)</b>	<b>-</b>	<b>-</b>	<b>(1,959)</b>
As at 1 April 2022	-	-	(1,556)	(345)	(58)	-	-	(1,959)
Charge for year	-	-	(98)	(29)	(2)	-	-	(129)
Relating to disposals	-	-	1,654	237	24	-	-	1,915
Impairment	-	-	-	-	-	-	-	-
<b>As at 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(137)</b>	<b>(36)</b>	<b>-</b>	<b>-</b>	<b>(173)</b>
<b>Net book value as at 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>43</b>	<b>137</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>185</b>
Net book value as at 31 March 2022	-	-	341	36	7	-	-	384

In January 2023, AHDB assigned the property lease for Unit 201 Stoneleigh Park to a third party, which resulted in the disposal of the leasehold asset at a loss of £243k. AHDB secured new premises and signed a 10 year lease agreement on 13 February 2023.

# 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
<b>Cost or valuation</b>								
As at 1 April 2021	-	39	1,897	367	749	231	4	3,287
Additions	-	-	-	14	10	-	-	24
Transfer to Assets Held for Resale	-	(39)	-	-	(694)	(231)	(4)	(968)
<b>As at 31 March 2022</b>	-	-	1,897	381	65	-	-	2,343
As at 1 April 2022	-	-	1,897	381	65	-	-	2,343
Additions	-	-	43	137	-	-	-	180
Disposals	-	-	(1,897)	(244)	(24)	-	-	(2,165)
<b>As at 31 March 2023</b>	-	-	43	274	41	-	-	358
<b>Depreciation</b>								
As at 1 April 2021	-	-	(814)	(317)	(429)	(230)	(4)	(1,794)
Charge for year	-	(2)	(131)	(27)	(47)	(1)	-	(208)
Transfer to Assets Held for Resale	-	2	-	-	679	231	4	916
Impairment	-	-	(611)	-	(262)	-	-	(873)
<b>As at 31 March 2022</b>	-	-	(1,556)	(344)	(59)	-	-	(1,959)
As at 1 April 2022	-	-	(1,556)	(344)	(59)	-	-	(1,959)
Charge for year	-	-	(98)	(29)	(2)	-	-	(129)
Relating to disposals	-	-	1,654	236	25	-	-	1,915
Impairment	-	-	-	-	-	-	-	-
<b>As at 31 March 2023</b>	-	-	-	(137)	(36)	-	-	(173)
<b>Net book value as at 31 March 2023</b>	-	-	43	137	5	-	-	185
Net book value as at 31 March 2022	-	-	341	37	6	-	-	384

In January 2023, AHDB assigned the property lease for Unit 201 Stoneleigh Park to a third party, which resulted in the disposal of the leasehold asset at a loss of £243k. AHDB secured new premises and signed a 10-year lease agreement on 13 February 2023.

## Notes to the financial statements

### 8. Intangible Assets

Group	Software Licence £'000	Software Development £'000	Asset under Construction £'000	Total £'000
<b>Cost or valuation</b>				
As at 1 April 2021	200	-	5,432	5,632
Additions	-	7,427	-	7,427
Transfer	2,200	3,232	(5,432)	-
<b>As at 31 March 2022</b>	<b>2,400</b>	<b>10,659</b>	<b>-</b>	<b>13,059</b>
As at 1 April 2022	2,400	10,659	-	13,059
Additions	-	4,451	5,094	9,545
<b>As at 31 March 2023</b>	<b>2,400</b>	<b>15,110</b>	<b>5,094</b>	<b>22,604</b>
<b>Amortisation</b>				
As at 1 April 2021	(49)	-	-	(49)
Charge for year	(51)	(221)	-	(272)
<b>As at 31 March 2022</b>	<b>(100)</b>	<b>(221)</b>	<b>-</b>	<b>(321)</b>
As at 1 April 2022	(100)	(221)	-	(321)
Charge for year	(577)	(3,283)	-	(3,860)
<b>As at 31 March 2023</b>	<b>(677)</b>	<b>(3,504)</b>	<b>-</b>	<b>(4,181)</b>
<b>Net book value as at 31 March 2023</b>	<b>1,723</b>	<b>11,606</b>	<b>5,094</b>	<b>18,423</b>
Net book value as at 31 March 2022	2,300	10,438	-	12,738

The value of additions through the year predominantly relates to the further development of the sheep traceability system and the creation of the cattle tagging system, UK-wide tracing view and Multispecies platform. The group incurred £1.7million as non-capitalised research and development expenditure related to the asset during 2022/23, comprising £0.1 million on Sheep system enhancements, £0.3 million on the ear-tag system, and £1.3 million on the build of traceability function for further species and cross-UK reporting capabilities.

## Notes to the financial statements

### 9. Intangible assets

AHDB	Software Licence £'000	Software Development £'000	Asset under Construction £'000	Total £'000
<b>Cost or valuation</b>				
As at 1 April 2021	200	-	-	200
Additions	-	247	-	247
<b>As at 31 March 2022</b>	<b>200</b>	<b>247</b>	<b>-</b>	<b>447</b>
As at 1 April 2022	200	247	-	447
Additions	-	45	-	45
<b>As at 31 March 2023</b>	<b>200</b>	<b>292</b>	<b>-</b>	<b>492</b>
<b>Amortisation</b>				
As at 1 April 2021	(49)	-	-	(49)
Charge for year	(7)	(3)	-	(10)
<b>As at 31 March 2022</b>	<b>(56)</b>	<b>(3)</b>	<b>-</b>	<b>(59)</b>
As at 1 April 2022	(56)	(3)	-	(59)
Charge for year	(27)	(58)	-	(85)
<b>As at 31 March 2023</b>	<b>(83)</b>	<b>(61)</b>	<b>-</b>	<b>(144)</b>
<b>Net book value as at 31 March 2023</b>	<b>117</b>	<b>231</b>	<b>-</b>	<b>348</b>
Net book value as at 31 March 2022	144	244	-	388

The value of additions through the year relates to the development of the Agresso ERP systems.



# Notes to the financial statements

## 10. Right of use assets

### 10a. Right-of-use assets

Right-of-use assets represent the right to direct the use of an underlying asset arising as a result of a lease. AHDB does not own the underlying asset, but recognises the value of the right of use in accordance with IFRS 16.

AHDB	Property £'000	Motor Vehicles £'000	Total £'000
<b>2021-22</b>			
As at 31 March 2022	-	-	-
Initial adoption of IFRS 16 on 1 April 2022	<b>183</b>	<b>36</b>	219
Cost or Valuation			
As At 1 April 2022	<b>183</b>	<b>36</b>	219
Additions	<b>2,441</b>	-	2,441
<b>As at 31 March 2023</b>	<b>2,624</b>	<b>36</b>	<b>2,660</b>
Depreciation			
As at 1 April 2022	-	-	-
Charge in year	(63)	(15)	(78)
<b>As at 31 March 2023</b>	<b>(63)</b>	<b>(15)</b>	<b>(78)</b>
Carrying amount as at 31 March 2022	-	-	-
<b>Carrying amount as at 31 March 2023</b>	<b>2,561</b>	<b>21</b>	<b>2,582</b>

AHDB signed a new 10-year property lease on 13 February 2023, with a lease commencement date of 17 March 2023. The lease has been treated as an addition for 2022/23 as it was available for immediate use. AHDB took up occupancy on 17 April 2023.

### 10b. Lease liabilities

	Property £'000	Motor Vehicles £'000	Total £'000
<b>2021-22</b>			
As at 31 March 2022	-	-	-
Initial adoption of IFRS 16 on 1 April 2022	183	36	219
As At 1 April 2022	183	36	219
In year additions	2,331	-	2,331
Lease liability interest	15	1	16
Lease liability payments	-24	-15	-39
<b>Carrying amount as at 31 March 2023</b>	<b>2,505</b>	<b>22</b>	<b>2,527</b>

## Notes to the financial statements

### 10. Right of use assets (continued)

#### 10b. Lease liabilities (continued)

	As at 31-Mar-23 £'000	As at 31-Mar-22 £'000
<b>Obligations under leases recognised in the SoFP for the following periods comprise:</b>		
<b>Buildings</b>		
Within one year	301	-
Between two and five years	1,267	-
Over five years	1,500	-
Less interest element	(563)	
<b>Present Value of obligations</b>	<b>2,505</b>	<b>-</b>
<b>Motor vehicles</b>		
Within one year	15	-
Between two and five years	8	-
Over five years	-	-
Less interest element	(1)	
<b>Present Value of obligations</b>	<b>22</b>	<b>-</b>

#### 10c. Elements in the Statement of Comprehensive Net Expenditure

	As at 31-Mar-23 £'000	As at 31-Mar-22 £'000
<b>Variable lease payments not included in lease liabilities</b>		
Sub-leasing income	-	-
Expenses related to short-term leases	484	-
Expenses related to low-value asset leases (excluding short-term leases)	14	-

AHDB have applied the recognition and measurement exemption for short term leases in accordance with IFRS 16 paragraphs (6-8) to the property lease for Stoneleigh Park. The low-value exemption has been applied to leases under £10k.

## Notes to the financial statements

### 10. Right of use assets (continued)

#### 10d. Cash outflow for leases

	<b>As at 31-Mar-23 £'000</b>	<b>As at 31-Mar-22 £'000</b>
Total cash outflow for leases	<b>39</b>	-

AHDB have adopted the HMT guidance by using hindsight in determining the lease term and applied the recognition and measurement exemption for short term leases in accordance with IFRS 16 paragraphs (6-8) to the property lease for Stoneleigh Park. Rent for the Stoneleigh Park property has been recognised in the statement of net expenditure in equal instalments up to the end of the lease term. The cash outflow for leases in the table above relates to vehicles and our stores facility only.

### 11. Assets held for Resale

The value of the assets classified as being 'held for sale' in the Statement of Financial Position (£562k) relate to the land and buildings of the Sutton Bridge Crop Storage Research site. The value is the lower of the carrying value and the fair value less costs to sell, in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

The activity within the Potatoes sector, including all activity undertaken at the site, was wound down during 2021/22 following the outcome of the levy-payer ballot in March 2021. Activity at the site ceased in December 2021, and the site has been actively advertised on the open market for sale via informal tender, with the site being available for immediate sale. The sale is expected to take place during 2023/24.

### 12. Investments

#### Sutton Bridge Experimental Unit Limited

Sutton Bridge Experimental Unit Limited (SBEU) is a company limited by shares, with AHDB holding 7,749 (2021/22: 7,749) nominal value ordinary shares representing 100% of the issued share capital of the company. 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 no surplus or deficit for the year ended 31 March 2023 (2021/22: £793k surplus). The carrying value of AHDB's investment reflects the share capital and reserves remaining in SBEU, which is intended to be dissolved during 2023/24 with the equity returning to its sole shareholder, AHDB.

	<b>Group As at 31-Mar-23 £'000</b>	<b>AHDB As at 31-Mar-23 £'000</b>	<b>Group As at 31-Mar-22 £'000</b>	<b>AHDB As at 31-Mar-22 £'000</b>
AHDB investment in SBEU	-	<b>514</b>	-	514

# Notes to the financial statements

## 12. Investments (continued)

### 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 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. Note 2 provides details of LI Limited Income and Expenditure. Net Assets of LI Limited included within the AHDB Group Statement of Financial Position are £16.1 million.

## 13. Financial Assets

	Group As at 31-Mar-23 £'000	AHDB As at 31-Mar-23 £'000	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000
Barclay Bank Treasury Deposits	20,000	20,000	-	-

During 2022/23 AHDB revised its investment strategy and placed surplus cash funds on deposit with Barclays Bank for terms ranging from one week to 12 months. Deposits greater than three months are considered to be a financial asset rather than cash and cash equivalent in accordance with IFRS 9.

## 14. Trade and other receivables

	Group As at 31-Mar-23 £'000	AHDB As at 31-Mar-23 £'000	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000
<b>Amounts falling due within one year</b>				
Levy income receivable	3,046	3,046	8,924	8,924
Receivables for fee and other income	277	277	1,058	1,058
Expected credit loss	(815)	(815)	(748)	(748)
Accrued EU grant income	457	457	899	899
Prepayments	979	975	1,049	1,045
Accrued income	3,634	3,615	4,192	4,162
Other Debtors	102	102	415	411
Amounts owed by subsidiary undertakings	-	32	-	-
Balances with central government bodies	198	118	932	932
<b>Total amounts falling due within one year</b>	<b>7,878</b>	<b>7,807</b>	<b>16,721</b>	<b>16,683</b>

	Group As at 31-Mar-23 £'000	AHDB As at 31-Mar-23 £'000	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000
<b>Amounts falling due greater than one year</b>				
Prepayments and accrued income	-	-	-	-
<b>Total amounts falling due greater than one year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements

### 14. Trade and other receivables (continued)

Receivables past due	Group As at 31-Mar-23 £'000	AHDB As at 31-Mar-23 £'000	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000
Up to 3 months past due	1,041	1,041	2,081	2,081
3 to 6 months past due	133	133	4,688	4,688
Over 6 months past due	722	722	354	354
	<b>1,896</b>	<b>1,896</b>	<b>7,123</b>	<b>7,123</b>

Group trade and other receivables at 31 March 2023 were £7.9 million compared to 31 March 2022 of £16.7 million, a decrease of £8.8 million.

Levy income receivable is £5.9 million less than in March 2022, mainly due to the settlement of prior year debt in the Horticulture and Potato sector.

Receivables for fee and other income are £0.7 million less than in March 2022, primarily due to UKRI BBSRC Grant income invoiced in March 2022 under a one-year agreement.

The prepayments and accrued income (including EU) position at March 2023 is £1.4 million lower than in March 2022. The Dairy Wales Grant accrual has been reduced by £1 million, the prior year's accrual related to more than one financial year due to delays in the settlement of grant claims. There is also a reduction of £0.2 million compared to March 2022 as the Resilience Fund ended in August 2022. All other movements are non-material which make up the remaining £0.2 million reduction.

The balance with central government has been reduced by £0.7 million. The March 2022 balance included an invoice for the Resilience Fund.

### 15. Cash and cash equivalents

	Group 31-Mar-23 £'000	AHDB 31-Mar-23 £'000	Group 31-Mar-21 £'000	AHDB 31-Mar-21 £'000
Balance at 1 April	22,572	22,336	25,612	25,119
Net change in cash and cash equivalents	(15,925)	(17,193)	(3,040)	(2,783)
<b>Balance at 31 March</b>	<b>6,647</b>	<b>5,143</b>	<b>22,572</b>	<b>22,336</b>
Balances at 31 March were:				
Short term investment	3,000	3,000	3,000	3,000
Commercial banks and cash in hand	3,647	2,143	19,572	19,336
<b>Balance at 31 March</b>	<b>6,647</b>	<b>5,143</b>	<b>22,572</b>	<b>22,336</b>

£3m is held in a 32-day notice account. During 2022/23 AHDB revised its investment strategy and placed surplus cash funds on deposit with Barclays Bank for terms ranging from one week to 12 months. Deposits greater than three months are considered to be a financial asset rather than cash and cash equivalent in accordance with IFRS 9.

## Notes to the financial statements

### 16. Trade and other payables

	Group As at 31-Mar-23 £'000	AHDB As at 31-Mar-23 £'000	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000
<b>Amounts falling due within one year</b>				
Trade payables	2,563	1,456	2,154	1,754
Accruals and deferred income	6,105	4,266	9,759	6,650
Deferred income	79	79	146	146
Other payables	175	175	277	277
Corporation tax	87	87	2	2
VAT	146	52	108	89
Other taxation and social security	576	551	726	710
Amounts owed to subsidiary undertakings	-	514	-	699
Defra underwrite for redundancy	-	-	-	-
Pig Industry Development Scheme Fund	77	77	76	76
Other Defra Bodies	490	4	253	5
<b>Total amounts falling due within one year</b>	<b>10,298</b>	<b>7,261</b>	<b>13,501</b>	<b>10,408</b>
<b>Intragovernment balances</b>				
Balances with central government bodies	1,299	695	1,088	805

Group trade and other payables at 31 March 2023 were £10.3m compared to 31 March 2022 of £13.5m which is a decrease of £3.2m.

Trade payables will fluctuate due to many factors including timing of receipt of invoices, invoice approval and invoice payment, for the year ending March 2023 there is an increase of £0.4m for the Group but a reduction of £0.3m for AHDB.

Accruals and deferred income have reduced by £3.7m compared to March 2022. Horticulture and Potato accruals have reduced by £0.9m due to the winding down of operations in these sectors. Accruals will fluctuate due to the timing of receipt and approval of invoices and the start and end dates of project, research and knowledge exchange accruals have reduced by £0.8m. Accruals for Livestock Information Limited have reduced by £1.3m.

Other taxation and social security have reduced as a result of headcount reductions.

Balance with other Defra bodies has reduced by £0.2m due to timing of invoice payment.

## Notes to the financial statements

### 17. Provisions

<b>AHDB</b>	Early Departures £'000	Dilapidations £'000	Total £'000
As at 1 April 2022	142	-	142
Provided in the year	1	160	161
Provisions not required written back	(121)	-	(121)
IFRS16 Discounting to Present Value		(50)	(50)
<b>As at 31 March 2023</b>	<b>22</b>	<b>110</b>	<b>132</b>

### 18. Financial commitments

	Group As at 31-Mar-23 £'000	AHDB As at 31-Mar-23 £'000	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000
<b>Capital expenditure commitments</b>				
Contracted for	-	-	74	74
<b>Approved research projects and grants</b>				
Within one year	5,220	5,220	8,054	8,054
Thereafter	2,335	2,335	6,973	6,973
	<b>7,555</b>	<b>7,555</b>	15,027	15,027
<b>Operating leases</b>				
As at 31 March, AHDB was committed to future minimum lease payments under non-cancellable operating leases for each of the following periods:				
<b>Property</b>				
Within one year	-	-	649	649
Between two and five years	-	-	1,033	1,033
Over five years	-	-	103	103
	-	-	1,785	1,785
<b>Vehicles</b>				
Within one year	-	-	149	149
Between two and five years	-	-	53	53
	-	-	202	202
<b>Equipment</b>				
Within one year	-	-	-	-
Between two and five years	-	-	-	-
	-	-	-	-

Prior year comparators have been restated to include agreed grant expenditure.

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

## 19. 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 they are short term and simple in nature. The investment strategies related to the Defined Benefit Pension assets are the responsibility of the Trustees of the MLC Pension Scheme and the HGCA Pension Plan. Note 21 has more information related to Pensions.

	Group As at 31-Mar-23 £'000	Group As at 31-Mar-23 £'000	Group As at 31-Mar-22 £'000	Group As at 31-Mar-22 £'000
	<b>Financial assets at amortised cost</b>	<b>Financial liabilities at amortised cost</b>	Financial assets at amortised cost	Financial liabilities at amortised cost
<b>Financial Asset</b>	<b>20,000</b>		-	
<b>Trade receivables</b>				
Levy receivable	3,046		8,924	
Receivables for fees	277		1,058	
Accrued income (less prepayments)	4,193		5,505	
Intragovernment balances	198		932	
Receivables due greater than one year	-		-	
<b>Cash and equivalents</b>	<b>6,647</b>		22,572	
<b>Trade and other payables</b>				
Trade payables		2,563		2,154
Accruals		6,184		9,905
Pig Industry Development Scheme Fund		77		76
Intragovernment balances		490		253
Other		175		277
<b>Total</b>	<b>34,361</b>	<b>9,489</b>	38,991	12,665

### Credit and liquidity risk

AHDB is exposed to the usual credit and cash flow risks 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 or liquidity risks.

During 2022/23 AHDB revised its investment strategy and placed surplus cash funds on deposit with Barclays Bank for terms ranging from one week to 12 months. Deposits greater than three months are considered to be a financial asset rather than cash and cash equivalent in accordance with IFRS 9 (see Note 13). The funds held on deposit do not carry any risk on return interest rates are fixed for their investment term, however once a deposit is made funds are no longer accessible unless the end of the investment terms. There is the potential for a liquidity risk however this minimised through regular cashflow management.

### Foreign currency risk

AHDB's exposure to foreign currency risk is not currently significant. AHDB hold one euro bank account with a balance of €7k at 31 March 2023.

### Market and price risk

AHDB's level of income is affected in the continuing 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

## 20. Contingent liabilities

There were no contingent liabilities at 31 March 2023 of a significant nature to require reporting.

## 21. Pensions

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

### 21a. 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 358 members as at 31 March 2023 (31 March 2022, 370 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 2023 was £1,522k (2021/22, £1,499k). The value of outstanding contributions as at 31 March 2023 was £113k (31 March 2022, £114k).

### 21b. 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 pensioners or deferred members (employees who left AHDB or its predecessor bodies but have not yet retired). Also included are former active members who ceased accrual when the scheme/plan ceased accrual on 31 March 2022 and who have not yet retired. The assets and liabilities of the schemes 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. Asset and liability matching is employed strategically to help mitigate risk. AHDB does not consider there to be any significant entity or plan-specific risks or any significant concentrations of risk in relation to the administration and management of the pension scheme assets.

#### MLC Pension Scheme

AHDB is the principal employer of this scheme, which, on 31 March 2022, ceased future accrual of all benefits. As a consequence, there were no longer any members of AHDB staff actively contributing to this scheme from that date.

#### Scheme valuation and funding

The assets of the scheme are held separately from those of AHDB, being invested with insurance and investment companies and held by the scheme Trustees. 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, currently using the projected unit method. The employer's contributions to the scheme in 2023/24 are estimated at £0.7 million including recovery plan contributions but excluding payments for expenses.

Actuarial valuations are usually prepared on a triennial basis. The latest valuation was completed as at 31 March 2021 and was finalised in August 2022. The triennial scheme valuation indicated a funding deficit of £7.3 million, necessitating the requirement for an agreed funding plan. The deficit recovery plan was agreed between the scheme Trustees and AHDB, and covers a period of eleven financial years, with the last payment made in December 2033.

AHDB engaged independent legal advice to review the MLC defined benefit pension scheme rules in order to assess AHDB's rights to any potential scheme surplus. Under the scheme deeds and rules, AHDB has no unconditional right for a refund of any surplus since the powers to award a refund rest with Trustees.

The scheme Trustees and AHDB are required to agree a "Technical Provisions" valuation at least once every three years. This valuation is used to evaluate the assets required to cover the scheme's liabilities. The assumptions used in the annual IAS 19 valuation are made on a different basis and timeframe resulting in a different valuation which is commonplace. In the MLCPS case, the Technical Provisions valuation indicated a deficit of £7.3 million which led to an agreed Deficit Repair Contribution (DRC) plan with AHDB which has ten financial years remaining. This year's IAS 19 valuation resulted in a scheme surplus of £4.4 million (Note 21f). As noted earlier, AHDB has no unconditional right to any scheme surplus meaning that, under IFRIC 14, an asset ceiling is applied to the valuation. In addition to this, the discounted future cashflows relating to the DRC plan and the administration costs expected over that period are further liabilities related to the scheme which result in a net deficit position of the scheme of £2.4 million (Note 21f).

# Notes to the financial statements

## 21. Pensions (continued)

### 21b. Information about the legacy pension schemes (continued)

#### Scheme buy-in policies and management

A substantial part of the scheme's assets is represented by buy-in policies with insurance providers (Aviva and Just) to cover the future liabilities of the scheme in relation to the in-payment pension obligations at that time. These buy-in policies were implemented 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. 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. As shown in Note 21d, at 31 March 2023, 62% 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 is 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 2023 reflect our current assessment of the potential changes to the RPI in the future and the extent to which markets have already priced in these changes.

The Pension Scheme Trustee board has taken 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. In 2021/22 the scheme actuary included an additional liability of £0.1 million for this purpose and accounted for it as a past service cost.

#### HGCA Pension Plan

The plan provides benefits to legacy HGCA employees, based on final salary. On 31 March 2022, the plan ceased future accrual of benefits hence there were no members of staff actively contributing to this plan from that date.

The assets of the plan exist to provide benefits for all the members of the plan – current pensioners and deferred members (ex-employees and former active members as at 31 March 2022 who are yet to retire). Actuarial valuations are usually prepared on a triennial basis. The latest Technical Provisions valuation was completed as at 31 March 2022, identifying a £525k deficit. Annual Deficit Repair Contributions (DRCs) were agreed in June 2023 between AHDB and the plan Trustees of £210k per annum from 1 April 2023 to 30 September 2025.

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.

AHDB has historically considered whether it has an unconditional right to a refund of any surplus on the HGCA Pension Plan under IFRIC 14 and have determined that under the deed and rules, AHDB does not have such a right due to the powers of the Trustee. The assumptions used in the annual IAS 19 valuation are made on a different basis and timeframe to that of the Technical Provisions valuation resulting in a different amount, which is common place. This year's IAS 19 valuation resulted in a plan surplus of £3.0 million (Note 21f). As noted earlier, AHDB has no unconditional right to any plan surplus meaning that, under IFRIC 14, an asset ceiling is applied to the valuation. There was no DRC plan in place for the plan at 31 March 2023, resulting in the asset ceiling being equal in value to that of the plan surplus under the IAS 19 valuation method (£3.0 million). As a result, the plan has neither an asset nor a liability value in the Statement of Financial Position (see Note 21f).

# Notes to the financial statements

## 21. Pensions (continued)

### 21b. Information about the legacy pension schemes (continued)

#### Defined contribution schemes

##### MLC Pension Scheme

On 31 March 2022, both sections of the MLC Pension Scheme ceased all future accrual of benefits. Consequently, the defined contribution section of the MLC Pension Scheme had no active members after 31 March 2022.

The cost to AHDB of operating this section of the MLC Pension Scheme during the year ended 31 March 2023 was nil (2021/22, £30k) and the value of outstanding contributions as at 31 March 2023 was nil (31 March 2022: £2k). This section of the scheme was closed to new members in 2008 when AHDB set up the AHDB WorkSave Pension Plan for newly appointed employees.

### 21c. Principal assumptions

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

	MLC Pension Scheme		HGCA Pension Plan	
	31-Mar-23 % pa	31-Mar-22 % pa	31-Mar-23 % pa	31-Mar-22 % pa
Price inflation	2.9	3.3	2.9	3.3
Rate of increase in pay	0.0	3.5	0.0	3.5
Rate of increase of pensions in payment*	2.8	3.1	2.8	3.1
Rate of increase for deferred pensioners*	2.9	3.5	2.9	3.5
Discount rate	4.9	2.8	4.9	2.8

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

Under the mortality tables and projections adopted, the assumed future life expectancies of a 65-year-old are as follows:

	MLC Pension Scheme		HGCA Pension Plan	
	31-Mar-23 years	31-Mar-22 years	31-Mar-23 years	31-Mar-22 years
Male currently aged 65	21.5	21.5	22.1	22.1
Female currently aged 65	24.0	24.0	24.7	24.6
Male currently aged 50	22.8	22.7	23.0	22.9
Female currently aged 50	25.4	25.3	25.7	25.6

The weighted average duration of the defined benefit obligation is 15 years for HGCAPP and 11 years for MLCPS.

The mortality rates used in the IAS 19 valuation assumptions are based on the latest published CMI model available at the time of the valuation, the CMI 2021 model. The sensitivity analysis on the following page includes sensitivity to mortality rate assumptions.

The sensitivity of the value placed on the schemes' liabilities is reviewed as part of the process of 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.

# Notes to the financial statements

## 21. Pensions (continued)

### 21c. Principal assumptions (continued)

#### MLC Pension Scheme

If the discount rate is reduced by 50 basis points compared to that used in the assumptions, the present value of the defined benefit obligation would increase by £8.1 million. An increase in the price inflation rate of 50 basis points would result in an increase to the defined benefit obligation of £5.5 million. An increase in the post-retirement mortality assumption of one year would lead to an increase of £5.1 million in the defined benefit obligation.

#### HGCA Pension Plan

If the discount rate is reduced by 50 basis points compared to that used in the assumptions, the present value of the defined benefit obligation would increase by £1.2 million. An increase in the price inflation rate of 25 basis points would result in an increase to the defined benefit obligation of £0.5 million. An increase in the post-retirement mortality assumption of 25 basis points would lead to an increase of £0.1 million in the defined benefit obligation.

### 21d. Assets

The major categories of assets as a proportion of the fair value of total plan assets are shown in the table below.

The assets may be categorised into three levels, depending on the degree to which the fair value is observable. Cash may be considered Level 1 (where the value is derived from quoted, unadjusted prices in active markets), Annuities may be considered Level 3 (where the value is derived from valuation techniques that include inputs that are not based on observable market data), and the remaining assets may be considered as a mix of Level 3 and Level 2 (where the value is derived from observable inputs either directly or indirectly).

	MLC Pension Scheme				HGCA Pension Plan			
	31-Mar-23 £m	31-Mar-23 %	31-Mar-22 £m	31-Mar-22 %	31-Mar-23 £m	31-Mar-23 %	31-Mar-22 £m	31-Mar-22 %
Equities	14.7	9.8	26.5	13.5	-	-	-	-
Bonds	23.4	15.6	18.9	9.6	1.9	9.8	-	-
Diversified growth	-	-	-	-	7.9	40.3	14.8	53.3
Liability driven	8.8	5.9	23.6	12.0	9.3	47.8	12.7	45.7
Property	-	-	-	-	-	-	-	-
Annuities	92.7	61.7	118.5	60.3	0.1	0.5	0.1	0.5
Cash	0.4	0.3	0.4	0.2	0.3	1.6	0.1	0.5
Other	10.1	6.7	8.6	4.4	-	-	-	-
<b>Total</b>	<b>150.1</b>		<b>196.5</b>		<b>19.5</b>		<b>27.7</b>	

## Notes to the financial statements

### 21. Pensions (continued)

#### 21e. Components of defined benefit cost for the 12 months ended 31 March 2023

Analysis of the amounts charged to the statement of comprehensive income:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000
Current service cost	-	(200)	-	(44)	-	(244)
Past service cost	-	(100)	-	-	-	(100)
Administration costs	(400)	(400)	(22)	(29)	(422)	(429)
Net interest on net defined benefit liability/(asset)	-	(200)	(1)	16	(1)	(184)
<b>Total income/(expense) recognised in profit and loss</b>	<b>(400)</b>	<b>(900)</b>	<b>(23)</b>	<b>(57)</b>	<b>(423)</b>	<b>(957)</b>

Analysis of the amounts charged to other comprehensive income:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000
Actuarial gains and (losses) on assets	(41,200)	(8,500)	(8,147)	735	(49,347)	(7,765)
Experience gains and (losses) on liabilities	(5,200)	(900)	(1,300)	373	(6,500)	(527)
Gains (losses) from changes to assumptions	44,700	22,800	7,551	1,584	52,251	24,384
Change in irrecoverable surplus	(1,000)	(5,600)	1,894	(2,711)	894	(8,311)
<b>Total amount (charged)/credited in other comprehensive income</b>	<b>(2,700)</b>	<b>7,800</b>	<b>(2)</b>	<b>(19)</b>	<b>(2,702)</b>	<b>7,781</b>

## Notes to the financial statements

### 21. Pensions (continued)

#### 21f. 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-23 £'000	As at 31-Mar-22 £'000	As at 31-Mar-23 £'000	As at 31-Mar-22 £'000	As at 31-Mar-23 £'000	As at 31-Mar-22 £'000
Present value of defined benefit obligation	(145,700)	(190,900)	(16,457)	(23,081)	(162,157)	(213,981)
Fair value of plan assets	150,100	196,500	19,480	27,720	169,580	224,220
Surplus/(deficit) on Scheme	4,400	5,600	3,023	4,639	7,423	10,239
Irrecoverable surplus (effect of asset ceiling)	(6,800)	(5,600)	(3,023)	(4,783)	(9,823)	(10,383)
<b>Net asset/(liability) recognised in Statement of Financial Position</b>	<b>(2,400)</b>	<b>-</b>	<b>-</b>	<b>(144)</b>	<b>(2,400)</b>	<b>(144)</b>

#### 21f. 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-23 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000
Surplus/(deficit) in the Scheme at start of year	-	(7,200)	(144)	(423)	(144)	(7,623)
Contributions paid	700	300	169	355	869	655
Current service cost	-	(200)	-	(44)	-	(244)
Past service cost	-	(100)	-	-	-	(100)
Net interest on net defined benefit (asset)/liability	-	(200)	(1)	16	(1)	(184)
Administration costs	(400)	(400)	(22)	(29)	(422)	(429)
Actuarial (loss)/gain	(2,700)	7,800	(2)	(19)	(2,702)	7,781
Surplus/(deficit) in the Scheme at end of year	<b>(2,400)</b>	<b>-</b>	<b>-</b>	<b>(144)</b>	<b>(2,400)</b>	<b>(144)</b>

Please note contributions paid include recovery plan payments.

## Notes to the financial statements

### 21. Pensions (continued)

#### 21g. 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-23 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000
Balance at 1 April	<b>(190,900)</b>	(218,100)	<b>(23,081)</b>	(25,219)	<b>(213,981)</b>	(243,319)
Current service cost	-	(200)	-	(44)	-	(244)
Interest cost	<b>(5,200)</b>	(4,500)	<b>(637)</b>	(522)	<b>(5,837)</b>	(5,022)
Contributions by plan participants	-	(100)	-	(6)	-	(106)
Actuarial gains/(losses) on experience	<b>(5,200)</b>	(900)	<b>(1,300)</b>	373	<b>(6,500)</b>	(527)
Actuarial gains/(losses) on demographic assumptions	-	11,000	-	400	-	11,400
Actuarial gains/(losses) on financial assumptions	<b>44,700</b>	11,800	<b>7,551</b>	1,184	<b>52,251</b>	12,984
Benefits paid	<b>10,900</b>	10,200	<b>1,010</b>	731	<b>11,910</b>	10,931
Actuarial gains/(losses) due to settlements and curtailments	-	-	-	22	-	22
Past service cost	-	(100)	-	-	-	(100)
<b>Scheme liabilities at end of year</b>	<b>(145,700)</b>	(190,900)	<b>(16,457)</b>	(23,081)	<b>(162,157)</b>	(213,981)

#### 21g. 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-23 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-23 £'000	For the year ended 31-Mar-22 £'000
Balance at 1 April	<b>196,500</b>	210,900	<b>27,720</b>	26,825	<b>224,220</b>	237,725
Expected return on plan assets	<b>5,400</b>	4,300	<b>770</b>	559	<b>6,170</b>	4,859
Return on scheme assets greater/(less) than discount rate	<b>(41,200)</b>	(8,500)	<b>(8,147)</b>	735	<b>(49,347)</b>	(7,765)
Contributions by the employer	<b>700</b>	300	<b>169</b>	355	<b>869</b>	655
Contributions by the plan participants	-	100	-	6	-	106
Administration costs	<b>(400)</b>	(400)	<b>(22)</b>	(29)	<b>(422)</b>	(429)
Benefits paid	<b>(10,900)</b>	(10,200)	<b>(1,010)</b>	(731)	<b>(11,910)</b>	(10,931)
<b>Fair value of assets at end of year</b>	<b>150,100</b>	196,500	<b>19,480</b>	27,720	<b>169,580</b>	224,220

The actual return of plan assets in the MLC Pension Scheme was a loss of £35.8 million (2021/22, loss of £4.2 million).  
The actual return of plan assets in the HGCA Pension Plan was a loss of £7.4 million (2021/22, gain of £1.3 million).

# Notes to the financial statements

## 21. Pensions (continued)

### 21h. 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 shown below. The figures provided are on an undiscounted basis. A 10-year period is used because confidence in the accuracy of values in later years diminishes due to potential differences between the assumptions used now and the actual experience in the future.

	MLC	HGCA
	<u>£000</u>	<u>£000</u>
Expected benefit payments made during 2023/24	11,100	813
Expected benefit payments made during 2024/25	11,400	816
Expected benefit payments made during 2025/26	11,600	855
Expected benefit payments made during 2026/27	11,900	788
Expected benefit payments made during 2026/27	12,200	835
Expected benefit payments 2027/28 to 2031/32	65,300	4,811

## 22. 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, Cabinet Office, Public Health England, The Pensions Regulator, Scottish Enterprise, and the Health & Safety Executive.

The AHDB Group structure including Livestock Information Limited is detailed in Note 12. Both Ken Boyns and Sarah Pumfrett are directors of Livestock Information Limited.

Nicholas Saphir is a director of Assured Food Standards (AFS), with transactions of £2k during the year, and no balance was due at 31 March 2023.

Sarah Bell is on the advisory board of Agrimetrics, with transactions of £42k during the year, and no balance due at 31 March 2023.

Lyndon Edwards is a council member of the Royal Association of British Dairy Farmers and a board director of Dairy UK, with transactions of £13k and £11k respectively, both with no balance at 31 March 2023.

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

Statutory levies were paid on an arm's-length basis (as the levy is set out in statute and approved by the Secretary of State) by businesses in which AHDB board members or close family members were involved, as shown in the table overleaf:



# Notes to the financial statements

## 22. Related party transactions (continued)

AHDB Board / Statutory Committee Member	Levy paying entity	Sector(s)
Colin Bateman	CP & AG Bateman	Beef & Lamb
Sarah Bell	Scott & Scott (Ayston) Ltd	Cereals & Oilseeds
Stephen Briggs	Bluebell Farms	Cereals & Oilseeds
Lyndon Edwards	KE & LRC Edwards	Dairy and Beef & Lamb

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 the AHDB Leadership team can be found in the remuneration and staff report.

## 23. Events after the reporting date

In March 2023, AHDB wrote to the other member of LI Limited, Defra, to indicate its intention to reduce its voting share and its ability to appoint the majority of directors. The result of enacting this intention would be to remove the AHDB as the controlling party of LI Limited. Discussions between the two members on the practical consequences of effecting such a change are continuing in 2023/24.

The AHDB board in conjunction with Defra agreed that the distribution of available surplus reserves following the winding down and transitioning to an industry third party HCP Ltd would be issued as a grant for the furtherance of EAMUs and EA services. A final grant application of £1.3m was made to Defra and approval was granted on 8 March 2023. The grant agreement was signed by AHDB and HCP Ltd on 31 March 2023 with a transfer date of 14 April 2023. Payment of the grant to HCP Ltd commenced on 14 April 2023 and will be paid in equal instalments during 2023/24 in line with the grant agreement.

The Technical Provisions actuarial valuation of the HGCA Pension Plan was completed as at 31 March 2022, resulting in a plan deficit of £525k. Annual Deficit Repair Contributions (DRCs) were agreed in June 2023 between AHDB and the plan Trustees of £210k per annum from 1 April 2023 to 30 September 2025.

Tim Rycroft, Chief Executive and Accounting Officer resigned from post and will leave AHDB at the end of the calendar year 2023. Activities to appoint his successor are underway.

## 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 2022/23

SECTOR	Standard levy rate 2022/23
<b>Pigs (England)</b>	£ per head (see note 1)
Producer	0.85
Slaughterer/exporter of live pigs	0.20
<b>Beef and Lamb (England)</b>	£ per head
<b>Cattle (excluding calves)</b>	
Producer	4.05
Slaughterer/exporter of live cattle	1.35
<b>Calves</b>	
Producer	0.08
Slaughterer/exporter of live calves	0.08
<b>Sheep</b>	
Producer	0.60
Slaughterer/exporter of live sheep	0.20
<b>Milk (GB)</b>	Pence per litre
Buyers and direct sellers of milk	0.060
<b>Cereals and oilseeds (UK)</b>	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

Notes:

1. **Horticulture levy and Potato levies:** These levies ended on 31 March 2022 and no Horticulture or Potato levies were collected during 2022/23.

# AHDB Sector Councils and Sector Boards at 31 March 2023

## AHDB Pork Sector Council

**Mike Sheldon**, (Chair)  
**Chris Aldersley**, processor<sup>1</sup>  
**Rupinder Ashworth**, independent member  
**Robert Beckett**, producer, Yorkshire<sup>2</sup>  
**Timothy Bradshaw**, producer, Yorkshire<sup>1</sup>  
**Richard Buckle**, producer, Yorkshire<sup>3</sup>  
**Adam Cheale**, processor<sup>3</sup>  
**William de Klein**, processor  
**Mark Haighton**, processor<sup>1</sup>  
**Robert Mutimer**, producer, Norfolk  
**Robin Thompson**, producer, Northamptonshire  
**Simon Watchorn**, producer, Suffolk<sup>4</sup>

1. Reappointed for second three-year term
2. Term extended by one year to 31 March 2023
3. Denotes end of term in office on 31 March 2022
4. Denotes end of term in office on 30 September 2021

## AHDB Dairy Sector Council

**Lyndon Edwards** (Chair)<sup>1</sup>  
**David Craven**, dairy farmer, Cheshire<sup>2</sup>  
**Andrew Fletcher**, dairy farmer, Cheshire<sup>2</sup>  
**Elizabeth Haines**, dairy farmer, Shropshire<sup>3</sup>  
**Ian Harvey**, dairy farmer, Cornwall<sup>3</sup>  
**Mary Quicke**, dairy farmer, Devon<sup>6</sup>  
**Peter Rees**, dairy farmer, Carmarthenshire<sup>3 & 5</sup>  
**Scott Shearlaw**, dairy farmer, Ayrshire<sup>2</sup>  
**Mike King**, dairy farmer, South Gloucestershire<sup>4</sup>  
**Rob Nancekivell**, dairy farmer, Devon<sup>4</sup>  
**Gemma Smale-Rowland**, dairy farmer, Cornwall<sup>4</sup>  
**Joseph Towers**, dairy farmer, Lancashire<sup>3</sup>

1. Lyndon Edwards was appointed Chair with effect from 1 October 2021
2. Denotes term of office extended by one year to 31 March 2024
3. Reappointed for second three-year term
4. Denoted three-year term started on 12 May 2022
5. Peter Rees was appointed Interim Chair from 1 April 2021 to 30 September 2021
6. Denotes term extended for six months to September 2023

## AHDB Beef & Lamb Sector Council

**Colin Bateman**, (Chair)<sup>1</sup>  
**Adam Quinney**<sup>2</sup>  
**Trevor Bellis**, processor<sup>3</sup>  
**Anne-Marie Hamilton**, producer, Bedfordshire  
**Laurie Ibbotson**, processor  
**James Shouler**, producer, Oxfordshire<sup>4</sup>  
**James Taylor**, producer, Oxfordshire  
**Stephen Thompson**, processor<sup>4</sup>  
**Paul Unwin**, independent member  
**Robert Venner**, auctioneer

1. Colin Bateman was appointed Chair of the Beef & Lamb Sector Council from 1 October 2021
2. Adam Quinney was appointed Interim Chair from 1 April 2021 to 30 September 2021 when his term in office ended
3. Denotes end of term in office on 31 March 2022
4. Reappointed for second three-year term

## AHDB Cereals & Oilseeds Sector Council

**Sarah Bell**, (Chair)<sup>1</sup>  
**David Bell**, grower, East Fife<sup>5</sup>  
**Tony Bell**, animal feed sector, Yorkshire  
**Stephen Briggs**, (Interim Chair)<sup>2</sup>  
**Tom Clarke**, grower, Cambridgeshire, (Chair)<sup>3</sup>  
**Polly Davies**, grower, South Wales  
**Julius Deane**, miller<sup>4</sup>  
**Russ McKenzie**, grower, Cambridgeshire  
**Sarah Nightingale**, independent member  
**Cecilia Pryce**, cereal buyer/merchant  
**James Standen**, grower, Newcastle-upon-Tyne<sup>5</sup>  
**Patrick Stephenson**, independent member<sup>5</sup>  
**David Walston**, grower, Cambridgeshire<sup>5</sup>

1. Sarah Bell was Chair with effect from 1 October 2021 and stepped down from the position with her last day in post being 31 July 2022
2. Stephen Briggs was appointed Interim Chair from 1 August 2022 to 31 March 2023
3. Tom Clarke was appointed Chair from 1 April 2023
4. Julius Deane was on sabbatical from 28 January 2023 to 1 May 2023
5. Denotes term of office extended until 31 October 2023

## AHDB Horticulture Sector Board

**Peter Judge**, (Interim 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  
**Robert Saunders**, specialist in fruit agronomy (tree fruit), Kent  
**Keston Williams**, grower – vegetables and salad crops, West Sussex

1. Final meeting of the Horticulture Sector Board was held on 21 March 2023 at which point all terms of office ended

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**Registered office:**

Agriculture and Horticulture Development Board  
Siskin Parkway East  
Middlemarch Business Park  
Coventry  
CV3 4PE

T: 024 7669 2051  
E: [info@ahdb.org.uk](mailto:info@ahdb.org.uk)  
W: [www.ahdb.org.uk](http://www.ahdb.org.uk)

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