



Agriculture and Horticulture Development Board Annual report and accounts 2021–2022

For the period 1 April 2021 to 31 March 2022

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

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Contents

Chair's foreword	4
Performance report	
Overview	6
– Introduction, overview and AHDB purpose and strategic priorities	6
Performance	8
– Delivering for each AHDB industry sector	8
– Key issues and risks	15
– Financial performance	15
– Diversity and inclusion	16
– Sustainable development performance	16
Performance analysis	17
– The new regular vote and the levy ballot process	17
– Board scrutiny	17
Summary and look ahead	18
Accountability report	
Corporate governance report	19
– Board's report	19
– Statement of the Accounting Officer's responsibilities	21
– Governance statement 2021/22	21
AHDB board and statutory committees at 31 March 2022	27
Remuneration and staff report	28
Certificate and Report of the Comptroller and Auditor General	36
Financial statements 2021/22	
Consolidated statement of comprehensive net expenditure	40
AHDB statement of comprehensive net expenditure	41
Consolidated statement of financial position	42
AHDB statement of financial position	43
Consolidated cash flow statement	44
AHDB cash flow statement	45
Consolidated statement of movement in reserves	46
AHDB statement of movement in reserves	47
Notes to the financial statements	48
Annex – Levy rates in operation during 2021/22	78
AHDB Sector Councils and Sector Boards at 31 March 2022	79

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

Thirteenth Annual Report to the Secretary of State for Environment, Food and Rural Affairs, the Scottish Ministers, the Welsh Ministers and the Northern Ireland Ministers, and Statement of Accounts for the year ended 31 March 2022.

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

Chair's foreword

British farmers, growers and the supply industry faced many challenges during the year including adapting to Brexit, environmental demands, the signalled reduction in direct government support for agriculture, rising costs of inputs and shortage of labour. In addition, as we reached the end of the financial year, the world was experiencing the fallout from the invasion of Ukraine. This all provided for what will be a period of significant change, volatility and risk, but also one of real opportunity.



For some, the future has already arrived. With the exception of pigs, farmgate prices for many commodities have risen to record levels, but with massive increases in production costs. As British farmers and growers, we are often characterised as independent and self-sufficient. All of this is true, but at this time of unprecedented change we need to come together to deliver resilience and strength from collaboration, not only between ourselves, but working with the whole supply chain.

To make the right decisions and the important changes ahead, each one of us will need to have the best available understanding of the future. We will need to be aware of market challenges and adapt production to meet the opportunities. It will be vital to continue to collectively communicate on all available platforms with consumers both at home and abroad. AHDB needs to make sure that it is well-functioning, cost efficient and able to reflect the changing priorities of farmers.

Behind the scenes at AHDB we have been quietly delivering on our pledge to make fundamental changes to the organisation and our people as part of our plans to make us more efficient, more relevant and to deliver £7.8 million of reductions from our annual staff and overheads budget of £29 million.

During the year we reduced the overall headcount by some 130 people and costs by 30%. This has come at great cost to individuals, both financially and emotionally. I want to thank those who left during the year for their support and service to the organisation. In particular, the board also wants to publicly thank those members of staff who had the difficult task of delivering change. Reorganisations involve often painful decisions and conversations, but this major change programme was carried out with both empathy and professionalism.

The process has prepared AHDB to provide a much improved cost efficient, flexible and responsive organisation. One that the industry will need to support levy payers in the difficult years ahead. We have delivered the overall cost reductions that were signalled in the board's plans published last year. In the process we have appointed Tim Rycroft as CEO in August 2021. We have slimmed down and reorganised the top management

structure to ensure cost efficiency, flexibility and reduction in unnecessary bureaucracy.

The board has also introduced changes to the governance structure of the organisation to improve levy payer engagement and introduce greater transparency and accountability. In essence, to make AHDB more effective, better value for money and to put levy payers and their sectors back at the heart of what we do.

AHDB occupies a unique space as the only large-scale, well-resourced, truly independent organisation capable of delivering to levy payers' needs. In defining those needs the 'Shape the Future' campaign was launched in November 2021 giving every levy payer the opportunity, during April and May 2022, to vote on the priorities and work programmes that are most important to them. It is the next vital step in ensuring that AHDB is a responsive levy payers' organisation that reflects the needs of farmers in supporting collective and individual success.

Amidst these fundamental changes I'm pleased to report that our dedicated professional staff have continued to deliver first class day-to-day services to support levy payers.

Tim Rycroft will detail some of our highlights in his Performance Report but I would also like to take this opportunity to illustrate some of the fantastic work the AHDB team has delivered this year.

We have maintained our critical and highly regarded independent market intelligence and analytical service to both levy payers and the wider industry. It is a flagship service that has been built over many years and one that is used by government and the wider industry as well as levy payers. Our sector-specific Agri-Market Outlooks and in depth analysis of Free Trade Agreements with Australia and the US are shining examples of this, contributing to around 4.8 million web hits on the Market Intelligence pages of our website. More recently, our insight into the fallout of the conflict in the Ukraine, not only informed our stakeholders, but generated a raft of media enquiries from national print and broadcast media, as well as key trade media, requesting expert comment from AHDB. This underlines how data and independent evidence will become ever more critical in making the difficult decisions that we will all face in the coming years.

During the 2021/22 financial year we maintained delivery levels for our valuable export services, working around the various market challenges of COVID-19. Outcomes included opening new markets for lamb in the US – worth an estimated £37 million in the first five years; and for pork in Chile – worth an estimated £20 million in the first five years. Full-year figures for 2021 also showed our red meat exports were worth £1.45 billion, which is incredibly encouraging.

We have very successfully defended the home market from the unprecedented and often misinformed attacks on the environmental impact of British farming practices and the health risks of the consumption of animal protein. Our 'We Eat Balanced' campaign ran again during September 2021 and January to February 2022 to inform consumers about the UK's sustainability credentials, along with health messages promoting red meat and dairy as a natural

source of vitamin B12. Indeed, nine per cent more people thought beef, lamb and pork are produced in a sustainable way following the autumn burst of the campaign. This followed a ruling in our favour in August 2021 by the Advertising Standards Authority (ASA) after it had received complaints about We Eat Balanced. We have also successfully challenged a number of national media articles to ensure more balance around the debate concerning the health and environmental credentials of red meat and dairy where they have been misrepresented. Defending the industry like this is massively appreciated by levy payers.

We have played an important role in providing independent evidence to government in regard to the damage being done to levy payers and the supply chain through the lack of labour availability. At the same time we have maintained our advice to levy payers in regard to the best and most cost effective use of fertiliser inputs (RB209) and the comparative performance of seeds (Recommended Lists), as well as advice on best practice and new methods of dealing with environmental, productivity and animal welfare challenges through our network of monitor and strategic farms and our field-based KE team. All of this and more has been achieved by collaboration with levy payers, the wider industry and government.

In the 2022/23 financial year, we all face many ongoing challenges. These include rising fuel and energy costs, spiralling fertiliser and animal feed costs and the increased complexity and costs of operating in a post-EU landscape. In addition we are facing up to the transition from the Basic Payment Scheme (BPS) to the introduction of the Environmental Land Management scheme (ELMs), and the need to meet the Government's Net Zero ambitions, as well as the continuing COVID-19 staffing issues.

AHDB has a critical role and responsibility to help agriculture and our levy payers thrive in a new operating and trading environment. Our role becomes ever more critical in being the supporting bridge that allows the industry to shape up for what is going to be a challenging future.

We have started to demonstrate our commitment to change to deliver better value for levy payers and to put them at the heart of what we do, but there is still work to be done. I'm confident that we will be able to shape a positive future for the industry where AHDB delivers more targeted services and better value for money.

Nicholas Saphir
Chair
Agriculture and Horticulture Development Board

11 January 2023

Performance report

From the Chief Executive and Accounting Officer

Introduction

AHDB occupies a unique place in the network of organisations that support agriculture. Our mission is to make a real and visible difference for farmers, growers and processors by enabling their success.



Alongside delivering tangible results for levy payers, the last year has seen AHDB implement radical changes to our structure, governance, costs, processes and culture. All of this has been driven by our commitment to put the levy payers' voice at the heart of everything we do.

More change lies ahead for us but thanks to the hard work and dedication of our entire team we have now restored our focus, energy and sense of direction. Change is never easy and I want to pay tribute to and thank all those, at every level, who have made it happen.

Overview

We have made huge strides in reinventing AHDB during 2021/22. Accountability to levy payers and delivering value for money have been our obsessive focus. It remains my clear intention that AHDB will be widely recognised and admired by our external stakeholders for the way we play our unique role in enabling farming success.

This is not about slogans or warm words. We have reshaped our organisation to allow for faster and clearer decision-making, sharper focus and less bureaucracy. The injection of new talent into the AHDB board brings fresh perspective and an increased breadth of wisdom and depth of experience.

Replacing our sector boards with sector councils may sound like the most marginal difference. In fact it represents a wholesale change in their role. Councils are now focused on identifying sector needs, making funding decisions based on levy payer input and overseeing the delivery of that work. This has required us to implement zero-based budgeting so we can transparently report the cost of each of our workstreams. Recruitment to councils will be on a skills basis – identifying and seeking out those whose capabilities add to their effectiveness.

In April 2022, 4,478 levy payers in the Beef and Lamb, Dairy, Pork and Cereals and Oilseeds sectors chose to 'Shape the Future', as we delivered the first ever democratic levy payer vote on priorities and programmes of work that should be funded by their levy. This will inform our sector councils' decision-making on what the main challenges are for levy payer businesses and what work they want AHDB to deliver for them. It also marked another milestone in AHDB's change programme, making a real visible scaling up of engagement with farmers,

growers and processors. These votes will now be held at least every five years as part of AHDB's strategy and work programme setting cycle.

I have reshaped and reduced the senior executive team based on clear and simple lines of responsibility and accountability. This has enabled us to move faster and to demonstrate a new clarity of purpose. My Leadership Team and those who report directly to them have borne a heavy burden of leading these changes (and responding to many emerging issues) and I am grateful to them all.

We have also implemented a wider staff redundancy programme driven both by the results of the 2020 ballots (which ended the collection of a levy in horticulture and potatoes) and by our own desire to reshape the organisation.

Losing good, dedicated and talented people is probably the hardest thing any organisation can do. As well as the direct (and horrible) professional and domestic consequences for those displaced from roles, the process of consultation of course casts a cloud of uncertainty more widely. We owe a debt of gratitude for the professionalism and dedication of all those who, against this backdrop, continued to deliver high-quality day-to-day services. To all those who have left us, I say, "Thank you for your service – and best wishes for the future".

I must specifically thank our Chair, Nicholas Saphir, and Ken Boyns, who took on the role of interim CEO, for leading AHDB through the initial period of change prior to my arrival in August 2021. Both have been sources of professional and personal support to me as I took on my new responsibilities.

Crucially, as we have changed AHDB from top to bottom, we have also continued to deliver critical programmes of work for our levy payers. All of this in an environment that continues to be dominated by the global impact of Coronavirus (COVID-19) and a new trading environment after leaving the EU.

Our work in championing and defending industry reputation continued to drive a positive re-think of red meat and dairy among consumers following the initial launch of our £1.5 million 'We Eat Balanced' campaign. We take the quality and independence of the data we publish very seriously so we were delighted (and I think vindicated) when none of the complaints about the campaign were upheld by the Advertising Standards Authority (ASA) in August 2021.

We have continued to communicate the benefits of red meat and dairy in a balanced diet. The campaign ran again in January 2022, with a new TV advert being broadcast on Channel 4, ITV and Sky as well as on-demand services and social media. It focused on the goodness within red meat and dairy, as a natural source of vitamin B12, produced to world-class sustainability and farming standards. In addition we successfully challenged several print and broadcast media reports on meat and dairy to ensure balance and correct mistruths about the industry.

International market development continued to flourish in a post-Brexit environment that was also disrupted by the impact of COVID-19. Notable successes included working collaboratively with industry and government to secure market access for UK lamb to the US for the first time in more than two decades. It is estimated that this market will be worth £37 million in the first five years of trade. We also helped secure market access to Chile for UK pork, worth around £20 million in the first five years of trade.

Market intelligence, economics and analysis continued to play a crucial role for our levy payers and other industry stakeholders, with key analysis, insight and advice. Not only did this help levy payers prepare to operate in the post-EU environment, but also provided evidence-based information to parliamentarians, examining key industry issues and making decisions that will potentially impact our levy payers' businesses. From examining the transition from the loss of the Basic Payment Scheme (BPS) to the development of the Environmental Land Management scheme (ELMs) and the potential impact of new Free Trade Agreements (FTAs) on farmers, our independent, trusted analysis provides a unique resource for the industry.

These activities highlight some of the great work we've been doing for levy payers in the last year.

This report summarises our performance in the 12 months to 31 March 2022, with the following pages illustrating how levies have been invested during that period to deliver for each of our sectors during the reporting period.

AHDB purpose and strategic priorities

Our Change Programme and Strategy 2021–2026 has of course guided our activities in 2021/22, though our strategy, like our organisation, is evolving fast and it is likely we will revisit it when our change programme is substantially complete and as we continue to hear clearly from levy payers about their priorities.

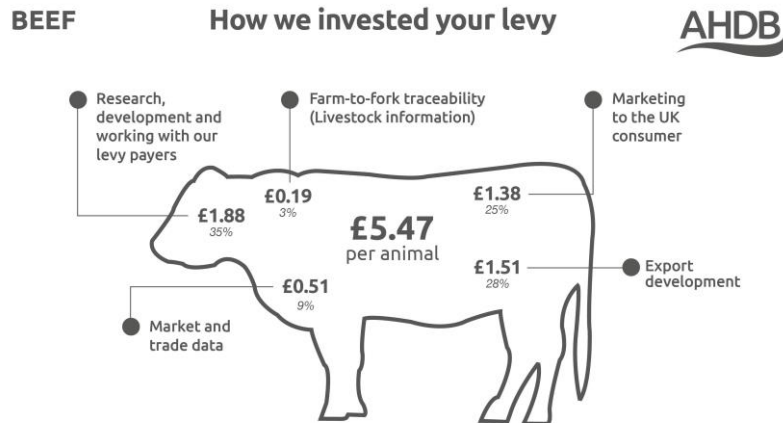
Purpose: Growing British Agriculture and Horticulture

Our priorities during 2021/22 were:

1. Industry reputation - reminding and reassuring consumers that UK produce is nutritionally beneficial and high quality. We also encouraged more commitment to the progress and adaptations required on farm to create a profitable and environmentally sustainable industry, able to make bold, proud reputational claims
2. Domestic and international markets - creating a strong market for UK products by developing and maintaining domestic and overseas markets and helping farmers give the customer what they want and enjoy. That's why we invest in marketing and export development every year.
3. Improving performance, profitability and costs - bringing data, insight and analysis together in an easy-to-use format to help farmers, growers and supply chains make better evidence-based business decisions. This is delivered through programmes of work such as Market Insight, Farm Business Review, The Recommended Lists and Farmbench to help farmers and growers make their businesses more resilient and fit for the future.

In addition to our cross-sector projects, we also focused on a large number of sector-specific priorities, outlined on the following pages.

Delivering for AHDB Beef



Total strategic activity expenditure of Beef & Lamb in 2021/22 was £15.0 million (see Note 2a in the Financial Statements). The infographic illustrates expenditure on a per chargeable levy unit basis. Costs associated with Levy Payer Communications, Digital & Creative, and Support and other expenditure are allocated on a pro-rata basis to the categorised delivery areas. The calculations are based on 1.5 million animals processed. The difference between expenditure and levy collected in any one year is due to non-levy income streams and active reserves management.

Sector priorities

- Protecting the reputation of beef and lamb and promoting benefits to consumers
- Support farmers to remain viable despite changes to farm support, profitability and productivity challenges
- Support farmers to be competitive while driving the highest standards of animal health and welfare and reducing their environmental footprint
- Increasing market access and exports of British beef and lamb

Some highlights



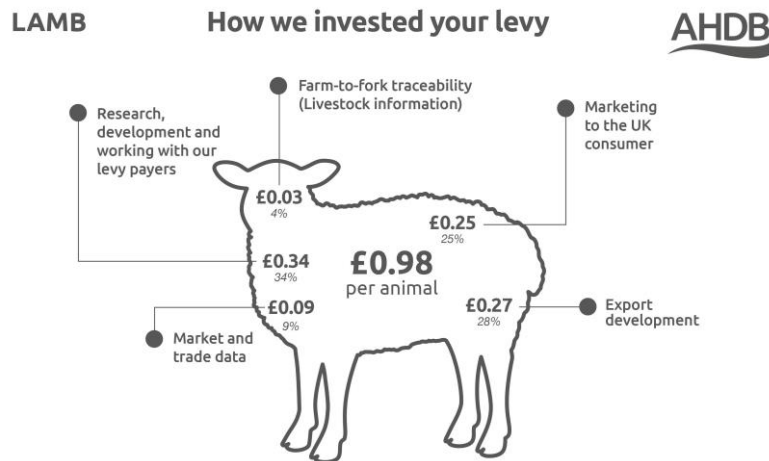
Export of beef to the US

2021 trade data
worth over **£11M**

Since gaining approval for the export of beef to the US, 2021 trade data demonstrates this to be worth over **£11 million**

- 85% of teachers surveyed on the benefit of the AHDB and the British Nutrition Foundation (BNF) 'Food: A Fact of Life' resources reported that pupils are more informed about where food comes from by using them
- The value of beef shipments to Japan in 2021 increased 79% compared to prior year to £9.7 million
- AHDB Head of Environment Dr Jonathan Foot spoke at COP26, highlighting the absence of reliable and comparable data within carbon reduction reporting and the need across all industries and sectors for standardised reporting to measure any progress towards Net Zero targets

Delivering for AHDB Lamb



Total strategic activity expenditure of Beef & Lamb in 2021/22 was £15.0 million (see Note 2a in the Financial Statements). The infographic illustrates expenditure on a per chargeable levy unit basis. Costs associated with Levy Payer Communications, Digital & Creative, and Support and other expenditure are allocated on a pro-rata basis to the categorised delivery areas. The calculations are based on 7.0 million animals processed. The difference between expenditure and levy collected in any one year is due to non-levy income streams and active reserves management.

Sector priorities

- Protecting the reputation of beef and lamb and promoting benefits to consumers
- Support farmers to remain viable despite changes to farm support, profitability and productivity challenges
- Support farmers to be competitive while driving the highest standards of animal health and welfare and reducing their environmental footprint
- Increasing market access and exports of British beef and lamb

Some highlights

90% agreed
the TV ad communicated
meat and dairy can be
part of a balanced diet

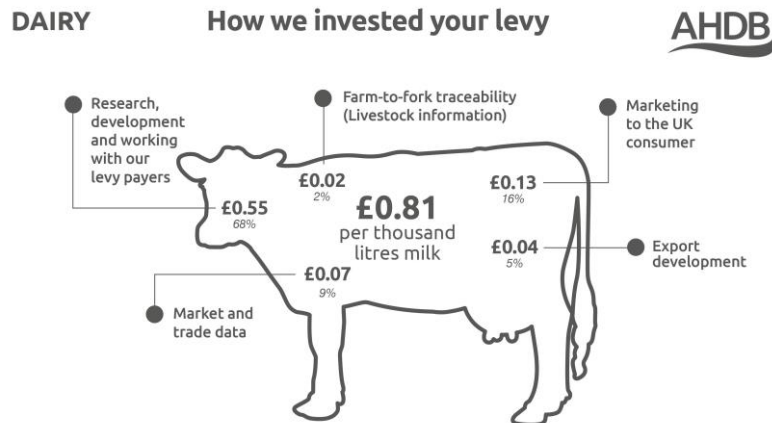
We Eat Balanced

Market access for
UK LAMB to the US
was gained after more than two decades
of restrictions

estimated
to be worth
£37M
in the first five years of trade

- 70% of clients felt the AHDB-run Signet breeding service created a financial benefit for their business
- Selecting rams using Estimated Breeding Values (EBVs) can generate an extra £3–4/lamb - worth an extra £1,000 over their lifetime
- Blue Peter retracted its 'go meat free' pledge as part of its 'climate heroes' campaign, following an open letter from AHDB, HCC and QMS

Delivering for AHDB Dairy



Total strategic activity expenditure of Dairy in 2021/22 was £10.1 million (see Note 2a in the Financial Statements). The infographic illustrates expenditure on a per chargeable levy unit basis. Costs associated with Levy Payer Communications, Digital & Creative, and Support and other expenditure are allocated on a pro-rata basis to the categorised delivery areas. The calculations are based on 12.4 billion litres delivered. The difference between expenditure and levy collected in any one year is due to non-levy income streams and active reserves management.

Sector priorities

- Building a positive reputation for dairy farming and driving demand at home and overseas
- Supporting dairy farmers to operate more profitably
- Help farmers prepare for the future by driving animal health and welfare and environmental standards

Some highlights

During **2021/22**
more than **400**
farmers in Wales
used data collected from the
Dairy Improvement Programme
to make management decisions

Reassured
8 in 10
shoppers*
continue eating
meat and dairy

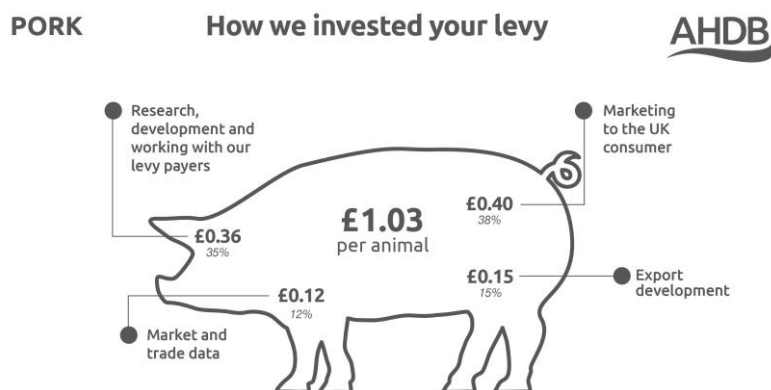


*shoppers who saw the advert

We Eat Balanced

- Following a challenge by AHDB, Oatly changed two claims on its website – that what we eat has the biggest impact on the planet and livestock emit more carbon than transport – to reflect the facts i.e. that scientific evidence shows other lifestyle factors have a much greater impact on the planet than diet, and like for like comparison shows livestock do not emit more carbon than transport
- Launch of EnviroCow - one of the first genetic indexes in the world to focus solely on breeding cows for their environmental credentials, reflecting the important role genetics and breeding play in improving the environmental efficiency of milk production
- Cheese exports to North America were up 24% in 2021 totalling 11,358 tonnes, the increase predominantly driven by the USA with a 23% rise in volume

Delivering for AHDB Pork




Total strategic activity expenditure of Pork in 2021/22 was £8.9 million (see Note 2a in the Financial Statements). The infographic illustrates expenditure on a per chargeable levy unit basis. Costs associated with Levy Payer Communications, Digital & Creative, and Support and other expenditure are allocated on a pro-rata basis to the categorised delivery areas. The calculations are based on 8.7 million animals processed. The difference between expenditure and levy collected in any one year is due to non-levy income streams and active reserves management.

Sector priorities

- Selling every part of the pig for the best financial return at home in the UK or overseas
- Protecting the reputation of pork and promoting its benefits to consumers
- Improving animal health and welfare, reducing disease, and demonstrating high standards
- Demonstrating that the pork industry takes its impact on the environment seriously and is improving
- Improving profitability to remain competitive at home and overseas

Some highlights

Market access secured for
UK pork to Mexico
 worth an estimated
£50M 
 to UK producers in the
 first five years of trade

Our accelerated
ammonia monitoring
 trial shows that the
British PIG INDUSTRY
 is successfully reducing
 ammonia emissions,
 saving producers an
 estimated **£15.3M**

- Market access secured for UK pork to Chile for the first time in a new deal worth an estimated £20 million over the first five years
- The electronic medicine book for pigs (eMB-Pigs), a website available to all UK producers, has recorded a 60% reduction in antibiotic use across 94% of finished pigs since it was introduced in 2016
- AHDB is involved in a trial, the first commercial sized unit of its kind, running until Spring 2023 to harvest green ammonia from pig slurry that has the potential to provide an energy source and to reduce ammonia emissions at farm level

Delivering for AHDB Cereals & Oilseeds



Total strategic activity expenditure of Cereals & Oilseeds in 2021/22 was £10.4 million (see Note 2a in the Financial Statements). The infographic illustrates expenditure on a per chargeable levy unit basis. Costs associated with Levy Payer Communications, Digital & Creative, and Support and other expenditure are allocated on a pro-rata basis to the categorised delivery areas. The calculations are based on 18.9 million tonnes produced. The difference between expenditure and levy collected in any one year is due to non-levy income streams and active reserves management.

Sector priorities

- Supporting farmers to remain viable despite changes to farm support, profitability and productivity challenges
- Tackling pest, weed and disease pressures with less chemistry available, and implementing greater integrated pest management (IPM)
- Soil health and the Nutrient Management Guide (RB209) (RB209 and GREAT soils)
Meeting Net Zero ambitions for the environment across supply chains, including biodiversity, while maintaining profit margins
- Maintaining our reputation among customers and consumers and attracting skilled staff

Some highlights

More than
2.6M
web hits
to our cereals
Market Intelligence
pages
April '21 – March '22

**AHDB expert analysis
on Ukraine**
has been mentioned
in more than
**140 online and
print articles globally**

- AHDB worked with partners to review the impacts of the Farming Rules for Water and the implications of banning the autumn application of organic materials in England which led to the Secretary of State being able to issue guidance to the Environment Agency and to the industry that supported their continued safe use
- The 2021 Grain Market Outlook conference demonstrated the benefit of hybrid communications, drawing nearly 100 attendees in person and almost 200 more live online. Subsequent views of the recording were over 850.
- Of the 9 out of 10 farmers in the sector aware of AHDB Recommended Lists, 7 out of 10 use it in their on-farm decision-making rating it 7.4 out of 10 for the contribution it makes.

Delivering for AHDB Potatoes

For AHDB Potatoes it was estimated to cost c. £7.4 million to meet all the liabilities through the wind-down process including the planned transition of levy-funded activities. The AHDB Potatoes reserves at 31 March 2021 were £1.2 million, following the running of a planned annual deficit over the previous three years. The 2021/22 levy rate was therefore set by Ministers at a rate unchanged from 2020/21 and is expected to raise £5.6 million.

The outcome of the ballot of potatoes levy payers was announced by AHDB on 22 March 2021, showing a 66% majority vote against the continuation of the AHDB potatoes levies.

In May 2021, ahead of the government proposal to end the statutory levy, the AHDB board announced a radical reduction of costs and liabilities for AHDB's potato operations through a managed wind down and transition of all programmes of work in those sectors. This decision was to meet the board's fiduciary responsibilities, recognising the outcome of the ballot.

A final year of potatoes levy was collected in 2021/22 (see levy rates on page 78) to supplement AHDB Potatoes sector reserves in order to fund the budgeted costs of the operational liabilities associated with the wind-down of contracts, people and assets.

The end of the statutory potatoes levies was confirmed by Ministers in their consultation analysis report dated 8 March 2022. Ministers approved the final year levy rates for 2021/22 on 24 November 2021 and Parliament approved the related changes to the legislation governing AHDB on 26 May 2022.

The wind-down programme was implemented under the advice and oversight of the AHDB Potatoes Sector Board. The key elements included:

- The Sutton Bridge crop storage experimental unit closure in December 2021, with final research reports written up and the site put up for sale
- Creating a web-based knowledge archive of all the AHDB potato research reports, fact sheets, webinars, videos, podcasts, historic market information and pricing reports. This was made accessible to levy payers from March 2022 to ensure the industry continues to benefit from its historic levy investment
- Communications activity to levy payers from July 2021 onwards limited to potato storage results and essential updates such as emergency pest and disease communications
- The outcomes from the research network of five Strategic Potato Farms being delivered and reported in 2021 and the network subsequently wound up
- Market Intelligence and pricing reports along with events for potatoes levy payers stopping from the beginning of July 2021
- 17 non-storage research projects running throughout 2021/22 (four of which extend into the following one or two financial years)

Delivering for AHDB Horticulture

For AHDB Horticulture it was estimated to cost c. £10.6 million to meet all the liabilities through the planned transition of levy-funded activities and the wind-down process. AHDB Horticulture reserves at 31 March 2021 were £6.05 million. The balance is to be met through a reduced 2021/22 horticulture levy rate, expected to raise £4.55 million.

The outcome of the ballot of horticulture levy payers was announced by AHDB on 15 February 2021, showing a 61% majority vote against the continuation of the AHDB horticulture levies.

In May 2021, ahead of the government proposal to end the statutory levy, the AHDB board announced a radical reduction of costs and liabilities for AHDB's horticulture operations through a managed wind down and transition of all programmes of work in those sectors. This decision was to meet the board's fiduciary responsibilities, recognising the outcome of the ballot.

A final year of reduced horticulture levy was collected in 2021/22 (see levy rates on page 78) to supplement horticulture sector reserves in order to fund the budgeted costs of the operational liabilities associated with the wind down of contracts, people and assets.

The end to the statutory horticulture levy was confirmed by Ministers in their consultation analysis report dated 8 March 2022. Ministers approved the final year levy rate for 2021/22 on 24 November 2021 and Parliament approved the related changes to the legislation governing AHDB on 26 May 2022.

The wind down programme was implemented under the advice and oversight of AHDB's horticulture sector board supported by the AHDB horticulture panels. The key elements included:

- Stopping programmes of work that could be restarted in the future by grower associations, individual growers or the supply chain
- Continuation of a finite programme of emergency work on pests and diseases, including the Extension of Authorisation for Minor Use (EAMUs) and Emergency Authorisations (EAs). This will continue through 2022/23 to provide industry and government time to agree a future delivery mechanism for this valued service
- Creating a web-based knowledge archive of all the AHDB horticulture research reports, fact sheets, webinars, videos, podcasts. This was made accessible to levy payers from March 2022 to ensure the industry continues to benefit from its historic levy investment
- Communications activity to levy payers from July 2021 onwards was reduced to publishing results of completed research, in-season Extension of Authorisation for Minor Use (EAMU) and Emergency Authorisation (EA) notifications, and essential updates such as emergency pest and disease communications
- Events for horticulture levy payers stopping from the beginning of July 2021
- Already contracted research work in horticulture being agreed for funding through to completion and findings made available to growers; 51 horticulture research projects ran throughout 2021/22. This will reduce to 28 in 2022/23, 11 in 2023/24 and three in 2024/25

Key issues and risks

Risks

In 2021/22 the key risks regularly discussed by the board included the following:

- **Legacy pension schemes:** AHDB continued to work closely with the Trustee Directors of the two legacy defined benefit pension schemes it is responsible for funding, in order to help reduce volatility in the schemes. The schemes were closed to new accruals on 31 March 2022. More details can be found in the Accountability Report on page 20 and in Note 18 of the Financial Statements
- **VAT status:** In October 2020 HMRC determined that AHDB levies should not be subject to VAT. This meant AHDB would not be able to recover input VAT, thereby increasing costs. AHDB lodged an appeal which was unsuccessful and the changes took effect from 1 April 2022 reducing spending power by circa £4 million per annum.
- **Loss of levy payer support prior to Shape the Future voting:** Following the ballots on the continuance of the levy in the Horticulture and Potatoes sectors, AHDB accelerated its ambition to put levy payers at the heart of everything we do. Ensuring continued levy payer support through the Shape the Future process was a particular focus for the organisation in 2021/22.
- **Inability to reach cost-saving targets:** We set ourselves ambitious cost saving targets to be achieved by March 2023. The AHDB board, statutory committees and leadership team regularly monitored and assessed our ability to meet these targets; with the risk remaining active.
- **Shape the Future voting process fails:** We committed to deliver our first regular levy payer vote in April 2022. Voting was on priorities and programmes of work to be funded by the levy. It was a significant and risky undertaking because it was new and we did not know how levy payers would respond. We also had to create the mechanism and processes from scratch. The Shape the Future vote closed on 9 May 2022 with 4,478 levy payers voting and giving very constructive views.

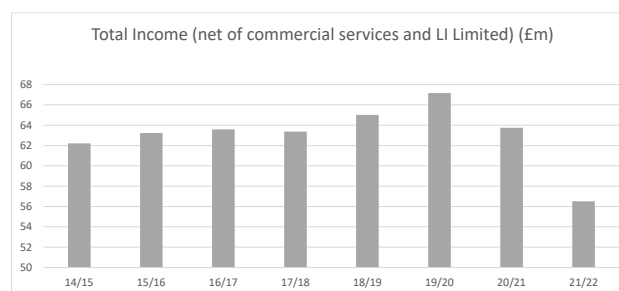
Financial performance

The total income for core activities during 2021/22 (excluding Livestock Information Limited activities) was £56.5 million (2020/21 £63.8 million), while operating expenditure on core strategic activities was £54.4 million (2020/21, £59.8 million).

Excluding Livestock Information Limited, the total comprehensive income for AHDB in 2021/22 was £7.7 million (2020/21, £1.0 million) and, when excluding pensions asset/liability movements of £7.5 million (2020/21, £1.3 million) the underlying surplus for AHDB standalone for 2021/22 was £0.2 million (2020/21, £2.2 million).

As a Group, including Livestock Information Limited and excluding asset revaluation and pension asset/liability

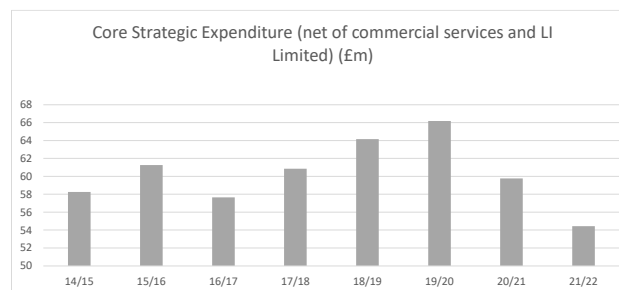
movements, the underlying AHDB Group deficit for 2021/22 was £15.3 million (2020/21, £6.7 million); the deficit resulting from Livestock Information Limited accounting treatment is met by Defra and not by levy payer reserves. More details about the Group results are available in the Accountability Report, Financial Results on page 19.



Gross levy income for 2021/22 of £52.9 million was £4.8 million less than 2020/21, primarily due to the following factors:

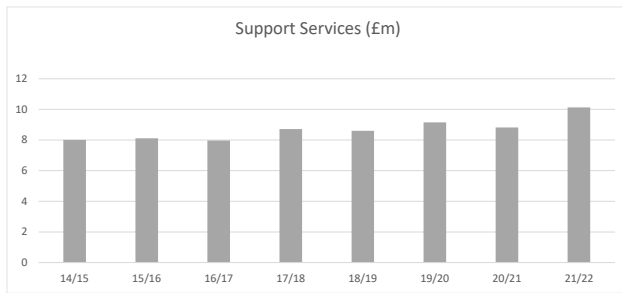
- A reduction in the Horticulture levy rate from 0.45% to 0.27%
- The levy pause that was implemented in the Pork sector for November 2021
- Reduced year on year activity in the Beef & Lamb sector, data suggests this stems from a poor calving season in 2018 and elevated activity in 2020.

Non-levy income for 2021/22 of £6.2 million was very similar to 2020/21 (£6.1 million).



With effect from 1 April 2021, the former Red Meat Levy Ring-Fenced Fund mechanism was superseded by Section 35 of the UK Agriculture Bill. An associated 'Red Meat Levy Scheme' (RML Scheme) has been established that defines the fair reallocation of red meat levies between home nations, in relation to cross-border movement of livestock to slaughter. In prior years, these funds were ring-fenced within AHDB's expenditure, meaning that the introduction of the RML Scheme has resulted in less expenditure being reported in the accounts. The RML Scheme levy reallocation value for 2021/22 was £2.5 million. The former Ring-Fenced Fund continued to be utilised through 2021/22 on cross-border activities with a closing ring fenced fund reserve of £0.3 million. This reserve will continue to be invested on cross-border activities in 2022/23.

Expenditure on core strategic activities in the 'winding down' sectors for 2021/22 was £10.0 million, a reduction of £3.6 million compared to 2020/21 (see notes 2a and 2b for more information).



Central support services expenditure in 2021/22 increased compared to 2020/21 by £1.2 million due to the winding down of the Horticulture and Potatoes sectors, and an annual 'impairment review' adjustment for the HQ building related to the lease term as we plan to move to a lower cost and smaller building. The 'winding down' sectors' support services expenditure in 2021/22 was £3.1 million (2020/21, £2.2 million), with the year-on-year increase primarily due to staff redundancy and HQ building impairment costs, other sector central support costs were materially similar to prior years when excluding impairment of the HQ building.

Sector boards and councils, including staff and sector-specific costs, account for circa 3% of income (2020/21, 3%). A breakdown of how the levy from each sector is invested can be found in Note 2a.

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

Advertising and publicity: Marketing, which includes advertising and publicity, plays a key role in a number of our delivery programmes across trade development, export development, levy payer communications and digital and creative output, which includes website development, video, and graphic design. In 2021/22, AHDB spent £8.1 million on marketing (2020/21, £10.9 million). Further information can be found on pages 8 to 14 which outline delivery within each sector.

Diversity and Inclusion

Our people are essential to delivering our outcome-focused work for farmers, growers and processors. As a responsible employer, we are committed to equality, diversity and inclusion in the workplace, and develop our management teams to embrace the values of our policy. During 2021/22, we continued to implement our Succession Planning and Talent Management Strategy within the constraints of a reduction in levy income which has led to some imbalance at a more senior level. As part of our long-term commitment to equality, diversity and inclusion, we continued to actively review the issue of gender pay and the board commissioned a review of this area as part of this process. (See the Staff report on page 28).

Sustainable development performance

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

Strategy for sustainability: AHDB meets with the Defra Sustainability Leadership Group quarterly with a view to developing a shared sustainability strategy which will monitor progress against Greening Government Commitment ('GGC') targets.

Greenhouse gas emissions: In years prior to COVID-19, travel usually accounted for more than half of AHDB's recorded carbon footprint. Travel was greatly reduced in 2020/21, however 2021/22 saw a steady increase in travel as COVID-19 restrictions eased.

Fleet: AHDB is working with Defra to ensure that the Government's environmental fleet targets can be achieved, as set out in the GGC. Systems of recording have been adjusted to enable new reporting requirements to be met.

No new vehicle orders were placed during 2021/22.

As at 31 March 2022, AHDB had six commercial vehicles in its fleet, one of which (17%) was fully electric, zero emissions. The average CO₂ emission of the commercial fleet was 130gsm.

AHDB had 34 vehicles in its company car fleet, including seven hybrid/electric vehicles, four of which (12%) were classified as Ultra Low Emissions Vehicles (ULEVs). The average CO₂ emission was 101gsm.

There was a 41% reduction in daily hire vehicle bookings during 2021/22 compared to 2020/21.

A charge point is now available for staff to use at the HQ Stores building.

Finite resource consumption: AHDB HQ water consumption totalled 471.1 cubic metres during 2021/22. Compared to the GGC 2017/18 baseline of 1,128 cubic metres, consumption in 2021/22 represents a significant 58% reduction. However, the building was under reduced occupancy throughout 2021/22 as a result of COVID-19 and hybrid working patterns.

Paper usage: Paper usage through printers in AHDB's UK offices and by some home workers in 2021/22 was 1,151 reams. This represents a 70% reduction compared to a baseline of 3,876 reams used in 2018/19; data for a GGC baseline year of 2017/18 is not available.

ICT Waste: This is not an area that has been recorded before. During 2022/23 a baseline for this metric will be established against which future reporting will be made.

Waste minimisation and management: Although there are still no council-run waste recycling collections at the main office site, AHDB recycles waste paper, cardboard, plastic bottles and printer cartridges. During 2021/22, 19.48 tonnes of waste was recycled with a further 8.52 tonnes going to landfill. There is no separation of Single Use Plastics at the HQ site in order to enable usage reporting. This will be an area of future development.

Greenhouse Gas Emissions	Year ended 31 March 2022		Year ended 31 March 2021	
	Measure	Tonnes CO ₂	Measure	Tonnes CO ₂
Scope 1: Direct Emissions				
Bulk Fuels:				
Vehicles (miles)	217,473	60	169,151	46
Heating oil (litres)	4,976	14	7,222	20
Gas (kWh)	21,030	4	19,160	4
Scope 2: Energy Indirect				
Electricity (kWh)	607,610	128	627,206	145
Scope 3: Other Indirect Emissions:				
Rail travel (miles)	37,186	2	4,634	0
Air travel (miles)	3,572	1	12,176	2
Travel by non-AHDB-owned transport (miles)	309,251	85	76,540	21
Waste management (tonnes)	28	4	13	5
Total		298		243
Tonnes/£m income		5.3		3.8

Costs (£)	Year ended 31 March 2022	Year ended 31 March 2021
Heating oil	2,431	2,942
Gas	1,434	1,394
Electricity	92,822	93,005
Waste management	10,009	8,022

Total reported emissions increased by 23% in 2021/22 compared to the previous year, as seen in the year-on-year emissions values in the above table. The effect of increased travel following the reduction in COVID-19 restrictions through the year was the main driver of this increase with the number of miles travelled more than doubling in 2021/22 when compared to 2020/21.

Electricity emissions reduced by 3% as the level of staff occupancy of the HQ building remained fairly consistent year on year. Heating oil emissions decreased by 31% and costs decreased by 17% due to reduced occupancy of the Sutton Bridge site following wind down of the Potatoes sector activity. Gas emissions and costs which relate to the French offices remained similar to the previous year. Waste management processed more than doubled although costs were only increased by 25% as there is a fixed cost element to this activity.

Sustainable procurement: We have built the requirement for sustainability into the AHDB procurement strategy. We use the Government's Energy Performance Contract for our energy (gas and electricity). Our paper and cleaning products come from sustainable sources

Climate change adaptation: We continue to encourage the conservation and enhancement of on-farm biodiversity, soils and water as a positive business benefit within areas of our research and knowledge transfer work.

Performance analysis

2021/22 continued to be a transitional year where we have been executing the required activity to close the sectors of Potatoes and Horticulture and prepare for an upcoming decision on the future direction of AHDB from our levy payers (Shape the Future). The interim strategy continued as our guide and while new corporate targets were not set there was an expectation to continue to deliver against key metrics including value for money, awareness of AHDB and understanding of AHDB by sector through our annual Levy Payer Satisfaction Survey, highlighted in the table below.

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

* Denotes statistically significant movement 2015 to 2021

The new regular vote and the levy ballot process

During 2021/22, ahead of it being introduced into legislation, AHDB designed, communicated and delivered our first ever democratic levy payer vote on the priorities and programmes of work they want to have funded by their levy. The **Shape the Future** vote ran from 11 April to 9 May 2022. 10,537 levy payers had registered to have their say and 4,478 voted equating to 42% turnout. This was a momentous step forward for the organisation and marked a turning point in putting levy payers right at the heart of everything we do. The results will inform our sector councils' decision-making on what the main challenges are for levy payer businesses and what work they want AHDB to deliver for them. It marked a visible scaling up of engagement with farmers, growers and processors. These votes will now be held at least every five years as part of AHDB's strategy and work programme setting cycle.

An ultimate test of levy payer satisfaction with our performance is provided under the AHDB Order 2008 – the Statutory Instrument under which AHDB operates. It allows levy payers to request a ballot on the continuance of a particular levy. If 5% of levy payers in any sector write to AHDB within a 90-day period, a ballot will be held on that levy and the results sent to Ministers for a decision. Following the ballots triggered on the horticulture and potato levies in 2020/21, there were no requests for a ballot received from the other sectors during the 2021/22 financial year.

Board scrutiny

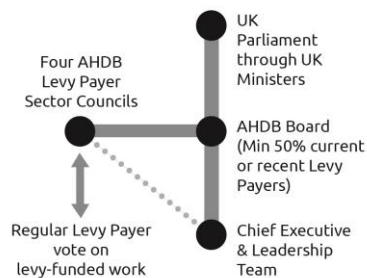
Following a review in the previous year, AHDB changed its governance structures to provide levy payers with greater input into decision-making.

The main components of the new governance framework are designed to deliver accountability and responsibility for 'what' AHDB does and 'how' it does it.

- The AHDB board is accountable for 'what' AHDB delivers. It is appointed on a skills basis with at least half being recent or current levy payers with industry expertise. The board will normally consist of eight non-executive members plus the chair and as part of the changes five new board members were appointed on 13 September 2021. The board is supported in its work by two statutory committees – the Remuneration and Nominations Committee and the Audit and Risk Assurance Committee. A list of board and statutory committee members can be found on page 27
- The board is also supported by sector committees, now called 'sector councils'. The sector councils decide 'what' strategic programmes of work are

needed to support their sectors and also what recommended levy rate is needed to fund that work. These councils are comprised of levy payers from each sector, with appointments confirmed through a levy payer vote. A list of sector council members can be found on page 79. During 2021/22 the Potatoes and the Horticulture Sector Boards remained operational to help oversee the wind-down process.

More detail on the governance framework can be found on pages 21-22.



AHDB Governance

During the reporting year, the main AHDB board held six formal meetings, two extraordinary meetings and five informal, interim meetings to help manage the organisation through this period of change and transformation. The four sector councils held 18 meetings between them and 17 informal meetings. In addition the Potatoes and Horticulture Sector Boards held seven meetings between them and six informal meetings.

Summary and look ahead

As I alluded to earlier, AHDB has delivered some excellent work this year, continuing to deliver for levy payers day-to-day while implementing a radical change programme, listening to levy payers and giving them a greater say in shaping their future.

The professional people in our organisation have shown remarkable resilience through this extremely challenging period and I would like to thank them and indeed those who have left the organisation for their commitment in supporting our levy payers.

Ultimately, our levy payers are at the heart of what we do, and our renewed sense of purpose and focus will deliver better value for them. We've made progress through these tough times. We're not out of the woods yet and further changes will be made, but I believe AHDB has turned the corner, creating something better for the future that will carry the trust and confidence of our levy payers.

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

11 January 2023

Accountability report

Corporate governance report

Board's report

Introduction

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

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

AHDB provides agricultural sectors with cost-effective, relevant services, which support the sectors' long-term sustainability. Our strategy to deliver these services is described in the performance report on page 7.

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

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

Any interests held by AHDB board members in other relevant organisations are disclosed in Note 19 of the financial statements.

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

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

Financial results

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

AHDB Group: AHDB's overall Group results show a net total comprehensive expenditure of £7.8 million (2020/21: expenditure of £7.9 million). Beneficial movements in the defined benefit pension plan asset valuations of £7.8 million and a net AHDB-only surplus of £0.1 million for the year were offset by increases in Defra funding to Livestock Information Limited (LI Limited) of £15.5 million (2020/21:

£8.9 million) being recorded as 'Financing' which is accounted directly to the Group's reserves.

The Group cash balance at the end of the year was £22.6 million (2020/21, £25.6 million). Cash at bank is a fundamental component of our reserves policy, which is designed to fund a fluctuating working capital cycle, as well as maintain a base fund to protect AHDB's ability to continue to provide levy-payer services, should circumstances lead to an unexpected short-term reduction in our income. Cash is usually at its lowest in the summer months.

AHDB levy board: To aid the reader, the 2021/22 Annual Report and Accounts includes a Statement of Consolidated Net Expenditure. This details the income and expenditure of AHDB only and includes breakdown totals for "continuing" and "winding down" sectors, alongside an "AHDB Total" and an "AHDB Group Total" column to Notes 2a and 2b. This provides the reader with a view of the financial information for AHDB in isolation from its wider Group totals. The presentation of the Group financial results is heavily influenced by the method of accounting for the funding from Defra to LI Limited.

Gross levy income of £52.9 million is £4.8 million less than 2020/21, primarily due to the following factors:

- A reduction in the Horticulture levy rate from 0.45% to 0.27%.
- The levy pause that was implemented in the Pork sector for November 2021.
- Reduced year-on-year activity in the beef and lamb sector, data suggests this stems from a poor calving season in 2018 and elevated activity in 2020.

The treatment of the Red Meat Levy Redistribution changed in 2021/22 due to Section 35 of the UK Agriculture Bill coming into force. The redistribution is shown as a reduction in income rather than being a Ring-Fenced Fund through expenditure. This is the main reason for a year-on-year reduction in the core strategic operational expenditure for the continuing sectors which fell by £1.8 million, when compared to 2020/21, to £44.4 million (2020/21: £46.2 million).

When including pension scheme movements and costs, non-levy income, and other non-operating costs, AHDB continuing sectors recorded an underlying surplus in 2021/22 of £0.2 million (2020/21: £1.9 million surplus). Excluding the pension reserves, AHDB continuing sectors' reserves were £23.0 million on 31 March 2022 (31 March 2021: £22.8 million). Including pension reserves, AHDB continuing sectors' reserves on 31 March 2022 were £22.8 million (31 March 2021: £15.2 million). Any pension related reserves are not available to AHDB for operational purposes, they are required for legacy pension scheme and plan obligations.

The Horticulture and Potatoes sectors were winding down operations during 2021/22 as a result of decisions taken by AHDB and Ministers of Defra and the devolved governments following the outcome of the levy payer ballots in February (Horticulture) and March (Potatoes) 2021. The planned expenditure required for the wind down

activity and the levels of available reserves for both sectors resulted in the levy for the Potatoes sector being maintained at the same rate as 2020/21 in 2021/22 and being reduced by 45% for the Horticulture sector when compared with 2020/21. As a result, gross levy income for these two sectors in 2021/22 was £10.0 million (2020/21: £13.5 million), core strategic operational expenditure was £10.0 million (2020/21: £13.6 million) with an underlying surplus of £0.2 million when including all non-levy income and levy collection costs. Reserves for these two sectors on 31 March 2022 were £7.4 million (31 March 2021: £7.3 million). The reserves will fund the remaining wind down activity planned over the coming months without any 2022/23 levy collection, in line with the Statutory Instrument update that came into force on 26 May 2022 (SI 2022/577).

More details about AHDB core levy board activity is available in the financial performance section of the Performance Report on page 15.

Pension schemes

In accordance with the Government Financial Reporting Manual for the year ended 31 March 2022, AHDB accounts for its pension scheme obligations under the requirements of IAS 19 (revised): there are legacy pension schemes from the Meat and Livestock Commission (MLC) and Home Grown Cereals Authority (HGCA), with recognition of pension liabilities of nil and £0.1 million, respectively, in the AHDB statement of financial position. These assets and liabilities belong to the pension schemes and, in accordance with the Pension Scheme Surpluses (Valuation) Regulations 1987, are not available to AHDB.

At 31 March 2022 virtually all AHDB current employees are part of a defined contribution pension scheme. However, AHDB is the participating employer responsible for two legacy defined benefit pension schemes from MLC and HGCA, two of the predecessor bodies that formed AHDB. These schemes are reported on in more detail in Note 18. The members of the schemes are previous employees of MLC and HGCA, many are pensioners, and most of the remainder no longer work for AHDB (deferred members of the scheme). AHDB is responsible for ensuring members receive their benefits. With effect from 31 March 2022, both the HGCA Pension Plan and MLC Pension Scheme ceased future accrual of benefits. Consequently, with effect from 1 April 2022, there were no active members in either of these schemes.

The MLC Pension Scheme's latest triennial actuarial valuation, as at 31 March 2021, was completed on 22 August 2022 and identified a Technical Provisions funding deficit of c.£7.3 million. AHDB agreed an enhanced recovery plan over the next 12 years, the details of which are explained in Note 18.

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

Payment policy

AHDB's policy is to pay accounts according to suppliers' payment terms or, where such terms are not specified, to pay within 30 days of agreement of the amount invoiced. During 2021/22, controls surrounding the payments process were maintained despite the need to continue with adapted procedures in line with COVID-19 restrictions.

The payment time between invoice date and payment date that occurred the most often during 2021/22 was 25 days (2020/21: 25 days). The average time between the date the invoice was received and the payment date for all invoices paid in 2021/22 was 22.7 days.

During the course of 2021/22 AHDB did not administer any COVID-19 support schemes.

Contractors

AHDB uses the services of specialist individual contractors to provide specific services where the resource is not available in-house and where it would not be commercially or operationally viable to provide the resource internally. During 2021/22, the cost of services provided by such specialist contractors by the AHDB Group was £7.8 million (2020/21: £7.3 million), of which £0.6 million (2020/21: £0.1 million) was through engagement with AHDB and £7.2 million (2020/21: £7.2 million) was through engagement with LI Limited.

Environmental issues (sustainable development)

Please see the Performance Report on page 16.

Auditor

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

Personal data-related incidents

AHDB has had no material data-related incidents that required reporting to the ICO. There were seven personal data incidents logged during the year (eight in 2020/21). Five of the data incidents were human error by members of staff when sending emails, one was a programming code error in an internal system, giving a user visibility to someone else's P60, and one related to requested data updates not being processed within the required 28-day period. All were reported to the Defra data protection officer. The incidents were used as opportunities to reinforce staff understanding and training and improve systems and processes.

No Subject Access Request was received during 2021/22.

Statement of the Accounting Officer's responsibilities

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

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

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

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

Disclosure of audit information to the Comptroller and Auditor General

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

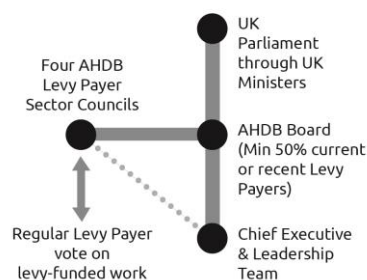
Governance statement 2021/22

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

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

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

Governance framework – AHDB board and committees



AHDB Governance

The AHDB board consists of up to twelve members and is led by a chair. At least 50% of board members are current or recent levy payers with appropriate skills and a proven understanding of the skills and opportunities facing the industry. The board also has a minimum of three independent members bringing a range of additional skills and experience. The members of the AHDB board are appointed by Ministers from all four constituent countries of the UK (see listing on page 27). As at 31 March 2022 there were nine board members in post including the chair.

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

The board is also supported through a structure of four advisory committees, known as sector councils, comprised of members appointed by AHDB to provide expertise on their specific sector and includes at least one independent member per sector council (see listing on page 79). Each sector council has functions delegated from the AHDB board, including developing the most appropriate strategies to meet the challenges of their sector, within the

framework of the AHDB Corporate Strategy. The Horticulture and Potatoes Sector Boards and their members have assisted AHDB through the winding down process of those sectors in 2021/22.

During 2020/21 AHDB started to make substantial changes to its structure following a review into the then governance framework. These changes were largely completed by October 2021 with remaining changes completed during early 2022.

The main components of the AHDB governance framework are designed to deliver accountability and responsibility for what AHDB does and how it does it.

- The AHDB board is accountable to Parliament (through Ministers) for 'what' AHDB does. It is appointed on a skills basis, with at least 50% being recent or current levy payers with industry expertise. Five new board members were appointed on 13 September 2021
- The board is supported by four advisory sector committees, called 'sector councils'. The sector councils decide 'what' strategic programmes of work are needed to support their sectors and also what recommended levy rate is needed to fund that work. These councils are recruited for on a skills-based approach and predominantly comprised of levy payers for that respective sector, with appointments confirmed through a levy payer vote
- The sector councils are informed in their decision-making through a regular (at least five-yearly) open vote by levy payers on strategic work programmes. These are proposed by the sector councils and AHDB Executive, to address the key priorities identified in each sector. There will also be annual voting where necessary. The inaugural levy payer vote took place in Spring 2022
- The AHDB Executive is responsible for 'how' the strategic work programmes are delivered. The executive is comprised of a Leadership Team of two divisional directors, HR Director and Finance Director reporting to the Chief Executive Officer, plus specialist directors to work with the sectors or manage the key operational delivery teams such as corporate services, exports, marketing, communications, research and science, data and architecture, economic analysis and sector areas

Board focus

During 2021/22 the board focused time on delivery of AHDB's strategy, continued assessment of governance as well as overseeing the wind-down of work to support the Horticulture and Potatoes sectors. In particular, the board considered:

- The future strategy and change programme for AHDB 2021-2026
- The winding-down of activities in the Horticulture and Potatoes sectors
- How we deliver better levy payer engagement from our communications and technical campaigns
- How we work with other bodies such as Red Tractor to deliver the outcomes desired by levy payers
- How we evaluate the value for money to levy payers from our work
- Development and delivery of the Shape the Future campaign

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

	Board*		ARAC		Remuneration***	
	Available	Attended	Available	Attended	Available	Attended
Nicholas Saphir	6	6	N/A	N/A	5	5
Colin Bateman	4	4	N/A	N/A	2	2
Sarah Bell	4	4	N/A	N/A	1	1
Stephen Briggs	4	4	1	1	N/A	N/A
Hayley Campbell-Gibbons	3	2	N/A	N/A	3	2
Lyndon Edwards	4	4	1	1	N/A	N/A
Catherine MacKenzie	4	4	N/A	N/A	1	1
Sarah Pumfrett	6	5	4	4	N/A	N/A
Mike Sheldon	6	6	3	3	5	5
Richard Soffe	N/A	N/A	2	2	N/A	N/A
Janet Swadling	6	6	4	4	N/A	N/A
Paul Unwin**	N/A	N/A	2	2	N/A	N/A

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

**Paul Unwin was a member of ARAC only.

***In addition to the four formal Remuneration and Nominations Committee meetings listed above, members were invited to attend one Extraordinary and one informal, interim meeting during the year.

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

Peter Judge also attended board meetings as an observer on behalf of the Horticulture Sector

As at 31 March 2022 no board member terms of office came to an end, and no vacancies were listed. Colin Bateman, Sarah Bell and Lyndon Edwards were appointed as Chairs of the Beef & Lamb Sector Council, the Cereals & Oilseeds Sector Council and the Dairy Sector Council respectively after their appointments on 13 September 2021. Alison Levett continued as Interim Chair of the Potatoes Sector Board and AHDB board observer by invitation during the winding-down process. Peter Judge was appointed Interim Chair of the Horticulture Sector Board and AHDB board observer by invitation during the winding-down process.

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

The AHDB Executive Leadership Team

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

Board performance and effectiveness

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

Conflicts of interest were declared and monitored throughout the year. Conflicts that needed to be managed included: Sarah Pumfrett as Chair of AHDB ARAC, Chair of Livestock Information Limited ARAC and Non-Executive Director of Livestock Information Limited, which was mitigated by declaring the conflict at the start of the specific discussion items and not participating in the discussion or being allowed to vote on the decision.

The AHDB board also managed potential conflicts related to the MLC Pension Scheme and HGCA Pension Plan for board members and senior executives who are also directors of the Pension Trustee company for the Scheme and Plan by being clear in respective meetings about

which interests they represented and by not participating in items where there was a conflict.

Quality of management information

During 2020/21 the board evaluation report identified mixed views on the quality of management information and showed general acceptance that the management information provided to the board needed to be developed further. This was achieved during 2021/22 through standard format board reporting, with the use of dashboards and strategic target setting, and now provides appropriate levels of information for decision making. This work was supported by the appointment of an Interim Governance Manager from 1 April 2021, and then a permanent appointment from 17 January 2022.

Corporate governance effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the process of governance. My review of the effectiveness is informed by the work of the internal auditors and the senior directors within AHDB, who have responsibility for the development and maintenance of the governance processes and internal control framework. I have also taken account of comments made by the previous Interim Accounting Officer in their hand over letter and the external auditor in its management letter and other reports.

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

AHDB embraces and is committed to the principles and requirements of good corporate governance and has addressed the points raised by the board evaluation report where improvements were needed. The process of corporate governance continues to be embedded throughout the organisation during the year ended 31 March 2022 and up to the date of approval of the Annual Report and Accounts and accords with HM Treasury guidance. As part of this the board completed the following milestones:

- The board composition and skill sets to be represented were finalised within the reporting period
- Completed work with Defra regarding recruitment and appointment by ministers of board member vacancies, with AHDB delivering induction to new board members thereafter.

AHDB carries out its function under the Agriculture and Horticulture Board Order 2008 in addition as an NDPB we also operate under a Framework agreement with Defra. That framework agreement requires AHDB to act in accordance with the terms of Managing Public Money and other guidance issued by Defra, HM Treasury and Cabinet Office.

As part of the incoming CEO engagement process, we did not take account of the "HM Treasury Guidance for Approval of Senior Pay" which states that the approval threshold should consider total remuneration and, as such, approval should have been sought for the incoming CEO's total remuneration. The total remuneration package therefore sits outside the framework of authorities which apply to AHDB, namely the requirements set by the Chief Secretary to the Treasury's on pay controls. The "Public sector pay and terms; guidance note" issued by HM

Treasury also state that private medical insurance (PMI) is not a benefit that would ordinarily be offered by a public sector employer. PMI was part of the contractual terms for employees of the former levy bodies, which were continued on the formation of AHDB and has been automatically offered to all employees.

The statutory instrument enables the board to determine remuneration but our framework document requires AHDB to act in accordance with the terms of Managing Public Money which we have breached in year. We are taking an action to review all areas of the framework agreement in 2022-23 to ensure that our transactions conform appropriately and that our systems of internal control ensure compliance.

No significant internal control issues were brought forward from 2020/21. The 'Specific Risks' section on page 25 includes details of levy collection risks arising from COVID-19 impacts to the control framework around levy collection and audit.

Audit and Risk Assurance Committee (ARAC)

Membership of the ARAC is detailed on page 27. Meeting attendance is covered in the table on page 22. The ARAC Terms of Reference define how it supports the AHDB board and the Accounting Officer with a constructive and challenging approach. The remit of the ARAC includes advising the Accounting Officer and board on strategic processes for risk assessment, management and control, governance and the Governance Statement. It also considers the planned activity and results of both internal and external audits.

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

ARAC has self-assessed against the required skills matrix and will seek to address gaps through the appointment of new ARAC members following the 2022 board appointments. Janet Swadling, a member of ARAC, continues to sponsor and oversee the counter-fraud initiatives and action plan.

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

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

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

Financial reporting: An understanding of the current areas of greatest financial risk and how the executive is managing these effectively was obtained. Significant risks and exposures were discussed with management, and the internal and external auditors. Management's plans to

minimise and manage such risks were discussed, including the VAT case, the liability of the defined benefit pensions, and the revision of the reserves policy. More details can be found in the specific risks section starting on page 25.

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

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

Throughout 2021/22, AHDB’s internal audit function was outsourced to RSM. The function operates to standards defined in the Government Internal Audit Standards. The internal audit function has a central role in assessing the robustness of the implementation of the risk management strategy and management of internal controls across AHDB. It provides information on the various strengths and weaknesses and advises on where improvements are necessary and desirable for the good governance of AHDB. The internal audit plan for AHDB is set and approved annually by the ARAC. RSM’s annual internal audit report for 2021/22 gave the second highest rating being “the organisation has an adequate and effective framework for risk management, governance and internal control”, which is the same as the previous year. There are four possible rating categories, from ‘Substantial’ through ‘Reasonable’ and ‘Partial’ to ‘No’ assurance.

During 2021/22, the internal audit areas covered, were:

Audit Area	Rating
Marketing Spending Controls	Reasonable assurance
(GDPR) Governance Framework	Partial assurance
Internal Audit Follow Up	Reasonable assurance
Risk Management	Reasonable assurance
Executive Leadership Team and Executive Governance	Advisory Review no opinion

There were three high-priority recommendations made by RSM from the internal audits carried out during the year.

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

Internal audit arrangements for 2022/23 are for RSM to continue to supply a full internal audit service. RSM were reappointed following a public procurement process, for two years in 2021/22, with the option to extend for up to a further two years.

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

Other assurances

During 2021/22, two areas of operation were certified to ISO 9001:2015 for their quality management systems. The ISO 9001:2015 standard pulls together policies, processes and procedures safeguarding the quality, efficiency and consistency of our systems, continually improves customer satisfaction and provides a basis for business excellence. The scope of our quality management systems covers primary data provision in our Market Intelligence division and services provided at our Sutton Bridge research facility up until December 2021 when the facility ceased operations.

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

Risk: Business risks were monitored and a new risk policy was implemented. AHDB continually seeks to improve internal risk management and embedding this within the organisation. See below for more detail on risks.

Remuneration and Nominations Committee

Membership of the Remuneration and Nominations Committee is detailed on page 27, and attendance is recorded in the table on page 22. The Committee is chaired by an AHDB board member and includes three other members. An interim chair and a new board member were appointed in January 2022. The Remuneration and Nominations Committee formally met four times during 2021/22, when it:

- Approved the implementation of government guidelines on pay which was a zero award for 2021/22
- Approved the recruitment and remuneration package of a new CEO and the restructure and remuneration of the Leadership/Senior team and updated the main board working closely with the HR Director
- Determined the strategic direction of compensation and benefits across the organisation and provided the AHDB board with assurances on performance and reward
- Reviewed the gender pay gap within AHDB and the actions being taken to reduce this
- Set-up a subgroup to manage the appointment of the new board members and oversee the transition appointment arrangements relating to the sector board members whilst the governance structure was being reviewed

Whistleblowing policy

AHDB is committed to high standards of openness and accountability, and concerns about malpractice are taken very seriously. A disclosure to AHDB, based on an honest and reasonable suspicion that malpractice has occurred, is occurring or is likely to occur, will be protected. Employees who raise concerns reasonably and responsibly will not be penalised. During 2021/22, there was one concern raised under the whistleblowing policy which was historic. This was fully investigated and reported to Defra and the board were also updated. No changes to control frameworks were deemed necessary as a result.

Risk management

During the year ended 31 March 2022, the Divisional Director for Services continued to operate as the key manager for risk management within AHDB. As of 1 April 2022 this responsibility passed to AHDB's Governance Manager. The CEO remains overall sponsor of risk management within the organisation.

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

Risk appetite

Following annual review of AHDB risk appetite the board deemed that no changes were necessary to that agreed in January 2020.

LI Limited

LI Ltd continue with the development of the Livestock Information Programme. In 2021/22, LI went live with the multi-species system, in which sheep, deer and goats, were on-boarded onto the system. Cattle is expected to be the next to onboard. In addition, LI Ltd have gone live with ID tagging (LUIS – Livestock Unique Identifying Service) for sheep and goats, with an expectation that cattle also move to the LUIS system in early 2023.

Defra has added a Livestock Transformation Programme Board, which is chaired by a new Senior Responsible Owner (SRO). The purpose of the board is to give the programme added impetus and collaboration within Defra.

Cross-membership between AHDB's ARAC and LI Limited's ARAC and board ensures that AHDB's ARAC is kept informed about any risk matters affecting LI Limited. Full details of the key risks that LI Limited have identified and are managing are available through LI Limited's 2021/22 Annual Report and Accounts which are filed at Companies House.

Specific risks

In 2021/22 a total of twenty-seven rising risks were identified and actively managed at a corporate level. Of those, the following risks were reviewed most frequently with proposed mitigation plans discussed and updated.

Legacy pension schemes

AHDB continues to work closely with the Trustee Directors of the two legacy defined benefit pension schemes the organisation is responsible for funding. The schemes are vulnerable to the same potential risks as all defined benefit schemes.

Both schemes were closed to new accruals on 31 March 2022. More details can be found in the Accountability Report page 20 and in Note 18 of the Financial Statements.

VAT status

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

Loss of levy payer support prior to Shape the Future voting

Following the ballot outcomes in the Horticulture and Potatoes sectors to end the continuance of the statutory levy the organisation reviewed its strategy, reaffirming levy payers as being at the heart of everything AHDB does. This strategy was launched at a time where there was still a lot of uncertainty and challenge within the industry around coronavirus and the impacts of exiting the EU. Ensuring continued levy payer support in the four continuing sectors, through the Shape the Future process was a particular focus for the organisation in 2021/22.

Inability to reach cost saving targets

Following 2020/21 the organisation was set with ambitious cost saving targets to be achieved by March 2023. The AHDB board, statutory committees and leadership team regularly monitored and assessed its ability to meet these targets with the risk remaining active throughout the year although, at 31 March 2022, AHDB was on track to achieve the targets set.

Inability to deliver appropriate corporate administration/Lack of staff capacity

The organisation has undergone significant change following the levy ballots in the Horticulture and Potatoes sectors. There were staffing reductions as a direct result of the ballot outcomes. The organisational changes and reorganisation increased the risk to delivery of ongoing services and administration. AHDB continues to monitor and manage organisational change closely to ensure there is no adverse impact to levy payers.

Shape the Future voting process fails

The commitment to deliver Shape the Future was a significant undertaking by AHDB. A new system whereby the views of levy payers across all sectors could be captured had to be devised and implemented. The Shape the Future votes closed on 9 May 2022 and became a key focus of discussion across all areas and levels of AHDB.

Sector wind-up risks

Detailed financial management was undertaken to i) ensure that the final levies in Horticulture and Potatoes would be sufficient to cover the planned cost to wind-down these sectors, when utilised in conjunction with existing reserves, and ii) ensure existing reserves are fully utilised for the benefit of those sectors.

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

Levy collection

As a result of the operational changes needed to comply with health and safety requirements and lockdown restrictions during the COVID-19 pandemic, the level of physical/on-site levy audits completed during 2020/21 and 2021/22 was reduced when compared to AHDB's standard approach and practices to levy audit and compliance work we would routinely undertake in any other year. In sectors other than Horticulture and Potato buyers, relevant industry information from third party data sources and desktop analysis was undertaken to evaluate the accuracy of levy return data that was submitted by our levy payers during the year. For both the Horticulture sector and for Potato buyers, historical levy data was assessed along with wider industry statistics to form the opinion that a material 'levy gap' does not exist, being the theoretical difference between the levy returns received and the actual levy due. Our standard auditing processes for all sectors, which covers analysis, levy assessment and levy collection of past periods where relevant, is returning to the standard operating model from the Spring of 2022.

Within the Horticulture and Potatoes sectors, although no levy assessment continues beyond 1 April 2022, the levy collection and auditing teams will continue to review, assess, and audit all returns and collections during 2022/23 for prior periods, in order to collect the required funds as part of the plan for the wind down of those sectors' operations, and to ensure compliance with AHDB's legal obligations under the Statutory Instrument.

Future funding and governance model appropriateness

In 2020/21 AHDB started making substantial changes to its structure following a review into the then governance framework. A large proportion of the identified improvements were completed by October 2021, such as the introduction of sector councils to replace sector boards. All outstanding actions following the review were completed in early 2022 with the AHDB board satisfied that appropriate governance structure, processes and support were in place to guide the organisation in future.

At year end several new risks began to emerge for the organisation and industry. These were inflation and the cost-of-living crisis, as well as the conflict in Ukraine where AHDB has considered its business relationships and has nothing material to report in this regard.

AHDB will continue to monitor these emerging risks to ensure it is able to respond as agilely as possible, whilst supporting levy payers with appropriate information and guidance. Throughout the year AHDB continued to monitor and mitigate the business impact arising from coronavirus and the national lockdowns.

Conclusion

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

AHDB board and statutory committees at 31 March 2022

AHDB is managed by a board whose members are appointed by the Ministers of all four UK constituent countries. The board was restructured during the year as part of the governance changes (see Governance Report on page 21). It normally consists of ten members including the chair. At least 50% of board members must be current or recent levy payers with appropriate skills and a proven understanding of the skills and opportunities facing the industry. The board also has a minimum of three other members who bring a range of additional required skills and experience.

AHDB board

Chair:	Nicholas Saphir
Independent members:	Dr Catherine MacKenzie Sarah Pumfrett Janet Swadling
Specialist members and sector board/council chairs:	Colin Bateman, levy payer and Chair of Beef & Lamb Sector Council Sarah Bell, levy payer and Chair of Cereals & Oilseeds Sector Council Stephen Briggs, Cereals & Oilseeds levy payer *Hayley Campbell-Gibbons, Chair of AHDB Horticulture Sector Board Lyndon Edwards, levy payer and Chair of Dairy Sector Council ** Peter Judge, Interim Chair of Horticulture Sector Board **Alison Levett, Interim Chair of Potatoes Sector Board Mike Sheldon, Chair of AHDB Pork Sector Council

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

*** Attended board meetings by invitation only as observers with no voting rights*

Colin Bateman, Sarah Bell, Stephen Briggs, Lyndon Edwards and Dr Catherine MacKenzie were appointed to the AHDB board from 13 September 2021. Sarah Bell stepped down from the board with her last day in post being 31 July 2022.

Alison Levett was reappointed as Interim Chair of Potatoes Sector Board with effect from 1 April 2021.

Peter Judge was appointed as Interim Chair of Horticulture Sector Board with effect from 1 November 2021.

Stephen Briggs was appointed as Interim Chair of the Cereals & Oilseeds Sector Council with effect from 1 August 2022.

Further details of board appointments after 31 March 2021 can be found in the Governance Framework section of the Governance Report on pages 21-22 and in the Remuneration and Staff Report, pages 32-33.

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

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

Statutory committees

AHDB Audit and Risk Assurance Committee

Sarah Pumfrett (Chair) – AHDB independent board member
***Stephen Briggs – AHDB board member
***Lyndon Edwards – AHDB board member
*Mike Sheldon – AHDB board member
**Richard Softe – AHDB board member
Janet Swadling – AHDB independent board member
**Paul Unwin – independent member of the AHDB Beef & Lamb Sector Council

**Denotes end of term in office on ARAC on 7 February 2022*

*** Denotes end of term in office on ARAC on 30 September 2021*

****Appointed to ARAC with effect from 7 February 2022*

AHDB Remuneration and Nominations Committee

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

**Appointed to RemNom with effect from 13 September 2021. Sarah Bell stepped down from RemNom with her last day in post being 31 July 2022*

***Denotes end of term in office on RemNom on 31 October 2021*

Terms of reference for both statutory committees are published on www.ahdb.org.uk

Remuneration and staff report

Membership of the Remuneration and Nominations Committee

Membership of the Remuneration and Nominations Committee consists of five AHDB board members appointed by the board. The Interim Chair of the Committee through most of the year was Mike Sheldon, a AHDB board member and Chair of the Pork Sector Council. Mike remained on the committee and handed the Chair role over to Dr Catherine Mackenzie, a newly-appointed board member in January 2022. The other members of the committee as at 31 March 2022 were Sarah Bell, Colin Bateman and Nicholas Saphir. Membership is reviewed periodically or on termination of a member's appointment to the board.

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

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

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

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

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

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

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

Methods used to assess whether performance conditions are met

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

Proportion of remuneration which is subject to performance conditions

None of the remunerations of any AHDB board member is subject to performance conditions.

The amount of senior managers' remuneration that is subject to performance conditions, where agreed, is restricted under government pay guidelines to a maximum of 10% of salary.

Policy on duration of contracts, notice periods and termination payments

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

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

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

(Details of AHDB board members and board statutory committees are shown on page 27. Sector council members are shown on page 79).

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 2022.

	Contract start date	Contract expiry date	Contract notice period	Unexpired term	
Tim Rycroft: Chief Executive Officer (from 31 August 2021)	31-Aug-21	Indefinite	6 months	Not applicable	<i>Note 1</i>
Jane King: Chief Executive Officer (to 30 September 2021)	1-Feb-15	30-Sep-21	6 months	None	<i>Note 2</i>
Ken Boyns: Divisional Director of Services	31-Aug-21	Indefinite	6 months	Not applicable	<i>Note 3</i>
Naveen Gupta: Finance Director	1-Aug-19	20-Jul-22	3 months	Not applicable	<i>Note 4</i>
Will Jackson: Divisional Director of Engagement	31-Aug-21	Indefinite	6 months	Not applicable	<i>Note 5</i>
Jackie Kay: HR Director	1-Oct-19	Indefinite	6 months	Not applicable	<i>Note 6</i>
Rebecca Geraghty: Chief Technical Officer (to 8 October 2021)	8-Oct-18	8-Oct-21	6 months	Not applicable	<i>Note 7</i>
Richard Laverick: Chief Livestock Information Programme Officer (to 6 June 2022)	1-Sep-18	6-Jun-22	6 months	Not applicable	<i>Note 8</i>
Christine Watts: Chief Communications and Market Development Officer (to 21 February 2022)	14-Jan-16	21-Feb-22	6 months	Not applicable	<i>Note 9</i>

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

Note 1:

Tim Rycroft became Chief Executive Officer on 31 August 2021.

Note 2:

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

Note 3:

Ken Boyns was Interim Chief Executive Officer from 1 April 2021 to 30 August 2021. Ken then became Divisional Director of Services, a new role on the Leadership Team, from 31 August 2021.

Note 4:

The role of Finance Director became part of the Leadership Team from 31 August 2021. Naveen Gupta's contract notice period changed to 1 month from 27 April 2022.

Note 5:

Will Jackson was Interim Chief Strategy Officer from 3 August 2020 to 30 August 2021. Will then became Divisional Director of Engagement, a new role on the Leadership Team, from 31 August 2021.

Note 6:

The role of HR Director became part of the Leadership Team from 1 September 2021.

Note 7:

Rebecca Geraghty left AHDB on 8 October 2021.

Note 8:

Richard Laverick left AHDB on 6 June 2022.

Note 9:

Christine Watts left AHDB on 21 February 2022.

Remuneration of the Leadership Team (audited)

Set out below are details of the remuneration of AHDB's Leadership Team actually paid during the year to 31 March 2022, with full year equivalent values provided beneath the table, where appropriate. Benefits include the provision of a company car, private health cover and, where applicable, other miscellaneous allowances and holiday buy-back arrangements. No other non-cash benefits were provided.

	Basic salary (Bands of £5,000)		Bonus (Bands of £5,000)		Benefits in kind (Nearest £100)		Pension benefit (Nearest £000)		Total (Bands of £5,000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Tim Rycroft: Chief Executive Officer (from 31 August 2021)	95-100	-	-	-	400	-	9,000	-	105-110	-
Jane King: Chief Executive Officer (to 30 September 2021)	70-75	140-145	-	-	5,100	10,200	-	11,000	75-80	160-165
Ken Boyns: Divisional Director of Services	115-120	95-100	-	-	7,300	7,300	11,000	11,000	130-135	115-120
Naveen Gupta: Finance Director	55-60	-	-	-	4,300	-	6,000	-	65-70	-
Will Jackson: Divisional Director of Engagement	90-95	55-60	-	-	12,400	8,400	9,000	5,000	110-115	65-70
Jackie Kay: HR Director	55-60	-	-	-	4,500	-	6,000	-	65-70	-
Rebecca Geraghty: Chief Technical Officer (to 8 October 2021)	45-50	85-90	-	-	5,200	10,100	3,000	5,000	50-55	105-110
Tom Hind: Chief Strategy Officer (to 10 September 2020)	-	45-50	-	-	-	3,200	-	5,000	-	55-60
Richard Laverick: Chief Livestock Information Programme Officer (to 6 June 2022)	90-95	90-95	-	-	7,300	7,300	9,000	9,000	110-115	110-115
Christine Watts: Chief Communications and Market Development Officer (to 21 February 2022)	105-110	115-120	-	-	5,900	6,600	11,000	12,000	125-130	135-140

For 2021-22:

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

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

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

For 2020-21:

The full year equivalent salary in this period are as follows: Tom Hind; £110k - £115k, Will Jackson £80k - £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 2022.

	Pension Scheme details	Employee's contribution rate	Employer's contribution rate
Tim Rycroft: Chief Executive Officer (from 31 August 2021)	AHDB Group Personal Pension Plan	10.0%	10.0%
Jane King: Chief Executive Officer (to 30 September 2021)	AHDB Group Personal Pension Plan	0.0%	0.0% <i>Note 1</i>
Ken Boyns: Divisional Director of Services	AHDB Group Personal Pension Plan	5.0%	10.0%
Naveen Gupta: Finance Director	AHDB Group Personal Pension Plan	5.0%	10.0%
Will Jackson: Divisional Director of Engagement	AHDB Group Personal Pension Plan	5.0%	10.0%
Jackie Kay: HR Director	AHDB Group Personal Pension Plan	5.0%	10.0%
Rebecca Geraghty: Chief Technical Officer (to 8 October 2021)	AHDB Group Personal Pension Plan	3.0%	6.0%
Richard Laverick: Chief Livestock Information Programme Officer (to 6 June 2022)	AHDB Group Personal Pension Plan	26.0%	10.0%
Christine Watts: Chief Communications and Market Development Officer (to 21 February 2022)	AHDB Group Personal Pension Plan	5.0%	10.0%

Note 1:

Jane King left the pension scheme on 31 December 2020.

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 2022.

	Employer's contributions	
	For the year ended 31-Mar-22	For the year ended 31-Mar-21
	£'000	£'000
Tim Rycroft: Chief Executive Officer (from 31 August 2021)	9	-
Jane King: Chief Executive Officer (to 30 September 2021)	-	11
Ken Boyns: Divisional Director of Services	11	11
Naveen Gupta: Finance Director	6	-
Will Jackson: Divisional Director of Engagement	9	5
Jackie Kay: HR Director	6	-
Rebecca Geraghty: Chief Technical Officer (to 8 October 2021)	3	5
Tom Hind: Chief Strategy Officer (to 10 September 2020)	-	5
Richard Laverick: Chief Livestock Information Programme Officer (to 6 June 2022)	9	9
Christine Watts: Chief Communications and Market Development Officer (to 21 February 2022)	11	12

Fair pay report (audited)

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

The annualised, banded remuneration, excluding pension benefit, of the highest-paid executive employed by AHDB in the financial year 2021/22 was £150k–£155k (2020/21, £150k–£155k), a 0% change compared to 2020/21.

The ratios between the highest paid director's total remuneration and the lower quartile, median, and upper quartile for staff pay are as follows:

	Lower Quartile	Median	Upper Quartile
2021/22	4.8 : 1	3.8 : 1	3.0 : 1
2020/21	4.9 : 1	3.7 : 1	2.9 : 1

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

	Lower Quartile		Median		Upper Quartile	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Salary	31,000	29,770	36,890	36,720	47,430	47,059
Total Pay and Benefits	31,878	30,918	40,418	40,827	51,043	51,814

In 2021/22 and 2020/21, no employees received remuneration in excess of the annualised amount paid to the Chief Executive. Remuneration ranged from £10k–£15k to £150k–£155k (2020/21: £10k–£15k to £150k–£155k) and, when taken as a whole, employee salary and allowances increased by 0.9% in 2021/22 when compared to 2020/21.

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

Emoluments of AHDB board members (audited)

Set out below are details of the emoluments of AHDB's board members during the year ended 31 March 2022. No other cash or non-cash benefits were provided to AHDB board members.

Board Member	Role(s)	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000
Nicholas Saphir	Chair of AHDB Board, RemNom	55-60	50-55
Colin Bateman	Chair of AHDB Beef and Lamb Sector Council, RemNom	10-15	-
Sarah Bell	Chair of AHDB Cereals & Oilseeds Sector Council, RemNom	10-15	-
Stephen Briggs	Board Member of AHDB, ARAC	5-10	-
Hayley Campbell-Gibbons	Chair of AHDB Horticulture Sector Board, RemNom	15-20	30-35
Sophie Churchill	Chair of AHDB Potatoes Sector Board, ARAC	-	5-10
Lyndon Edwards	Chair of AHDB Dairy Sector Council, ARAC	5-10	-
George Lyon	Board Member of AHDB, RemNom, HGCA Pension Plan Trustee Director, Chair of MLC Pension Plan Trustees	-	15-20
Dr Catherine MacKenzie	Board Member of AHDB, Chair of RemNom	5-10	-
Sarah Pumfrett	Board Member of AHDB, Chair of ARAC	10-15	10-15
Adam Quinney	Chair of AHDB Beef and Lamb Sector Board, RemNom	15-20	30-35
Mike Sheldon	Chair of AHDB Pork Sector Council, RemNom, MLC Pension Plan Trustee Director	30-35	30-35
Richard Soffe	Interim Chair of AHDB Dairy Sector Board, ARAC	-	30-35
Janet Swadling	Board Member of AHDB, ARAC, Chair of HGCA Pension Plan Trustees	15-20	45-50
Paul Temple	Chair of AHDB Cereals & Oilseeds Sector Board, RemNom	15-20	30-35

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

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

Full year equivalent values for Colin Bateman, Sarah Bell, Stephen Briggs, Lyndon Edwards, and Dr Catherine MacKenzie in 2021-22 are £10k–£15k.

Full year equivalent values for Hayley Campbell-Gibbons, Adam Quinney, and Paul Temple in 2021-22 are £30k–£35k.

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

Janet Swadling's role in 2020-21 included leading the Skills Group Project which she did not undertake in 2021-22.

Sarah Pumfrett was also an LI Limited Board member during 2021-22, receiving £0k–£5k.

Mike Sheldon was also an LI Limited Board member during 2020-21, receiving £0k–£5k.

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

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

	Contract start date	Contract end date
Nicholas Saphir: Chair of AHDB	1-Apr-20	31-Mar-24
Colin Bateman: Chair of AHDB Beef and Lamb Sector Council	13-Sep-21	12-Sep-24
Sarah Bell: Chair of AHDB Cereals and Oilseeds Sector Council	13-Sep-21	31-Jul-22
Stephen Briggs: Board Member of AHDB	13-Sep-21	12-Sep-24
Hayley Campbell-Gibbons: Chair of AHDB Horticulture Sector Board	1-Nov-18	31-Oct-21
Sophie Churchill: Chair of AHDB Potatoes Sector Board	10-Apr-17	22-Jul-20
Lyndon Edwards: Chair of AHDB Dairy Sector Council	13-Sep-21	12-Sep-24
George Lyon: Board Member of AHDB	1-Apr-15	31-Mar-21
Dr Catherine MacKenzie: Board Member of AHDB	13-Sep-21	12-Sep-24
Sarah Pumfrett: Board Member of AHDB	1-Apr-20	31-Mar-23
Adam Quinney: Chair of AHDB Beef and Lamb Sector Board	23-Nov-15	31-Mar-21
Mike Sheldon: Chair of AHDB Pork Sector Board	10-Apr-17	9-Apr-23
Richard Soffe: Interim Chair of AHDB Dairy Sector Board	8-Jul-20	31-Mar-21
Janet Swadling: Board Member of AHDB	31-May-18	31-Mar-24
Paul Temple: Chair of AHDB Cereals and Oilseeds Sector Board	1-Apr-15	31-Mar-21
<i>Interim Appointments</i>		
Peter Judge: Interim Chair of AHDB Horticulture Sector Board	01-Nov-21	31-Mar-23
Alison Levett: Interim Chair of AHDB Potatoes Sector Board	20-Jul-20	31-Mar-22
Adam Quinney: Interim Chair of AHDB Beef and Lamb Sector Board	1-Apr-21	30-Sep-21
Peter Rees: Interim Chair of AHDB Dairy Sector Board	1-Apr-21	30-Sep-21
Paul Temple: Interim Chair of AHDB Cereals and Oilseeds Sector Board	1-Apr-21	30-Sep-21

Those indicated as "Interim Appointments" in the table above attended board meetings as observers for the periods indicated.

Staff report

AHDB is supported by a dedicated team of permanent staff.

Staff costs and average numbers (audited): For the year ended 31 March 2022, AHDB employed an average full-time equivalent (FTE) of 429 staff (500 in the previous year), of which 32 staff were funded through non-levy sources (24 reported in the previous year). In addition, there were eight FTEs employed for Livestock Information Limited (four in the previous year). A further one was employed under other contractual arrangements on levy activities (one in the previous year).

AHDB activity-based headcount has reduced compared to 2020/21. Following the result of the Potatoes and Horticulture ballots in Spring 2021, there was a requirement to reduce headcount. Staff working in these sectors have either left, been made redundant, or been redeployed within AHDB (where there were suitable vacancies elsewhere in the business). In addition to this, AHDB made a commitment to make efficiency savings to further reduce the total FTE employed to deliver AHDB activities. A large proportion of the FTE reduction was achieved by not replacing leavers, and by not extending or replacing employees on fixed-term contracts.

Our staff turnover, including the effect of leavers in the Horticulture and Potatoes sectors, ran at 37.7%, up from 9.7% in the previous year (AHDB only). Due to the COVID-19 pandemic, turnover within AHDB was artificially very low in the previous year and so the 2021/22 figure also reflects the increase as the job markets opened up again. Total staff costs for 2021/22 were £22.8 million (2020/21, £26.1 million). Further breakdown of staff costs is included in Note 3.

Staff composition: The gender split of the average FTE staff employed across the AHDB Group in 2021/22 was 276 (63%) females and 161 (37%) males (2020/21, 62% female, 38% male). For staff working on levy-dependent activities, the split was 252 (63%) females and 147 (37%) males (2020/21, 62% female, 38% male). At 31 March 2022, of the five members of the Leadership Team, four were male and one was female (31 March 2021, three male, three female).

Sickness absence data: Absence due to sickness is monitored across the AHDB Group. In the year ended 31 March 2022, days lost through sickness equated to 5.2 days per FTE or 2.05% of total attendance (2021: 3.5 days, 1.4%). COVID-19 was a high factor in absences reported.

Annual staff survey: A staff survey was not run in 2021/22 due to the COVID-19 pandemic and the reorganisation of the organisation following the results of the Potatoes and Horticulture ballots.

The employee voice group, launched in October 2020, meets bi-monthly to discuss engagement and gather feedback from colleagues on business issues.

Human resources (HR) strategy: During 2021/22, we continued to implement our HR strategy to support AHDB's purpose and corporate priorities. As the AHDB new strategy evolves and sectors review their priorities, the components within the HR strategic work streams were aligned to:

- i. Delivering high-quality HR support to enable managers to maximise employee performance and engagement during a global pandemic
- ii. Developing and maintaining transparent and consistently applied HR policies and procedures which reflected the issues of staff welfare and support
- iii. Designing and embedding an online suite of training to ensure colleagues were able to engage with development opportunities whilst unable to meet face-to-face
- iv. Developing a transparent and equitable reward structure including a formal review of the benefits package
- v. Developing and maximising the use of IT systems within the HR function.

Through the strategy, AHDB has continued to drive a change in culture towards a more performance-driven and learning organisation that continues to be more outcome-focused. The loss of two sectors within AHDB has led to a number of redundancies being made due to the need to reduce the overall headcount of the organisation. A recruitment freeze had been in place during the COVID-19 pandemic.

Gender pay gap: AHDB has a long-term commitment to equality, diversity, inclusion and gender balance, and we continue to review the issue of gender pay as part of this. At April 2021, AHDB's mean gender pay gap was 17.8% and the median gender pay gap was 17.8%. (April 2020, 18.7% and 20.2%, respectively). Progress is closely monitored on a regular basis towards our commitment to close the overall mean and median gender pay gap.

Consultants and off-payroll arrangements: AHDB spent £0k on the services of external consultants during 2021/22 (2020/21, £21k), see also the Contractors section on page 20. Off-payroll engagements are set out on page 35.

Additional Information

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

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

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

Compensation and exit packages agreed for the year to 31 March 2022 (audited)

Exit packages cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	for the year ended 31 March 2022	for the year ended 31 March 2021	for the year ended 31 March 2022	for the year ended 31 March 2021	for the year ended 31 March 2022	for the year ended 31 March 2021
< £10,000	8	-	1	2	9	2
£10,000 - £25,000	8	-	2	-	10	-
£25,000 - £50,000	6	-	2	-	8	-
£50,000 - £75,000	2	-	-	-	2	-
£75,000 - £150,000	2	-	-	-	2	-
Total number of exit packages	26	-	5	2	31	2
Total cost	£ 710,834	-	£ 105,849	£9,087	£ 816,683	£9,087

Any exit packages were in accordance with relevant pension scheme rules and contractual entitlements. Four of the exit packages related to senior managers in the year ended 31 March 2022 and none in the year ended 31 March 2021.

Off-payroll engagements

Off-payroll engagements as of 31 March 2022, for more than £245 per day

	GROUP	AHDB
Number of existing engagements as of 31 March 2022	105	60
Of which...		
Number that have existed for less than one year at time of reporting	71	44
Number that have existed for between one and two years at time of reporting	18	4
Number that have existed for between two and three years at time of reporting	4	1
Number that have existed for between three and four years at time of reporting	4	3
Number that have existed for four or more years at time of reporting	8	8

All off-payroll engagements, between 1 April 2021 and 31 March 2022, for more than £245 per day

	GROUP	AHDB
Number of off-payroll workers engaged during the year ended 31 March 2022	106	60
Of which...		
Not subject to off-payroll legislation	26	26
Subject to off-payroll legislation and determined as in-scope of IR35	0	0
Subject to off-payroll legislation and determined as out-of-scope of IR35	80	34
Number of engagements reassessed for compliance or assurance purposes during the year	53	14
Of which: number of engagements that saw a change to IR35 status following review	0	0

There were no off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2021 and 31 March 2022.

Parliamentary accountability and audit report (audited)

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

Contingent liabilities, Note 17 to the Accounts, details our contingent liabilities. There are no remote contingent liabilities.

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

11 January 2023

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT, THE SCOTTISH PARLIAMENT, THE WELSH PARLIAMENT AND THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Agriculture and Horticulture Development Board and its group for the year ended 31 March 2022 under the Agriculture and Horticulture Development Board Order 2008.

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

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Movements in Reserves for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Agriculture and Horticulture and Development Board and its Group's affairs as at 31 March 2022 and the group's deficit and AHDB deficit for the year then ended; and
- have been properly prepared in accordance with the Agriculture and Horticulture Development Board Order 2008 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for opinions

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

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

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

Conclusions relating to going concern

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

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

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

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

Other Information

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

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Agriculture and Horticulture Development Board Order 2008; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

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

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

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

Responsibilities of the Board and Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Agriculture and Horticulture and Development Board and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Agriculture and Horticulture and Development Board and its Group will not continue to be provided in the future

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- substantive testing of income streams to address risk of fraud in revenue recognition and substantive testing of expenditure streams to address the risk of fraud and irregularity.

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

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

12 January 2023

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

Financial statements 2021/22

Consolidated statement of comprehensive net expenditure for the year ended 31 March 2022

	Note	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000
Income			
Gross levy	2a	50,323	57,676
Non-levy sources	2a	6,187	6,080
Total income		56,510	63,756
Operating expenditure			
Levy collection			
Staff costs	2a, 3	(336)	(344)
Other costs	2a, 4	(858)	(783)
Core strategic activities			
Staff costs	2a, 3	(21,742)	(24,875)
Other costs	2a, 4	(48,193)	(43,783)
Current pension service cost	18f	(673)	(757)
Past pension service cost	18f	(100)	(100)
Total operating expenditure		(71,902)	(70,642)
Surplus/(deficit) on ordinary activities before interest and taxation		(15,392)	(6,886)
Interest receivable		8	33
Interest payable		-	(1)
Other finance income relating to pension schemes	18e	(184)	(211)
Surplus/(deficit) on ordinary activities before taxation		(15,568)	(7,065)
Taxation	5	(2)	(6)
Surplus/(deficit) for the financial year		(15,570)	(7,071)
Other comprehensive income			
Surplus/(deficit) for the financial year		(15,570)	(7,071)
Net gain/(loss) on revaluation of property, plant and equipment		-	121
Net gain/(loss) on revaluation of pension assets and liabilities	18e	7,781	(907)
Total comprehensive income/(expenditure)		(7,789)	(7,857)
Attributable to:			
AHDB Share		(194)	(3,501)
NCI Share of Livestock Information Limited		(7,595)	(4,356)

Note 1:

These accounts incorporate movements in pension scheme assets and liabilities which do not form part of the reserves available for levy payer delivery activities. Those pension scheme liabilities recognised in the AHDB's accounts decreased by £7.5 million in 2021/22 (2020/21: increase of £1.3m). Excluding pension scheme asset movements and revaluation of property, a surplus £0.2m excluding Livestock Information Limited (LI Limited) (2020/21: surplus of £2.2m), or a deficit £15.3 million including LI Limited was recorded in the year (2020/21: deficit of £6.7m). Further information regarding pensions is shown in Note 18 to the accounts.

Note 2:

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

Note 3:

AHDB's share of the total comprehensive income/(expenditure) is comprised of its 51% share of LI Limited's deficit, being £7.9 million (2020/21: deficit £4.5m), and AHDB's stand-alone surplus £7.7 million (2020/21: surplus £1.0m) including pension movements and property revaluations

The notes on pages 48 to 77 are an integral part of these financial statements.

AHDB Statement of comprehensive net expenditure for the year ended 31 March 2022

	Note	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000
Income			
Gross levy	2a	50,323	57,676
Non-levy sources	2a	6,187	6,080
Total income		56,510	63,756
Operating expenditure			
Levy collection			
Staff costs	2a, 3	(336)	(344)
Other costs	2a, 4	(858)	(783)
Core strategic activities			
Staff costs	2a, 3	(21,193)	(24,630)
Other costs	2a, 4	(33,242)	(35,138)
Current pension service cost	18f	(673)	(757)
Past pension service cost	18f	(100)	(100)
Total operating expenditure		(56,402)	(61,752)
Surplus/(deficit) on ordinary activities before interest and taxation			
Interest receivable		8	33
Interest payable		-	(1)
Other finance income relating to pension schemes	18e	(184)	(211)
Surplus/(deficit) on ordinary activities before taxation		(68)	1,825
Taxation	5	(2)	(6)
Surplus/(deficit) for the financial year		(70)	1,819
Other comprehensive income			
Surplus/(deficit) for the financial year		(70)	1,819
Net gain/(loss) on revaluation of property, plant and equipment		-	121
Net gain/(loss) on revaluation of pension assets and liabilities	18e	7,781	(907)
Total comprehensive income/(expenditure)		7,711	1,033

Note 1:

These accounts incorporate movements in pension scheme assets and liabilities which do not form part of the reserves available for levy payer delivery activities. Those pension scheme liabilities recognised in the AHDB's accounts decreased by £7.5 million in 2021/22 (2020/21, increase of £1.3 million). Further information regarding pensions is shown in Note 18 to the accounts.

The notes on pages 48 to 77 are an integral part of these financial statements.

Consolidated statement of financial position

as at 31 March 2022

	Note	As at 31-Mar-22		As at 31-Mar-21	
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	6	384		2,014	
Intangible assets	8	12,738		5,583	
Total non-current assets			13,122		7,597
Current assets					
Assets classified as held for sale	10	562		-	
Trade and other receivables	12	16,721		12,585	
Cash at bank and in hand	13	22,572		25,612	
Total current assets			39,855		38,197
Total assets			52,977		45,794
Current liabilities					
Trade and other payables	14	(13,501)		(13,240)	
Provisions		(142)		-	
Total current liabilities			(13,643)		(13,240)
Non-current assets plus net current assets			39,334		32,554
Non-current liabilities					
Pension liability	18f	(144)		(7,623)	
Total non-current liabilities			(144)		(7,623)
Net assets			39,190		24,931
Reserves					
Accumulated funds		11,564		23,536	
Total pension reserve		(144)		(7,623)	
Revaluation reserve		28		28	
Financing					
Financing from sponsoring department		18,022		6,806	
Financing from sponsoring department - Non Controlling Interest share		17,315		6,540	
Non Controlling Interest Surplus/(Deficit) for the year		(7,595)		(4,356)	
Total reserves			39,190		24,931

Note 1:

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

The notes on pages 48 to 77 are an integral part of these financial statements.

The financial statements on pages 48 to 77 were approved by the AHDB board and signed on its behalf by:

Nicholas Saphir
Chair

Tim Rycroft
Chief Executive and Accounting Officer

11 January 2023

AHDB statement of financial position as at 31 March 2022

	Note	As at 31-Mar-22		As at 31-Mar-21	
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	7	384		1,493	
Intangible assets	9	388		151	
Investments	11	514		521	
Total non-current assets			1,286		2,165
Current assets					
Assets classified as held for sale	10	562		-	
Trade and other receivables	12	16,683		12,585	
Cash at bank and in hand	13	22,336		25,119	
Total current assets			39,581		37,704
Total assets			40,867		39,869
Current liabilities					
Trade and other payables	14	(10,408)		(9,784)	
Provisions		(142)		-	
Total current liabilities			(10,550)		(9,784)
Non-current assets plus net current assets			30,317		30,085
Non-current liabilities					
Pension liability	18	(144)		(7,623)	
Total non-current liabilities			(144)		(7,623)
Net assets			30,173		22,462
Reserves					
Accumulated funds		30,289			30,083
Total pension reserve		(144)			(7,623)
Revaluation reserve		28			2
Total reserves			30,173		22,462

The notes on pages 48 to 77 are an integral part of these financial statements.

The financial statements on pages 48 to 77 were approved by the AHDB board and signed on its behalf, by:

Nicholas Saphir
Chair

Tim Rycroft
Chief Executive and Accounting Officer

11 January 2023

Consolidated cash flow statement for the year ended 31 March 2022

	Note	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000
Cash flows from operating activities			
Surplus/(deficit) on ordinary continued activities before taxation	2a	(15,568)	(7,065)
Adjustments for:			
Interest receivable		(8)	(33)
(Profit)/loss on transfer of subsidiary		(4)	(31)
Depreciation and amortisation	6 & 8	488	297
Current pension service cost	18e	673	757
Past service cost	18e	100	100
Other finance income	18e	184	211
Impairment of property, plant and equipment	6	873	-
(Increase)/decrease in trade and other receivables	12	(4,133)	302
Increase/(decrease) in trade and other payables	14	219	(41)
Increase/(decrease) in provisions		142	-
Tax paid		(2)	(6)
Defined benefit scheme pension contributions paid	18f	(655)	(655)
Cash inflows/(outflows) from operating activities		(17,691)	(6,164)
Cash flows from investing activities			
Interest received		8	33
Profit/(loss) on transfer of subsidiary		4	31
Payments to acquire property, plant and equipment	6	(24)	(39)
Payments to acquire intangible assets	8	(7,328)	(1,974)
Cash inflows/(outflows) from investing activities		(7,340)	(1,949)
Cash flow from financing activities			
Increase/(decrease) in subsidiary share capital			
Increase/(decrease) in Financing from sponsoring department		11,216	4,520
Financing from sponsoring department - Non Controlling Interest		10,775	4,344
Cash inflows/(outflows) from financing activities		21,991	8,864
Net Increase/(decrease) in cash and cash equivalents in the period		(3,040)	751
Cash & cash equivalents at the beginning of the period		25,612	24,861
Cash & cash equivalents at the end of the period	13	22,572	25,612

Note 1:

Increase/decrease in trade and other payables and payments to acquire intangible assets includes an adjustment for non-material changes relating to 2020/21 for LI Limited.

The notes on pages 48 to 77 are an integral part of these financial statements.

AHDB cash flow statement for the year ended 31 March 2022

	Note	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000
Cash flows from operating activities			
Surplus/(deficit) on ordinary activities before taxation	2a	(68)	1,825
Adjustments for:			
Interest receivable		(8)	(33)
(Profit)/loss on transfer of subsidiary		(4)	(31)
Depreciation and amortisation	7 & 9	219	290
Depreciation of asset held in investment		7	7
Current pension service cost	18e	673	757
Past service cost	18e	100	100
Other finance income	18e	184	211
Impairment of property, plant and equipment	7	873	-
(Increase)/decrease in trade and other receivables	12	(4,095)	315
Increase/(decrease) in trade and other payables	14	624	(2,504)
Increase/(decrease) in provisions		142	-
Tax paid		(2)	(6)
Defined benefit scheme pension contributions paid	18f	(655)	(655)
Cash inflows/(outflows) from operating activities		(2,010)	276
Cash flows from investing activities			
Interest received		8	33
Profit/(loss) on transfer of subsidiary		4	31
Transfer of SBEU property, plant and equipment	11	(514)	-
Payments to acquire property, plant and equipment	7	(24)	(39)
Payments to acquire intangible assets	9	(247)	(5)
Cash inflows/(outflows) from investing activities		(773)	20
Net Increase/(decrease) in cash and cash equivalents in the period			
		(2,783)	296
Cash & cash equivalents at the beginning of the period		25,119	24,823
Cash & cash equivalents at the end of the period	13	22,336	25,119

The notes on pages 48 to 77 are an integral part of these financial statements.

Consolidated statement of movement in reserves for the year ended 31 March 2022

	Note	Accumulated reserve £'000	Financing reserve £'000	Pension reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2020		25,717	4,482	(6,303)	-	23,896
Surplus/(Deficit) for the year	2b	(7,071)	-	-	-	(7,071)
Net gain/(loss) on revaluation	2b	121	-	-	-	121
Pension(loss)/gain	18f	-	-	(907)	-	(907)
Net gain/(loss) on revaluation		-	-	-	28	28
Transfers from pensions reserve		413	-	(413)	-	-
Grants from sponsoring department		-	4,521	-	-	4,521
Non Control Interest - Livestock Information Limited		-	4,343	-	-	4,343
Balance as at 31 March 2021		19,180	13,346	(7,623)	28	24,931
Surplus/(Deficit) for the year	2a	(15,570)	-	-	-	(15,570)
Non Material Group Adjustments - Livestock Information Limited		57	-	-	-	57
Pension gain/(loss)	18f	-	-	7,781	-	7,781
Transfers from pensions reserve		302	-	(302)	-	-
Grants from sponsoring department		-	11,215	-	-	11,215
Non Control Interest - Livestock Information Limited		-	10,776	-	-	10,776
Balance as at 31 March 2022		3,969	35,337	(144)	28	39,190

Reserves are allocated to the reporting segments as detailed below:

AHDB Cereals & Oilseeds		5,229	-	(144)	-	5,085
AHDB Dairy		3,238	-	-	-	3,238
AHDB Pork		5,174	-	-	-	5,174
AHDB Beef & Lamb		9,302	-	-	-	9,302
AHDB Potatoes		1,863	-	-	28	1,891
AHDB Horticulture		5,483	-	-	-	5,483
Livestock Information Limited		(26,320)	35,337	-	-	9,017
Total		3,969	35,337	(144)	28	39,190

Note 1:

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

The notes on pages 48 to 77 are an integral part of these financial statements.

AHDB statement of movement in reserves for the year ended 31 March 2022

	Note	Accumulated reserve £'000	Pension reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2020		27,704	(6,303)	-	21,401
Deficit for the year	2b	1,819	-	-	1,819
Net gain/(loss) on revaluation	2b	121	-	-	121
Pension (loss)/gain	18f	-	(907)	-	(907)
Net gain/(loss) on revaluation		-	-	2	2
Movement in revaluation reserve		26	-	-	26
Transfers from pension reserve		413	(413)	-	-
Balance as at 31 March 2021		30,083	(7,623)	2	22,462
Surplus/(Deficit) for the year	2a	(70)	-	-	(70)
Pension gain/(loss)	18f	-	7,781	-	7,781
Movement in revaluation reserve		(26)	-	26	-
Transfers from pensions reserve		302	(302)	-	-
Balance as at 31 March 2022		30,289	(144)	28	30,173

Reserves are allocated to the reporting segments as detailed below:

AHDB Cereals & Oilseeds		5,229	(144)	-	5,085
AHDB Dairy		3,238	-	-	3,238
AHDB Pork		5,174	-	-	5,174
AHDB Beef & Lamb		9,301	-	-	9,301
AHDB Potatoes		1,864	-	28	1,892
AHDB Horticulture		5,483	-	-	5,483
Total		30,289	(144)	28	30,173

Note 1:

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

The notes on pages 48 to 77 are an integral part of these financial statements.

Notes to the financial statements

1. Principal accounting policies

The accounts are prepared in accordance with the Agriculture and Horticulture Development Board Order 2008 and the accounts direction issued by the Secretary of State for Environment, Food and Rural Affairs. The accounts direction requires compliance with HM Treasury's Financial Reporting Manual (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 that is judged to be most appropriate to the particular circumstances of the Non-Departmental Public Body (NDPB) for the purpose of giving a true and fair view, has been selected. The particular policies adopted by the NDPB are described below. They have been applied consistently in dealing with items that are considered material to the accounts. AHDB applies accounting standards upon formal adoption in the FRoM.

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

IFRS 16 has been adopted from 1 April 2022 and is expected to have a considerable impact in financial reporting terms. Upon transition, AHDB adopted the modified retrospective approach and is applying the available practical expedients as directed by the FRoM. The initial lease liability is calculated by reference to the remaining lease payments discounted at an appropriate rate at the date of initial application. The corresponding Right of Use Asset is calculated by reference to the lease liability adjusted for any prepaid or accrued lease payments immediately before the date of initial application. When IFRS 16 was adopted on 1 April 2022, it required additional assets with an initial value of £1.6 million to be recognised on the Statement of Financial Position, with a corresponding £1.6 million lease liability. There is, therefore, no impact on net assets, and an insignificant impact anticipated on net expenditure for the year ending 31 March 2023. The initial value anticipated in this disclosure in the 2020/21 Annual Report and Accounts was £4.6 million, the difference in estimated impact being driven by the decision to leave the Stoneleigh HQ lease.

Going concern

AHDB considers the going concern basis appropriate, following the FRoM interpretation of IAS1, due to the Statutory Instrument (576/2008) requiring the continuation of the provision of a service by AHDB and for AHDB to collect a levy.

AHDB has also undertaken a detailed going concern assessment given the reduction in levy income resulting from the Horticulture and Potatoes sectors ballots outcomes and this focused on the following key themes:

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

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

Accounting convention

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

Consolidation

The consolidated financial statements incorporate the financial statements of AHDB and its subsidiaries (Sutton Bridge Experimental Unit Limited and Livestock Information Limited) and are prepared in accordance with the Government Financial Reporting Manual (FRoM). 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 11.

Notes to the financial statements

1. Principal accounting policies (continued)

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

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 Cereals & Oilseeds, AHDB Dairy, AHDB Pork, AHDB Beef & Lamb, AHDB Potatoes, AHDB Horticulture and Livestock Information Limited. The segmental reporting disclosures can be found in Note 2a.

Research and development expenditure

Research and development expenditure is charged as it is incurred on an accruals basis and is not capitalised in the statement of financial position. The terms of the statutory instrument that established AHDB prevent AHDB from restricting access of other parties to future benefits of the research activities it undertakes. As a result, the research 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.

Assets under construction

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

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

Property, plant and equipment

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

Expenditure on property, plant and equipment of £5,000 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.

Intangible assets

Intangible assets are non-monetary assets without physical substance and comprise of software licences and internally developed IT software, including assets under construction. The capitalisation threshold is £5,000. These assets are only revalued where it is possible to obtain a reliable market value. When fully operational in the business, internally generated software is stated at a proxy for fair value, being indexed amortised replacement cost. This fair value represents the value in use of the remaining economic benefit. Impairment assessment compares this value with the depreciated replacement cost of the useful service potential. Possible impairment indicators would include a significant reversal of a branch of development during the construction phase, or a curtailment of the use of system features.

Notes to the financial statements

1. Principal accounting policies (continued)

Depreciation and amortisation

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

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

Freehold land is not depreciated.

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 prevailing at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and other financial institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less. The carrying amount of these assets approximates their fair value. A further investment is held in a 32-day notice account. Please see Note 13.

Financial instruments

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

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

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

Pensions

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

a) Defined benefit schemes

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

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

Notes to the financial statements

1. Principal accounting policies (continued)

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

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

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

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

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

More detailed information can be found in Note 18 to the accounts.

b) Defined contribution schemes

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

Levy income

AHDB raises statutory levies from the meat and livestock (cattle, sheep and pigs) sectors in England, the commercial horticulture, milk and potato sectors in Great Britain and the cereals and oilseeds sector in the UK. Levy income is based on the latest available estimates of sector-specific levy quantities, as billable within the provisions of Schedule 3 of the AHDB Order 2008. (The levy rates in operation during 2021/22 can be found on page 78).

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

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. The levy is calculated on the number of animals slaughtered or exported and these details are notified to AHDB through the completion of regular returns. Upon receipt of the return, AHDB calculates the levy due and issues an invoice for payment.

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

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

Notes to the financial statements

1. Principal accounting policies (continued)

c) Milk levy (deployed by AHDB Dairy)

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

d) Horticulture levies (deployed by AHDB Horticulture)

Levy is payable on vegetables grown in the open (except potatoes, where there are separate arrangements), fruit, flowers and bulbs, hardy and nursery stock, protected crops and herbs. There is a threshold above which levy becomes payable, such that if a horticultural grower's adjusted sales figure, made during the accounting year of the grower that ended in any year ending 31 March, is £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. Levy is payable on invoice and can be paid by three equal direct debit payments.

2021/22 was the final year the Horticulture statutory levy applied. See "Levy collection" on page 26 for more information.

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.

2021/22 was the final year the Horticulture/Potatoes statutory levy applied. See "Levy collection" on page 26 for more information.

Income recognition

All income is recorded on a gross basis in the consolidated statement of comprehensive net expenditure, except where AHDB is acting as an agent in making payments to third parties. In such instances, income and expenditure are offset and, therefore, not recorded in the financial statements. In the year ended 31 March 2022, AHDB acted as an EU grant agent on the EU Pigs project.

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

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

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

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

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

Notes to the financial statements

1. Principal accounting policies (continued)

Reserves

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

Each sector's reserves target is calculated to be the greater of:

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

Notes to the financial statements

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

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

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

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

In July 2021 AHDB secured funding of up to £3.9 million from Defra's resilience fund to help thousands of farmers and growers navigate the fallout of the loss of direct payments and help future-proof their businesses. The project is on-going and is expected to be completed by August 2022. During 2021/22 AHDB has recognised £1.3 million of income and operating expenditure. This amount is included in the table above under Fee and Grant Income and Research and Development and Knowledge Exchange.

Notes to the financial statements

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

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

AHDB parent figures

AHDB produced a separate parent statement of comprehensive income on page 39. Its results are included in the group results above, consolidated with its subsidiaries as detailed in Note 11. Assets and liabilities are not separately reported by sector.

Underlying surplus/(deficit)

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

	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Pork £'000	AHDB Beef & Lamb £'000	AHDB Continuing £'000	AHDB Potatoes £'000	AHDB Horticulture £'000	AHDB Winding Down £'000	AHDB Total £'000	Livestock Information Limited £'000	Group Eliminations £'000	AHDB Group total £'000
Total comprehensive income/(expenditure)	(30)	137	2,413	5,092	7,612	665	(566)	99	7,711	(15,500)	-	(7,789)
Revaluation on property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Movement on Pension Asset/Liability	(279)	-	(2,400)	(4,800)	(7,479)	-	-	-	(7,479)	-	-	(7,479)
Underlying surplus/(deficit) for the financial year	(309)	137	13	292	133	665	(566)	99	232	(15,500)	-	(15,268)

Notes to the financial statements

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

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

	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Pork £'000	AHDB Beef & Lamb £'000	AHDB Continuing £'000	AHDB Potatoes £'000	AHDB Horticulture £'000	AHDB Winding Down £'000	AHDB Total £'000	Livestock Information Limited £'000	AHDB Group total £'000
Income											
Gross levy	10,372	7,527	9,612	16,701	44,212	5,818	7,646	13,464	57,676	-	57,676
Levy repatriation	-	-	-	-	-	-	-	-	-	-	-
Subtotal levy sources	10,372	7,527	9,612	16,701	44,212	5,818	7,646	13,464	57,676	-	57,676
<i>Non-levy sources:</i>											
Fee and grant income	155	1,822	448	1,141	3,566	296	455	751	4,317	-	4,317
EU grant income	-	711	-	1,043	1,754	-	9	9	1,763	-	1,763
Livestock Information & Movement System	-	-	-	-	-	-	-	-	-	-	-
Subtotal non-levy sources	155	2,533	448	2,184	5,320	296	464	760	6,080	-	6,080
Total income	10,527	10,060	10,060	18,885	49,532	6,114	8,110	14,224	63,756	-	63,756
Operating expenditure											
Levy collection	(431)	(36)	(146)	(247)	(860)	(145)	(122)	(267)	(1,127)	-	(1,127)
<i>Core strategic activities:</i>											
Research and Development and Knowledge Exchange	(6,059)	(4,852)	(2,218)	(3,956)	(17,085)	(3,074)	(5,159)	(8,233)	(25,318)	-	(25,318)
Livestock Information & Movement System	-	(233)	(8)	(437)	(678)	-	-	-	(678)	(8,890)	(9,568)
Trade Development	(182)	(1,787)	(2,689)	(4,130)	(8,788)	(628)	(103)	(731)	(9,519)	-	(9,519)
Export Development	(204)	(236)	(562)	(4,623)	(5,625)	(162)	(14)	(176)	(5,801)	-	(5,801)
Market Intelligence	(848)	(753)	(805)	(1,196)	(3,602)	(592)	(126)	(718)	(4,320)	-	(4,320)
Levy Payer Communications	(816)	(727)	(597)	(838)	(2,978)	(509)	(590)	(1,099)	(4,077)	-	(4,077)
Digital & Creative	(415)	(359)	(498)	(629)	(1,901)	(237)	(220)	(457)	(2,358)	-	(2,358)
Support and other expenditure	(1,567)	(1,109)	(1,185)	(1,638)	(5,499)	(1,130)	(1,068)	(2,198)	(7,697)	-	(7,697)
Subtotal core strategic activities:	(10,091)	(10,056)	(8,562)	(17,447)	(46,156)	(6,332)	(7,280)	(13,612)	(59,768)	(8,890)	(68,658)
Current pension service cost	(57)	-	(233)	(467)	(757)	-	-	-	(757)	-	(757)
Past pension service cost	-	-	(33)	(67)	(100)	-	-	-	(100)	-	(100)
Total operating expenditure	(10,579)	(10,092)	(8,974)	(18,228)	(47,873)	(6,477)	(7,402)	(13,879)	(61,752)	(8,890)	(70,642)

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

Notes to the financial statements

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

	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Pork £'000	AHDB Beef & Lamb £'000	AHDB Continuing £'000	AHDB Potatoes £'000	AHDB Horticulture £'000	AHDB Winding Down £'000	AHDB Total £'000	Livestock Information Limited £'000	AHDB Group total £'000
Surplus/(deficit) on ordinary activities before interest and taxation	(52)	(32)	1,086	657	1,659	(363)	708	345	2,004	(8,890)	(6,886)
Interest receivable	7	3	1	10	21	4	8	12	33	-	33
Interest payable	-	-	-	(1)	(1)	-	-	-	(1)	-	(1)
Other finance income/expenditure	(11)	-	(67)	(133)	(211)	-	-	-	(211)	-	(211)
Surplus/(deficit) on ordinary activities before taxation	(56)	(29)	1,020	533	1,468	(359)	716	357	1,825	(8,890)	(7,065)
Taxation	(1)	(1)	-	(2)	(4)	(1)	(1)	(2)	(6)	-	(6)
Surplus/(deficit) for the financial year	(57)	(30)	1,020	531	1,464	(360)	715	355	1,819	(8,890)	(7,071)
Net gain/(loss) on revaluation on property, plant and equipment	-	-	-	-	-	121	-	121	121	-	121
Net gain/(loss) on revaluation of pension assets and liabilities	(7)	-	(300)	(600)	(907)	-	-	-	(907)	-	(907)
Total comprehensive income/(expenditure)	(64)	(30)	720	(69)	557	(239)	715	476	1,033	(8,890)	(7,857)

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 11. Assets and liabilities are not separately reported by sector.

Underlying surplus/(deficit)

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

	AHDB Cereals & Oilseeds £'000	AHDB Dairy £'000	AHDB Pork £'000	AHDB Beef & Lamb £'000	AHDB Continuing £'000	AHDB Potatoes £'000	AHDB Horticulture £'000	AHDB Winding Down £'000	AHDB Total £'000	Livestock Information Limited £'000	AHDB Group total £'000
Total comprehensive income/(expenditure)	(64)	(30)	720	(69)	557	(239)	715	476	1,033	(8,890)	(7,857)
Revaluation on property, plant and equipment	-	-	-	-	-	(121)	-	(121)	(121)	-	(121)
Movement on Pension Asset/Liability	(280)	-	533	1,067	1,320	-	-	-	1,320	-	1,320
Underlying surplus/(deficit) for the financial year	(344)	(30)	1,253	998	1,877	(360)	715	355	2,232	(8,890)	(6,658)

Notes to the financial statements

3. Staff numbers and related costs

	For the year ended 31 March 2022			For the year ended 31 March 2021		
	Staff with a permanent (UK) employment contract	Other staff engaged on the objectives of AHDB	Total staff	Staff with a permanent (UK) employment contract	Other staff engaged on the objectives of AHDB	Total staff
Numbers employed						
The average full-time equivalent numbers employed by AHDB during the year, were:						
Commercial activities	-	-	-	-	-	-
AHDB activities – Non-levy-dependent	32	-	32	24	-	24
AHDB activities – Levy-dependent	397	1	398	476	1	477
Livestock Information Limited	8	-	8	4	-	4
Total	437	1	438	504	1	505
Staff costs	£'000	£'000	£'000	£'000	£'000	£'000
Salaries – Commercial activities	-	-	-	-	-	-
Social security costs – Commercial activities	-	-	-	-	-	-
Salaries – AHDB activities	17,766	60	17,826	20,645	10	20,655
Social security costs – AHDB activities	2,211	-	2,211	2,610	-	2,610
Salaries – Livestock Information Limited	452	-	452	203	-	203
Social security costs – Livestock Information Limited	60	-	60	29	-	29
Defined benefit scheme current service costs (Note 17e)	673	-	673	757	-	757
Defined benefit scheme past service costs (Note 17e)	100	-	100	100	-	100
Defined contribution scheme costs	1,529	-	1,529	1,722	-	1,722
Total staff costs	22,791	60	22,851	26,066	10	26,076

Notes to the financial statements

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

	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000
Surplus/(deficit) on ordinary activities before interest and taxation is stated after charging/(crediting)				
Income	56,510	56,510	63,756	63,756
Expenditure				
Staff Costs	(22,078)	(21,529)	(25,219)	(24,974)
Staff Related Costs	(2,518)	(2,337)	(2,448)	(2,272)
Rental under operating leases:				
- Leasehold property rents	(558)	(558)	(637)	(637)
- Vehicle leases	(299)	(299)	(410)	(410)
- Hire of equipment	(26)	(26)	(40)	(40)
Building Costs	(1,190)	(1,190)	(1,326)	(1,322)
Information Technology	(1,324)	(1,244)	(1,265)	(1,244)
Subscriptions & Books	(611)	(611)	(654)	(654)
Legal & Professional Services	(664)	(583)	(745)	(670)
Sub Contracted Services	(16,029)	(1,792)	(9,410)	(1,076)
Audit remuneration and expenses	(173)	(133)	(151)	(117)
Other Charges	2	65	(469)	(475)
Collection and Commission	(792)	(792)	(722)	(722)
Research and development and knowledge exchange	(12,403)	(12,403)	(13,649)	(13,649)
Marketing	(8,142)	(8,142)	(10,862)	(10,862)
Communication	(1,923)	(1,923)	(1,554)	(1,554)
Other Non Operating	(1,691)	(1,691)	(461)	(461)
Defined Benefit Pension Costs	(118)	(118)	(202)	(202)
Non-cash items:				
Depreciation and amortisation	(488)	(219)	(297)	(290)
Impairment of property, plant and equipment	(873)	(873)	-	-
Impairment of receivables	(4)	(4)	(121)	(121)
Total Expenditure	(71,902)	(56,402)	(70,642)	(61,752)
Surplus/(deficit) on ordinary activities before interest and taxation	(15,392)	108	(6,886)	2,004

The audit fee for AHDB is £132,500 (2020/21: £117,000) and the audit fee for LI Limited is £40,000 (2020/21: £34,000). Other non-operating costs includes the costs of restructuring and redundancy.

5. Taxation

	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000
Current tax		
UK corporation tax on commercial profits for the period	-	-
UK corporation tax on interest income for the period	2	6
Under-provision in respect of prior years	-	-
Over-provision in respect of prior years	-	-
Current tax charge for the year	2	6

The tax on commercial profits assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020/21, 19%). The differences are explained overleaf.

Notes to the financial statements

5. Taxation (continued)

	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000
Surplus/(deficit) on ordinary activities before taxation	(15,568)	(7,065)
Surplus/(deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020/21: 19%)	(2,958)	(1,342)
Effects of:		
Income not chargeable for taxation purposes	11,217	12,114
Expenditure not deductible for taxation purposes	(14,175)	(13,456)
Standard rate of corporation tax in the UK of 19% (2020/21 19%) on interest receivable	2	6
Under-provision in respect of prior years	-	-
Over-provision in respect of prior years	-	-
Current tax charge for the year	2	6

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 2020	63	357	1,878	367	1,236	231	4	4,136
Additions	-	-	19	-	20	-	-	39
Disposals	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
Revaluation	21	119	-	-	-	-	-	140
As at 31 March 2021	84	476	1,897	367	1,256	231	4	4,315
As at 1 April 2021	84	476	1,897	367	1,256	231	4	4,315
Additions	-	-	-	14	10	-	-	24
Disposals	-	-	-	-	-	-	-	-
Transfer to Assets Held for Resale	(84)	(476)	-	-	(1,201)	(231)	(4)	(1,996)
Revaluation	-	-	-	-	-	-	-	-
As at 31 March 2022	-	-	1,897	381	65	-	-	2,343
Depreciation								
As at 1 April 2020	-	-	(686)	(286)	(877)	(209)	(4)	(2,062)
Charge for year	-	(9)	(128)	(31)	(59)	(21)	-	(248)
Relating to disposals	-	-	-	-	-	-	-	-
Revaluation	-	9	-	-	-	-	-	9
As at 31 March 2021	-	-	(814)	(317)	(936)	(230)	(4)	(2,301)
As at 1 April 2021	-	-	(814)	(317)	(936)	(230)	(4)	(2,301)
Charge for year	-	(9)	(131)	(28)	(47)	(1)	-	(216)
Relating to disposals	-	-	-	-	-	-	-	-
Transfer to Assets Held for Resale	-	9	-	-	1,187	231	4	1,431
Impairment	-	-	(611)	-	(262)	-	-	(873)
Revaluation	-	-	-	-	-	-	-	-
As at 31 March 2022	-	-	(1,556)	(345)	(58)	0	-	(1,959)
Net book value as at 31 March 2022	-	-	341	36	7	0	-	384
Net book value as at 31 March 2021	84	476	1,083	50	320	1	-	2,014

During 2021/22 AHDB carried out an impairment review of its material assets resulting in an impairment loss of £873k. AHDB has a 15-year lease on a building that is due to end in October 2029, the lease contains two break clauses at five and ten years. AHDB expect to enact the 10-year break clause in October 2024 and therefore the useful life of the leasehold improvements has been impaired to reflect this resulting in an impairment loss of £611k. Due to the winding down of the Potatoes sector and the expected sale of assets at the Sutton Bridge site, an impairment review was carried out of the plant and machinery resulting in an impairment loss of £262k. In accordance with IAS 36 the impairment loss has been recognised in total operating expenditure. Assets owned by AHDB Potatoes have been transferred to assets held for resale at their carrying value in accordance with IFRS 5, see Note 10.

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 2020	-	29	1,878	367	729	231	4	3,238
Additions	-	-	19	-	20	-	-	39
Transfer	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Revaluation	-	10	-	-	-	-	-	10
As at 31 March 2021	-	39	1,897	367	749	231	4	3,287
As at 1 April 2021	-	39	1,897	367	749	231	4	3,287
Additions	-	-	-	14	10	-	-	24
Disposals	-	-	-	-	-	-	-	-
Transfer to Assets Held for Resale	-	(39)	-	-	(694)	(231)	(4)	(968)
Revaluation	-	-	-	-	-	-	-	-
As at 31 March 2022	-	-	1,897	381	65	-	-	2,343
Depreciation								
As at 1 April 2020	-	-	(686)	(286)	(370)	(209)	(4)	(1,555)
Charge for year	-	(2)	(128)	(31)	(59)	(21)	-	(241)
Relating to disposals	-	-	-	-	-	-	-	-
Revaluation	-	2	-	-	-	-	-	2
As at 31 March 2021	-	-	(814)	(317)	(429)	(230)	(4)	(1,794)
As at 1 April 2021	-	-	(814)	(317)	(429)	(230)	(4)	(1,794)
Charge for year	-	(2)	(131)	(27)	(47)	(1)	-	(208)
Relating to disposals	-	-	-	-	-	-	-	-
Transfer to Assets Held for Resale	-	2	-	-	679	231	4	916
Impairment	-	-	(611)	-	(262)	-	-	(873)
Revaluation	-	-	-	-	-	-	-	-
As at 31 March 2022	-	-	(1,556)	(344)	(59)	-	-	(1,959)
Net book value as at 31 March 2022	-	-	341	37	6	-	-	384
Net book value as at 31 March 2021	-	39	1,083	50	320	1	-	1,493

During 2021/22 AHDB carried out an impairment review of its material assets resulting in an impairment loss of £873k. AHDB has a 15-year lease on a building that is due to end in October 2029, the lease contains two break clauses at five and ten years. AHDB expect to enact the 10-year break clause in October 2024 and therefore the useful life of the leasehold improvements has been impaired to reflect this resulting in an impairment loss of £611k. Due to the winding down of the Potatoes sector and the expected sale of assets at the Sutton Bridge site, an impairment review was carried out of the plant and machinery resulting in an impairment loss of £262k. In accordance with IAS 36 the impairment loss has been recognised in total operating expenditure. Assets owned by AHDB Potatoes have been transferred to assets held for resale at their carrying value in accordance with IFRS 5, see Note 10.

Notes to the financial statements

8. Intangible Assets

Group	Software Licence £'000	Software Development £'000	Asset under Construction £'000	Total £'000
Cost or valuation				
As at 1 April 2020	-	-	3,658	3,658
Additions	5	-	1,969	1,974
Transfer	195	-	(195)	-
Disposals	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2021	200	-	5,432	5,632
As at 1 April 2021	200	-	5,432	5,632
Additions	-	7,427	-	7,427
Disposals	-	-	-	-
Transfer	2,200	3,232	(5,432)	-
Revaluation	-	-	-	-
As at 31 March 2022	2,400	10,659	-	13,059
Amortisation				
As at 1 April 2020	-	-	-	-
Charge for year	(49)	-	-	(49)
Relating to disposals	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2021	(49)	-	-	(49)
As at 1 April 2021	(49)	-	-	(49)
Charge for year	(51)	(221)	-	(272)
Relating to disposals	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2022	(100)	(221)	-	(321)
Net book value as at 31 March 2022	2,300	10,438	-	12,738
Net book value as at 31 March 2021	151	-	5,432	5,583

The value of additions through the year mainly relates to the build of the IT system being £7.2 million. The Livestock Information Service developed by LI Limited was brought into use in March 2022. The value incorporates both system licence and direct development costs. The group incurred £9.1 million as non-capitalised research and development expenditure related to the asset during 2021/22.

Notes to the financial statements

9. Intangible assets

AHDB	Software Licence £'000	Software Development £'000	Asset under Construction £'000	Total £'000
Cost or valuation				
As at 1 April 2020	-	-	195	195
Additions	5	-	-	5
Transfer	195	-	(195)	-
Disposals	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2021	200	-	-	200
As at 1 April 2021	200	-	-	200
Additions	-	247	-	247
Disposals	-	-	-	-
Transfer	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2022	200	247	-	447
Amortisation				
As at 1 April 2020	-	-	-	-
Charge for year	(49)	-	-	(49)
Relating to disposals	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2021	(49)	-	-	(49)
As at 1 April 2021	(49)	-	-	(49)
Charge for year	(7)	(3)	-	(10)
Relating to disposals	-	-	-	-
Revaluation	-	-	-	-
As at 31 March 2022	(56)	(3)	-	(59)
Net book value as at 31 March 2022	144	244	-	388
Net book value as at 31 March 2021	151	-	-	151

The value of additions through the year relates to the development of the Agresso ERP systems and an Electronic Document Record Management System.

Notes to the financial statements

10. Assets held for sale

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

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

11. Investments

Sutton Bridge Experimental Unit Limited

Sutton Bridge Experimental Unit Limited (SBEU) is a company limited by shares, with AHDB holding 7,749 (2020/21, 808,000) nominal value ordinary shares representing 100% of the issued share capital of the company. The reduction in the number of shares held is a result of SBEU concluding a capital reduction exercise during 2021/22 in preparation for the transfer of its assets up to its parent, AHDB, which was effected in March 2022. SBEU owned the freehold land and buildings interest in the potato industry's R&D facility, Sutton Bridge Crop Storage Research, which was 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 £793k for the year ended 31 March 2022 (2021, £104k surplus), predominantly as a result of the capital reduction. The carrying value of AHDB's investment reflects the share capital and reserves remaining in SBEU, which is intended to be dissolved during 2022/23 with the equity returning to its sole shareholder, AHDB.

	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000
AHDB investment in SBEU	-	514	-	521

Other subsidiary undertakings

Livestock Information Limited

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

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

Notes to the financial statements

12. Trade and other receivables

	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000
Amounts falling due within one year				
Levy income receivable	8,924	8,924	5,666	5,666
Receivables for fee and other income	1,058	1,058	242	242
Expected credit loss	(748)	(748)	(744)	(744)
Accrued EU grant income	899	899	988	988
Prepayments and accrued income	5,656	5,618	6,010	6,010
Balances with central government bodies	932	932	423	423
Total amounts falling due within one year	16,721	16,683	12,585	12,585

	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000
Amounts falling due greater than one year				
Prepayments and accrued income	-	-	-	-
Total amounts falling due greater than one year	-	-	-	-

	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000
Receivables past due				
Up to 3 months past due	2,081	2,081	1,531	1,531
3 to 6 months past due	4,688	4,688	886	886
Over 6 months past due	354	354	1,074	1,074
	7,124	7,124	3,491	3,491

Group trade and other receivables at 31 March 2022 were £16.7 million compared to £12.6 million at 31 March 2021, an increase of £4.1 million.

Levy income receivable is £3.3 million more than 31 March 2021, primarily due to the Horticulture and Potatoes sectors' activity. Levy rates for these sectors were not agreed until November 2021 which led to invoicing taking place later than previous years. In previous years the final Horticulture direct debit tranche was collected in March, this was moved to April in 2022. Levy collection activities were scaled back whilst AHDB awaited Ministerial approval of changes to the statutory instrument (576/2008). Levy collection and auditing activities will continue for these sectors in 2022/23.

Fee and other income receivables are £0.8 million more than March 2021, primarily due to UKRI BBSRC Grant income which was invoiced in March 2022.

The prepayments and accrued income position at 31 March 2022 is £0.3 million lower than 31 March 2021 mainly due to the inclusion of a levy repatriation accrual of £0.6 million being offset by a reduction of £0.3 million in non-levy income accrual and prepayments.

Notes to the financial statements

13. Cash and cash equivalents

	Group 31-Mar-22 £'000	AHDB 31-Mar-22 £'000	Group 31-Mar-21 £'000	AHDB 31-Mar-21 £'000
Balance at 1 April	25,612	25,119	24,861	24,823
Net change in cash and cash equivalents	(3,040)	(2,783)	751	296
Balance at 31 March	22,572	22,336	25,612	25,119
Balances at 31 March were:				
Short term investment	3,000	3,000	3,000	3,000
Commercial banks and cash in hand	19,572	19,336	22,612	22,119
Balance at 31 March	22,572	22,336	25,612	25,119

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

14. Trade and other payables

	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000
Amounts falling due within one year				
Trade payables	2,154	1,754	1,929	1,353
Accruals and deferred income	9,905	6,796	8,441	6,473
Other payables	277	277	306	306
Corporation tax	2	2	6	6
VAT	108	89	579	650
Other taxation and social security	726	710	917	905
Amounts owed to subsidiary undertakings	-	699	-	10
Defra underwrite for redundancy	-	-	-	-
Pig Industry Development Scheme Fund	76	76	76	76
Other Defra Bodies	253	5	986	5
Total amounts falling due within one year	13,501	10,408	13,240	9,784
Intragovernment balances				
Balances with central government bodies	1,088	805	2,489	1,567

Notes to the financial statements

15. Financial commitments

	Group As at 31-Mar-22 £'000	AHDB As at 31-Mar-22 £'000	Group As at 31-Mar-21 £'000	AHDB As at 31-Mar-21 £'000
Capital expenditure commitments				
Contracted for	74	74	-	-
Approved research projects				
Within one year	6,614	6,614	6,559	6,559
Thereafter	6,533	6,533	5,722	5,722
	13,147	13,147	12,281	12,281
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	649	649	624	624
Between two and five years	1,033	1,033	1,481	1,481
Over five years	103	103	-	-
	1,785	1,785	2,105	2,105
Vehicles				
Within one year	149	149	301	301
Between two and five years	53	53	176	176
	202	202	477	477
Equipment				
Within one year	-	-	5	5
Between two and five years	-	-	-	-
	-	-	5	5

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.

The figures provided above in the 31 March 2022 columns include the cost of irrecoverable VAT since the change in AHDB VAT status. The prior year comparison figures do not include an irrecoverable VAT cost.

Notes to the financial statements

16. 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-22 £'000	Group As at 31-Mar-22 £'000	Group As at 31-Mar-21 £'000	Group As at 31-Mar-21 £'000
	Financial assets at amortised cost	Other financial liabilities	Financial assets at amortised cost	Other financial liabilities
Trade receivables				
Levy receivable	8,924		5,666	
Receivables for fees	1,058		242	
Accrued income (less prepayments)	5,505		5,698	
Intragovernment balances	932		423	
Receivables due greater than one year	-		-	
Cash and equivalents	22,572		25,612	
Trade and other payables				
Trade payables		2,154		1,929
Accruals		9,905		8,441
Pig Industry Development Scheme Fund		76		76
Intragovernment balances		253		986
Other		277		306
Total	38,991	12,665	37,641	11,738

Credit and liquidity risk

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

Interest rate risk

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

17. Contingent liabilities

There were no contingent liabilities at 31 March 2022 of a significant nature to require reporting.

18. Pensions

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

18a. Group Personal Pension Plans

AHDB WorkSave Pension Plan

The AHDB WorkSave Pension Plan is a group personal pension plan whereby AHDB has selected a pension scheme and provider that it believes to be suitable for its employees. The plan had a total of 370 members as at 31 March 2022 (31 March 2021, 475 members). The normal current employee and employer contribution rates are 3%/6%, 4%/8% and 5%/10%, respectively. The scheme is provided by Legal & General. The cost to AHDB Group of operating the scheme during the year ended 31 March 2022 was £1,499k (2020/21, £1,682k). The value of outstanding contributions as at 31 March 2022 was £114k (31 March 2021, £138k).

18b. Information about the legacy pension schemes

Introduction

The MLC Pension Scheme and HGCA Pension Plan are schemes that were in existence before AHDB was formed and the members of the schemes are pensioners or deferred members (employees who left AHDB or its predecessor bodies but have not yet retired). Also included are former active members who ceased accrual when the Scheme/Plan ceased accrual on 31 March 2022 and who have not yet retired. The assets and liabilities of the schemes relate almost entirely to ex-employees of MLC or HGCA.

Following a procurement process held in 2021, Mercer replaced Willis Towers Watson (WTW) as AHDB's actuarial advisers effective from 1 August 2021. WTW still act as Actuaries for the Trustee of the MLC Pension Scheme.

Defined benefit schemes

The DB schemes expose the organisation to the usual risks involved in ensuring the schemes are adequately funded to meet their future obligations. These risks are mitigated as far as possible by 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 in relation to the administration and management of the pension scheme assets.

MLC Pension Scheme

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

The assets of the Scheme are held separately from those of AHDB, being invested with insurance and investment companies and held by the Scheme Trustees. Contributions to the Scheme are charged to AHDB's income and expenditure account and are determined by a qualified actuary on the basis of annual valuations, currently using the projected unit method. The employer's contributions to the Scheme in 2022/23 are estimated at £0.7 million including recovery plan contributions but excluding payments for expenses.

Actuarial valuations are usually prepared on a triennial basis, the latest valuation was completed as at 31 March 2021 and was finalised in August 2022, subsequent to the 2021-22 financial reporting date. The triennial Scheme valuation indicated a funding deficit of £7.3 million, necessitating the requirement for an agreed funding plan. The deficit recovery plan was agreed between the Scheme Trustees and AHDB, and covers a period of twelve financial years, with the last payment made in December 2033. As the triennial valuation wasn't confirmed until after year-end we have included this as a non-adjusting event within Note 18.

A substantial part of the Scheme's assets is represented by buy-in policies with insurance providers (Aviva and Just Retirement – now known as Just) to cover the future liabilities of the Scheme in relation to the in-payment pension obligations at that time. These buy-in policies were implemented in order to reduce the Scheme's and the employer's risk exposure to future downturns in asset performance and improvements in longevity. Under the terms of each buy-in, the annuity policy is in the name of the Trustee and, as such, is considered a qualifying investment of the Scheme. Due to market conditions, the policy attracts an income related to the Retail Price Index (RPI), while the pension payments from the Scheme have guaranteed increases at the Consumer Price Index (CPI). While CPI remains lower than RPI, a small surplus will be generated and added to the total scheme assets for the benefit of the Scheme as a whole. As shown in Note 18d, at 31 March 2022, 60% 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.

Notes to the financial statements

18. Pensions (Continued)

The first policy was acquired in June 2011 to guarantee the obligations of pensions in payment at that date and of those pensioners' dependants in future. A further tranche of liabilities was added to the policy in July 2013 to cover pensions that had come into payment since June 2011, again including pensions falling due in the future to those pensioners' dependants. This policy is held with Aviva. In March 2016, a further policy was acquired from Just to cover pensions that have come into payment since July 2013. The valuation method used to value the assets placed on the buy-in policies with Aviva and Just is consistent with that used last year. It has been calculated as the present value of the future expected policy income stream, using the same assumptions as used to calculate the defined benefit obligation, except that the policy income in excess of Guaranteed Minimum Pensions (GMP) and GMP accrued post 5 April 1988 is assumed to increase in line with RPI inflation with relevant caps applied rather than CPI. These assumptions have been selected because the incomes from the policies match the corresponding pension payments from the Scheme in all other aspects. By using these assumptions, in future years, the asset value on the buy-in policy will move in line with the corresponding liabilities, while still allowing for the expected higher future income stream if RPI is assumed to be higher than CPI. The RPI and CPI accounting disclosure assumptions as at 31 March 2022 reflect our current assessment of the potential changes to the RPI in the future and the extent to which markets have already priced in these changes.

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

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

AHDB engaged independent legal advice to review the MLC defined benefit pension scheme rules in order to assess AHDB's rights to any potential scheme surplus. Under the Scheme Deeds and Rules, AHDB has no unconditional right for a refund of any surplus, since the powers to award a refund rest with Trustees. The IAS 19 basis of valuation, required under the FReM, differs from the basis used for calculation of the triennial scheme valuation. However, in light of the above, we have restricted the IAS 19 accounting surplus as at 31 March 2022 in line with IFRIC 14.

HGCA Pension Plan

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

The assets of the Plan exist to provide benefits for all the members of the Plan – current pensioners and deferred members (ex-employees and former active members as at 31 March 2022 who are yet to retire). Actuarial valuations are usually prepared on a triennial basis. The latest valuation was completed as at 31 March 2019 and indicated a funding deficit of £1.1 million. The recovery plan agreed between the HGCA Pension Plan Trustees and AHDB, concerning the funding of the deficit, specified recovery plan contributions of £289k pa (from 1 April 2020), plus £25k pa contribution to plan expenses, payable monthly.

The funding shortfall identified in the 31 March 2019 actuarial valuation is expected to be eliminated by 30 September 2022, based on the technical assumptions. Actual experience might be worse or better than the technical assumptions. The employer's contributions to the Plan in 2022/23 are estimated at £170k including recovery plan contribution but excluding payments for expenses.

The ruling in the Lloyds Trustees vs Lloyds Bank PLC and Others [2018] case on GMP equalisation has been taken into account in the valuation of the liabilities of the Plan. A further judgement was made on this case in November 2020 and covered whether schemes are required to revisit past transfers to allow for GMP equalisation. The Plan Actuary confirmed that any additional allowance for this purpose would be immaterial; hence no allowance has been made.

We have historically considered whether AHDB has an unconditional right to a refund of any surplus on the HGCA Pension Plan under IFRIC 14 and have determined that under the deed and rules AHDB does not have such a right due to the powers of the Trustee.

Notes to the financial statements

18. Pensions (continued)

Defined contribution schemes

MLC Pension Scheme

On 31 March 2022, both sections of the MLC Pension Scheme ceased all future accrual of benefits. Consequently, the defined contribution section of the MLC Pension Scheme had no active members as at 31 March 2022 (31 March 2021, 9 members).

The cost to AHDB of operating this section of the MLC Pension Scheme during the year ended 31 March 2022 was £30k (2020/21, £40k) and the value of outstanding contributions as at 31 March 2022 was £2k (31 March 2021: £3k). This section of the Scheme was closed to new members in 2008 when AHDB set up the AHDB WorkSave Pension Plan for newly appointed employees.

18c. Principal assumptions

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

	MLC Pension Scheme		HGCA Pension Plan	
	31-Mar-22 % pa	31-Mar-21 % pa	31-Mar-22 % pa	31-Mar-21 % pa
Price inflation	3.3	2.8	3.3	2.8
Rate of increase in pay	3.5	2.8	3.5	2.8
Rate of increase of pensions in payment*	3.1	2.8	3.1	2.8
Rate of increase for deferred pensioners*	3.5	2.8	3.5	2.8
Discount rate	2.8	2.1	2.8	2.1

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

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

	MLC Pension Scheme		HGCA Pension Plan	
	31-Mar-22 years	31-Mar-21 years	31-Mar-22 years	31-Mar-21 years
Male currently aged 65	21.5	22.8	22.1	22.6
Female currently aged 65	24.0	24.5	24.6	24.9
Male currently aged 50	22.7	23.9	22.9	23.5
Female currently aged 50	25.3	25.7	25.6	25.9

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. Examples of changes in the value of scheme liabilities in the event of any given assumption changing in isolation are noted below.

Notes to the financial statements

18. Pensions (continued)

MLC Pension Scheme

If the discount rate reduced by 25 basis points compared to that used in the assumptions, the present value of the defined benefit obligation would increase by £6.3 million. An increase in the price inflation rate of 25 basis points would result in an increase to the defined benefit obligation of £4.2 million. An increase in the post-retirement mortality assumption of one year would lead to an increase of £8.1 million in the defined benefit obligation.

HGCA Pension Plan

If the discount rate reduced by 50 basis points compared to that used in the assumptions, the present value of the defined benefit obligation would increase by £2.1 million. An increase in the price inflation rate of 25 basis points would result in an increase to the defined benefit obligation of £0.9 million. An increase in the post-retirement mortality assumption of 25 basis points would lead to an increase of £0.2 million in the defined benefit obligation.

18d. Assets

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

	MLC Pension Scheme		HGCA Pension Plan	
	31-Mar-22 % pa	31-Mar-21 % pa	31-Mar-22 % pa	31-Mar-21 % pa
Equities	13.5	12.4		-
Bonds	9.6	7.9		-
Diversified growth	-	-	53.3	53.5
Liability driven	12.0	6.6	45.7	45.5
Property	-	2.2		-
Annuities	60.3	64.1	0.5	0.5
Cash	0.2	0.7	0.5	0.5
Other	4.4	6.1		

18e. Components of defined benefit cost for the 12 months ended 31 March 2022

Analysis of amounts charged to statement of comprehensive income:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000
Current service cost	(200)	(200)	(44)	(33)	(244)	(233)
Past service cost	(100)	(100)		-	(100)	(100)
Administration costs	(400)	(500)	(29)	(24)	(429)	(524)
Net interest on net defined benefit liability/(asset)	(200)	(200)	16	(11)	(184)	(211)
Total income/(expense) recognised in profit and loss	(900)	(1,000)	(57)	(68)	(957)	(1,068)

Notes to the financial statements

18. Pensions (continued)

18e. (continued)

Analysis of the amounts charged to other comprehensive income:

	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000
Actuarial gains and (losses) on assets	(8,500)	15,100	735	1,623	(7,765)	16,723
Experience gains and (losses) on liabilities	(900)	3,700	373	241	(527)	3,941
Gains (losses) from changes to assumptions	22,800	(19,700)	1,584	(2,859)	24,384	(22,559)
Change in irrecoverable surplus	(5,600)	-	(2,711)	988	(8,311)	988
Total amount (charged)/credited in other comprehensive income	7,800	(900)	(19)	(7)	7,781	(907)

18f. Reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets to the assets and liabilities recognised in the statement of financial position

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	As at 31-Mar-22 £'000	As at 31-Mar-21 £'000	As at 31-Mar-22 £'000	As at 31-Mar-21 £'000	As at 31-Mar-22 £'000	As at 31-Mar-21 £'000
Present value of defined benefit obligation	(190,900)	(218,100)	(23,081)	(25,219)	(213,981)	(243,319)
Fair value of plan assets	196,500	210,900	27,720	26,825	224,220	237,725
Surplus/(deficit) on Scheme	5,600	(7,200)	4,639	1,606	10,239	(5,594)
Irrecoverable surplus (effect of asset ceiling)	(5,600)	-	(4,783)	(2,029)	(10,383)	(2,029)
Net asset/(liability) recognised in Statement of Financial Position	-	(7,200)	(144)	(423)	(144)	(7,623)

Notes to the financial statements

18. Pensions (continued)

18f. Reconciliation to the statement of financial position

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

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000
Surplus/(deficit) in the Scheme at start of year	(7,200)	(5,600)	(423)	(703)	(7,623)	(6,303)
Contributions paid	300	300	355	355	655	655
Current service cost	(200)	(200)	(44)	(33)	(244)	(233)
Past service cost	(100)	(100)	-	-	(100)	(100)
Net interest on net defined benefit (asset)/liability	(200)	(200)	16	(11)	(184)	(211)
Administration costs	(400)	(500)	(29)	(24)	(429)	(524)
Actuarial (loss)/gain	7,800	(900)	(19)	(7)	7,781	(907)
Surplus/(deficit) in the Scheme at end of year	-	(7,200)	(144)	(423)	(144)	(7,623)

Please note contributions paid include recovery plan payments.

18g. Reconciliation of opening and closing balances of the present value of the defined benefit obligation

Change in scheme liabilities:

	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000
Balance at 1 April	(218,100)	(208,800)	(25,219)	(23,143)	(243,319)	(231,943)
Current service cost	(200)	(200)	(44)	(33)	(244)	(233)
Interest cost	(4,500)	(4,500)	(522)	(497)	(5,022)	(4,997)
Contributions by plan participants	(100)	(100)	(6)	(6)	(106)	(106)
Actuarial gains/(losses) on experience	(900)	3,700	373	241	(527)	3,941
Actuarial gains/(losses) on demographic assumptions	11,000	-	400	617	11,400	617
Actuarial gains/(losses) on financial assumptions	11,800	(19,700)	1,184	(3,476)	12,984	(23,176)
Benefits paid	10,200	11,600	731	1,078	10,931	12,678
Actuarial gains/(losses) due to settlements and curtailments			22		22	
Past service cost	(100)	(100)			(100)	(100)
Scheme liabilities at end of year	(190,900)	(218,100)	(23,081)	(25,219)	(213,981)	(243,319)

Notes to the financial statements

18. Pensions (continued)

18g. Reconciliation of opening and closing balances of the fair value of plan assets

Change in scheme assets:

	MLC Pension Scheme		HGCA Pension Plan		Total Pension Schemes	
	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000	For the year ended 31-Mar-22 £'000	For the year ended 31-Mar-21 £'000
Balance at 1 April	210,900	203,200	26,825	25,392	237,725	228,592
Expected return on plan assets	4,300	4,300	559	551	4,859	4,851
Return on scheme assets greater/(less) than discount rate	(8,500)	15,100	735	1,623	(7,765)	16,723
Contributions by the employer	300	300	355	355	655	655
Contributions by the plan participants	100	100	6	6	106	106
Administration costs	(400)	(500)	(29)	(24)	(429)	(524)
Benefits paid	(10,200)	(11,600)	(731)	(1,078)	(10,931)	(12,678)
Fair value of assets at end of year	196,500	210,900	27,720	26,825	224,220	237,725

The actual return of plan assets in the MLC Pension Scheme was a loss of £4.2 million (2020/21, gain of £19.4 million). The actual return of plan assets in the HGCA Pension Plan was a gain of £1.3 million (2020/21, gain of £2.2 million).

18h. Maturity profile of defined benefit obligation

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

	MLC	HGCA
	£000	£000
Expected benefit payments made during 2022/23	9,800	726
Expected benefit payments made during 2023/24	9,800	778
Expected benefit payments made during 2024/25	9,900	784
Expected benefit payments made during 2025/26	10,000	824
Expected benefit payments made during 2026/27	10,100	764
Expected benefit payments 2027/28 to 2031/32	50,500	4,710

Notes to the financial statements

19. Related party transactions

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

The main government bodies the AHDB Group had transactions with during the year were Defra and other Defra bodies, HMRC, Cabinet Office, Public Health England, The Pensions Regulator, Pension Protection Fund, Department of International Trade, and the Health & Safety Executive.

The AHDB Group structure including Livestock Information Limited is detailed in Note 11. Both Ken Boyns and Sarah Pumfrett are directors of Livestock Information Limited.

Nicholas Saphir is a director of Assured Food Standards (AFS), with transactions of £4k during the year, and no balance was due at 31 March 2022.

Dr Catherine MacKenzie is an independent governor of the Royal Agricultural University, with transactions of £6k during the year, and no balance due at 31 March 2022.

Sarah Bell is on the advisory board of Agrimetrics, with transactions of £113k during the year, and no balance due at 31 March 2022.

Lyndon Edwards is a council member of the Royal Association of British Dairy Farmers and is Vice-Chair of Dairy UK, with transactions of £1k and £10k respectively, both with no balance at 31 March 2022.

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

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

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

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

There are no company directorships or other significant interests that AHDB considers may conflict with management responsibilities. Transactions with senior members of staff can be found in the remuneration and staff report on page 28.

20. Events after the reporting date

Following a consultation, Defra and the devolved governments proposed amendments to the Statutory Instrument which created AHDB (SI 2008/576). The amendments came into force on 26 May 2022. These amendments:

- Remove the ability for AHDB to impose levies on the horticulture and potato industries
- Prescribe a new definition of 'horticulture industry' for the purpose of AHDB continuing to be able to deliver services to the sector
- Allow AHDB to charge for the services listed under our functions, the cost for which is not met from levies raised
- Require AHDB to hold a vote at least every five years on proposals as to how the levy is spent

Following the completion of the MLC Defined Benefit Pension Scheme technical provisions valuation in August 2022, AHDB reached agreement with the MLC Pension Scheme Trustees on a deficit recovery contribution plan for the next twelve financial years. AHDB's deficit recovery contributions in 2022/23 are £0.7 million and total £8.2 million over the life of the plan. More details are provided in Note 18 Pensions and in the Accountability Report, page 20.

Large movements in gilt yields following the UK government 'mini-budget' announcement, with unprecedented increases in the days leading up to 28 September 2022, resulted in the MLC and HGCA defined benefit pension schemes reflecting an improved funding position. However, the rise in yields placed significant pressure on leveraged liability-driven investment (LDI) funds and resulted in additional capital calls on both schemes.

The risk of gilt yields rising was well understood by trustees and advisors and was mitigated by keeping aside sufficient proportions of liquid assets in both schemes, some of which have been sold to raise cash in order to maintain their liability hedging positions. The advisors and trustees continue to monitor the situation on an ongoing basis to prioritise actions to mitigate the impact of any further adverse movements in these markets. These events do not affect the figures as reported at 31 March 2022 but reflect changes since then.

Authorisation for issue

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

Annex – Unaudited information

Levy rates in operation during 2021/22

SECTOR	Standard levy rate 2021/22
Pigs (England)	£ per head (see note 1)
Producer	0.85
Slaughterer/exporter of live pigs	0.20
Beef and Lamb (England)	£ per head
Cattle (excluding calves)	
Producer	4.05
Slaughterer/exporter of live cattle	1.35
Calves	
Producer	0.08
Slaughterer/exporter of live calves	0.08
Sheep	
Producer	0.60
Slaughterer/exporter of live sheep	0.20
Milk (GB)	Pence per litre
Buyers and direct sellers of milk	0.060
Cereals and oilseeds (UK)	Pence per tonne
Cereal grower	46.00
Cereal buyer	3.80
Cereal processor (human and industrial)	9.50
Cereal processor (feed)	4.60
Oilseeds	75.00
Horticulture (GB)	% sales turnover (see note 2)
Horticulture products	0.27
Mushroom spawn	Pence per litre
- Agaricus	4.3
- Non-agaricus	1.1
Potatoes (GB)	
Potato growers	£42.62 per hectare
Purchasers of potatoes	£0.1858 per tonne

Notes:

- Pig levy:** There was a temporary pig levy rate of zero (the pig levy holiday) agreed by Ministers that operated in England from 1–30 November 2021. This measure was to help ease the financial pressures affecting pig levy payers during a period of exceptional difficulty for the UK pig sector. Quality Meat Scotland, supported by Scottish Ministers, also set a zero pig levy rate over the same time period for Scottish pig levy payers.
- Horticulture levy:** On 25 March 2021 UK Ministers confirmed approval of AHDB levy rates unchanged from the previous year 2020/21. For horticulture products this rate was 0.45% of sales turnover and 7.2 pence per litre for agaricus mushroom spawn and 1.8 pence per litre for non-agaricus mushroom spawn. On 21 November 2021, before any invoices or estimates were issued to horticulture growers, Ministers approved a reduced levy rate for horticulture products, shown in the table. This was the final levy rate needed alongside reserves to fund the wind-up of activities in that sector. The potato levy rate remained unchanged in order to fund the wind-up of activities in that sector.

AHDB Sector Councils and Sector Boards at 31 March 2022

AHDB Pork Sector Council

Mike Sheldon, (Chair)
Chris Aldersley, processor¹
Rupinder Ashworth, independent member
Robert Beckett, producer, Yorkshire²
Timothy Bradshaw, producer, Yorkshire¹
Richard Buckle, producer, Yorkshire³
Adam Cheale, processor³
William de Klein, processor
Mark Highton, processor¹
Robert Mutimer, producer, Norfolk
Robin Thompson, producer, Northamptonshire
Simon Watchorn, producer, Suffolk⁴

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

AHDB Dairy Sector Council

Lyndon Edwards (Chair)¹
David Craven, dairy farmer, Cheshire²
Andrew Fletcher, dairy farmer, Cheshire²
Elizabeth Haines, dairy farmer, Shropshire³
Oliver Hall, independent member⁴
Ian Harvey, dairy farmer, Cornwall³
Mary Quicke, dairy farmer, Devon
Peter Rees, dairy farmer, Carmarthenshire^{3 & 5}
Scott Shearlaw, dairy farmer, Ayrshire²
Richard Soffe⁴
Joseph Towers, dairy farmer, Lancashire³

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

AHDB Beef & Lamb Sector Council

Colin Bateman, (Chair)¹
Adam Quinney²
Trevor Bellis, processor³
Anne-Marie Hamilton, producer, Bedfordshire
Laurie Ibbotson, processor
James Shouler, producer, Oxfordshire⁴
James Taylor, producer, Oxfordshire
Stephen Thompson, processor⁴
Paul Unwin, independent member
Robert Venner, auctioneer

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

AHDB Cereals & Oilseeds Sector Council

Sarah Bell, (Chair)¹
Paul Temple²
David Bell, grower, East Fife
Tony Bell, animal feed sector, Yorkshire³
Clare Bend, independent member⁴
Jane Biss, processor⁵
Iain Davies, processor⁶
Howard Leland, processor⁵
Russ McKenzie, grower, Cambridgeshire³
James Standen, grower, Newcastle-upon-Tyne
Patrick Stephenson, independent member
David Walston, grower, Cambridgeshire
Mark Wood, grower, Herefordshire⁵

1. Sarah Bell was appointed Chair with effect from 1 October 2021 and stepped down from the position with her last day in post being 31 July 2022. Stephen Briggs was appointed Interim Chair from 1 August 2022
2. Paul Temple was appointed Interim Chair from 1 April 2021 to 30 September 2021 when his term in office ended
3. Reappointed for second three-year term
4. Denotes end of term in office on 1 October 2021
5. Denotes end of term in office on 31 March 2022
6. Denotes end of term in office on 1 March 2022

AHDB Horticulture Sector Board

Peter Judge, (Interim Chair)¹
Hayley Campbell-Gibbons²
Michael Barker, independent member
Jamie Dewhurst, hardy nursery stock grower, Warwickshire
Mark Eves, grower – tulips and bulbs, Norfolk
Roma Gwynn, independent member
Robert James, specialist in protected edibles, Kent
Robert Saunders, specialist in fruit agronomy (tree fruit), Kent
Keston Williams, grower – vegetables and salad crops, West Sussex

1. Peter Judge was appointed as Interim Chair with effect from 1 November 2021
2. Hayley Campbell-Gibbons' term in office as Chair ended on 31 October 2021

AHDB Potatoes Sector Board¹

Alison Levett, (Interim Chair)²
James Cargill, potato grower, Aberdeenshire
Daniel Metheringham, processor
Jonathan Papworth, potato grower, Cambridgeshire
Will Shakeshaft, potato grower, Cambridgeshire
Andrew Skea, potato grower, Angus
Michael Welham, potato grower, Essex and Suffolk
Mark Willcox, processor
Christopher Wilson, potato grower, Somerset

1. Final meeting of the Sector Board was held on 25 March 2022 at which point all terms of office ended
2. Alison Levett was re-appointed as Interim Chair of the Potatoes Sector Board from 1 April 2021



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