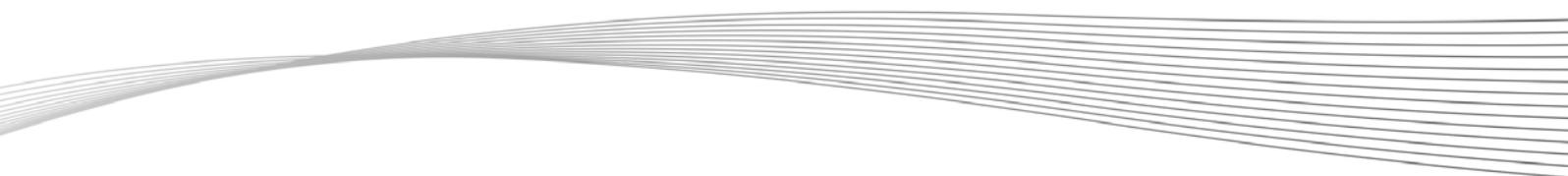


Agriculture and Horticulture
Development Board
Annual Report and
Accounts 2016/17



Inspiring Success



Agriculture and Horticulture Development Board Annual Report and Accounts 2016/17

(For the year ending 31 March 2017)

Presented to Parliament, the Scottish Parliament, the National Assembly for Wales 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 related to this publication should be sent to us at AHDB, Corporate Communications, Stoneleigh Park, Kenilworth, Warwickshire CV8 2TL. Email: info@ahdb.org.uk

This publication is available from our website at www.ahdb.org.uk or at www.gov.uk/government/publications

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

Eighth Annual Report to the Secretary of State for Environment, Food and Rural Affairs, Scottish Ministers, Welsh Ministers and Northern Ireland Ministers, and Statement of Accounts for the year ended 31 March 2017

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

AHDB Board and statutory committees at 31 March 2017

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

AHDB Board

Chair:

Sir Peter Kendall

Independent members:

Professor Ian Crute CBE

Will Lifford

George Lyon

Specialist members and Sector board chairs:

Fiona Fell, agriculture specialist, Chair of AHDB Potato Sector Board

Gwyn Jones, dairy specialist, Chair of AHDB Dairy Sector Board

Gary Taylor MBE, horticulture specialist, Chair of AHDB Horticulture Sector Board

Paul Temple, cereals and oilseeds specialist, Chair of AHDB Cereals & Oilseeds Sector Board

Adam Quinney, beef and lamb specialist, Chair of AHDB Beef & Lamb Sector Board

Meryl Ward MBE, pig specialist, Chair of AHDB Pork Sector Board

Meryl Ward and Fiona Fell completed their terms in office on 31 March 2017. Ministers have appointed Mike Sheldon and Sophie Churchill OBE respectively as their successors on the Board with effect from 10 April 2017

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

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

Statutory committees

AHDB Audit and Risk Assurance Committee

Will Lifford (Chair) – AHDB independent Board member

Professor Ian Crute CBE – AHDB independent Board member

Philip Huggon – independent member of the AHDB Potato Sector Board

Gwyn Jones – AHDB Board member

David Neal-Smith – independent member of the AHDB Cereals & Oilseeds Sector Board

Gary Taylor MBE – AHDB Board member

Meryl Ward MBE – AHDB Board member

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

AHDB Remuneration and Nominations Committee

George Lyon (Chair) – AHDB independent Board member

Fiona Fell – AHDB Board member

Sir Peter Kendall – AHDB Board chair

Paul Temple – AHDB Board member

Adam Quinney – AHDB Board member

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

Chair's foreword

Competing with the best

The EU Referendum on 23 June was a momentous day for the UK as a whole. If it is possible, it will be even more significant for the agriculture and horticulture sector. For 44 years we have been developing supply chain relationships with our closest neighbours and the Common Agricultural Policy has been the main driver for UK farming policy.



Even before the June 2016 vote, I believed that UK agriculture and horticulture faced major challenges as we saw our productivity growth lagging behind many of our key competitors. AHDB's role was important then and will be more important now as we plan for our world outside the EU. Analysis of various scenarios will continue but the excellent Horizon series published by our Market Intelligence team has started to scope the scale of potential challenges and identify opportunities.

But I want to be very clear, for UK food and farming businesses, Brexit will have profound consequences. It will bring opportunities to seek out new markets beyond the EU, but it creates real risks around a future with or without tariff-free access to EU markets, it will also bring more competition to our home market. However, at present, it just brings uncertainty.

The Board is determined that this uncertainty must not be allowed to paralyse AHDB's work and during the past year we have driven and helped shape a fresh new strategy with greater ambition around what AHDB can deliver for UK agriculture.

Our farmers and growers have a history of great resilience to change. Our industry is relatively well structured with many efficient farmers, growers and processors. Our home market is large, relatively affluent, growing and supportive of locally-grown produce. Becoming suppliers of preference to 65 million UK customers must be an ambition but it will require a steely business focus to deliver and will need to be earned rather than seen as an entitlement.

Post Brexit, our strong 'UK Brand', our high quality products and a rapidly growing middle class around the world must be the focus of more of our work. There are increasing

export market opportunities that may be exploited further as a consequence of leaving the EU. Access to capital remains available for most businesses to invest and grow. The industry is also well served by an excellent academic and scientific base.

Managing the balance between unexpected challenges and a genuine optimism for the future drives the Board's vision for the industry to be: *A world-class food and farming industry inspired by and competing with the best.*

Catching up and keeping pace with our major competitors is a significant and constant goal we must strive for.

Our new strategy, about inspiring success in a rapidly changing world, has never been more apt and it puts competitiveness and productivity squarely at the heart of what we do.

AHDB has enormous potential and it is incumbent upon the Board to help it deliver real value to levy payers and become a respected and valued part of the UK farming industry.

I thank the staff of AHDB for all their hard work during another year of ongoing change. I see a passion and enthusiasm for our great industry at every level of AHDB, with brilliant and dedicated work across the organisation. Thank you.

I certainly feel the importance of AHDB's work is greater now than ever and will be becoming increasingly so in the coming years.

We will continue to work harder than ever to inspire proactive change, to minimise risk and to maximise opportunities in this very uncertain time – spending levies to make the biggest difference for farmers and processors.

Sir Peter Kendall
Chair
Agriculture and Horticulture Development Board

Performance report

From the Chief Executive and Accounting Officer

Overview

Welcome to AHDB's annual report for 2016/17. AHDB's purpose is to inspire farmers, growers and the industry to succeed in a rapidly changing world. The EU referendum, technology advances, market volatility and shifting habits of British consumers are just a few of the changes impacting on us.



The whole industry is having to up its game to meet these challenges and the role of AHDB has certainly taken on a new urgency.

I am pleased to report that we are now in far better shape to deliver in this dramatically changing environment than we were at the beginning of the year.

In the past 12 months we have made real progress with the revitalisation of AHDB. It has been a transition year for us as we have moved from silo working with six separate sector teams to one more cohesive team that's fit for the future. Our restructuring into one-AHDB now has cross sector teams of expertise bedding-in well and enabling us to work smarter, share best practice and drive efficiency.

- We have agreed and launched a new purpose, vision and three-year strategy for 2017-2020, called *Inspiring Success*, which provides a strong, ambitious platform for our teams and boards to raise performance
- Our suite of evidence-based information and tools to help levy payers become more competitive and sustainable is being scrutinised and renewed and is ready to deliver impact in 2017/18. Eg our interactive crop Nutrient Management Guide RB209 to help growers manage resources efficiently and sustainably
- Through a compelling series of Horizon reports, we have provided leadership and insightful analysis to help Government and industry understand the issues we all face around Brexit
- We have a new generation of on farm services ready for rollout in 2017/18, aimed at lifting productivity, innovation and business skills. Farmer to farmer learning is central to our approach within this new Farm Excellence platform
- Our relationships with other stakeholders are evolving as we strive to work more collaboratively with the wealth of research and knowledge exchange providers in overcoming the fragmentation that exists
- We are investing in the training and development of our managers and in building digital capability to deliver excellence for levy payers
- We have exceeded our pledge to find £1 million of annualised efficiency savings for re-investment in front-line services

This progress has only been possible with the vision and great support of the AHDB Board and the tremendous energy and determination of my Leadership Team and our AHDB colleagues.

We remain on a journey to improve the 'one AHDB's' reputation through truly making a difference for levy payers. Our focus is on a noticeable step change in the positive outcomes we deliver. To achieve that we have to work smarter and differently with impact, stop some activities and develop new ones. Changing behaviour and the culture of an organisation takes time.

Levy payers remain at the heart of everything we do. This report summarises our performance in the 12 months to 31 March 2017.

AHDB purpose and strategic priorities

During the year we embarked on a significant review with our sector boards and the AHDB Board to update our purpose, vision and strategy in the light of seismic shifts globally and Brexit.

We agreed an ambitious vision *for a world-class food and farming industry inspired by, and competing with the best.*

By the end of the year we had also started delivering against a new set of corporate strategic priorities, agreed for the next three years, until 2020. These are underpinned by six fresh sector strategies.

Strategic Priorities:

1. Inspiring British farming and growing to be more competitive and resilient
2. Accelerating innovation and productivity growth through coordinated research and development and knowledge exchange
3. Helping the industry understand and deliver what consumers will trust and buy
4. Delivering thought leadership and horizon scanning

Key activities

Our work is being focused on areas where we are best placed to add the most value. We alone cannot solve all of the issues confronting the industry, but we can deliver more impact by bringing about the change that is required in a few specific and key areas.

Delivering strategic priority 1 - Inspiring British farming to be more competitive and resilient

During 2016/17 we started to achieve this by:

- Developing new business management and skills services and a new whole farm benchmarking tool called FarmBench. This will enable farmers and growers to understand how they perform, relative to others and what they can do to drive performance
- Developing our international benchmarking of farm business performance to inform how we measure up against the best internationally

- Showcasing innovation and excellence in practice from the very best producers via our Farm Excellence platform of monitor farms and strategic farms
- Helping the industry build a profile as a great place to work among new entrants through our involvement with Bright Crop
- Extending our international links with similar organisations to improve understanding of competitiveness and productivity through initiatives such as the EUPiG project
- Developing our Market Intelligence team into a world class operation that helps the industry see into the future
- Taking a whole supply chain approach to our work
- Looking at how we can use data and new technologies to improve understanding around business potential

Key issues and risks

Not surprisingly, the largest change to AHDB's risk environment during the year was the uncertainty created by the nation's decision, on 23 June 2016, to leave the EU. There will be short, medium and longer term implications for the industry and AHDB.

The referendum will no doubt have consequences for farming businesses, bringing opportunities to seek out new markets, creating challenges to tariff-free access to EU markets and more competition at home. There may be labour issues and changes in support arrangements – all of which may impact directly on levy payers and on the long term structure of the industry. Over time, these adjustments will have repercussions on levy income and on the type of services we should offer.

The departure from the EU could also result in potentially greater demand for some AHDB services such as our export development and market access work. We are also anticipating longer term risks around the potential loss of EU and CAP-related grant income although current awards are covered by the Government commitment to underwrite payments.

The Board and Leadership team recognised that our internal restructuring, while essential, presented a risk to the delivery of services and reputation. This was mitigated by ensuring activities were regularly reviewed against targets and expected outcomes during the year. A dedicated change management resource supported the programme and helped to manage the risk.

There has also been an increased risk around cyber security, with the number of attempts of spearphishing and ransomware attacks on the rise. Staff and management awareness has been raised and, to date, incidents have been successfully managed by our in-house Information Services team. We will be making a number of improvements in this area over the year ahead.

As we seek to hold a mirror up to the industry and have those honest and sometimes challenging conversations, this brings with it greater reputational risk to AHDB. The effectiveness of our communications is paramount in mitigating this risk and during the past year we have strengthened our resource in levy-payer communications. Initial feedback is showing that our fresh approach to communications is leading to improvements in how AHDB is perceived.

The more ambitious and bolder vision we are now sharing with levy payers has raised expectations. Evaluating and communicating the return on investment to levy payers is vital and we are further developing our evidence and evaluation approaches. (*The Governance Statement, on page 13 has more detail on risk*).

The AHDB Audit and Risk Assurance Committee (*membership listed on page 4*) is satisfied that the general level of management control is sufficient to ensure that the focus of the organisation is on maximising good value from

Delivering strategic priority 2 - Accelerating innovation and productivity growth through coordinated Research & Development (R&D) and Knowledge Exchange (KE)

During 2016/17 we started to achieve this by:

- A focus on what is driving productivity and competitiveness to inform good decisions on farm
- Trying to speed up the adoption of innovation on farm through research and KE
- Equipping farmers and growers with the skills to get the best out of their staff and their production systems. Eg through the AHDB Professional Manager Development Scheme
- Playing more of a lead role in defining the strategic priorities for private and publicly funded R&D
- Bringing research and KE closer to farming and being proactive in research commissioning
- Being an enabler with all four Agritech Innovation Centres so they focus on the issues delivering the biggest impact for farmers
- Leading a new farmer to farmer approach to KE through our Monitor Farms and Strategic Farms to drive technical and business improvement on farm
- Coordinating R&D and KE with other stakeholders

Delivering strategic priority 3 - Understanding and delivering what consumers will trust and buy

During 2016/17 we started to achieve this by:

- Providing more consumer insight on key trends and opportunities for growth
- Delivering targeted promotion of produce at home and overseas, such as the successful Pulled Pork campaign
- Underpinning industry and product reputation through advocacy and issues management around nutrition, food safety and welfare
- Working with others to build a strong identity for quality food in Britain through schemes such as Red Tractor
- Facilitating and developing export markets where our work helped achieve a 13% growth in export value across our product sectors compared to 2015
- Working with the supply chain to realise the potential of genetics and production technologies so more product meets specification and consumer demand
- Educating tomorrow's consumers about food and farming through our work with schools

Delivering strategic priority 4 - Thought leadership and horizon scanning

During 2016/17 we started to achieve this by:

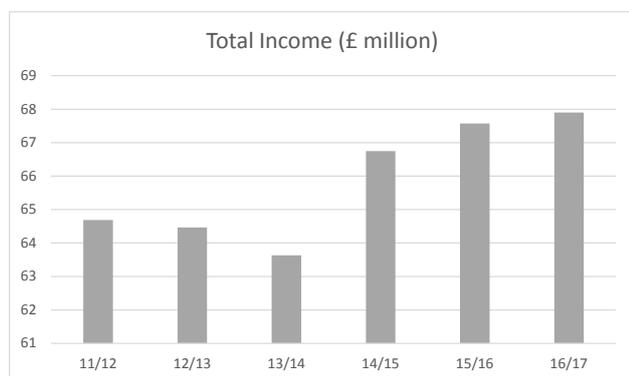
- Highlighting future challenges and opportunities and working on solutions to help the industry become more competitive, productive and resilient

levy income raised. The new structure has and continues to facilitate further developments in more consistent management approaches across the organisation.

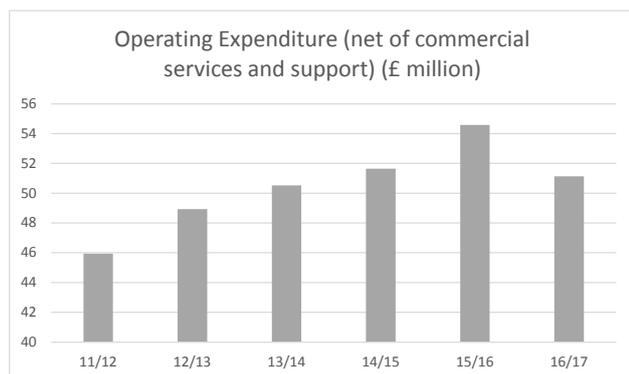
Performance

Financial performance

Our total income for 2016/17 (levy/grant/commercial) was £67.9 million (15/16 £67.6 million). While our original Corporate Plan for the year aimed to deliver a small deficit, we closed the year with an underlying surplus of £4.1 million (before pension asset/liability movements and revaluation of our Sutton Bridge property, please see page 38, note 2a). That included an additional £1.2 million levy income from the horticulture sector (compared to 2015/16) mainly as a result of successful work by our levy collection team to identify businesses that were not paying levy fully.



Operating expenditure (net of commercial and support services) fell by £3.5 million below the previous year's £54.6 million to £51.1 million. This lower spend was a reflection of savings, increased scrutiny of value for money by the management team, timing of major marketing campaigns, and a transition year for a new strategy and structure. Our support expenditure, including levy collection costs, was £8.0 million (2015/16: £8.1 million).



Historically, AHDB has made significant reductions in its annual running costs compared to the former levy boards (2007/8) - reported in the 15/16 Annual Report and Accounts as savings of £3.8m per annum. Today, that focus continues, ensuring the organisation is run as efficiently and professionally as possible with support services that add maximum value. A positive example of this is the development of a new human resource strategy to equip our workforce with the skills required to deliver a first class service.

Central support costs over the past three years have consistently accounted for between 7 - 8% of income per

annum. They are expected to remain at that level due to the complexities of our organisation, governance and statutory requirements. Eg the imperative that we are able to hypothecate levies to six individual sectors and servicing six sector boards.

Our sector boards, associated staff costs and historic sector specific costs account for circa 4% income. A breakdown of how the levy from each sector is spent can be found in Note 2a on page 37.

We are increasingly focused not just on the cost but on the value being provided by our support services. We have made small targeted investments where value can be added, offset by savings elsewhere in support costs or savings elsewhere in AHDB. We will be looking to deliver even larger efficiency savings for reinvestment in 2017/18.

Over the course of the year we have exceeded our pledge to find £1.0 million of net annualised efficiency savings for re-investment in front-line levy payer services. This commitment has led to the entire organisation becoming more focused on cost innovation, looking at how we can work smarter, be more efficient as one joined up organisation and deliver strong outcomes.

As at 31 March 2017, £1.1 million had been identified as net savings achieved. These were delivered in a number of ways; for example through terminating poor value activity, bringing more work in-house and finding innovative and cost saving solutions for delivering existing services.

Organisational performance

Organisational milestones achieved in the reporting period:

- New Strategy provides a strong platform for the future:** A huge piece of work was conducted in 2016 with our main board and sector boards to develop a fresh, new strategy, *Inspiring Success*. It puts competitiveness and productivity squarely at the heart of what we do to address the challenge of weak UK productivity growth.
- Thought leadership builds AHDB reputation:** The nation's decision to vote to leave the EU created a vacuum of information and analysis of what this may mean for UK agriculture and horticulture. AHDB addressed that need by producing a series of seven detailed Brexit market/trade analysis documents - our *Horizon publications*. These have been widely praised and used by industry and public policy makers in informing their decision-making.
- Costs saved by increasing in-house expertise:** As part of our internal cost-efficiency drive we identified the opportunity to save money by bringing certain work streams in-house rather than buying them in from third party suppliers. This included creative design work, the majority of digital work (eg video production and social media campaigns) and the regular public relations and issues management work. Some of these savings are within the £1.1 million referred to earlier, other elements will not materialise until next financial year.
- Delivering excellence through manager training:** As part of our strategy to deliver a step-change in staff performance, in 2016/17 we rolled out the first courses of our tailored management development programme. Designed to improve the skills of all our line managers, the feedback and energy levels have been incredibly

positive with individuals making changes to the way they support and manage their teams and themselves. The course content includes project management, having difficult conversations and understanding different leadership styles.

- Putting rigour into setting targets and measuring outcomes:** Following the recommendations of a working group in 2016, we have developed best practice criteria to enable the whole organisation to set clear, consistent and measurable targets and key performance indicators (KPIs). The roll-out of this was started in 2016/17 and will continue in 2017/18. In this way we will be able to provide clearer evidence of our achievements and progress to our stakeholders.

Levy-payer delivery performance

The 2016/17 year saw a huge programme of AHDB work and a significant number of innovative projects delivered to meet our priorities – all aimed at growing market opportunities or building a more competitive and sustainable industry which learns, adapts, acquires skills, innovates and adopts new technologies. Examples include:



Measuring and reducing use of antimicrobials: The Electronic Medicines Book (eMB), a web-based pig medicines usage and management tool, was launched at the Pig and Poultry Fayre in May 2016 and saw steady uptake throughout the year. Reporting as at 31 March 2017 represented 60% of the national pig herd. Use of eMB was added to the Red Tractor assurance scheme for 2017 and is proving an invaluable way to record, measure and help reduce the pig industry's dependence on antibiotics going forward.



Export development beyond the EU: Trade development with non-EU markets remains a high priority for our export efforts. Over the three years 2013 to 2016 we have increased pork and beef exports by 76% (a £52 million per annum increase). Seed potato exports have been grown by 28% (from 70,000 to 90,000 tonnes) and account for more than 80% of seed potato exports. Cereal exports grew by £110m in 2016 of which £26m came from non-EU trade. Securing market access to target markets is a key to our export strategy and we work closely with government on this. Successes in 2016 included securing certification for barley to China.



International collaboration: Funding from Horizon 2020 was secured for the EUPiG Innovation Group, a ground-breaking collaborative project by a consortium of 19 organisations, including AHDB, from across 13 European countries. The project objective is to identify examples of best practice and innovation from each member country and promote knowledge sharing in order to drive progress throughout the pig industry. AHDB Pork has taken responsibility to manage the €2m project which will run for four years.



Developing industry skills: We strengthened our skills capabilities with the addition of Bright Crop into the organisation. This programme encourages young talent to explore careers in food and farming and compliments AHDB's skills and Knowledge Exchange activity, which is focused on helping develop careers within the industry.



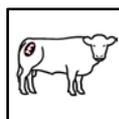
First strategic farm for pork: 2016/17 saw the launch of the first farm excellence programme for the pork industry. The Focus Farm, located near Preston, has been host to producers and allied industry with the aim of identifying common industry challenges and agreeing trials to be run. The trial outcomes will then be reviewed and shared. Engagement has been high at the meetings and initial results have been communicated widely.



Scottish Monitor Farm Programme launched: A new Monitor Farm programme for Scotland was launched with £1.25 million from the Scottish Government and European Union's Knowledge Transfer and Innovation Fund. The network of nine mixed farms is being run jointly with Quality Meat Scotland (QMS) and is helping to improve the profitability, productivity and sustainability of producers through practical demonstrations, the sharing of best practice and the discussion of up-to-date issues.



New four-year research programme of crop protection product trials: This flagship research project, called SCEPTREplus, is set to generate vital data on pesticides to improve plant health across six horticulture sectors. The four-year programme of crop protection product trials will target disease, pest and weed problems identified as high priorities in the new 2017-2020 horticulture strategy, to help address the dwindling crop protection armoury.



Improving competitiveness in the beef sector: A new £1.5 million project was launched focusing on two key areas of beef production – improving youngstock health and reducing losses due to poor health and disease and improving efficiency in the use of feed and forage. The five-year Beef Knowledge Partnership will bring together research and industry collaborators to deliver focused, commercially relevant and innovative research and an intensive programme of knowledge exchange.



Vital crop protection authorisations: AHDB secured the approval of more than 95 new Extension of Authorisation for Minor Use (EAMUs) to address the continued challenge of having an effective range of crop protection products available to the horticulture industry.



Disease eradication - BVDFree scheme: This industry-wide partnership initiative, kicked-off by AHDB, aims to eradicate Bovine Viral Diarrhoea (BVD) virus from all cattle herds in England. Since its launch in July 2016, more than 960 farms have registered with the scheme and 23,000 BVD test results from English cattle have been uploaded to the national BVDFree database.



Improving competitiveness in the dairy sector: Mastitis remains a significant cost to the dairy industry and therefore a priority area for AHDB. A structured approach can have a very beneficial impact on herd performance. Data from more than 100 herds on which AHDB Dairy's Mastitis Control Plan has been implemented and based on an average herd of 213 cows in the sample, shows the estimated net benefit per farm was £29,459 (£138.31 per cow) over three years, or £46.10 per cow per year. One 800 herd unit delivered annual savings of around £57,000 by significantly reducing the rate of new clinical mastitis cases and antibiotic use.



Infuencing consumer attitudes about potatoes:

A three-year, €3.6m EU co-financed joint venture campaign with Bord Bia is informing and educating consumers at home and overseas. Using the existing strong evidence base in areas such as environmental sustainability and health, the campaign is positioning potatoes and potato products as the “carb of choice” with the aim of changing consumer attitudes towards potatoes being “More than a Bit on the Side”. Highly targeted activities demonstrate that potatoes are nutritious, convenient and versatile and can be used in innovative ways suitable for a busy, modern lifestyle. See more at www.lovepotatoes.co.uk.



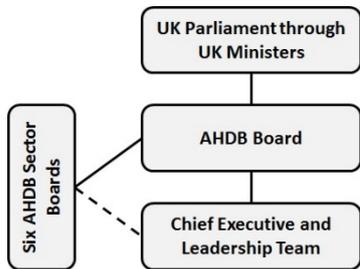
Knowledge Exchange programme effectiveness:

There were 60 percent of AHDB levy payers who said they made changes to their farming methods or practices as a result of information, tools and services provided by AHDB in 2016 (61% in 2015).

Performance analysis

The delivery of our published strategies and our corporate progress is scrutinised by our Boards and measured via key performance indicators (KPIs):

Board scrutiny: We are structured with six advisory committees, known as sector boards, which help the AHDB Board and staff to shape all our strategic work programmes and to challenge and scrutinise delivery.



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

These sector boards are predominantly made up of levy payers, providing an important level of direct accountability for AHDB.

We ensure there is a regular turnover of sector board members. The six industry specialists on the main AHDB Board act as the Chairs for the six sector boards. (A list of sector board members can be found on page 58).

During the past year, the main AHDB Board held six meetings. In addition, the six sector boards held 28 meetings between them (33 meetings in 2015/16).

Key performance indicators: The corporate KPIs we report against were those outlined in our Corporate Plan 2016 to 2019.

AHDB Performance Indicator	Progress after 12 months
<u>Levy payer satisfaction:</u> 37% stated they were satisfied (2015/16 survey)	The Autumn/Winter 2016 levy payer survey shows that satisfaction levels had increased by around 10% to 46.7%
<u>Market understanding:</u> Measured from the increase in readership of the combined Market Intelligence publications 36,000 as at 31 March 2016. Target 36,550 by 31 March 2017	As at 31 March 2017 the readership of the combined market Intelligence publications had dipped to 35,190, in part due to distribution list cleansing during 2016/17
<u>Economic sustainability:</u> Measured by an improving awareness of market place changes	AHDB has run 33 business risk workshops across the country. In addition risk management has been discussed with more than 300 farm businesses. A new Consumer Insight newsletter was launched in September 2016 with 900 levy payers signed up and consumer insight given a more prominent position in AHDB MI publications
<u>Farm-level costs of production:</u> UK farms' competitiveness is measured against the main international competitors and the gap trend tracked <i>Put in place mechanisms to collect comparative data and use it to set a baseline</i>	AHDB has put in place contracts to participate in international comparative data collection The 2016 data for UK will be available from Sept 2017. The international comparative data will be available from Oct 2017
<u>Export development:</u> Measure the increase in value of exports of UK beef, sheep meat, pig meat, offals and other related livestock products, seed potatoes, raw cereals & oilseeds <i>In 2015 exports were valued at £2.3 billion</i>	In 2016 exports of UK beef, sheep meat, pig meat, offals and other related livestock products, seed potatoes, raw cereals & oilseeds were valued at £2.6 billion – 13% growth compared to 2015
<u>Annualised savings for reinvestment:</u> <i>Identify £1 million of annualised savings for re-investment in services</i>	£1.1 million of net efficiency savings were delivered in 2016/17 for re-investment in front-line levy payer services

Going forward, AHDB is determined to demonstrate better value for money and our goals are to:

- Improve industry productivity and competitiveness through our activities. We will track headline indicators of performance such as gross value added, net trade balance, labour and total factor productivity. We will also track performance measures at sector level
- Deliver a higher return on investment for levy raised and be able to prove it. All new activities of more than £50,000 now pass through an investment test to ensure they offer value for money and fit with strategy
- Track our annual levy payer satisfaction survey to improve our understanding of farmer and grower awareness and engagement with AHDB
- Drive a stronger appetite for AHDB services and information among the most progressive farmers and growers to ensure we remain relevant to the them

Levy Ballot process: The ultimate test of levy payer satisfaction with our performance is provided under 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 for that levy and the results sent to Ministers for a decision. AHDB received no ballot requests during 2016/17.

Sustainable development performance: AHDB started collecting baseline data in 2014 and we moved into our permanent headquarters building in October 2014. Our first Environmental and Sustainability Strategy was produced in March 2017, which sets out the following key aims to:

- Use energy and fuels efficiently to reduce our carbon emissions through adoption of new technologies
- Reduce the amount of waste generated by our activities by increasing awareness of our output
- Conserve water by reducing demand at our premises
- Promote, as far as is practicable, responsible sourcing and the purchase of materials and services that through their use, sourcing or manufacture have the least harmful effect on the environment
- Seek to reduce the need to travel, but where travel is unavoidable use efficient modes of transport sourced through AHDB travel and fleet booking systems

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

AHDB's carbon footprint, measured in tonnes of CO₂, (see table), shows that travel accounts for more than half of the emissions. Although this reflects the nature of our business, it remains a priority area for reduction. AHDB's company car policy restricts car CO₂ emissions to 125 or less. Staff are encouraged to seek alternatives to long-distance driving where possible and to make more use of webinars, digital conferencing and video facilities which were further upgraded in 2016/17. The number of hybrid technology company cars remained at nine vehicles over the year, and an electric van replaced the conventional facilities van.

Greenhouse Gas Emissions	Year ended 31 March 2017		Year ended 31 March 2016 Adjusted for Food & Drink Waste & Gas	
	Measure	Tonnes CO ₂	Measure	Tonnes CO ₂
Scope 1: Direct Emissions				
Bulk Fuels:				
Vehicles (miles)	1,496,557	447	1,469,161	438
Heating oil (litres)	4,002	11	4,000	11
Gas (kWh)	3,830	1	8,183	2
Scope 2: Energy Indirect				
Electricity (kWh)	832,677	341	662,178	304
Scope 3: Other Indirect Emissions:				
Rail travel (miles)	271,545	20	225,035	15
Air travel (miles)	418,906	71	322,575	66
Travel by non-AHDB-owned transport (miles)	867,853	259	872,341	260
Waste management (tonnes)	29	5	27	4
Total		1,155		1,100
Tonnes/£m income		17.0		16.3

On water, our main office used 1,100 cubic meters during 2016/17 up on the 1,044 cubic metres used in 2015/16.

On waste management, although there are no Council-run waste recycling collections at our main office site, we recycle waste paper and cardboard, plastic bottles and printer cartridges. 18.2 tonnes (2015/16: 19.2 tonnes) of our waste was recycled and 10.5 tonnes (2015/16: 7.2 tonnes) went to landfill. Total AHDB spend on waste management in the year was £20k (2015/16: £22k).

On biodiversity, AHDB continues actively to encourage the conservation and enhancement of on-farm biodiversity as a positive business benefit within a number of the areas of our research and knowledge transfer work.

As far as our own real estate is concerned, we lease our main offices and the responsibility for the natural environment of Stoneleigh Park rests with our landlord.

Summary and look ahead

I am proud of the changes we have achieved so far for AHDB, but recognise that there is still much to do in pulling off a step change in our overall reputation.

My goal remains for AHDB to be first class in every aspect of its core services and for levy payers to be unequivocal about the added value we deliver and the difference we are making on farm. This ambition will require passion, commitment and ongoing investment in our people, processes and systems.

We are ambitious for the organisation and genuinely believe that we can play a major role in helping build a *world-class food and farming industry that is inspired by and competing with the best.*

To do this we will have to work harder at activities that deliver real benefits and measurable outcomes for individual businesses and for sectors. We will have to show more leadership to an industry facing uncertain times and this means using our expertise, authority and independence to challenge the industry to embrace change and work with us in identifying solutions to the problems we will undoubtedly face.

Through deepening our technical, commercial and market insight and making this available where, when and how the industry needs it, we aim to enable British agriculture to become truly world class.

We are entering a defining period for the future of British agriculture and horticulture and AHDB is in better shape than ever before to work with the industry in maximising the opportunities.

Jane King
Chief Executive and Accounting Officer
Agriculture and Horticulture Development Board

29 August 2017

Accountability report

Corporate Governance Report

Board's report

Introduction

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

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

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

The composition of the Board of AHDB is reported on page 4. Details of the Accounting Officer, who is the Chief Executive Officer of AHDB, are reported on page 19.

Any interests held by AHDB Board members in other relevant organisations are disclosed in Note 14 of the financial statements.

AHDB's Corporate Governance is described and reviewed in the Governance Statement on pages 13 to 17.

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 can be used only to benefit the sector from which they were raised.

Financial results

The underlying surplus for the year was £4.1 million (2015/16: £146k) while AHDB's overall results show total comprehensive expenditure of £5.1 million (2015/16: expenditure of £3.6 million). This is because the comprehensive expenditure includes a negative movement in the MLC and HGCA pension schemes assets/liabilities of £9.3 million and our Sutton Bridge property being revalued £116k higher than the book value as at 31/3/17 (see page 38, note 2a). The underlying surplus was predominantly due to gross levy income increasing by £0.5 million compared with the previous year, combined with spending on core strategic activities falling by £3.6 million, to £62.0 million.

The cash balance at the end of the year was £26.0 million. Cash at bank is a fundamental component of our Reserves

Policy, which is designed to fund a fluctuating working capital cycle as well as maintain a base fund to protect AHDB's ability to continue to provide levy-payer services should circumstances lead to an unexpected short-term reduction in our income. Cash is usually at its lowest in the summer months.

Pension schemes

In accordance with the Government Financial Reporting Manual for the year ended 31 March 2017, AHDB accounts for its pension scheme obligations under the full accounting requirements of IAS 19 (revised): 'Accounting for Retirement Benefits in Financial Statements of Employers'. There are legacy pension schemes from the Meat & Livestock Commission (MLC) and HGCA with recognition of pension liabilities of £5.3 million and £58k, 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.

Payment policy

It is the policy of AHDB 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. As at 31 March 2017, trade payables creditors equated to 16 days' purchases outstanding (2016: 19 days).

Contractors

AHDB utilises the services of specialist individual contractors to provide specific services where the resource is not available in-house and where it would not be commercially or operationally viable to provide the resource internally. During 2016/17, the cost of services provided by such contractors was £46k (2015/16: £163k).

Environmental issues

AHDB has finalised its sustainability strategy during 2016/17, with the purpose of increasing the awareness of sustainability issues across the business and to introduce measures and opportunities for staff to help reduce AHDB's carbon footprint. This will be rolled out during 2017/18. Further information can be found on page 11.

Auditor

The external auditor of AHDB and MLC SL is the Comptroller and Auditor General (C&AG). Services are limited to the statutory audit and no fees were paid in respect of non-audit services.

Personal data related incidents

No personal data related incidents requiring formal reporting to the Information Commissioner's office occurred during the year.

Authorisation for issue

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

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, changes in reserves and cash flows for the financial year.

In preparing the accounts, AHDB and its Accounting Officer are required to 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
- Take personal responsibility for the annual report and accounts and the judgements for determining that it is fair, balanced and understandable
- Prepare the financial statements on a going concern basis

The Accounting Officer of the Department for Environment, Food and Rural Affairs has designated 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 the Non-Departmental Public Bodies' Accounting Officer Memorandum and Managing Public Money, issued by HM Treasury.

Disclosure of audit information to the Comptroller and Auditor General

So far as the Accounting Officer is aware, there is no relevant audit information of which AHDB's auditor is unaware. The Accounting Officer has taken all steps she ought to have taken to make herself aware of any relevant audit information and to establish that AHDB's auditor is aware of that information.

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement 2016/17

As Accounting Officer, I have responsibility for maintaining a sound process of governance and system of internal control that supports the achievement of AHDB's policies, aims and objectives, while safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money, issued by HM Treasury.

AHDB is a 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. 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 and devolved governments on the appropriate use of levy funds and corporate governance standards applicable to public bodies. A Management Statement and Financial Memorandum sets out the broad framework within which AHDB and Defra are required to operate in their relationship. This is planned to be replaced with an updated Framework Document during 2017/18.

The purpose of governance

The process of governance, which incorporates the system of internal control, is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. It is a continuing process designed to determine the organisation's appetite for risk before identifying and prioritising the risks to the achievement of AHDB's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

The process of governance and system of internal control continued to be embedded throughout the organisation during the year ended 31 March 2017 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

Leadership

Leadership over the governance and risk management process is provided by the AHDB Board, Sector Boards, the Audit and Risk Assurance Committee (ARAC), and the Leadership Team. During the year ended 31 March 2017, I, as Chief Executive, acted as sponsor of AHDB's corporate governance and risk management programme, with the Chief Finance and Operations Officer, and the Chief HR Officer operating as key programme managers. There is a risk management policy in place which details how the organisation manages governance and risk across the organisation and this is outlined in the sections below.

The risk and control framework

The key components of AHDB's governance and control framework are discussed in overview below:

Risk management policy

AHDB's risk management policy constitutes a key element of its internal control and corporate governance framework and covers AHDB's approach to risk management, roles and responsibilities and key aspects of the risk management process. The risk management policy and procedures are actively embedded throughout the organisation, through a formal monthly review process at the Leadership Team level and by cascading risk management across the organisation. In order to help embed the risk management culture throughout the business, a team of "risk champions" has been operating during the financial year, drawing on staff representing all functions across the organisation. The risk policy and risk appetite was reviewed by the Board in early 2016, with the changes implemented during 2016/17 and is available to all staff via the intranet. Risk management is integral throughout the organisation, with risk management included in project management and ongoing activities.

Risk appetite

AHDB's risk appetite is defined in a formal Statement on Risk Appetite included in the risk management policy. Due to the level of change undertaken in the organisation's structure during the financial year and its intention to make a step change in effectiveness, AHDB's Board reviewed the organisation's risk appetite in early 2016. The risk appetite provides guidance to management on the level of risk considered appropriate and recognises that an aversion to risk must not prevent it from taking opportunities which will aid successful and innovative development in line with its strategic plan. The Board and Leadership Team recognise the need for the organisation to feel empowered to deliver bold innovative services for the agriculture and horticulture industries, supported by robust risk management and internal control environments.

The Board requires a low risk appetite to be applied to matters impacting on health and safety or other legal and regulatory matters. A medium risk appetite will be applied where the risk to the business would be reputational, in matters where AHDB could deliver a significant positive impact on industry development. Where the risk area is a financial one, or impacts on management effort, a higher risk appetite will be applied where there is a correspondingly high potential return on investment, in terms of delivering positive tangible benefits to the industry.

Risk environment

AHDB has an established comprehensive corporate risk register, which identifies headline and sub-risks and scores these on a pre- and post-control basis by likelihood and impact. Mitigating controls and other actions which may reduce the risk are considered and noted. Risks are then categorised as red/amber/green according to the net risk score. The register can be viewed on a sector or functional basis and staff at all levels are encouraged to raise issues that need to be included on the register. There is a lower level of materiality applied to risks that are specific only to a part of the business, whether sector or function specific. The AHDB Board and ARAC review the corporate risk register at their meetings.

In terms of the specific risk environment the largest change during the year was primarily in relation to the decision on 23 June 2016 to leave the EU. It is expected that there will be a need for more services in certain areas from AHDB eg our export development and market access work. As well

as managing potentially greater demand for some services, we will also need to manage some potential loss of income from EU grants and potential difficulties in providing some of our services eg Market Intelligence.

As with many organisations we face ever increasing cyber risks, with the number of attempts of spearphishing and ransomware attacks increasing. These have been successfully managed by our Information Services team including highlighting of the risk to staff, but we are planning to increase our resources in this area in 2017/18. Our Internal Auditors have carried out a cyber maturity assessment in 2016/17 which found that AHDB was a little behind the industry benchmark - scoring 1.3 compared to 2.0 (industry benchmark) and 2.8 (industry leaders). AHDB scored higher in some areas against the industry average eg business continuity but lower in others eg human factors which mandates a lower overall score. A plan to improve our cyber maturity is being developed some of which will be simply formalising current controls.

The Board and Leadership Team recognised that the internal restructuring which was essential to take the organisation forward also presented risks to the delivery of services and reputation due to its scale. The consequent changes continued with pace in 2016/17 and were monitored by an implementation group. The staff restructuring was successfully completed in May 2016. The new matrix environment and working culture continues to develop and managing the risks related to those changes will continue into 2017/18 as we seek to capture all the benefits of the new structure. Dedicated change management resource continued to be employed on the programme.

The risk of lack of delivery of our sector-based plans due to an internal focus on the change process was mitigated by ensuring activities were reviewed against targets and expected outcomes during the year. We have lost very few senior staff members through the restructuring exercise, reducing the chance of lost organisational expertise and memory. Staff morale was assisted through a programme of regular briefings from the CEO to all staff and a new leadership course developing relevant managerial skills and behaviours.

The organisation's reputation is important in terms of being able to maintain the support of levy payers and influence them. We have had to manage several reputational risks including the ongoing discussions with bodies in Wales and Scotland around joint-working on red meat levies and greater expectations from levy payers as we seek to be bolder, more ambitious and more challenging. This brings with it greater risks of being seen by some to be controversial. Our communications team has been tasked to help mitigate the latter risk. The effectiveness of our communications is an important risk for the organisation to manage and one the ARAC considered in March 2017. The ARAC noted that the new branding had given AHDB more visibility within the industry and took assurance from the approach followed by the communication team. It is positive that some of the risks related to increased governmental scrutiny and associated delays to market development activity that impacted in 2015/16 did not materialise in 2016/17. This was due to effective implementation of the lessons learnt, leading to swifter expenditure approvals during 2016/17.

The more ambitious and bolder vision we are communicating to levy payers will raise expectations and the requirement to provide more stringent justification of

financial return is congruent with management's actions in developing tools to evaluate the returns on investment of proposed activities. We are managing this risk with a programme of activity to develop further our evaluation approaches both before committing to expenditure (Investment Test) and post-expenditure outcome evaluation.

Anti-fraud policy

AHDB is committed to ensuring that the risk of fraud in all its forms is minimised. An important part of this approach is its anti-fraud policy, which informs staff of AHDB's approach to the serious issue of fraud and incorporates a fraud response plan. To raise staff awareness of the risks, all staff undertook an online fraud training module from Civil Service Learning during March 2017.

Whistle-blowing policy

AHDB is committed to the highest 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. To enable such concerns to be raised, AHDB has a Whistle-blowing policy in place. Concerns may be raised with internal management, or an Independent AHDB Board Member, or the Comptroller and Auditor General. If the employee is not satisfied, at the conclusion of the process, that their concern has been dealt with appropriately, the policy enables them to report the matter to Defra. No concerns were raised through the formal Whistle-blowing policy during the financial year and AHDB considers the arrangements to be effective and appropriate.

Standing Instructions (SI)

AHDB's Standing Instructions define the operating procedures for the organisation and include the Standing Orders, Standing Financial Instructions and a Scheme of Delegation. These are reviewed by the ARAC at least every other year and were revised during the 2015/16 financial year. They are due to be reviewed again in 2017/18 to reflect the proposed new Framework Document.

Corporate Strategy

AHDB has produced a new Corporate Strategy 2017-2020 "*Inspiring Success*" during 2016, following a significant review of strategic direction by the AHDB and sector boards. This took on board the views of the industry including through the "Activity Review" process which provided us with levy payer feedback in early 2016. The strategy sets out a three year vision and targets for AHDB and each of our sectors. We do not plan to update it within three years, unless there are significant changes within the industry eg related to Brexit. This means that we can focus on longer term objectives and really refine the effectiveness of activities which deliver those strategies. The strategy sits at the apex of the organisation's planning hierarchy. An annual process of activity planning and detailed budgeting is carried out to deliver the strategy. This activity plan and budget is agreed across the matrix structure with budgets and key activity approved by sector boards.

Procurement policy and protocol

Under the leadership of the Procurement Controller, the procurement function is integrated with the rest of the organisation in spreading best practice. The function undertook a focused programme of training across the organisation and reviewed compliance during 2016/17 in response to the internal audit report into procurement from KPMG in 2015/16. The ARAC have received regular reports on procurement compliance and have exemptions to the standard policy reported to them at each meeting. The leadership team receives a monthly dashboard report on procurement matters. KPMG has carried out a detailed follow up review of the recommendations from the procurement audit report. This has been covered in more depth on page 17.

As well as ensuring we achieve optimum value for money, the other principal objective of the procurement function is to ensure AHDB complies with EU procurement directives (Public Contracts Regulations 2015) to enable it to demonstrate that goods and services are procured and awarded in a fair and transparent manner. Its processes have to be able to withstand public scrutiny and have been sufficiently robust to ensure no legal challenges were raised during the financial year.

Information security framework

AHDB has controls in place to provide reasonable assurance that information in its widest sense is handled accurately and securely. These controls underpin the requirement that all information used for operational purposes and financial reporting purposes needs to be captured and processed accurately and to an appropriate quality standard, particularly where it is used by third parties or relied upon by other parts of Government.

Each Chief Officer has been nominated as an Information Asset Owner (IAO) and is responsible for proper data handling within their area of responsibility. The organisation holds an Information Asset Register which is managed by the Director of Corporate Affairs. The Register has been reviewed and refreshed during 2016/17 to enhance its completeness, to update it line with the new AHDB internal structure and further to embed the principles of information security across the organisation.

All staff within AHDB are required to participate annually in a data handling e-learning package developed by Civil Service Learning. Databases are reviewed periodically for data risk and, for last year, AHDB has had no material data-related incidents to report.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the process of governance. My review of the effectiveness is informed by the work of the internal auditors and the Chief Officers within AHDB who have responsibility for the development and maintenance of the governance processes and internal control framework, as well as comments made by the external auditor in its management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the ARAC. AHDB embraces the principles and requirements of good corporate governance. We have an established Risk Management Group and have

implemented processes to maintain and review the effectiveness of the system of internal control.

AHDB Board

The AHDB Board normally consists of 10 members: the chairman, three independent members and six who are also chairs of the sector boards. The members are appointed by Ministers and are listed on page 4.

In keeping with the corporate governance code for central government, the Board operates with the support of two sub-committees, ARAC, and Remuneration and Nominations. The committees are managed against an agreed set of terms of reference. Attendance of the Board Members at the Board and Committee meetings held during the year were:

	Board		ARAC		Remuneration	
	Available	Attended	Available	Attended	Available	Attended
Peter Kendall	6	6	N/A	N/A	4	4
Ian Crute	6	6	4	4	N/A	N/A
Fiona Fell	6	6	N/A	N/A	4	3
Gwyn Jones	6	6	4	4	N/A	N/A
Will Lifford	6	6	4	4	N/A	N/A
George Lyon	6	6	N/A	N/A	4	4
Adam Quinney	6	6	N/A	N/A	4	3
Gary Taylor	6	6	4	4	N/A	N/A
Paul Temple	6	6	N/A	N/A	4	4
Meryl Ward	6	5	4	4	N/A	N/A
Phil Huggon	N/A	N/A	4	4	N/A	N/A
David Neal-Smith	N/A	N/A	4	4	N/A	N/A

Phil Huggon and David Neal-Smith are Independent members of the AHDB Potatoes and AHDB Cereals and Oilseeds sector boards, respectively.

In order to maintain sector focus, AHDB operates with six advisory committees, known as sector boards, representing the commodity sectors covered by its statutory remit. The sector boards are made up of members, representing their specific sectors, appointed by AHDB, including at least one independent member per sector. Each board has functions delegated from the AHDB Board giving it the duty to develop the most appropriate strategies to meet the challenges of the sector, with reference to the overall AHDB purpose; to ensure the relevant levy rate is recommended in order to provide adequate funding for the required work; monitor strategy implementation and approve remedies where performance deviates from plan.

The AHDB Board, which met six times last year, has a number of key roles in the management of risk, including setting the tone and influencing the culture of risk management within AHDB. This included determining the level of risk that is acceptable in specific areas of activity. The Board achieves this by applying the criteria described in the section 'Risk Appetite' covered earlier in the Governance Report.

The Board splits its time between corporate governance matters, monitoring performance and planning for the future. There are a number of standing agenda items on which the Board receives written reports for information, discussion or on which to make decisions. These include health and safety; management accounts and the Chief Finance and Operations Officer's report covering performance, liquidity and risks; updates from each sector and corporate function; latest minutes of sub-committees; Chair and Chief Executive reports; reports on pension issues and summary Risk Register. During 2016/17, the Board has also received regular reports and presentations to form the basis for discussions to agree key aspects of the change process. In particular, these have related to the

restructuring of the organisation into functions and the review of activities undertaken by the organisation in order to deliver better performance and greater value for money. In addition, the Board has been considering the future for AHDB post-Brexit, AHDB's involvement with the Agritech centres, the future PR vision, red meat levy distribution, how MLCSL should develop and the new strategy for AHDB.

The CEO/Accounting Officer and Leadership Team attend all Board meetings, with other senior staff attending for appropriate agenda items and to discuss papers relating to their areas of expertise. The Board regularly reviews the type and quality of information it receives, including the regular reports, in order to engender a culture of continuous improvement. The Board considers the quality of data it receives as being acceptable for the purpose of enabling it to make its decisions to discharge its duties. However, an area for future development has been identified as additional information on performance against targets.

The effectiveness of the Board is assessed by holding annual individual appraisals of each Board member with the Chair. The Board also assesses its own effectiveness by individually completing evaluations following each Board meeting. These are reviewed and followed up by the Board. The process for assessing Board effectiveness includes completion of a Board Effectiveness review document (based on a National Audit Office (NAO) template) by all Board members. The results of the 2016/17 exercise have been reviewed and a number of areas identified by the Board for improvement, including a need to spend more time looking at the future of the organisation, paying more attention to organisation performance and strategic objectives and Board members contributing to areas outside of their own specialism. The Board considers that it has complied with the Corporate Governance Code in so far as it applies to externally funded Arm's Length Bodies.

Membership of the Board has been stable throughout the 2016/17 year, with Gwyn Jones and Gary Taylor reappointed as from 1 October 2016 for three and two years respectively. Fiona Fell and Meryl Ward completed their terms as of 31 March 2017 and were replaced by Sophie Churchill OBE and Mike Sheldon on terms of three years from 10 April 2017. Sir Peter Kendall was reappointed as Chair for a further three years from 1 April 2017.

Audit and Risk Assurance Committee

Membership of the ARAC is detailed on page 4. Meeting attendance is covered in the table above.

The broad thrust of its Terms of Reference is that the ARAC supports the Accounting Officer with a constructive and challenging approach. The remit of the ARAC includes advising the Accounting Officer on strategic processes for risk control, governance and the Governance Statement, as well as considering the planned activity and results of both internal and external audit.

The ARAC has supervised the development of stronger Board governance on behalf of levy payers, ensuring processes are in place to hold the executive to account through greater transparency of reporting, internal audit of key operating systems as well as risk and governance priorities.

The ARAC is satisfied that the general level of management control is sufficient to assure levy payers that the focus of the AHDB organisation is in ensuring good value for the

monies raised by the levies in all six sectors. The ARAC ensured that it received enough information through the year to assure itself that sufficient progress was made on procurement following the audit of AHDB procurement in 2015/16. In reviewing the effectiveness of AHDB's internal control, the ARAC undertook the following key activities:

Internal control: Gained assurance that significant internal control recommendations made by internal and external auditors have been implemented by management.

Financial reporting: Gained an understanding of the current areas of greatest financial risk and how the executive is managing these effectively. Discussed significant risks and exposures with management and the internal and external auditors and monitored management's plans to minimise such risks.

Internal audit: Reviewed the activities and organisational structure of the internal audit function and ensured no unjustified restrictions or limitations were made. Ensured that significant findings and recommendations made by the internal auditors are received and discussed on a timely basis and that management responded to the recommendations made by the internal auditors.

External audit: Reviewed the external auditors proposed audit scope and approach and ensured no unjustified restrictions or limitations had been placed on the scope. Considered the independence of the external auditor. Ensured that significant findings and recommendations made by the external auditors are received and discussed on a timely basis and that management responded to recommendations made by the external auditors.

Remuneration and Nominations Committee

Membership of the Remuneration and Nominations Committee is detailed on page 4, and attendance is recorded in the table on page 16. The Committee is chaired by an Independent Non-executive Director from AHDB and includes three sector chairs from the Board, plus the AHDB Chair. During 2016/17, the Committee has had to continue to implement stringent government expectations on pay. The Remuneration and Nominations Committee meets at least twice a year, to:

- Review the half-year KPI results, approve the implementation of government guidelines on pay and track progress of Chief Executive and Senior Management appraisals
- Assess the annual performance of the Chief Executive and Leadership Team
- Determine the strategic direction of compensation and benefits across the organisation, providing the AHDB Board with assurances of performance and reward
- Oversee the recruitment process for sector board members

During 2016/17, the Committee also considered the Triennial valuation of the HGCA Pension Scheme and began a review of the committee structure of AHDB – which comprised 41 boards/committees/subgroups at year end.

During 2016/17, the Committee continued to recruit to the sector boards against the ongoing phased programme of rotation. There were 11 vacancies to be filled, covering all sector boards other than Horticulture and Cereals & Oilseeds. After advertising, 100 application packs were sent out, 21 interviews were held and all of the 11 posts were successfully appointed.

The AHDB Senior Team

Senior Team members, as Chief Officers and Directors, are responsible for ensuring that risks have been properly identified and assessed across their work areas. They are responsible for agreeing the risk register for their work areas and for ensuring that each department actively addresses the risks and escalates those risks up to the Senior Team for their attention as appropriate. They are responsible for ensuring delivery of the strategies set by the Board, in addition to supervising the day-to-day management operations within AHDB.

Internal audit

During 2016/17 AHDB's internal audit function has been outsourced to KPMG, as part of its contractual arrangement with Defra. AHDB is allocated 75 days per year of KPMG's internal audit resource. 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 of the approach and advises on where improvements are necessary and desirable for the good governance of AHDB. KPMG's agreed work plan is derived from AHDB's assessment and evaluation of risks and is formed with reference to the risk register in its annual review of Risk in December. KPMG's annual internal audit report for 2016/17 gave the second highest rating of "Moderate Assurance" for AHDB, the same as for 2015/16. Ratings range from "Substantial" to "No" assurance.

The internal audit strategy for AHDB is set annually and approved by the ARAC. The strategy takes into account that a proportion of the 75 days' allocation is used to follow up recommendations made in previous years' audits.

During 2016/17, the areas covered were Data Quality (R&D), Financial Systems, Business Continuity Planning, Cyber Maturity Assessment, and Governance. In addition, a thorough follow up took place on procurement to review the progress since the 2015/16 report into this area which resulted in a "Limited" assurance rating. This gave a rating of moderate assurance confirming that progress had been made. Additional medium priority recommendations were made and a full review of procurement will be carried out in late 2017/18.

There were no "high" priority recommendations made by KPMG from the internal audits carried out during the year. Management undertook to implement the required actions and some were in progress before the end of the financial year. The audits also identified a number of areas of good practice already in place. AHDB has considered the overall management of internal control and governance throughout the year and can confirm that there are no issues requiring specific disclosure beyond those explained above.

Internal audit arrangements for 2017/18 are for KPMG to continue to supply a full internal audit service.

Significant internal control issues

No significant internal control issues were brought forward from 2015/16 and no new ones were raised in 2016/17.

Remuneration and staff report

Membership of the Remuneration and Nominations Committee

Membership of the Remuneration and Nominations Committee consists of five AHDB Board Members appointed by the Board. The Chairman of the Committee throughout the year was George Lyon, an independent AHDB Board Member. The other members of the Committee as at 31 March 2017 were Fiona Fell, Sir Peter Kendall, Adam Quinney and Paul Temple. Membership is reviewed periodically or on termination of a member's appointment.

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

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

The Remuneration and Nominations Committee's function in relation to its responsibilities regarding remuneration is as follows (*a summary of the activity of the Committee regarding Nominations is included in the Governance Statement on page 17*):

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

Methods used to assess whether performance conditions are met

The Committee considers and, if appropriate, approves the Chairman of the Board's recommendation concerning the salary for the Chief Executive on an annual basis. Specifically, bonus payments made to senior staff were and

continue to be, based on assessment of individual performance against written and agreed targets.

Proportion of remuneration which is subject to performance conditions

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

The amount of senior executives' remuneration which is subject to performance conditions, where agreed, is restricted under government pay guidelines to a maximum of 10% of salary. Only three members of the Leadership Team were eligible for performance related pay and two waived their eligibility.

Policy on duration of contracts and notice periods and termination payments

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

Board Members may resign by notice given in writing to the Secretary of State or other Ministers, if appropriate. No notice period is required and no termination payments apply.

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

(Details of AHDB Board Members and statutory committees are shown on page 4. Sector board members are shown on page 58).

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 2017.

	Contract start date	Contract expiry date	Contract notice period	Unexpired term
Jane King: Chief Executive Officer	01-Feb-15	Indefinite	6 months	Not applicable
Ken Boyns: Chief Finance and Operations Officer	01-Jul-16	Indefinite	6 months	Not applicable
Rebecca Geraghty: Chief HR Officer	01-Aug-15	Indefinite	6 months	Not applicable
Tom Hind: Chief Strategy Officer	05-Oct-15	Indefinite	6 months	Not applicable
Richard Laverick: Chief Technical Officer	05-Oct-15	Indefinite	6 months	Not applicable
Christine Watts: Chief Communications and Market Development Officer	14-Jan-16	Indefinite	6 months	Not applicable

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

Chris Goodwin retired from his position as Chief Financial Officer and left AHDB on 30 September 2016.

Remuneration of the Leadership Team (audited)

Set out below are details of the remuneration of AHDB's Leadership Team during the year to 31 March 2017. 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)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Jane King	130-135	125-130	-	-	10,100	10,500	13,000	13,000	150-155	150-155
Ken Boyns (See note 1)	90-95	85-90	-	5-10	8,200	9,200	11,000	11,000	110-115	110-115
Rebecca Geraghty (Chief HR Officer from 1 August 2015: Basic annual salary in 2015/16 £70-£75k)	75-80	70-75	-	Waived	6,300	5,600	34,000	37,000	115-120	115-120
Chris Goodwin (Retired on 30 September 2016: Basic annual salary 2016/2017 £100-£105k)	50-55	100-105	0-5	5-10	4,600	10,900	5,000	10,000	60-65	125-130
Tom Hind (commenced 5 October 2015. Basic annual salary in 2015/16 £100-£105k)	100-105	50-55	-	-	4,600	2,600	10,000	-	115-120	50-55
Richard Laverick (commenced in role 5 October 2015. Basic annual salary in 2015/16 £75k-£80k)	80-85	35-40	-	-	7,200	3,500	8,000	3,000	95-100	40-45
Christine Watts (commenced in role 14 January 2016. Basic annual salary 2015/16 £105k-£110k)	105-110	20-25	-	-	6,600	1,400	11,000	2,300	125-130	25-30

Note 1: Ken Boyns was appointed as Chief Finance and Operations Officer on 1 July 2016 (basic annual salary £90-£95k) and worked in parallel with Chris Goodwin until his retirement. Prior to that from 1 September 2015 he was appointed Acting Chief Change Officer (basic annual salary in 2015/16 £90-£95k) from his previous role of Director of Market Intelligence (basic annual salary in 2015/16 £80-£85k).

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 2017.

	Pension Scheme details	Employees contribution rate	Employers contribution rate
Jane King: Chief Executive	AHDB Group Personal Pension Plan	10.0%	10.0%
Ken Boyns: (See note 1)	AHDB Group Personal Pension Plan	5.0%	12.5%
Rebecca Geraghty: Chief HR Officer from 1 August 2015	HGCA Defined Benefit Scheme	6.5%	17.5%
Chris Goodwin: Chief Financial Officer (Retired 30 September 2016)	AHDB Group Personal Pension Plan	10.0%	10.0%
Tom Hind: Chief Strategy Officer from 5 October 2015	AHDB Group Personal Pension Plan	5.0%	10.0%
Richard Laverick: Chief Technical Officer from 5 October 2015	AHDB Group Personal Pension Plan	5.0%	10.0%
Christine Watts: Chief Communications and Market Development Officer from 14 January 2016	AHDB Group Personal Pension Plan	5.0%	10.0%

Note 1: Ken Boyns was appointed as Chief Finance and Operations Officer on 1 July 2016 and worked in parallel with Chris Goodwin until his retirement. Prior to that from 1 September 2015 he was appointed Acting Chief Change Officer from his previous role of Director of Market Intelligence.

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

Set out below are details of the pension benefits accrued at and earned by each of AHDB's Leadership Team who were members of a defined benefit scheme during the year to 31 March 2017.

	Total accrued pension			Cash equivalent transfer value		
	Annual entitlement as at 31-Mar-17 £'000	Real terms inc in year £'000	Annual entitlement as at 31-Mar-16 £'000	As at 31-Mar-17 £'000	Real terms inc in year £'000	As at 31-Mar-16 £'000
Rebecca Geraghty	20-25	0-2.5	15-20	436	39	397

Total accrued pension

The accrued annual pension entitlement shown is the amount that would be paid each year on retirement based on service to the end of the current year. The increase in the additional pension earned during the year excludes any increase for inflation.

Cash equivalent transfer value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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 2017.

	Employer's contributions	
	For the year ended 31-Mar-17	For the year ended 31-Mar-16
	£'000	£'000
Jane King: Chief Executive	13	13
Ken Boyns: (See Note 1)	11	11
Chris Goodwin: Chief Financial Officer (Retired 30 September 2016)	5	10
Tom Hind: Chief Strategy Officer (commenced in role 5 October 2015)	10	-
Richard Laverick: Chief Technical Officer (commenced in role 5 October 2015)	8	3
Christine Watts: Chief Communications and Market Development Officer (commenced 14 January 2016)	11	2

Note 1: Ken Boyns was appointed as Chief Finance and Operations Officer on 1 July 2016 and worked in parallel with Chris Goodwin until his retirement. Prior to that from 1 September 2015 he was appointed Acting Chief Change Officer from his previous role of Director of Market Intelligence.

Fair Pay report (audited)

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

The annualised banded remuneration, excluding pension benefit, of the highest paid executive employed by AHDB at 31 March 2017 was £140k-£145k (2015/16: £135k-£140k). The range of remuneration for 2016/17 commenced at £15k-£20k (2015/16: £15k-£20k). The median remuneration of the workforce was £35,956, a ratio of 4.0 times (2015/16: £35,508, 3.9 times).

In 2016/17 and 2015/16, no employees received remuneration higher than the annualised amount paid to the Chief Executive. Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Emoluments of AHDB Board Members (audited)

Set out below are details of the emoluments of AHDB's Board Members during the year ended 31 March 2017. No other cash or non-cash benefits were provided to AHDB Board Members.

	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000
Peter Kendall: Chair of AHDB (Re-appointed 1 April 2017)	50-55	50-55
Ian Crute: Independent Board member of AHDB	10-15	10-15
Fiona Fell: Chair of AHDB Potatoes Sector Board (Term ended 31 March 2017)	30-35	30-35
Gwyn Jones: Chair of AHDB Dairy Sector Board (Re-appointed 1 October 2016)	30-35	30-35
Will Lifford: Independent Board member of AHDB (Re-appointed 1 April 2016)	10-15	10-15
George Lyon: Independent Board member of AHDB	10-15	10-15
Adam Quinney: Chair of AHDB Beef and Lamb Sector Board (Appointed 23 November 2015)	30-35	10-15
Gary Taylor: Chair of AHDB Horticulture Sector Board (Re-appointed 1 October 2016)	30-35	40-45
Paul Temple: AHDB Chair of Cereals & Oilseeds Sector Board	30-35	30-35
Meryl Ward: Chair of AHDB Pork Sector Board (Term ended 31 March 2017)	30-35	30-35

The emoluments of AHDB's Board Members during the year ended 31 March 2017 were paid on the basis that a certain number of planned days were worked. Gary Taylor worked and was paid for additional days for part of the year ended 2015/16 to compensate for the year to 31 March 2015, during which he worked and was paid for fewer days due to ongoing commitments in his previous role. George Lyon was appointed as Chair of MLCSL as of 1 March 2016 and was paid an additional £5-10k during 2016/17 for this role.

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

	Contract start date	Contract end date
Peter Kendall: Chair of AHDB	01-Apr-14	31-Mar-20
Ian Crute: Independent Board member of AHDB	01-Oct-14	30-Sep-17
Fiona Fell: Chair of AHDB Potatoes Sector Board	01-Apr-14	31-Mar-17
Gwyn Jones: Chair of AHDB Dairy Sector Board	01-Oct-14	30-Sep-19
Will Lifford: Independent Board member of AHDB	01-Apr-13	31-Mar-19
George Lyon: Independent Board member of AHDB	01-Apr-15	31-Mar-18
Adam Quinney: Chair of AHDB Beef and Lamb Sector Board	23-Nov-15	22-Nov-18
Gary Taylor: Chair of AHDB Horticulture Sector Board	01-Oct-14	30-Sep-18
Paul Temple: Chair of AHDB Cereals and Oilseeds Sector Board	01-Apr-15	31-Mar-18
Meryl Ward: Chair of AHDB Pork Sector Board	01-Apr-15	31-Mar-17

Ministers appointed Will Lifford for a second three-year term as an Independent Board member from 1 April 2016, Gary Taylor for a second two year term from 1 October 2016, and Gwyn Jones for an additional three year term from 1 October 2016. Fiona Fell, and Meryl Ward completed their terms on 31 March 2017. Peter Kendall was appointed for a second three year term from 1 April 2017.

Staff report (audited)

AHDB is supported by a dedicated team of permanent staff.

Staff costs and average numbers: For the year ended 31 March 2017, we employed a total of 409 permanent staff on levy activity (392 in previous year) and 104 staff in our commercial operations (109 in previous year). A further six were employed under other contractual arrangements on levy activities and one on commercial operations (seven and one respectively in the previous year).

Headcount has increased during 2016/17 for several reasons. These include the bringing in house of certain outsourced digital/creative and communications services because it is cheaper/gives more flexibility to deliver them in house than via external agencies (please see page 8 re savings). So far we have ended contracts with 14 agencies allowing us to evidence savings of £0.5 million in 2016/17. We remain in the process of reviewing and consolidating remaining contracts in order to operate as efficiently as possible and expect to make even greater savings in 2017/18. Another increase is a small investment in HR staff to support staff performance and development within the organisation – facilitating more effective delivery for farmers and growers.

Our staff turnover ran at 14.0%, down by 0.1% on the previous year. Total staff costs for 2016/17 were £23.7 million (2015/16: £22.5 million). Further breakdown of staff costs is included in Note 3 on page 41.

Staff composition: The gender split of the average full-time equivalent staff employed across the whole of AHDB in 2016/17 was 260 (51% male and 253 (49%) female (2015/16: 52% male, 48% female). For staff working on levy activities, the split was 168 (41%) male and 242 (59%) female (2015/16: 42% male, 58% female). Out of the six members of the Leadership Team at 31 March 2017, three were male and three were female (2015/16: four male, three female).

Sickness absence data: Absence due to sickness is monitored across the AHDB group (inc. MLCSL) and, in the year ended 31 March 2017, days lost through sickness equated to 5.8 days per full-time equivalent employee or 2.6% of total attendance (2016: 5.7 days, 2.5% (restated)).

Staff policies: The Leadership Team meets regularly and is charged with disseminating policy to staff through a system of divisional team briefings, departmental meetings and the employee forum. AHDB has a policy of equal opportunities and offers employment to a suitably qualified person whenever vacancies occur. We monitor the ethnic, gender and age composition of the existing workforce and of applicants for jobs (including promotion) and the number of people with disabilities within these groups and will consider and take any appropriate action to address any problems which may be identified as a result of the monitoring process.

Annual staff survey feedback: Our fifth annual AHDB staff survey was voluntarily completed by 352 (84%) of staff in November 2016 (340 in 2015), relatively soon after the organisational restructure programme and while the cultural change is still taking place. The majority of the scores were higher than 2015, with 54% of scores for repeated questions showing an increase. This is positive given the change the organisation has been through during the year.

The main improvements were in better feedback, clearer direction and leadership from the Board, Leadership Team and Senior Team, up 9% to 48%. Internal communications through team meetings and staff briefings also saw a positive shift up 8% to 68%. Despite the disruption and natural employee concerns caused by the restructure, 76% think AHDB is a good employer (down 4%) and 71% support cross sector and functional working (down 4%). Some 40% believed the change process has enabled better delivery for levy payers, which was a new question. Consistent implementation of policies across the organisation had also progressed to 31% (up 7%). We remain committed to focusing on these important areas and as the cultural changes take effect we would expect these scores to improve.

Human resources (HR) strategy: During 2016/17 we have implemented our new HR strategy to support AHDB's purpose and corporate priorities. The components within the proposed HR strategic work streams are aligned to:

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

Through the new strategy, HR will help drive a change in culture, to bring six distinct AHDB sectors together towards a more performance driven and learning organisation. An organisation that will be more outcome focused, while building a reputation as the place to go with the underlying goal of becoming an employer of choice. The effects of this strategy are commented upon in the Performance report on page 8.

Consultants and off-payroll arrangements: AHDB spent £12k on external consultants during 2016/17 (2015/16: nil) and made no reportable off payroll payments.

Compensation and exit packages agreed for the year to 31 March 2017 (audited)

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2017	For the year ended 31 March 2016
< £10,000	-	-	2	-	2	-
£10,000 - £25,000	-	1	-	-	-	1
£25,000 - £50,000	-	-	-	-	-	-
£50,000 - £75,000	-	-	-	-	-	-
£75,000 - £150,000	-	1	-	-	-	1
Total number of exit packages	-	2	2	-	2	2
Total cost	£0	£125,760	£13,324	£0	£13,324	£125,760

Any exit packages were in accordance with relevant pension scheme rules and contractual entitlements. None of the exit packages related to senior executives in the years ended 31 March 2016 or 2017.

Parliamentary Accountability and Audit Report

Regularity of Expenditure – AHDB has considered all of its activities during the year and confirm they are in accordance with the legislation authorising them.

AHDB incurred no losses totalling more than £300,000 in the year or special payments totalling more than £300,000 in the year.

Contingencies and Liabilities – Note 15 to the Accounts details our contingencies and liabilities.

Jane King
Chief Executive and Accounting Officer
Agriculture and Horticulture Development Board

29 August 2017

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

I certify that I have audited the financial statements of the Agriculture and Horticulture Development Board for the year ended 31 March 2017 under the Natural Environment and Rural Communities Act 2006. The financial statements comprise: the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated and AHDB Statements of Financial Position, the Consolidated and AHDB Statements of Movement in Reserves, the Consolidated and AHDB Cash Flow Statements; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer, and auditor

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Board and the Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Natural Environment and Rural Communities Act 2006. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the group's and the Agriculture and Horticulture Development Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Agriculture and Horticulture Development Board; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

Opinion on regularity

In my opinion, in all material respects 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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and the Agriculture and Horticulture Development Board's affairs as at 31 March 2017 and of the group's surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Natural Environment and Rural Communities Act 2006 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited has been properly prepared in accordance with Secretary of State directions made under the Natural Environment and Rural Communities Act 2006; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

31 August 2017

Financial statements 2016/17

Consolidated statement of comprehensive net expenditure for the year ended 31 March 2017

	Note	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000
Income			
Gross levy	2	59,181	58,696
Non-levy sources	2	8,720	8,875
Total income		67,901	67,571
Operating expenditure			
Levy collection			
Staff costs	2, 3	(425)	(427)
Other costs	2, 4	(1,013)	(1,022)
Core strategic activities			
Staff costs	2, 3	(22,101)	(20,882)
Other costs	2, 4	(39,930)	(44,752)
Current pension service cost	16d	(1,178)	(1,181)
Total operating expenditure		(64,647)	(68,264)
Surplus/(Deficit) on ordinary activities before interest and taxation		3,254	(693)
Interest receivable		100	78
Other finance income relating to pension schemes	16d	105	204
Surplus/(Deficit) on ordinary activities before taxation		3,459	(411)
Taxation	5	(11)	(2)
Surplus for the financial year		3,448	(413)
Other comprehensive income			
Surplus/(Deficit) for the financial year		3,448	(413)
Net gain on revaluation of property, plant and equipment	8	116	-
Net (loss) on revaluation of pension assets and liabilities	16d	(8,616)	(3,210)
Total comprehensive (expenditure)		(5,052)	(3,623)

All the organisation's activities are in respect of continuing operations.

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 assets/liabilities recognised in AHDB's accounts reduced by £9.3 million in 2016/17 (reduction in 2015/16: £3.8 million). Excluding this reduction in pension scheme assets, and revaluation of property, a surplus of £4.1 million was recorded from levy and commercial operations in the year. Further information regarding pensions is shown in Note 16 to the accounts.

Note 2:

AHDB does not produce a separate parent statement of comprehensive income and net expenditure. The above statement reports the consolidated performance of the group including subsidiaries as they are all wholly owned.

The notes on pages 33 to 57 are an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 March 2017

	Note	As at 31-Mar-17		As at 31-Mar-16	
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	6	2,944		2,485	
Pension asset	16e	-		3,914	
Total non-current assets			2,944		6,399
Current assets					
Inventories		10		9	
Trade and other receivables	9	9,149		10,085	
Cash at bank and in hand	10	26,047		21,562	
Total current assets			35,206		31,656
Total assets			38,150		38,055
Current liabilities					
Trade and other payables	11	(11,939)		(12,150)	
Total current liabilities			(11,939)		(12,150)
Non-current assets plus net current assets			26,211		25,905
Non-current liabilities					
Pension liability	16e	(5,358)		-	
Total non-current liabilities			(5,358)		-
Net assets			20,853		25,905
Reserves					
Accumulated funds			26,008		21,904
Total pension reserve			(5,358)		3,914
Revaluation reserve			203		87
Total reserves			20,853		25,905

The financial statements on pages 26 to 57 were approved by the AHDB Board and signed on its behalf by:

Peter Kendall
Chair

Jane King
Chief Executive and Accounting Officer

29 August 2017

AHDB statement of financial position as at 31 March 2017

	Note	As at 31-Mar-17		As at 31-Mar-16	
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	7	2,209		1,855	
Investments	8	735		630	
Pension asset	16e	-		3,914	
Total non-current assets			2,944		6,399
Current assets					
Trade and other receivables	9	8,632		9,656	
Cash at bank and in hand	10	25,017		20,455	
Total current assets			33,649		30,111
Total assets			36,593		36,510
Current liabilities					
Trade and other payables	11	(11,349)		(11,628)	
Total current liabilities			(11,349)		(11,628)
Non-current assets plus net current assets			25,244		24,882
Non-current liabilities					
Pension liability	16e	(5,358)		-	
Total non-current liabilities			(5,358)		-
Net assets			19,886		24,882
Reserves					
Accumulated funds			25,244		20,968
Total pension reserve			(5,358)		3,914
Total reserves			19,886		24,882

The financial statements on pages 26 to 57 were approved by the AHDB Board and signed on its behalf by:

Peter Kendall
Chair

Jane King
Chief Executive and Accounting Officer

29 August 2017

Consolidated statement of movement in reserves for the year ended 31 March 2017

	Note	Accumulated reserve £'000	Pension reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2015		21,758	7,683	87	29,528
Deficit for the year	2b	(413)	-	-	(413)
Pension loss	16d	-	(3,210)	-	(3,210)
Other comprehensive income		-	(3,210)	-	(3,210)
Transfers from pensions reserve		559	(559)	-	-
Balance as at 31 March 2016		21,904	3,914	87	25,905
Surplus for the year	2a	3,448	-	-	3,448
Pension loss	16d	-	(8,616)	-	(8,616)
Net gain on revaluation	8	-	-	116	116
Other comprehensive income		-	(8,616)	116	(8,500)
Transfers from pensions reserve		656	(656)	-	-
Balance as at 31 March 2017		26,008	(5,358)	203	20,853

Reserves are allocated to the reporting segments as listed below:

AHDB Beef and Lamb		4,982	(3,533)	-	1,449
AHDB Cereals and Oilseeds		5,270	(58)	-	5,212
AHDB Dairy		3,493	-	-	3,493
AHDB Horticulture		4,555	-	-	4,555
AHDB Pork		5,580	(1,767)	-	3,813
AHDB Potatoes		2,128	-	203	2,331
Total		26,008	(5,358)	203	20,853

Explanatory notes:

Pension reserve

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 (ie AHDB Beef & Lamb, and AHDB Pork) and AHDB Cereals & Oilseeds sectors respectively only, having no financial impact on any other sector within AHDB.

The consolidated Accumulated reserves of AHDB Beef & Lamb and AHDB Pork include a two-thirds and one-third share of the closing reserves of those of MLC SL, the commercial red meat subsidiary which is wholly owned by AHDB.

AHDB statement of movement in reserves for the year ended 31 March 2017

	Accumulated reserve £'000	Pension reserve £'000	Total reserves £'000
Balance at 1 April 2015	20,779	7,683	28,462
Deficit for the year	(370)	-	(370)
Pension loss	-	(3,210)	(3,210)
Other comprehensive income	-	(3,210)	(3,210)
Transfers from pensions reserve	559	(559)	-
Balance as at 31 March 2016	20,968	3,914	24,882
Surplus for the year	3,620	-	3,620
Pension loss	-	(8,616)	(8,616)
Other comprehensive income	-	(8,616)	(8,616)
Transfers from pensions reserve	656	(656)	-
Balance as at 31 March 2017	25,244	(5,358)	19,886

Reserves are allocated to the reporting segments as detailed below:

AHDB Beef and Lamb	4,338	(3,533)	805
AHDB Cereals and Oilseeds	5,270	(58)	5,212
AHDB Dairy	3,493	-	3,493
AHDB Horticulture	4,555	-	4,555
AHDB Pork	5,262	(1,767)	3,495
AHDB Potatoes	2,326	-	2,326
Total	25,244	(5,358)	19,886

Consolidated cash flow statement for the year ended 31 March 2017

	Note	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000
Cash flows from operating activities			
Surplus/(deficit) on ordinary activities before taxation	2a	3,459	(411)
Adjustments for:			
Interest receivable		(100)	(78)
Depreciation and amortisation	6	253	207
Current pension service cost	16d	1,178	1,181
Other finance income	16d	(105)	(204)
(Increase)/decrease in inventories		(1)	(1)
(Increase)/decrease in trade and other receivables	9	936	378
Increase/(decrease) in trade and other payables	11	(211)	857
Tax paid		(11)	(2)
Defined benefit scheme pension contributions paid	16e	(417)	(418)
Cash flows from operating activities		4,981	1,509
Cash flows from investing activities			
Interest received		100	78
Payments to acquire property, plant and equipment	6	(596)	(75)
Cash flows from investing activities		(496)	3
Increase in cash and cash equivalents		4,485	1,512
Balance at 1 April		21,562	20,050
Net change in cash and cash equivalents		4,485	1,512
Balance at 31 March	10	26,047	21,562

AHDB cash flow statement

for the year ended 31 March 2017

	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000
Cash flows from operating activities		
Surplus/(deficit) on ordinary activities before taxation	3,527	(370)
Adjustments for:		
Interest receivable	(94)	(72)
Depreciation and amortisation	242	197
Depreciation of asset held in investment	-	10
Current pension service cost	1,178	1,181
Other finance income	(105)	(204)
(Increase)/decrease in trade and other receivables	1,024	255
Increase/(decrease) in trade and other payables	(279)	906
Tax paid	(12)	-
Defined benefit scheme pension contributions paid	(417)	(418)
Cash flows from operating activities	5,064	1,485
Cash flows from investing activities		
Interest received	94	72
Payments to acquire property, plant and equipment	(596)	(75)
Cash flows from investing activities	(502)	(3)
Increase in cash and cash equivalents	4,562	1,482
Balance at 1 April	20,455	18,973
Net change in cash and cash equivalents	4,562	1,482
Balance at 31 March	25,017	20,455

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 (FRoM) and any other guidance issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector.

Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the 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.

Amendments to the FRoM currently known, issued and to be implemented in future years, have been considered and are not expected to impact on AHDB's financial statements for the year ended 31 March 2018.

Going concern

AHDB's management has no reason to question its going concern status. There is no indication that this position will change in the next year as a result of any Cabinet Office review of the status of all Non-Departmental Public Bodies. Following the Government's last Arm's Length Bodies Review and the debate with industry in March 2011 as to AHDB's future status, the organisation has 'retained' status with the Cabinet Office until the next Arm's Length Body review. AHDB is satisfied that its level of Reserves is adequate and appropriate to meet its ongoing obligations.

Accounting convention

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

Consolidation

The consolidated financial statements incorporate the financial statements of AHDB and its subsidiaries. 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 8.

Segmental reporting

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

Income recognition

All income is recorded on a gross basis in the consolidated statement of comprehensive net expenditure, except where AHDB is acting as an agent in making payments to third parties. In such instances income and expenditure are offset, and therefore not recorded in the financial statements. In year-ended 31 March 2017 AHDB acted as a EU grant agent on the EuroDairy and EU Pigs projects. There were no payments of this type during the previous financial year.

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 which 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'.

Leases

Operating lease rentals are charged to the income and expenditure account in equal instalments over the lease term.

AHDB does not operate any finance leases.

Notes to the financial statements

1. Principal accounting policies (continued)

Property, plant and equipment

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

Expenditure on property, plant and equipment of £1,000 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. All property, plant and equipment are reviewed annually for impairment and are carried at fair value. Land and buildings are stated at their fair value, based on a periodic professional valuation. All non-property assets are deemed to be short-life or low value assets and are valued on the basis of depreciated replacement cost as an approximation of fair value. Assets held for resale by way of freehold property have been valued in the consolidated accounts under IFRS 5, at the lower of carrying value and estimated net realisable value.

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

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

Freehold land is not depreciated.

Intangible assets are amortised over their expected useful lives: 1 to 5 years.

Inventories

Inventories are valued at current cost. Cost comprises the cost of direct materials and those costs that have been incurred in bringing the inventories to their present condition.

Trade receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. A provision for impairment of trade receivables is established when there is observable evidence that AHDB will not be able to collect all amounts due according to the original terms. The main factor considered is the financial status of the debtor with regard to the likelihood of their having sufficient resources to make payments that become due.

Provisions

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

Foreign exchange

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

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

Financial instruments

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

Notes to the financial statements

1. Principal accounting policies (continued)

Pensions

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

a) Defined benefit schemes

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

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

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 expense, respectively.

More detailed information can be found in Note 16 to the accounts.

b) Defined contribution schemes

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

Notes to the financial statements

1. Principal accounting policies (continued)

Levy income

AHDB raises a statutory levy from the meat and livestock (cattle, sheep and pigs) sector in England; commercial horticulture, milk and potato sectors in Great Britain and cereals and oilseeds sector in the UK. Levy income is based on the latest available estimates of sector-specific levy quantities, as billable within the provisions of Schedule 3 of the AHDB Order 2008. (The levy rates in operation during 2016/17 can be found on page 57).

The value of levies recognised in the financial statements is a combination of actual levies invoiced during the year and an accrual for any non-invoiced levy income for the same period. A calculation to ascertain the hypothetical levy gap has not been carried out as it is not deemed to be material.

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

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

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

The cereal levy is based on weight and has two elements, a grower levy and a buyer levy. A buyer of cereals must deduct the grower levy element from the price paid and hold it on trust for AHDB. Five per cent of the combined grower and buyer levy is then taken as commission by the buyer and the remainder paid to AHDB. For oilseeds, there is only a grower levy and so a buyer must deduct all the levy from the price paid to the grower and hold it on trust, then pay it to AHDB.

Levy is also payable on cereals that are processed, with differential rates applying dependent on whether the cereals are processed into feeding stuffs or non-feeding stuffs. Any person who is liable to pay levy has 28 days from the dates specified in the legislation to submit a return for cereals and oilseeds to AHDB. Payment of the levy to AHDB is then required within 21 days from the end of the 28-day return period.

Cereal grower, buyer and processor levies are invoiced quarterly in arrears and oilseed grower levy biannually in arrears. At the year end, an estimate is made for levy income relating to the period 1 January to 31 March and is accounted for as accrued income. This is derived using the latest market intelligence and analysis of historical trends.

c) Milk levies (deployed by AHDB Dairy)

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

d) Horticulture levies (deployed by Horticulture)

Levy is payable on vegetables grown in the open (except potatoes where there are separate arrangements), fruit, flowers and bulbs, hardy and nursery stock, protected crops and herbs. There is a threshold above which levy becomes payable, such that if a horticultural grower's adjusted sales figure, made during the accounting year of the grower that ended in any year ending 31 March, is £60,000 or more, levy will be due. With the exception of mushrooms, the levy is calculated as a percentage of the adjusted sales figure. Levy due is payable on invoice. Any person liable to pay horticultural levy completes the appropriate form and returns it to AHDB on, or by, 30 June each year. The basis of levy on mushrooms is based on litres of mushroom spawn or compost containing mushroom spawn used or sold. Levy becomes due if, in any year ending 31 March, a person buys more than 700 litres of mushroom spawn or compost containing mushroom spawn. The levy is payable on invoice and can be paid by four equal direct debit payments in July, September, December and March.

e) Potato levies (deployed by AHDB Potatoes)

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

Notes to the financial statements

2a. Analysis of income and expenditure by segment: actual for the year ended 31 March 2017

Accounting standards require entities to report their performance by segment, which AHDB complies with by analysing its income and expenditure by its six sectors.

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Group total £'000
Income							
Gross levy	16,305	12,361	7,188	8,396	9,121	5,810	59,181
<i>Non-levy sources:</i>							
Fee and grant income	1,449	153	475	363	400	631	3,471
EU grant income	441	-	13	-	0	480	934
Commercial services income	2,877	-	-	-	1,438	-	4,315
<i>Sub-total non-levy sources</i>	4,767	153	488	363	1,838	1,111	8,720
Total income	21,072	12,514	7,676	8,759	10,959	6,921	67,901
Operating expenditure							
Levy collection	(317)	(533)	(32)	(113)	(166)	(277)	(1,438)
<i>Core strategic activities:</i>							
Research and development and knowledge exchange	(3,482)	(6,282)	(3,843)	(6,199)	(2,491)	(2,709)	(25,006)
Trade Development	(5,059)	(304)	(494)	(38)	(2,755)	(1,455)	(10,105)
Export Development	(4,703)	(298)	(181)	(10)	(817)	(239)	(6,248)
Supply chain integration	(319)	(48)	-	-	-	(26)	(393)
Market Intelligence	(1,323)	(1,032)	(569)	(68)	(716)	(596)	(4,304)
Levy Payer Communications	(443)	(1,215)	(616)	(608)	(527)	(377)	(3,786)
Digital & Creative	(391)	(453)	(160)	(71)	(157)	(53)	(1,285)
Support and other expenditure	(1,479)	(1,426)	(1,005)	(824)	(988)	(803)	(6,525)
Commercial services	(2,920)	-	-	-	(1,459)	-	(4,379)
<i>Sub-total core strategic activities:</i>	(20,119)	(11,058)	(6,868)	(7,818)	(9,910)	(6,258)	(62,031)
Current pension service cost	(733)	(78)	-	-	(367)	-	(1,178)
Total operating expenditure	(21,169)	(11,669)	(6,900)	(7,931)	(10,443)	(6,535)	(64,647)

Support and other expenditure includes the cost of central functions, such as Finance, HR, and Information Systems; the cost of the AHDB and Sector Boards, bad debt provisions, non-operating expenditure 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 2017 (continued)

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Group total £'000
Surplus/(Deficit) on ordinary activities before interest and taxation	(97)	845	776	828	516	386	3,254
Interest receivable	13	10	27	14	24	12	100
Other finance income	67	5	-	-	33	-	105
Surplus/(Deficit) on ordinary activities before taxation	(17)	860	803	842	573	398	3,459
Taxation	0	(1)	(3)	(2)	(3)	(2)	(11)
Surplus/(Deficit) for the financial year	(17)	859	800	840	570	396	3,448
Net gain on revaluation of property, plant and equipment	-	-	-	-	-	116	116
Net/(loss) on revaluation of pension assets and liabilities	(5,600)	(216)	-	-	(2,800)	-	(8,616)
Total comprehensive income/(expenditure)	(5,617)	643	800	840	(2,230)	512	(5,052)

AHDB parent figures

AHDB does not produce a separate parent statement of comprehensive income. Its results are included in the group results above, consolidated with its subsidiaries as detailed in Note 8. Assets and liabilities are not separately reported by sector.

Commercial trading subsidiary

The income and expenditure of the trading subsidiary, MLC SL, is included above in the AHDB Beef & Lamb and AHDB Pork results as Commercial Services income and expenditure.

Pension assets and liabilities

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

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Group total £'000
Total comprehensive income/(expenditure)	(5,617)	643	800	840	(2,230)	512	(5,052)
Revaluation on property, plant and equipment	-	-	-	-	-	(116)	(116)
Movement on Pension Asset/Liability	6,066	172	-	-	3,033	-	9,271
Underlying surplus for the financial year	449	815	800	840	803	396	4,103

Notes to the financial statements

2b. Analysis of income and expenditure by segment: actual for the year ended 31 March 2016

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Group total £'000
Income							
Gross levy	15,889	12,856	7,554	7,237	9,473	5,687	58,696
<i>Non-levy sources:</i>							
Fee and grant income	1,572	126	713	355	441	656	3,863
EU grant income	370	-	-	-	-	306	676
Commercial services income	2,891	-	-	-	1,445	-	4,336
<i>Sub-total non-levy sources</i>	4,833	126	713	355	1,886	962	8,875
Total income	20,722	12,982	8,267	7,592	11,359	6,649	67,571
Operating expenditure							
Levy collection	(293)	(549)	(32)	(114)	(172)	(289)	(1,449)
<i>Core strategic activities:</i>							
Research and development and knowledge exchange	(3,006)	(5,242)	(4,925)	(6,659)	(2,797)	(2,820)	(25,449)
Trade Development	(5,518)	(823)	(309)	-	(4,402)	(1,496)	(12,548)
Export Development	(4,005)	(331)	(10)	(10)	(578)	(104)	(5,038)
Supply chain integration	(743)	(805)	-	-	-	(114)	(1,662)
Market Intelligence	(1,695)	(1,043)	(639)	(15)	(813)	(497)	(4,702)
Levy Payer Communications	(636)	(1,559)	(830)	(1,116)	(608)	(438)	(5,187)
Support and other expenditure	(1,396)	(1,524)	(1,158)	(737)	(915)	(936)	(6,666)
Commercial services	(2,921)	-	-	-	(1,461)	-	(4,382)
<i>Sub-total core strategic activities:</i>	(19,920)	(11,327)	(7,871)	(8,537)	(11,574)	(6,405)	(65,634)
Current pension service cost	(733)	(81)	-	-	(367)	-	(1,181)
Total operating expenditure	(20,946)	(11,957)	(7,903)	(8,651)	(12,113)	(6,694)	(68,264)

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

Notes to the financial statements

2b. Analysis of income and expenditure by segment: actual for the year ended 31 March 2016 (continued)

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Group total £'000
Surplus/(Deficit) on ordinary activities before interest and taxation	(224)	1,025	364	(1,059)	(754)	(45)	(693)
Interest receivable	12	8	20	10	19	9	78
Other finance income	133	4	-	-	67	-	204
Surplus/(Deficit) on ordinary activities before taxation	(79)	1,037	384	(1,049)	(668)	(36)	(411)
Taxation	(1)	-	-	-	(1)	-	(2)
Surplus/(Deficit) for the financial year	(80)	1,037	384	(1,049)	(669)	(36)	(413)
Net/(loss) on revaluation of pension assets and liabilities	(2,133)	(10)	-	-	(1,067)	-	(3,210)
Total comprehensive income/(expenditure)	(2,213)	1,027	384	(1,049)	(1,736)	(36)	(3,623)

AHDB parent figures

AHDB does not produce a separate parent statement of comprehensive income. Its results are included in the group results above, consolidated with its subsidiaries as detailed in Note 8. Assets and liabilities are not separately reported by division.

Pension assets and liabilities

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

	AHDB Beef & Lamb £'000	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Horticulture £'000	AHDB Pork £'000	AHDB Potatoes £'000	AHDB Group total £'000
Total comprehensive income/(expenditure)	(2,213)	1,027	384	(1,049)	(1,736)	(36)	(3,623)
Movement on Pension Asset/Liability	2,533	(31)	-	-	1,267	-	3,769
Underlying surplus/(deficit) for the financial year	320	996	384	(1,049)	(469)	(36)	146

Notes to the financial statements

3. Staff numbers and related costs

	For the year ended 31 March 2017			For the year ended 31 March 2016		
	Staff with a permanent (UK) employment contract	Other staff engaged on the objectives of AHDB	Total staff	Staff with a permanent (UK) employment contract	Other staff engaged on the objectives of AHDB	Total staff
Numbers employed						
The average full-time equivalent numbers employed by AHDB during the year were:						
Commercial activities	104	1	105	109	1	110
Total levy-dependent activities	409	6	415	392	7	399
Total	513	7	520	501	8	509
Staff costs	£'000	£'000	£'000	£'000	£'000	£'000
Salaries - Commercial activities	2,846	12	2,858	2,910	25	2,935
Social security costs - Commercial activities	280	-	280	255	-	255
Salaries - levy-dependent activities	16,256	146	16,402	15,254	167	15,421
Social security costs - levy-dependent activities	1,768	-	1,768	1,598	-	1,598
Defined benefit scheme current service costs (Note 16d)	1,178	-	1,178	1,181	-	1,181
Defined contribution scheme costs	1,218	-	1,218	1,100	-	1,100
Total staff costs	23,546	158	23,704	22,298	192	22,490

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

	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000
Surplus/(deficit) on ordinary activities before interest and taxation is stated after charging/(crediting)		
Rentals under operating leases:		
- Leasehold property rents	425	460
- Vehicle leases	726	709
- Hire of equipment	65	64
Research and development and knowledge exchange expenditure	25,006	25,449
Exchange (gains)	-	(10)
Auditors remuneration and expenses	101	98
Non-cash items:		
Depreciation and amortisation	253	207
Impairment of receivables	291	296

Notes to the financial statements

5. Taxation

	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000
Current tax		
UK corporation tax on commercial profits for the period	-	-
UK corporation tax on interest income for the period	12	15
Under-provision in respect of prior years	-	1
Over-provision in respect of prior years	(1)	(14)
Current tax charge for the year	11	2

The tax on commercial profits assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000
Surplus/(Deficit) on ordinary activities before taxation	3,459	(411)
Surplus/(Deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	692	(82)
Effects of:		
Income not chargeable for taxation purposes	12,718	12,647
Expenditure not deductible for taxation purposes	(12,026)	(12,729)
Standard rate of corporation tax in the UK of 20% (2016: 20%) on interest receivable	12	15
Under-provision in respect of prior years	-	1
Over-provision in respect of prior years	(1)	(14)
Current tax charge for the year	11	2

Notes to the financial statements

6. Property, plant and equipment

Group	Land £'000	Buildings £'000	Leasehold improvements £'000	IT equipment £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation								
As at 1 April 2015	140	510	1,773	188	920	255	4	3,790
Additions	-	-	58	17	-	-	-	75
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2016	140	510	1,831	205	920	255	4	3,865
As at 1 April 2016	140	510	1,831	205	920	255	4	3,865
Additions	-	-	33	65	498	-	-	596
Disposals	-	-	-	-	-	-	-	-
Revaluation	25	60	-	-	-	-	-	85
As at 31 March 2017	165	570	1,864	270	1,418	255	4	4,546
Depreciation								
As at 1 April 2015	-	(10)	(62)	(117)	(873)	(108)	(3)	(1,173)
Charge for year	-	(10)	(126)	(25)	(17)	(28)	(1)	(207)
Relating to disposals	-	-	-	-	-	-	-	-
As at 31 March 2016	-	(20)	(188)	(142)	(890)	(136)	(4)	(1,380)
As at 1 April 2016	-	(20)	(188)	(142)	(890)	(136)	(4)	(1,380)
Charge for year	-	(11)	(122)	(58)	(35)	(27)	-	(253)
Relating to disposals	-	-	-	-	-	-	-	-
Revaluation	-	31	-	-	-	-	-	31
As at 31 March 2017	-	-	(310)	(200)	(925)	(163)	(4)	(1,602)
Net book value as at 31 March 2017	165	570	1,554	70	493	92	-	2,944
Net book value as at 31 March 2016	140	490	1,643	63	30	119	-	2,485

Freehold property at Sutton Bridge was valued at 31 March 2017 at open market valuation for existing use, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom by Bidwells, Chartered Surveyors. The valuation was £735k which will be depreciated to allow for wear and tear from the valuation date.

The £1,864k of Leasehold improvements, the majority of which was incurred in 2014/15, are costs associated with the new AHDB headquarters at Stoneleigh Park, built by AHDB's landlord, LaSalle Investment Management. The premises are leased by AHDB which means that all its Stoneleigh-based staff are located in a single building for the first time since AHDB was formed in 2008. The capital expenditure relates to the fitting out of the premises which was AHDB's responsibility. The decision for AHDB to be responsible for the fitting out of the premises (rather than a third party and the costs being added back into the annual rental) was taken in order to optimise the use of levy-payer funds by ensuring best value for money was obtained for the project as a whole.

Notes to the financial statements

7. Property, plant and equipment

AHDB	Land £'000	Buildings £'000	Leasehold improvements £'000	IT equipment £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation								
As at 1 April 2015	-	-	1,773	188	203	255	4	2,423
Additions	-	-	58	17	-	-	-	75
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2016	-	-	1,831	205	203	255	4	2,498
As at 1 April 2016	-	-	1,831	205	203	255	4	2,498
Additions	-	-	33	65	498	-	-	596
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2017	-	-	1,864	270	701	255	4	3,094
Depreciation								
As at 1 April 2015	-	-	(62)	(117)	(156)	(108)	(3)	(446)
Charge for year	-	-	(126)	(25)	(17)	(28)	(1)	(197)
Relating to disposals	-	-	-	-	-	-	-	-
As at 31 March 2016	-	-	(188)	(142)	(173)	(136)	(4)	(643)
As at 1 April 2016	-	-	(188)	(142)	(173)	(136)	(4)	(643)
Charge for year	-	-	(122)	(58)	(35)	(27)	-	(242)
Relating to disposals	-	-	-	-	-	-	-	-
As at 31 March 2017	-	-	(310)	(200)	(208)	(163)	(4)	(885)
Net book value as at 31 March 2017	-	-	1,554	70	493	92	-	2,209
Net book value as at 31 March 2016	-	-	1,643	63	30	119	-	1,855

Notes to the financial statements

8. Investments

Sutton Bridge Experimental Unit Limited

Sutton Bridge Experimental Unit Limited (SBEU) is a company limited by shares, with AHDB holding 808,000 £1 nominal value ordinary shares representing 100% of the issued share capital of the company. SBEU owns the freehold land and buildings interest in the potato industry's research and development facility, Sutton Bridge Experimental Unit, which is based at Spalding. SBEU's financial results for the year have been consolidated as part of the financial results for AHDB Potatoes in the analysis of income and expenditure by segment in Note 2. Its balance sheet forms a part of the AHDB Group consolidated statement of financial position. SBEU had a surplus of £105k for the year ended 31 March 2017 (2016: £10k deficit). This related to the revaluation of the buildings. Its net assets were £735k as at 31 March 2017 (31 March 2016: £630k). This property was professionally revalued at £735k as at 31 March 2017, based on its existing use.

	Group As at 31-Mar-17 £'000	AHDB As at 31-Mar-17 £'000	Group As at 31-Mar-16 £'000	AHDB As at 31-Mar-16 £'000
AHDB investment in SBEU	-	735	-	630

Other subsidiary undertakings

Meat & Livestock Commercial Services Limited

Meat & Livestock Commercial Services Limited (MLCSL) is a company limited by guarantee, with AHDB acting as the sole guarantor. The extent of AHDB's investment is the guarantee of £6 in the event of MLCSL being wound up. MLCSL provides data, advice, logistics and inspection services to the red meat industry and is based at Stoneleigh. The principal activity of the company is to provide independent carcass classification services into the red meat supply chain, to the benefit of both farmers and processors. MLCSL's financial results for the year have been consolidated as part of the financial results for the AHDB Beef & Lamb and AHDB Pork sectors, respectively, in the analysis of income and expenditure by segment in Note 2 and its assets and liabilities form a part of the statement of financial position. MLCSL has a retained deficit of £57k for the year ended 31 March 2017 (2016: deficit £43k) and its net assets were £0.97 million as at 31 March 2017 (31 March 2016: £1.02 million).

This subsidiary undertaking is registered in England and Wales.

Notes to the financial statements

9. Trade and other receivables

	Group As at 31-Mar-17 £'000	AHDB As at 31-Mar-17 £'000	Group As at 31-Mar-16 £'000	AHDB As at 31-Mar-16 £'000
Amounts falling due within one year				
Levy income receivable	3,175	3,175	2,741	2,741
Receivables for fee and other income	731	193	671	244
Provision for bad and doubtful debts	(407)	(387)	(363)	(363)
Prepayments and accrued income	5,118	5,086	6,320	6,309
Amounts owed by subsidiary undertakings	-	33	-	17
Balances with central government bodies	532	532	716	708
Total amounts falling due within one year	9,149	8,632	10,085	9,656

	Group As at 31-Mar-17 £'000	AHDB As at 31-Mar-17 £'000	Group As at 31-Mar-16 £'000	AHDB As at 31-Mar-16 £'000
Receivables past due				
Up to 3 months past due	1,169	1,063	1,084	1,018
3 to 6 months past due	165	165	317	317
Over 6 months past due	521	498	266	266
	1,855	1,726	1,667	1,601

10. Cash and cash equivalents

	Group 2016-17 £'000	AHDB 2016-17 £'000	Group 2015-16 £'000	AHDB 2015-16 £'000
Balance at 1 April	21,562	20,455	20,050	18,973
Net change in cash and cash equivalents	4,485	4,562	1,512	1,482
Balance at 31 March	26,047	25,017	21,562	20,455
Balances at 31 March were:				
Short term investment	12,000	12,000	15,000	15,000
Commercial banks and cash in hand	14,047	13,017	6,562	5,455
Balance at 31 March	26,047	25,017	21,562	20,455

The short term investment represents three separate funds of £3 million, placed on term deposits to mature on 19 April (11-month term), 19 July (11 months) and 18 October 2017 (11 months). A further £3 million is held in a 32-day notice account.

Notes to the financial statements

11. Trade and other payables

	Group As at 31-Mar-17 £'000	AHDB As at 31-Mar-17 £'000	Group As at 31-Mar-16 £'000	AHDB As at 31-Mar-16 £'000
Amounts falling due within one year				
Trade payables	1,747	1,744	2,418	2,410
Accruals and deferred income	7,613	7,476	7,719	7,642
Other payables	400	342	348	287
Corporation tax	12	12	1	-
VAT	1,273	1,078	802	622
Other taxation and social security	574	509	539	476
Defra underwrite for redundancy*	132	-	132	-
Pig Industry Development Scheme Fund	76	76	76	76
Other Defra Bodies	112	112	115	115
Total amounts falling due within one year	11,939	11,349	12,150	11,628
Intra-government balances				
Balances with central government bodies	2,103	1,711	1,589	1,213

* The Defra underwrite for redundancy was set up to underwrite potential future redundancy costs and is held as part of AHDB's own cash resources, although it is completely ring-fenced in a separate bank account. All interest earned on the Defra fund is credited against the redundancy underwrite fund and not taken to the income and expenditure account, as we are deemed to hold the funds on trust for Defra. As the interest is simply reinvested and put to no further use, it is deemed not to be subject to UK corporation tax.

These monies were originally transferred to the Meat and Livestock Commission (MLC) during the 1994/95 financial year. On 1 April 2008, the Defra fund was transferred from MLC to AHDB in accordance with the Statutory Instrument that created AHDB. The potential liability remaining in relation to the fund as at 31 March 2017 was £94k.

Notes to the financial statements

12. Financial commitments

	Group As at 31-Mar-17 £'000	AHDB As at 31-Mar-17 £'000	Group As at 31-Mar-16 £'000	AHDB As at 31-Mar-16 £'000
Capital expenditure commitments				
Contracted for	35	35	51	51
Approved research projects				
Within one year	10,198	10,198	9,355	9,355
Thereafter	14,596	14,596	16,160	16,160
	24,794	24,794	25,515	25,515
Operating leases				
As at 31 March AHDB was committed to future minimum lease payments under non-cancellable operating leases for each of the following periods:-				
Property				
Within one year	552	552	502	502
Between two and five years	840	840	1,159	1,159
Over five years	10	10	-	-
	1,402	1,402	1,661	1,661
Vehicles				
Within one year	560	500	577	514
Between two and five years	723	646	807	748
	1,283	1,146	1,384	1,262
Equipment				
Within one year	13	13	27	27
Between two and five years	1	1	14	14
	14	14	41	41

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

13. Financial instruments

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

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

	Group As at 31-Mar-17 £'000	Group As at 31-Mar-17 £'000	Group As at 31-Mar-16 £'000	Group As at 31-Mar-16 £'000
	Loans and receivables	Other financial liabilities	Loans and receivables	Other financial liabilities
Trade receivables				
Levy receivable	2,788		2,378	
Receivables for fees	710		671	
Accrued income (less prepayments)	4,093		4,981	
Intra-government balances	532		716	
Cash and equivalents	26,047		21,562	
Trade and other payables				
Trade payables		1,747		2,418
Accruals		7,613		7,719
Pig Industry Development Scheme Fund		76		76
Intra-government balances		244		247
Other		400		348
Total	34,170	10,080	30,308	10,808

Credit and liquidity risk

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

Interest rate risk

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

Foreign currency risk

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

Market and price risk

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

Notes to the financial statements

14. 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 which 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 AHDB had transactions with during the year were Defra and other Defra bodies, HMRC and the Health and Safety Executive.

Ian Crute is a Trustee director of the East Malling Trust with transactions of £16k and no outstanding balance at 31 March 2017.

Fiona Fell is a director of CIEL Ltd, one of the agritech centres supported with Government funding. AHDB had transactions with CIEL of £18k during the year and no balance was due at 31 March 2017.

Peter Kendall is a director of Assured Food Standard (AFS). AHDB had transactions with AFS of £195k (2015/16: £364k) during the year and no balance was due at 31 March 2017.

Gwyn Jones is chairman of RUMA. AHDB had transactions with RUMA of £12k during the year (2015/16: £3k) and no balance was due at 31 March 2017.

Meryl Ward is a director of Warden Faming Ltd, trading as Uncle Henry's Farm Shop. AHDB had transactions of £2k with Uncle Henry's Farm Shop in 2016/17 (2015/16: £2k). There was no outstanding balance as at 31/3/2017.

All the above transactions were on an Arm's Length basis. No other AHDB Board members, senior executive staff or other related parties have undertaken any material transactions with AHDB. Statutory levies were paid by a number of AHDB Board members on an Arm's Length basis and are outside the scope of IAS 24.

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

Transactions with senior members of staff can be found in the remuneration and staff report on page 18.

15. Contingent liabilities

There were no contingent liabilities at 31 March 2017.

Notes to the financial statements

16. Pensions

16a. Information about the schemes

Introduction

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

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

MLC Pension Scheme

AHDB operates a contributory Pension Scheme providing defined benefits to legacy MLC members based on final pensionable salary. This Scheme is closed to new entrants. The assets of the Scheme are held separately from those of AHDB, being invested with insurance and investment companies. The Scheme has provision for pensions in payment to be increased by 5% per annum or the percentage shown in the Pension Increases Order, if lower. If the percentage shown in the Order exceeds 5% per annum there is provision in the Scheme rules for pensions in payment to be increased beyond 5% per annum by the Trustees with AHDB's consent. Contributions to the Scheme are charged to AHDB's income and expenditure account and are determined by a qualified actuary on the basis of annual valuations using the projected unit method. The employer's contributions to the Scheme in 2017/18 are estimated to be £0.3 million.

A substantial part of the Scheme's assets are represented by buy-in policies with insurance providers (Aviva and Just Retirement – now known as Just) to cover the future liabilities of the Scheme in relation to the in-payment pension obligations at that time. This was achieved 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 the buy-in, the annuity policy is in the name of the Trustee and, as such, is considered a qualifying investment of the Scheme. Due to market conditions, the policy attracts an income related to RPI, while the pension payments from the Scheme have guaranteed increases at 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 16c page 53, at 31 March 2017, 70.6% 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 first 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 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 are 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 is assumed to increase in line with RPI up to 5% pa rather than CPI up to 5% pa. 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. During March 2017, as part of the Trustees' de-risking strategy, a total of £10 million of assets were disinvested from equity securities and moved into a diversified growth fund.

HGCA Pension Scheme

The Scheme provides benefits to legacy HGCA members based on final salary. This scheme is closed to new entrants. Actuarial valuations are usually prepared on a triennial basis. The latest valuation was completed as at 31 March 2016 and indicated a funding deficit of £0.7 million. The recovery plan agreed between the HGCA Pension Plan Trustees and AHDB, concerning the funding of the deficit, specified contributions of £75k pa, payable monthly, for the period up to the next triennial actuarial review of the scheme. The employer's normal contributions to the scheme in 2017/18 are estimated at £62k.

Notes to the financial statements

16. Pensions (continued)

16b. Principal assumptions

The adoption of CPI rather than RPI as the basis for calculating future pension payment increases has been used as one of the principal assumptions to calculate the different scheme liabilities, from 1 April 2011 onwards. This is in accordance with IAS 19 and as required by HM Treasury. The accounting treatment was adopted by all central Government entities where RPI has been used for inflation indexing for many years.

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

	MLC Pension Scheme		HGCA Pension Scheme	
	31-Mar-17 % pa	31-Mar-16 % pa	31-Mar-17 % pa	31-Mar-16 % pa
Price inflation	2.4	2.0	2.4	2.0
Rate of increase in pay	3.4	3.0	3.4	3.0
Rate of increase of pensions in payment*	2.4	2.1	2.4	2.1
Rate of increase for deferred pensioners*	2.4	2.0	2.4	2.0
Discount rate	2.4	3.3	2.4	3.3

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

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

	MLC Pension Scheme		HGCA Pension Scheme	
	31-Mar-17 years	31-Mar-16 years	31-Mar-17 years	31-Mar-16 years
Male currently aged 65	23.0	22.9	23.1	23.0
Female currently aged 65	25.3	25.1	25.3	25.2
Male currently aged 50	24.6	24.5	24.7	24.5
Female currently aged 50	27.0	26.8	27.0	26.9

The sensitivity of the value placed on the schemes' liabilities is reviewed as part of the process in setting the assumptions. To determine the sensitivity of the defined benefit obligation to changes in the key assumptions, an approximate basis change based on the split of obligations between activities, deferrals, pensioners and dependants and the estimated duration of each set of liabilities was carried out. There have been no changes in the approach used to determine the sensitivity of the defined benefit obligation to changes in the key assumptions since the previous year. Examples of changes in the value of scheme liabilities, in the event of any given assumption changing in isolation, are noted below.

The effect of a decrease in the assumed Discount Rate of 0.5% would increase liabilities by 7.7% in the MLC Scheme, and by 10.7% in the HGCA Scheme.

The mortality rate, which determines the above future life expectancies, is based on a long-term trend improvement of 1.5% pa. If the rate of improvement were assumed at 1.75% pa, liabilities would increase by 1.1% for MLC and 1.2% for HGCA.

If the RPI price inflation measure applied of 3.4% were to be increased by 0.25%, liabilities would increase by 2.4% in the MLC Scheme, and by 4.8% in the HGCA Scheme.

If the assumption of growth in salaries, currently assumed to be 3.4%, were to be reduced to 2.4%, liabilities would decrease by 0.4%.

Notes to the financial statements

16. Pensions (continued)

16c. Assets

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

	MLC Pension Scheme		HGCA Pension Scheme	
	31-Mar-17 % pa	31-Mar-16 % pa	31-Mar-17 % pa	31-Mar-16 % pa
Equities	29.3	28.0	33.2	37.2
Gilts	-	-	65.6	61.9
Annuities	-	-	0.8	0.8
Cash	0.1	0.1	0.4	0.1
Other - Insurance policy	70.6	71.9	-	-

16d. Components of defined benefit cost for the 12 months ended 31 March 2017

Analysis of amounts charged to statement of comprehensive income:

	MLC Pension Scheme		HGCA Pension Scheme		Total Pension Schemes	
	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000
Current service cost	(400)	(600)	(57)	(63)	(457)	(663)
Administration costs	(700)	(500)	(21)	(18)	(721)	(518)
Net interest on net defined benefit liability	100	200	5	4	105	204
Total income/(expense) recognised in profit and loss	(1,000)	(900)	(73)	(77)	(1,073)	(977)

Notes to the financial statements

16. Pensions (continued)

16d. Total amount recognised in other comprehensive income

Analysis of the amounts charged to other comprehensive income:

	MLC Pension Scheme		HGCA Pension Scheme		Total Pension Schemes	
	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000
Actuarial gains and (losses) on assets	24,700	(14,300)	2,730	(543)	27,430	(14,843)
Experience gains and (losses) on liabilities	600	2,500	(115)	207	485	2,707
Gains (losses) from changes to assumptions	(33,700)	6,600	(4,901)	511	(38,601)	7,111
Change in irrecoverable surplus	-	2,000	2,070	(185)	2,070	1,815
Total amount (charged) in other comprehensive income	(8,400)	(3,200)	(216)	(10)	(8,616)	(3,210)

16e. 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 Scheme		Total Pension Schemes	
	As at 31-Mar-17 £'000	As at 31-Mar-16 £'000	As at 31-Mar-17 £'000	As at 31-Mar-16 £'000	As at 31-Mar-17 £'000	As at 31-Mar-16 £'000
Present value of defined benefit obligation	(225,400)	(195,500)	(24,332)	(19,340)	(249,732)	(214,840)
Fair value of plan assets	220,100	199,300	26,085	23,211	246,185	222,511
Surplus/(deficit) on Scheme	(5,300)	3,800	1,753	3,871	(3,547)	7,671
Irrecoverable surplus (effect of asset ceiling)	-	-	(1,811)	(3,757)	(1,811)	(3,757)
Net asset/(liability) recognised in Statement of Financial Position	(5,300)	3,800	(58)	114	(5,358)	3,914

Notes to the financial statements

16. Pensions (continued)

16e. Reconciliation to the statement of financial position

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

	MLC Pension Scheme		HGCA Pension Scheme		Total Pension Schemes	
	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000
Surplus in the Scheme at start of year	3,800	7,600	114	83	3,914	7,683
Contributions paid	300	300	117	118	417	418
Current service cost	(400)	(600)	(57)	(63)	(457)	(663)
Net interest on net defined benefit (asset)/liability	100	200	5	4	105	204
Administration costs	(700)	(500)	(21)	(18)	(721)	(518)
Actuarial (loss)	(8,400)	(3,200)	(216)	(10)	(8,616)	(3,210)
Surplus/(deficit) in the Scheme at end of year	(5,300)	3,800	(58)	114	(5,358)	3,914

For the HGCA Pension Scheme, the contributions paid for the year ended 31 March 2017 of £117k (2016: £118k) include the additional Scheme augmentation component of £75k (2016: £75k) referred to in 16a.

16f. Reconciliation of opening and closing balances of the present value of the defined benefit obligation

Change in scheme liabilities:

	MLC Pension Scheme		HGCA Pension Scheme		Total Pension Schemes	
	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000
Balance at 1 April	(195,500)	(207,900)	(19,340)	(20,156)	(214,840)	(228,056)
Current service cost	(400)	(600)	(57)	(63)	(457)	(663)
Interest cost	(6,300)	(6,500)	(627)	(632)	(6,927)	(7,132)
Contributions by plan participants	(200)	(200)	(15)	(16)	(215)	(216)
Actuarial gains/(losses) on experience	600	2,500	(115)	207	485	2,707
Actuarial gains on demographic assumptions	-	2,700	-	150	-	2,850
Actuarial gains/(losses) on financial assumptions	(33,700)	3,900	(4,901)	361	(38,601)	4,261
Benefits paid	10,100	10,600	723	809	10,823	11,409
Scheme liabilities at end of year	(225,400)	(195,500)	(24,332)	(19,340)	(249,732)	(214,840)

Notes to the financial statements

16. Pensions (continued)

16f. Reconciliation of opening and closing balances of the fair value of plan assets

Change in scheme assets:

	MLC Pension Scheme		HGCA Pension Scheme		Total Pension Schemes	
	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000	For the year ended 31-Mar-17 £'000	For the year ended 31-Mar-16 £'000
Balance at 1 April	199,300	217,400	23,211	23,700	222,511	241,100
Expected return on plan assets	6,400	6,800	756	747	7,156	7,547
Return on scheme assets greater/(less) than discount rate	24,700	(14,300)	2,730	(543)	27,430	(14,843)
Contributions by the employer	300	300	117	118	417	418
Contributions by the plan participants	200	200	15	16	215	216
Administration costs	(700)	(500)	(21)	(18)	(721)	(518)
Benefits paid	(10,100)	(10,600)	(723)	(809)	(10,823)	(11,409)
Fair value of assets at end of year	220,100	199,300	26,085	23,211	246,185	222,511

The actual return of plan assets in the MLC Pension Scheme was a gain of £31.1 million (2015/16: loss of £7.5 million). The actual return of plan assets in the HGCA Pension Scheme was a £3.5 million gain (2015/16: £0.2m).

16g. Maturity profile of Defined Benefit Obligation

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

	MLC £000	HGCA £000
Expected benefit payments made during 2017/18	9,900	691
Expected benefit payments made during 2018/19	9,800	624
Expected benefit payments made during 2019/20	9,800	636
Expected benefit payments made during 2020/21	9,900	694
Expected benefit payments made during 2021/22	9,800	730
Expected benefit payments 2022/23 to 2026/27	51,500	4,124

Notes to the financial statements

16. Pensions (continued)

16h. Defined Contribution Schemes

MLC Pension Scheme

The Defined Contribution section of the MLC Pension Scheme had a total of 32 members as at 31 March 2017 (31 March 2016: 34 members). The current employee and employer contribution rates are 5% and 7%, respectively. The cost to AHDB of operating the Scheme during the year ended 31 March 2017 was £91k (2015/16: £93k) and the value of outstanding contributions as at 31 March 2017 was £7k (31 March 2016: £8k). This Scheme was closed to new members in 2008, when AHDB set up the AHDB Pension Scheme for newly appointed employees.

16i. Group Personal Pension Plans

AHDB Pension Scheme

The AHDB Pension Scheme 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 Scheme had a total of 449 members as at 31 March 2017 (31 March 2016: 409 members). The normal current employee and employer contribution rates are 3%/6%, 4%/8% and 5%/10%, respectively. The Scheme is provided by Legal and General. The cost to AHDB of operating the Scheme during the year ended 31 March 2017 was £1,128k (2016: £1,008k). The value of outstanding contributions as at 31 March 2017 was £100k (31 March 2016: £87k).

17. Events after the reporting date

There were no other events after the reporting date that require disclosure or adjustment to the financial statements. 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 2016/17

SECTOR	Standard Levy rate 2016/17	SECTOR	Standard Levy rate 2016/17
Pigs (England)	£ per head	Cereals and oilseeds (UK)	Pence per tonne
Producer	0.85	Cereal grower	46.00
Slaughterer/exporter of live pigs	0.20	Cereal buyer	3.80
Beef and Lamb (England)	£ per head	Cereal processor (human and industrial)	9.50
Cattle (excluding calves)		Cereal processor (feed)	4.60
Producer	4.05	Oilseeds	75.00
Slaughterer/exporter of live cattle	1.35	Horticulture (GB)	% sales turnover
Calves		Horticulture products	0.50
Producer	0.08	Mushroom spawn	Pence per litre
Slaughterer/exporter of live calves	0.08	- Agaricus	8.0
Sheep		- Non-agaricus	2.0
Producer	0.60	Potatoes (GB)	
Slaughterer/exporter of live sheep	0.20	Potato growers	£42.62 per hectare
Milk (GB)	Pence per litre	Purchasers of potatoes	£0.1858 per tonne
Buyers and direct sellers of milk	0.060		

Note: higher rates apply for overdue payment.

AHDB Sector Boards at 31 March 2017

AHDB Pork Sector Board

***Meryl Ward MBE**, (Chair)
***Alastair Butler**, pig producer, Suffolk
Adam Cheale, processor
***Richard Hooper**, pig producer, Shropshire
William de Klein, processor
Barry Lock, processor
Andrew Saunders, processor
Robert Shepherd, pig producer, Hampshire
***Rob Mercer**, producer
***Ian Smith**, pig producer, Bedfordshire
Simon Watchorn, pig producer
Iain Wylie, independent member

**Denotes end of term in office on 31 March 2017.
The following new members were appointed from 1 April 2017:
Richard Buckle, Robert Beckett, Robert Mutimer,
Mike Sheldon (Chair from 10 April 2017)*

AHDB Dairy Sector Board

Gwyn Jones, (Chair)
***Jim Baird**, dairy farmer, Lanark
David Cotton, dairy farmer, Somerset
Keith Davis, dairy farmer, Gloucestershire
Timothy Gue, dairy farmer, West Sussex
Chris James, dairy farmer, Pembrokeshire
Peter Nicholson, processor
Janette Prince, dairy farmer, Staffordshire
***Thomas Rawson**, dairy farmer, Lincolnshire
Richard John Soffe, independent member

**Denotes end of term in office on 31 March 2017.
The following new members were appointed from 1 April 2017:
Mary Quicke, Oliver Hall*

AHDB Beef & Lamb Sector Board

Adam Quinney, (Chair)
Philip Abbott, producer, Tamworth
Mark Allan, processor
Peter Baber, producer, Exeter
Howard Bates, sheep farmer, Romney Marsh
Adam Cheale, producer
Stephen Conisbee, producer, Surrey
James Evans, producer, Shropshire
Gill Fine, independent member
Andy Foot, mixed arable and beef farmer, Dorset
***Ed Green**, producer, Somerset
Rizvan Khalid, processor
Duncan Nelless, producer, Northumberland
***Richard Phelps**, processor
Rosalind Turner, sheep farmer, Leicestershire
Paul Westaway, beef farmer, Gloucestershire

**Denotes end of term in office on 31 March 2017.
The following new members were appointed from 1 April 2017:
Laurie Ibbotson, Robert Venner*

AHDB Horticulture Sector Board

Gary Taylor, (Chair)
Martin Emmett, bulbs and outdoor flowers consultant, West Sussex
Martin Evans, independent member
Roma Gwynn, independent member
Robert James, grower
Nigel Kitney, tree fruit grower, Herefordshire
Mike Mann, protected ornamentals grower, Cornwall
Robert Saunders, specialist in fruit agronomy
Alison Spaul, independent member and vice chair
Neville Stein, independent member
Lynden Stowe, independent member
Louise Sutherland, grower

AHDB Cereals & Oilseeds Sector Board

Paul Temple, (Chair)
Ian Backhouse, arable and livestock farmer, East Yorkshire
Jane Biss, processor
Robert King, independent member
Howard Leland, processor
Robert Lasseter, cereals and pig farmer, Dorset
George Lawrie, cereals farmer, specialising in spring barley, Scotland
Andrew Moir, cereals farmer, Scotland
David Neal-Smith, independent member
Andrew Osmod, grower
James Price, arable farmer, Oxford
Ben Schadla-Hall, trade (*Resigned 26 February 2017*)

AHDB Potatoes Sector Board

***Fiona Fell**, (Chair)
***Anthony Carroll**, grower, Northumberland
***Dave Chelley**, processor, Lincolnshire
Reuben Collins, grower, Cornwall
***James Daw**, grower, Staffordshire
***Zoe Henderson**, independent member
Dan Hewitt, processing, Norfolk
Philip Huggon, independent member
Bruce Kerr, grower, Suffolk
***Alistair Melrose**, seed grower, Angus
Alistair Redpath, seed merchant, Perthshire
Mark Taylor, fresh supply, Cambridgeshire
William Quan, grower, Herefordshire

**Denotes end of term in office on 31 March 2017.
The following new members were appointed from 1 April 2017:
Andrew Skea, Daniel Metheringham, Jonathan Papworth,
Michael Welham, William Shakeshaft,
Sophie Churchill OBE (Chair from 10 April 2017)*



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