

# Annual Report 2017/18

Driving Excellence  
and Innovation







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**Michael Bell CDir CSci FIFST FloD**  
Chairman, AgriSearch



## Chairman's Report

AgriSearch continues to develop strongly on behalf of levy payers. I have had the privilege of leading the board of Trustees for two years and I believe we have delivered a huge amount of value. The evidence for this is that the past year for £708k of levies donated some £18.2M of project work has been facilitated. That's a return of over 25:1!

However, we have much more work to do. Many levy payers don't access and use the results. This is costing them money and AgriSearch is stepping up its communication efforts. These efforts include: GrassCheck bulletins, booklets, social media, stands at the Winter Fair etc. Of special note, however, are our farm walk events. These provide an ideal opportunity to discuss with colleagues the issues around new ideas. If you haven't attended one I strongly recommend you give it a try.

We have added staff and restructured AgriSearch to better respond to today's challenges. Indeed, I have followed the great start made by my predecessor James Campbell. I have no doubt that this process of change and improvement in our staff and structures will continue - led in due course by John Henning. Indeed, the two-year Chairman post rotation is one of my changes.

We are in a time of great flux for our Industry and AgriSearch. Whilst not a lobbying body, nevertheless, is a supplier of accurate and timely data. It is very important that decisions are based on real data / sound science and not just opinions.

AgriSearch has also connected with Agri-Food Quest, enabling farmer-driven and processor-driven research to be aligned. In my opinion this will reap big benefits in the future.

Money is always a vexed topic. AgriSearch's levy rates have not changed for many years. In real terms dairy and sheep levy has declined 45% due to inflation. They must in my view, be increased in the near future, if only to stand still. Otherwise our innovation base will decrease, and our Industry's competitiveness will erode.

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**Now is the time to reinvest for the future.**

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CJ Henning OBE NSch FRAGS  
Incoming Chairman, AgriSearch

## Incoming Chairman's Report



I have really enjoyed working with AgriSearch since joining the board in 2014 so it was a great honour to be appointed Chairman in April 2018 to succeed Michael Bell.

Michael has led the organisation for the past two years with distinction and we are grateful to him for his guidance and oversight leadership during this time particularly with our ongoing strategic review and governance improvement.

This process of change is ongoing and we are presently reviewing how the Board of Trustees and valuable Advisory Committees work in order to improve their effectiveness - both for the organisation and the individuals who give up their valuable time on behalf of our levy payers.

Last year we celebrated twenty years since AgriSearch was established when we had an opportunity to reflect on the progress made in delivering farmer - funded research for the ruminant livestock sector. In 2019 we celebrate another anniversary as our flagship, and very successful, GrassCheck project achieves twenty years delivering for grassland farmers here. With almost 50 farmers now actively involved in the GrassCheck programme, it is rewarding to see a new GrassCheck initiative now getting underway in Great Britain.

AgriSearch is a local organisation established by farmers for farmers and our Trustees are very conscious of their responsibility to manage the finances wisely and maximise research 'value' from the farmers levy we spend. Key to success in this area is using the multi-actor approach and our ability to work with many partners including AFBI, CIEL, DAERA, IGFS, AHDB, and others.

During my term at the helm I will work with fellow Trustees to keep farmers at the centre of what we do and ensure we maximise our knowledge exchange so that the positive messages from the research we commission get utilised on farm to improve the efficiency, profitability and sustainability of the ruminant livestock sector in Northern Ireland.

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Projects Commissioned by AgriSearch  
between 1st April 2017 and 31st March 2018

## Commissioned projects

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Role of precision technologies in improving grass growth  
and utilisation on Northern Ireland dairy farms

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Improving the efficiency within feed-to-yield concentrate  
feeding systems for dairy cows: understanding drivers of  
performance, milk quality, cow fertility and health.

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Strategic antimicrobial use in dairy, beef and lamb  
production (STAMP)

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RamCompare Phase II (Northern Ireland) – A parallel  
study to investigate the effects of terminal sire  
estimated breeding values and finishing diet on progeny  
performance, net feed efficiency and meat quality

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AFQCC – Development and optimisation of a one-day  
phage-based test to detect viable *Mycobacterium avium*  
subsp. *paratuberculosis* (MAP) in milk or faeces of cattle

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AFQCC – Food Futures: Smart Sustainability Tool

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**Jason Rankin**  
General Manager, AgriSearch

# General Manager's Report



## RESEARCH FUNDING STREAMS

Our levy income on its own would fund very little research. The total AgriSearch levy income in 2017/18 was £427,888 (down 4% from the previous year) and it is not uncommon for research projects to cost well in excess of a million pounds. It is therefore essential that we leverage as much external funding as possible.

External research funding calls can be irregular in nature with more or fewer being open / decided upon in any one financial year. After a relatively quiet year in 2016/17, the 2017/18 financial year saw a considerable increase in the number of research calls being open for funding and AgriSearch took full advantage of this and was successful in obtaining funding through a wide range of sources.

During the year DAERA opened the latest tranche of its Research Challenge Fund. Projects funded under the Research Challenge Fund must be led by an industry partner. They are particularly suited to on-farm research. AgriSearch made five applications to this scheme of which four were successful.

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**...a total of £18.2M of external funding was secured during 2017/18 using £709K of AgriSearch funds.**

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DAERA's Evidence and Innovation Strategy also continues to be a valuable source of research funding. Three Evidence and Innovation Project supported by AgriSearch were commissioned during the year.

AgriSearch has continued its involvement in the Agri-Food Quest Competence Centre. Agri-Food Quest is a membership-based, industry-led Innovation Centre for agri-food businesses in Northern Ireland. The centre is focused on increasing the level of collaborative research activity to support industry growth. In 2016/17 AgriSearch was a member of two Agri-Food Quest consortia that were awarded funding.

AgriSearch was also a member of a consortium led by ADAS which successfully applied for EU funding for a large Horizon 2020 project on Permanent Grassland.

During the year AgriSearch commissioned 6 projects totalling £570,961 on the basis that complimentary funding in the region of £2,792,330 would be sought from the Department of Agriculture, Environment and Rural Affairs, the Agri-Food Quest Centre and other sources. When you take into account projects which commenced shortly after the end of the financial year, a total of £18,224,226 of external funding was secured during the 2017/18 financial year using £708,820 of AgriSearch funds. I would like to acknowledge the help and assistance of our academic and industry partners without whose assistance this would not have been possible. This now brings the total value of research commissioned by / participated in by AgriSearch to over £50M.





## PROJECTS COMMENCED

### Role of precision technologies in improving grass growth and utilisation on Northern Ireland dairy farms.

Improving on-farm grass growth and utilisation is imperative to building a resilient and sustainable dairy production sector in Northern Ireland. Building on a significant body of existing work, this project will seek to examine the variability in grass growth potential across Northern Ireland and provide regional grass growth forecasts to support grassland management on farm. Continual sward assessment and grass growth monitoring are also key aspects of improving grass utilisation. This project will examine the potential of novel, labour saving precision technologies such as reflectance imaging and laser sensing to assess both grass yield and quality. These technologies will be employed in swards under both grazing and conservation management. In addition, this project will investigate the potential use of these novel technologies on commercial farms, identifying potential barriers to uptake and appropriate use of data. Over the three-year lifetime of this study, the project will also construct and test decision support tools to assist farmers in managing dairy cow feeding throughout the grazing season. Included within this project is the dairy GrassCheck programme for 2018-2020. This new funding

enabled the recruitment of another 8 dairy farms to the project. With additional recruitment of beef farms during the year, we now know have a total of 48 dairy, beef and sheep farms involved in the project.

### Strategic antimicrobial use in dairy, beef and lamb production (STAMP)

This ambitious new project aims to develop a farm level benchmarking system for antimicrobial usage on dairy, beef and sheep farms in Northern Ireland. In addition, through work at AFBI, Hillsborough and on-farm (through veterinary practices), decision support tools will be developed in the fields of selective dry-cow therapy and neo-natal calf management. A stakeholder forum has been established to help guide the project. The other partners in the project are: AFBI, Animal Health and Welfare Northern Ireland, Livestock and Meat Commission for Northern Ireland and Farm Vet Systems.

### RamCompare Phase II (Northern Ireland) – A parallel study to investigate the effects of terminal sire estimated breeding values and finishing diet on progeny performance, net feed efficiency and meat quality

The project will investigate through a central progeny test flock (at AFBI Hillsborough) – the effect of terminal sire estimated breeding values (EBVs) and finishing diet on progeny performance, net feed

efficiency (NFE) and meat quality. The project will seek to develop an understanding of the effects of sire breeding indices for muscle and/or fat on such parameters. The partners in this project are: AFBI, Dunbia, AHDB and Sheep Ireland.

### Development and optimisation of a one-day phage-based test to detect viable *Mycobacterium avium* subsp. *paratuberculosis* (MAP) in milk or faeces of cattle

This Queen's led AFQCC Project is seeking to develop a better and faster test for MAP (Johnes disease). The other industry partners are Dale Farm and Biorex Diagnostics.

### AFQCC – Signature Project – Food Future: Smart Sustainability Tool

The Food Futures project adopts a unique participatory approach to evidence and enhance the sustainability credentials of Northern Ireland Agri-Food. The objective is to develop a holistic Sustainability Platform including a reporting tool for agri-food supply chains. Robust, industry wide, evidence-based tools will generate reports for use by the industry, consumers and any future Northern Ireland Marketing Body.

Under the pillars of Economic, Environmental and Social and Ethical sustainability, simple, user friendly, scientifically robust metrics will be developed. These complex metrics will be prioritized and consolidated into a single indicator



of sustainability. The integration of existing data flows with Northern Ireland Agri-Food industry and new novel world leading outcomes of sustainability related projects will feed into the development of the toolkit.

The project is jointly led by Queen's and AFBI and has 12 other industry partners.

#### **PROJECTS COMMENCED SHORTLY AFTER THE YEAR END**

##### **Improving the efficiency within feed-to-yield concentrate feeding systems for dairy cows: understanding drivers of performance, milk quality, cow fertility and health**

This DAERA Research Challenge Fund Project is led by AgriSearch with AFBI as Research Partner.

The overall objective of this project is to examine factors which affect performance of individual cows (milk yield and milk composition, especially milk fat depression, and cow fertility/health) within feed-to-yield systems. Specifically, the project will focus on the role of silage quality, concentrate composition, concentrate intake, feeding assumptions adopted, and cow genetics, and it is anticipated that the outcomes will lead to improved advice on the management of feed-to-yield systems. This will include identifying how these factors

contribute to overall economic performance at a herd level.

##### **Improving the efficiency and sustainability of milk production systems through the production and utilisation of high-quality grass silage**

This is the first significant research project conducted at AFBI in over a decade to focus specifically on improving the quality of grass silage. The overall objective of this project is to conduct a targeted series of research studies which will address knowledge gaps related to the production and utilisation of high-quality grass silage in dairy cow diets. This will be achieved through desk-based exercises, grass plot and ensilage studies, and dairy cow feeding studies, thus achieving a holistic approach to the research programme.

##### **Evaluation of ammonia emissions from livestock enterprises**

The aim of this project is to increase the scientific robustness of ammonia emission factors and investigate mitigation strategies to reduce ammonia emissions for the livestock sectors in Northern Ireland. While in measuring ammonia emissions from manure management of livestock production, we will also measure effects of different feeding and management factors on greenhouse gases (CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O) emissions from manure

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**Such information is important for providing the baseline environmental footprint associated with livestock production in Northern Ireland.**

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storage. Such information is important for providing the baseline environmental footprint associated with livestock production in Northern Ireland.

##### **Opti-House - Innovate calf housing and environment management to promote animal health welfare and performance**

The project is co-funded by DAERA (E&I) and is looking at the subject of calf housing. This will include blueprints for new calf housing as well as fixes for existing calf housing. The project is led by Steven Morrison (AFBI) and will also involve renowned agricultural buildings expert, Jamie Robertson.



### **SUPER-G: Developing sustainable permanent grassland systems and policies**

This major Horizon 2020 project involves 20 partners from 14 countries and will have a total budget of €10M over 5 years. Between AgriSearch and AFBI, almost €1M is being spent in Northern Ireland. The main objective is to develop integrated approaches for permanent grassland management that are cost-effective, environmentally sound and easily manageable. The project will:

- Define systems
- Benchmark
- Provide decision-support tools for farmers, advisors and policy makers
- Influence policy.

### **CENTRE FOR INNOVATION EXCELLENCE IN LIVESTOCK**

AgriSearch continued its involvement with the Centre for Innovation Excellence in Livestock (CIEL) and has developed a good working relationship with the staff in the centre. In particular AgriSearch has been involved in discussions around the establishment of an Industry Advisory Group to help support the CIEL led and AHDB funded “Feed into Beef Nutrition” Project which is aiming to develop improved nutritional guidelines for beef sector.



CIEL is also currently in the process of rolling out the GrassCheck project to England, Scotland and Wales in conjunction with AHDB, AFBI and Rothamstead.

### **EURODAIRY**

Throughout the year AgriSearch has continued its participation in the EuroDairy project. As part of this project AgriSearch hosted a group of 35 leading dairy farmers from the Netherlands in early March as part of a series of farmer exchanges being organised by EuroDairy. The highlight of this was a networking dinner with the UFU Next Generation Group at Parliament Buildings.

### **KNOWLEDGE EXCHANGE**

3 dairy farm walks were held in September 2017 in conjunction with AFBI on the farms of GrassCheck pilot farmers in Loughbrickland, Kinawley and Newtownstewart with around 600 dairy farmers attending the walks.

In addition, AgriSearch engaged with farmers through its trade stands at the NSA Sheep Event, Pedigree Calf Fair, Royal Ulster Winter Fair and the NBA Beef Expo.

### **20th ANNIVERSARY**

2017 marked the 20th Anniversary of AgriSearch. To mark the occasion AgriSearch produced a booklet which in addition to looking back at the achievements of AgriSearch looked forward to examine the challenges and opportunities facing the ruminant livestock sector and how science, technology and innovation can address these.

### **RECRUITMENT**

As mentioned in last year’s report, AgriSearch appointed Dr Elizabeth Earle as Project Officer to assist in the delivery of our wide portfolio of research projects in which we are playing an ever more active role. Elizabeth took up her role in April 2017. In February 2018 the Trustees approved the recruitment of two additional staff. The first of these roles is a Finance Officer as well as enabling us to bring most of our finance functions in house





the Finance Officer will also assist in preparing the quarterly claims for those research projects where funding is channelled through AgriSearch. The second role is a Project Officer to work specifically and exclusively on the new Super-G project.

As a result of these recruitment processes Denise Aiken was appointed as a Finance Officer in April 2018 and Nicola Annett as the Project Officer for the Super-G project in August 2018.

### LOOKING FORWARD

With so many successful funding applications made during the 2017/18 financial year our emphasis has switched to the successful launch and management of our expanding portfolio of projects. Nevertheless, research is a pipeline and the timescales involved from the first idea for a project, through building a consortium, funding applications, commissioning and launch can take many years.

InnovateUK has started to roll out the new £90M Industrial Strategy Challenge Fund - Transforming Food Production. At present we are still able to apply for funding for Horizon 2020 projects and we have participated in a further consortium application since the year end.

### ACKNOWLEDGEMENTS

I would like to thank the Trustees and members of the advisory committees for their invaluable commitment. AgriSearch works with a wide variety of industry partners which include: Dunbia, AHDB, Sheep Ireland, AHWNI, LMB and Farm Vet Systems.

CAFRE continue to assist with knowledge exchange through farms walks and with the distribution of printed material to farmers. They also continue to cut plots for the GrassCheck programme and their assistance has been invaluable with the EuroDairy project.

2017/18 was a very busy year in terms of research applications and the commissioning of new projects. This would not have been possible without the assistance of our colleagues in AFBI and Queen's University. I'd particularly like to acknowledge the ongoing support of Nigel Scollan, Ann McMahon and Stephane Durand at Queen's and Debbie McConnell, Francis Lively, Steven Morrison and Conrad Ferris at AFBI.

A special mention must go to our growing network of pilot farmers and farmer co-researchers who play an increasingly important role in so many of our projects.

Last but by no means least I would like to acknowledge the enormous contribution Elizabeth Earle has made to AgriSearch since starting her work as a Project Officer in April 2017. Without her input and support it would simply not have been possible to be as ambitious as we have been in securing new funding and commissioning new research projects.

### CONCLUSION

The pace of change in the ruminant livestock sector continues to accelerate. In these changing times the role of research, development and innovation has never been so important. AgriSearch has adapted and grown to meet these challenges. However, we are still a small organisation. It is only by working collaboratively with our research partners, our enthusiastic and growing team of farmer co-researchers, the wider agri-food industry and government that we can hope to achieve our aim - to make the Northern Ireland ruminant livestock sector more competitive, profitable and sustainable.

# Trustees' Report

The Trustees present their report and financial statements for the year ended 31 March 2018.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).



## OBJECTIVES AND ACTIVITIES

### Charitable objective

The principal activity of the Council is to commission research and development in the agricultural industry.

The Charity's objectives are to advance education, for the public benefit, in particular, by conducting and commissioning research into the improvement and development of sheep, beef and dairy farming and to disseminate and publish the useful results of such research and also to promote the improvement of animal health and welfare in sheep, beef and dairy farming in Northern Ireland.

### Aims of the charity

Like all industries the Northern Ireland ruminant livestock sector needs to constantly advance to meet the challenges it faces. These include competitiveness in an increasingly globalised market, meeting government and consumer expectations in the fields of animal health and welfare, reducing the environmental impact of farming, delivery of ecosystem services and improving food quality and safety.

Research and innovation have a major role to play in helping farmers to increase their socio-economic resilience, improve their environmental sustainability and enhance the health status of their herds and flocks.



During 2014-15 the Trustees commissioned a complete review of AgriSearch's strategy and future direction.

This included engaging with all those involved in AgriSearch's committees as well as external stakeholders.

The key elements of the strategy are:

**Purpose:** To make the Northern Ireland Ruminant Livestock Sector more competitive, profitable and sustainable

**Vision:** AgriSearch is committed to being an important driver of excellence and innovation in the Northern Ireland ruminant livestock sector, and being recognised as such by government and industry.

**Mission:** To realise this vision, our mission is to drive profitability and sustainability, as a trusted, valued conduit of knowledge and innovation based on sound science and widely applied research.

**Values and Principles:** Our values and principles below will be prevalent in all of our activities and reflected in all of our work.

- Honesty and integrity
- Ethical leadership and good governance
- Accountability to farmers - levy payer led
- Consultation, engagement, and effective communication at all levels of government and the industry

- Collaboration and partnership across all our sectors
- Seeking value for money in all of our research and innovation projects and programmes
- Advocating excellence in all research, science, and innovation activities.

#### How achievement of aims furthers objectives

The charity is dependent on the goodwill of its levy funders. Given this, the Trustees have put in place a range of systems to try to ensure appropriate research projects are commissioned, that research findings are innovatively disseminated and that feedback and engagement are sought. Innovative research and development is a key strategy within Government targets. AgriSearch is also committed to innovative research and development and aims to maximise its influence and impact. AgriSearch also seeks to collaborate with government and industry bodies within Northern Ireland and further afield. By doing so we can gain leverage of our limited levy funds to achieve much greater impact than working alone.

It is also the policy of the Trustees that the return on investment of the funds directed to research is analysed and measured to ensure optimum value for money on behalf of the charity's

funders. Increasingly, as research projects reach conclusion, greater emphasis is being placed on the dissemination of findings and the adoption by industry of the key recommendations into every day working practice. Environmental and animal welfare considerations continue to be more significant factors in the sustainability of farming and AgriSearch takes increasing notice of these factors.

#### Strategies for achieving aims and objectives

- To build understanding of global advances in production systems, practices and techniques, through the funding of new research, the sharing of knowledge, and widespread innovation and development
- To lever funding and deliver programmes through collaborative research partnerships, actively seeking partners locally, nationally and internationally, and developing mutually beneficial relationships
- To establish expertise in fund raising and the organisational capabilities to be proactive and responsive in rising to emerging opportunities and industry challenges
- To communicate more effectively and directly with farmers, increase the number of farmers we reach and increase their active participation

## Trustees' Report (including Directors' Report and Strategic Report) for the year ended 31 March 2018

- To facilitate bottom up, industry led priorities for research and innovation, based on need
- To support the NI science community, working to ensure the future capacity and capability of NI scientists and agriculturalists.

### Criteria used to assess success

- Funding applied for and awarded, including partnerships
- Improvements in productivity and efficiency at farm level
- Improvements in systems, processes, and practices
- Increased profitability from farming ruminant livestock
- Reduced input, overhead, and energy costs per unit of output
- Increased or more productive use of land
- Strength of AgriSearch profile locally and internationally
- Level of industry/farmer confidence in AgriSearch research models, methods, and outcomes
- Strong collaborative relationships in government, in the agri-food industry, and in the scientific and academic community
- Increase in effectiveness of communication
- Value for money and impact on farming (economic and environmental)

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Charity should undertake.

### Main objectives for the year and strategies for achieving them

- To manage in conjunction with our research partners a comprehensive suite of research projects to ensure they meet the needs of the Northern Ireland ruminant livestock sector
- To maximize the leverage of funds from sources outside AgriSearch
- To increase the knowledge exchange activities of AgriSearch in co-operation with AFBI and CAFRE to improve the dissemination of AgriSearch funded research
- To engage with other levy bodies in Great Britain and further afield to pool resources, avoiding the duplication of research.



### Grant making policy

Investments in research programmes take into account value for money, affordability and the potential for the research to be adopted in practice on farms in Northern Ireland.

Any research proposal must address at least one of the following key pillars:

- Sustainability / Profitability
- Environmental Impact
- Animal Welfare / Health
- Food Quality / Safety

The Trustees also look for additional external funding in any research projects they approve. This is mainly obtained through the Department of Agriculture's Evidence and Innovation Strategy and Research Challenge Fund programmes and more recently the InvestNI funded Agri-Food Quest Competence Centre. AgriSearch has also obtained funding from the European Union under the Horizon 2020 programme.

### Use of volunteers

The charity makes significant use of volunteers in the course of its work. In addition to the Trustees, the members of the three sectoral advisory committees give freely of their time in attending and preparing for committee meetings as well as supporting AgriSearch in the events that it runs.



In addition, many of AgriSearch's research programmes are based on commercial Northern Ireland farms who only receive a small payment for the time they spend on these projects and who make their herds and flocks available for research as well as allowing access to farm records and hosting extension events on their farms.

## STRATEGIC REPORT

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the Trustees to present a strategic report.

### Achievements and performance

#### Summary of main achievements

- Commissioned 10 new research projects
- Website continuously updated along with use of social media
- Recruited 16 additional pilot farmers to participate in GrassCheck associated projects
- Recruited 30 farmer co-researcher to participate in an AFQCC funded project on colostrum
- 3 beef farm walks held during the year in conjunction with AFBI
- Successfully applied for funding for 4 projects under DAERA's Research Challenge Fund

- Published "Making a Difference for Generations" to mark our 20th anniversary
- As part of the Super-G Horizon 2020 consortium submitted a successful second (and final) stage proposal on permanent grassland
- Provided further evidence for a business case to DAERA on behalf of the Agri-Food Strategy Board for a Northern Ireland Livestock Industry Data Hub
- Used trade stands at the NSA Sheep Expo, Pedigree Calf Fair, Royal Ulster Winter Fair and NBA Beef Expo to disseminate research results to farmers.

#### Balanced picture of charity's progress against objectives

AgriSearch continues to be successful at leveraging a significant amount of funding from government and other sources. Knowledge exchange is a key component of our work. Over the course of the year we have run three successful knowledge exchange events and have significantly increased traffic to the AgriSearch website and social media. Nevertheless, we recognise that more progress needs to be made in this area and going forward intend to commit more resources to knowledge exchange.

#### Key performance indicators explaining outputs achieved by objectives

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

#### Significant positive and negative factors that affected the achievement of objectives and how future plans affected

Given the relatively small amount of levy income the commissioning of research projects is dependent on the availability of leveraged funding. Funding competitions for such projects do not follow a regular cycle. During the 2017/18 financial year there were a considerable number of funding competitions open which is why the amount of funding committed has significantly increased. We expect this to fall in the current year.





### Investment performance against objectives

Cash flow and reallocation of funds between accounts has been managed to maximize the limited returns available on deposit accounts. The Danske Bank (Davy) managed portfolio has returned satisfactory performance with an average return of 7.17% since its launch and a return of (-3.65)% this year. The St. James's Place managed portfolio has also returned satisfactory performance with a return of 4.67% since launch and a return of 1.11% this year. The Trustees have reviewed the portfolio and returns and are satisfied with the management of risk and investment income.

### FINANCIAL REVIEW

#### Review of financial position

The statement of financial activities for the year is set out on page 24 of this report. The net movement in funds for the financial year is net resources expended of £306,842 (2017: net resources received of £181,735). During the year AgriSearch agreed to fund 6 projects totalling £570,961 on the basis that complementary funding in the region of £2,792,330 would be sought from Department of Agriculture, Environment and Rural Affairs, the Agri-Food Quest Competence Centre and other sources. When other sources of funding are added, the total expenditure on the related research and development since the formation of AgriSearch in 1997 is over £38m, with the input from AgriSearch amounting to £8M.

#### Reserves policy

The Trustees have established a policy whereby the company's 'Free' reserves, being funds not committed to third parties for research should represent at least 12 months management and administration costs. At this level, the Trustees are of the view that the company would be able to continue its activities in the event of a significant drop in funding. The level of reserves held at the year ended 31 March 2018 is £151,982. In addition, in order to ensure continuity of operations, further reserves are held for the ongoing commissioning of research. AgriSearch works with other stakeholders to ensure maximum leverage of funds. Reserves held can vary depending on the timing of decisions made by co-funders. The Trustees consider that the present level of reserves adequately meets these combined objectives.

#### Principal sources of income

Principal funding sources are terms-of-trade levies collected on a voluntary basis by Northern Ireland processors of dairy, beef and lamb.





**Significant events that affected financial performance and financial position during the period**

Events during the year did not give rise to any material financial impact.

The Trustees monitor financial performance on a regular basis and take a low risk stance on finance. It is the Trustees' policy to achieve the best financial return on longer term funds with a prudent investing attitude whilst ensuring that sufficient funds are available to meet the operational expenditure of the organisation.

Funds invested can be accessed at short notice. Financial risk is considered as part of the Trustees' ongoing assessment of its operating environment and a risk register is maintained.

The organisation is largely dependent on a revenue stream from voluntary levies paid by farmers and agrifood processors. The risk to future financial performance based on this is regularly considered and assessed.

Budgets are set for each financial year in light of this. At the end of the financial year, the Trustees are satisfied that there are no events or circumstances which would significantly impact the organisation's future financial performance.

**Investment policy**

The investment policy is low risk. During the 2017-18 financial year the majority of funds were held in deposits across a number of institutions as agreed by the Trustees. A portion of funds which are not required in the short term continue to be invested within investment portfolios managed by Danske Bank (Davy) & St. James's Place. All funds are accessible at less than one week's notice.

**Risk factors**

The Trustees have assessed the major risks to which the Charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

The Trustees are responsible for ensuring effective risk management, and that internal controls are in place to appropriately manage the risk exposure of AgriSearch. In September 2015, the Trustees completed a comprehensive review of AgriSearch's risk management strategy. In the course of this review the Board considered:

- the major risks to which AgriSearch is exposed;
- the potential impact and probability associated with each risk;
- existing internal controls and accountability for them;

- mitigating actions needed to reduce each risk to a level that the Trustees considered to be acceptable.

In light of the considerable changes that have occurred within the last number of years, a completely new and more detailed risk register was drawn up. This will continue to be formally reviewed by the Trustees every year and is regularly monitored by the Office Bearers' Committee.

The major financial risks are each subject to ongoing monitoring and management. AgriSearch investments are regularly reviewed by the Office Bearers. Income and cost control are subject to detailed review and challenge on at least a bimonthly basis. An annual budget for non-project related expenditure for the forthcoming year is placed before the Trustees for approval before the start of each financial year. During the year a Financial Control Document was drawn up and adopted by the Trustees and is kept under regular review.

AgriSearch is reliant on the co-operation of dairy and red meat processors to collect producer levies on its behalf. There have been continuing difficulties around the collection of dairy levy which resulted in a significant fall in dairy levy income for the 2015-16 financial year. AgriSearch has been actively addressing these issues in conjunction with other industry stakeholders and as a result

## Trustees' Report (including Directors' Report and Strategic Report) for the year ended 31 March 2018



dairy income has improved in the 2017-18 year. We have continued to work with other levy bodies, industry stakeholders and the Agri-Food Strategy Board to find a longer-term solution which will be equitable for all involved.

### Plans for future periods

- To continue our involvement in EuroDairy – a thematic network funded by the European Commission under the Horizon 2020 programme
- To participate in Super-G a new Horizon 2020 Project on Permanent Grassland
- To participate in the building of further networks and consortia to pool resources, avoid the duplication of research and draw down external funding
- To recruit a Finance Officer to assist with the management of our expanding R&D project portfolio
- To recruit a Project Officer to work exclusively on the aforementioned EU Super-G project
- To continue our membership of and involvement in the Centre for Innovation Excellence in Livestock
- To hold further on-farm events in collaboration with AFBI and CAFRE
- To seek to collaborate (where appropriate) with local industry in projects co-funded through the Agri- Food Quest Competence Centre
- To increase the reach of our knowledge exchange programme through further on-farm events, seminars and increasing traffic to the website and social media
- To further develop our communications and knowledge exchange strategy
- To engage with DAERA to ensure a high priority is given to research and knowledge transfer and ensure co-ordination of research and knowledge transfer activities and maximize synergies.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

AgriSearch is the trading name for the Northern Ireland Agricultural Research & Development Council, a charitable company, limited by guarantee with no share capital. It is governed by its Memorandum and Articles of Association.

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

Mr F Allen

Mr M Bell

Mr J Campbell  
(Resigned 31 March 2018)

Mr C Donnelly

Mr J Henning

Mr I Marshall  
(Resigned 26th November 2018)

Mr J Martin

Mr W Mayne

Mr S McCaffrey

Mr A Mitchell  
(Resigned 20 November 2017)

Mr P Morrow

Mr O Murnion  
(Resigned 26th November 2018)

Mr A Wilson



### **Methods to recruit and appoint new trustees**

The Board of Trustees, who are also the Directors of the Charitable Company, are appointed by the Council. The Trustees appoint three Advisory Committees to consider and monitor appropriate research projects.

Nominations are received from the Ulster Farmers' Union for three farmer Trustees. On behalf of processors (who are levy collectors) DairyUK and NI Meat Exporters Association (NIMEA) nominate one trustee each.

Three farmer Trustees are recruited independently with the aim of ensuring that relevant differing aspects of farm husbandry are represented as far as possible and that there is widespread representation across Northern Ireland.

Additional independent Trustees are recruited who are not active farmers but have standing within the agricultural community and have experience of a commercial environment.

For the recruitment of 'independent' and 'independent farmer' Trustees, the posts are advertised in the agricultural press and a local Board recruitment website and a selection process is carried out using pre-determined, relevant criteria.

Members of the charity are approved at the AGM following nomination by the Trustees.

While nominations for Trustees are received from the Ulster Farmers' Union, DairyUK and NIMEA the final decision as to who to appoint is at the discretion of the members of the charity.

### **Indemnity provision for trustees**

Every member of the Charity undertakes to contribute such amount as may be required (not exceeding £1) to the Charity's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Charity's debts and liabilities contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

Trustees are also covered by a management and corporate liability insurance policy.

### **Organisational structure and how charity makes decisions**

The Board of Trustees meets at least four times per year and each of the Advisory Committees meets when required to review funding and expenditure proposals. The Chairman, Vice-Chairman, Senior Vice-Chairman and the General Manager and Management Accountant (engaged through Countryside Services) meet frequently to review the day to day operation and governance of the organisation.

The three advisory committees are made up of farmer members, scientific advisors and representatives of the processing sectors (nominated by NIMEA and DairyUK). The Beef and Sheep Advisory Committees also have a representative from the Livestock and Meat Commission for NI. Their role is to identify and evaluate research proposals and recommend projects to the Trustees. Each committee includes one representative of College of Agriculture, Food and Rural Enterprise (CAFRE) in an advisory capacity.

The Trustees review all proposals from advisory committees, taking into account the finances of the organisation and the strategic direction before deciding to approve the recommendations or return them to the relevant committees for further consideration or rejection.

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## Trustees' Report (including Directors' Report and Strategic Report) for the year ended 31 March 2018

The advisory committees are made up as follows (as of 31st March 2018):

### **Beef Advisory Committee**

Jonathan Carson  
Sam Chesney - *Vice Chairman*  
Andrew Clarke  
Ian Dickson  
John Egerton  
Ray Elkin  
Andrew Gardiner  
George McAuley  
Liam McCarthy  
Stuart Mclvor  
Nigel McLaughlin  
John Payne  
Emma Russell  
William Sherrard  
Dr Raymond Steen  
Ian Stevenson  
James Taylor - *Chairman*  
Maurice Watson  
Norman Weatherup  
(*Non-voting CAFRE liaison*)

### **Dairy Advisory Committee**

David Dunlop  
Hugh Harbinson  
Adrian Houston  
Andrew Magowan  
Robert Martin  
Cathal McAleer  
Ian McCluggage  
(*Non-voting CAFRE liaison*)  
Drew McConnell - *Chairman*  
Dr Alan McIlmoyle  
Stewart Watson  
Thomas Steele - *Vice Chairman*  
David Stewart  
Stewart Watson

### **Sheep Advisory Committee**

Edward Adamson - *Vice Chairman*  
Kenneth Linton  
James Brennan  
Crosby Cleland - *Chairman*  
Stuart Cromie  
Thomas Gibson  
John Harkin  
Nigel McLaughlin  
Colin Smith  
Dr Raymond Steen  
Campbell Tweed  
David Wallace  
Norman Weatherup  
(*Non-voting CAFRE liaison*)

### **How decisions are made**

Decisions are taken by the Board of Trustees which meets at least four times a year. Meeting papers which include an agenda, minutes of the previous meeting, General Manager's report, financial statements and details of any project proposals being considered for funding are circulated in advance of the meeting.

### **Policies and procedures for induction and training of trustees**

New Trustees are provided with information about the role and about the Council as part of an application 'pack'. Following selection, new Trustees have an induction briefing from the Chairman and General Manager which provides information and guidelines on their tasks and responsibilities together with an outline of the objectives of AgriSearch. They also receive copies of past Trustee minutes and other corporate documentation.



### **Arrangements for setting pay and remuneration of key management**

A remuneration committee is appointed by the Trustees and meets on annual basis to consider the remuneration of key management. Its recommendations are submitted to the Trustees for approval.

The remuneration committee is currently made up as follows:

John Henning  
*(Chairman) (resigned 30 April 2018)*

Wilbert Mayne  
*(appointed as Chair 30 April 2018)*

Allister Mitchell  
*(resigned 20 November 2017)*

Seamus McCaffrey  
*(appointed 20 November 2017)*

Andrew Wilson  
*(appointed 30 April 2018)*

A Disciplinary and Grievance Committee has also been established to review the employee handbook and if necessary act as an appeal panel for disciplinary and grievance issues.

The Disciplinary and Grievance Committee is currently made up as follows:

Conall Donnelly  
*(Chairman)*

Allister Mitchell  
*(resigned 20 November 2017)*

Peter Morrow  
*(appointed 20 November 2017)*

John Martin  
*(appointed 20 November 2017)*

### **Relationship with related parties and other charities/organisations with which it co-ordinates in the pursuit of its charitable objectives**

One member of the AgriSearch Dairy Advisory Committee and three members of the AgriSearch Beef Advisory Committee received payments during the financial year for activity undertaken as “farmer co-researchers”, these are detailed on page 36 Note 21 under Related Party Transactions. Farmer co-researchers are appointed on-merit in consultation with the relevant lead scientist and an independent expert.

AgriSearch has a conflict of interest policy and each Trustee and Advisory Committee member is asked to complete a declaration of interests. In addition, declaration of conflicts of interest is a standing item at the top of the agenda for every meeting of Trustees.

The Charity has a relationship with Animal Health and Welfare Northern Ireland (AHWNI), a not-for-profit company limited by guarantee. AHWNI seeks to benefit livestock producers and processors by providing the knowledge, education and coordination required to establish effective control programmes for non-notifiable diseases of livestock. On behalf of AHWNI, AgriSearch collects levy at the rate of 10 pence per bovine slaughtered in Northern Ireland and also provides contingency funding for AHWNI’s BVD eradication programme.

AgriSearch also seeks to work with other levy organisations to share resources and avoid duplication of research and is currently involved in joint funding arrangements for five projects with the Agricultural and Horticultural Development Board (AHDB), a statutory levy board.

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Trustees' Report (including Directors' Report and Strategic Report) for the year ended 31 March 2018

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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The Trustees' report, including the strategic report, was approved by the Board of Trustees.



**Mr M Bell**  
Chairman

Dated: 26 November 2018



**Mr J Henning**  
Vice Chairman

Dated: 26 November 2018

# Trustees' responsibilities

The Trustees, who are also the directors of The Northern Ireland Agricultural Research and Development Council for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Independent Auditor's Report

## OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements of The Northern Ireland Agricultural Research and Development Council (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements

section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties

that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on

the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company'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 Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our 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 an auditor's report that includes our 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



**David Gray**  
**(Senior Statutory Auditor)**  
**For and on behalf of RSM UK**  
**Audit LLP, Statutory Auditor**  
**Chartered Accountants**

Number One, Lanyon Quay  
Belfast BT1 3LG.

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Statement of Financial Activities  
including Income and Expenditure Account  
for the year ended 31 March 2018

## Financial Accounts 2017/18

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STATEMENT OF FINANCIAL ACTIVITIES	Notes	2018 £	2017 £
<b>Income from:</b>			
Donations and legacies	3	546,716	554,749
Investments	4	18,706	22,259
<b>Total income</b>		<u>565,422</u>	<u>577,008</u>
<b>Expenditure on:</b>			
Raising funds	5	-	8,334
Charitable activities	6	854,190	452,231
<b>Total resources expended</b>		<u>854,190</u>	<u>460,565</u>
Net gains on investments	12	(18,074)	65,292
<b>Net movement in funds</b>		<u>(306,842)</u>	<u>181,735</u>
Total funds brought forward		<u>458,824</u>	<u>277,089</u>
<b>Total funds carried forward</b>		<u><u>151,982</u></u>	<u><u>458,824</u></u>

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All income and expenditure derive from continuing activities.

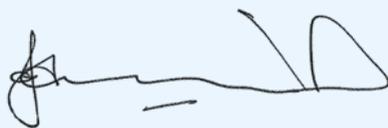
The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

BALANCE SHEET	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		4,547		2,849
Investments	14		655,971		674,045
			<u>660,518</u>		<u>676,894</u>
<b>Current assets</b>					
Debtors	15	297,058		310,037	
Cash at bank and in hand		299,206		138,601	
		<u>596,264</u>		<u>448,638</u>	
<b>Creditors: amounts falling due within one year</b>	16	(623,525)		(416,623)	
Net current (liabilities)/assets			<u>(27,261)</u>		<u>32,015</u>
<b>Total assets less current liabilities</b>			633,257		708,909
<b>Creditors: amounts falling due after more than one year</b>	17		(481,275)		(250,085)
<b>Net assets</b>			<u>151,982</u>		<u>458,824</u>
<b>Income funds</b>					
Unrestricted funds			151,982		458,824
			<u>151,982</u>		<u>458,824</u>

The financial statements were approved by the Trustees on



Mr M Bell  
Chairman



Mr J Henning  
Vice Chairman

STATEMENT OF CASH FLOWS	Notes	2018		2017	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	20		144,822		(128,803)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(2,923)		-	
Purchase of investments		-		(200,000)	
Interest received		18,706		22,259	
<b>Net cash (used in)/generated from investing activities</b>			15,783		(177,741)
<b>Net cash used in financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			160,605		(306,544)
Cash and cash equivalents at beginning of year			138,601		445,145
<b>Cash and cash equivalents at end of year</b>			299,206		138,601

## 1 ACCOUNTING POLICIES

### Charity information

The Northern Ireland Agricultural Research and Development Council is a private company limited by guarantee incorporated in Northern Ireland. The registered office is Innovation Centre, Large Centre, Hillsborough, Down, BT26 6DR.

### Accounting convention

The financial statements have been prepared in accordance with the Charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

### Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

### Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

### Incoming resources

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

The levy rates charged to producers are as follows:

*Milk 0.02p per litre*

*Beef 40p per head*

*Sheep 5p per head*

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

### Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Grants payable to third parties are within charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive grants.

Expenditure on charitable activities includes costs undertaken to further the purposes of the charity.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include office costs, management charges and governance costs which support the Council's activities. These costs have been allocated to charitable activities.

### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

*Fixtures and fittings*

*- 20% straight line*

*Computers - 20% straight line*

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

### Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

### Impairment of fixed assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/ expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

### Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

### Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial

statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

### Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

## 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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### 3 DONATIONS AND LEGACIES

2018

2017

£

£

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Donations and gifts	493,498	501,685
Grant Income	53,218	53,064
	<hr/>	<hr/>
	546,716	554,749
	<hr/>	<hr/>
<b>Donations and gifts</b>		
Milk levy	286,887	294,934
Beef levy	122,386	132,648
Sheep levy	18,615	20,062
Sheep - Contribution from Livestock and Meat Commission	20,000	20,000
AHWNI	45,610	34,041
	<hr/>	<hr/>
	493,498	501,685
	<hr/>	<hr/>

AgriSearch collect funds for AHWNI which are then paid across to AHWNI.  
These funds have been included with income and expenditure in the financial statements.

#### Grants receivable for core activities

DAERA Research Challenge Fund	53,218	39,115
EU Horizon 2020	-	13,949
	<hr/>	<hr/>
	53,218	53,064
	<hr/>	<hr/>

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### 4 INVESTMENTS

2018

2017

£

£

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Income from unlisted investments	18,658	20,799
Interest receivable	48	1,460
	<hr/>	<hr/>
	18,706	22,259
	<hr/>	<hr/>

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### 5 RAISING FUNDS

2018

2017

£

£

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Investment management	-	8,334
	<hr/>	<hr/>
	-	8,334
	<hr/>	<hr/>

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**6 CHARITABLE ACTIVITIES**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Staff costs	31,578	60,748
Dissemination costs	31,573	21,491
AHWNl funding	54,899	33,436
	<u>118,050</u>	<u>115,675</u>
Grant funding of activities (see note 7)	653,093	247,867
Share of support costs (see note 8)	71,580	79,787
Share of governance costs (see note 8)	11,467	8,902
	<u>854,190</u>	<u>452,231</u>
<b>Analysis by fund</b>		
Unrestricted funds	854,190	
	<u>854,190</u>	
<b>For the year ended 31 March 2017</b>		
Unrestricted funds		452,231
		<u>452,231</u>

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**7 GRANTS PAYABLE**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Grants to institutions:		
Opening commitments	646,178	774,351
Agri-Food & Biosciences Institute	631,896	257,395
(Decreased)/Increased project in year	(18,486)	45,366
Paid during the year	(185,092)	(430,934)
Closing commitments	<u>1,074,496</u>	<u>646,178</u>

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8 SUPPORT COSTS	Support costs	Governance costs	2018	2017	Basis of allocation
	£	£	£	£	
Staff costs	34,230	-	34,230	43,148	Charitable activities
Depreciation	1,225	-	1,225	765	Charitable activities
Rent	2,034	-	2,034	1,916	Charitable activities
Management charge	8,775	-	8,775	9,891	Charitable activities
VAT	9,835	-	9,835	6,475	Charitable activities
Insurance	3,627	-	3,627	2,694	Charitable activities
Printing & postage	5,894	-	5,894	2,004	Charitable activities
Computer costs	-	-	-	200	Charitable activities
Website costs	1,730	-	1,730	1,982	Charitable activities
Travel	334	-	334	56	Charitable activities
Other	3,896	-	3,896	10,656	Charitable activities
Audit fees	-	2,750	2,750	2,750	Governance
Accountancy	-	1,000	1,000	1,000	Governance
Legal and professional	-	2,441	2,441	-	Governance
Advisory support costs	-	5,276	5,276	5,152	Governance
	<u>71,580</u>	<u>11,467</u>	<u>83,047</u>	<u>88,689</u>	
Analysed between					
Charitable activities	<u>71,580</u>	<u>11,467</u>	<u>83,047</u>	<u>88,689</u>	

Governance costs includes payments to the auditors of £2,750 (2017 - £2,750) for audit fees.

9 NET MOVEMENT IN FUNDS	2018	2017
	£	£
Net movement in funds is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	2,750	2,750
Depreciation of owned tangible fixed assets	<u>1,225</u>	<u>765</u>

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## 10 TRUSTEES

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None of the Trustees (or any persons connected with them) received any remuneration during the year (2017: £Nil). Trustees were reimbursed a total of £1,676 travelling expenses (2017 - £2,911).

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## 11 EMPLOYEES

**2018****2017**

### Number of employees

The average monthly number of employees during the year was:

	<b>Number</b>	<b>Number</b>
Field Officer	1	1
Project Manager	-	1
General Manager	1	1
Project Officer	1	-
	<u>3</u>	<u>3</u>

### Employment costs

	<b>£</b>	<b>£</b>
Wages and salaries	59,269	98,946
Social security costs	6,353	4,950
Other pension costs	186	-
	<u>65,808</u>	<u>103,896</u>

There were no employees whose annual remuneration was £60,000 or more.

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## 12 NET GAINS/(LOSSES) ON INVESTMENTS

**2018****2017****£****£**

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Revaluation of investments	<u>(18,074)</u>	<u>65,292</u>
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**13 TANGIBLE FIXED ASSETS**

**Fixtures & fittings**      **Computers**      **Total**  
£                                      £                                      £

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**Cost**

At 1 April 2017	335	16,201	16,536
Additions	1,179	1,744	2,923
Disposals	-	(12,713)	(12,713)
At 31 March 2017	<u>1,514</u>	<u>5,232</u>	<u>6,746</u>

**Depreciation and impairment**

At 1 April 2017	83	13,604	13,687
Depreciation charged in the year	253	972	1,225
Eliminated in respect of disposals	-	(12,713)	(12,713)
At 31 March 2018	<u>336</u>	<u>1,863</u>	<u>2,199</u>

**Carrying amount**

At 31 March 2018	<u>1,178</u>	<u>3,369</u>	<u>4,547</u>
At 31 March 2017	<u>252</u>	<u>2,597</u>	<u>2,849</u>

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**14 FIXED ASSET INVESTMENTS****Unlisted investments**

£

**Cost or valuation**

At 31 March 2018	674,045
Valuation changes	(18,074)

At 31 March 2018	<u>655,971</u>
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**Carrying amount**

At 31 March 2018	<u>655,971</u>
At 31 March 2017	<u>674,045</u>

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**15 DEBTORS****2018****2017****£****£****Amounts falling due within one year**

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Trade debtors	147,090	208,538
Other debtors	52,262	59,117
Prepayments and accrued income	97,706	42,382
	<u>297,058</u>	<u>310,037</u>

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**16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR****2018****2017****£****£**

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Trade creditors	6,086	2,178
Other taxation and social security	1,640	2,637
Other creditors	609,161	401,769
Accruals and deferred income	6,638	10,039
	<u>623,525</u>	<u>416,623</u>

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**17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR****2018****2017****£****£**

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Other creditors	<u>481,275</u>	<u>250,085</u>
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**18 FINANCIAL INSTRUMENTS****2018****2017****£****£****Carrying amount of financial assets**

Debt instruments measured at amortised cost	199,352	267,655
Equity instruments measured at cost less impairment	655,971	674,045

**Carrying amount of financial liabilities**

Measured at amortised cost	1,103,160	664,071
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**19 ANALYSIS OF NET ASSETS BETWEEN FUNDS****Total****£**

Fund balances at 31 March 2018 are represented by:

Tangible assets	4,547
Investments	655,971
Current assets/(liabilities)	(27,261)
Long term liabilities	(481,275)
	<u>151,982</u>

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## 20 CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
(Deficit)/surplus for the year	(306,842)	181,735
Adjustments for:		
Investment income recognised in statement of financial activities	(18,706)	(22,259)
Fair value gains and losses on investments	18,074	(65,292)
Depreciation and impairment of tangible fixed assets	1,225	765
Movements in working capital:		
Decrease/(increase) in debtors	12,979	(87,740)
Increase/(decrease) in creditors	438,092	(136,012)
<b>Cash generated from/(absorbed by) operations</b>	<u>144,822</u>	<u>(128,803)</u>

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## 21 RELATED PARTY TRANSACTIONS

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During the year there were members of the AgriSearch advisory committees and Board of Trustees who were involved as farmer co-researchers in projects which AgriSearch co-funded. The advisory committees are in place to review funding and expenditure proposals.

A total amount of £2,625 was paid during the year to the following members of the Dairy Committees; Hugh Harbinson and the following members of the Beef Committee: James Taylor, Sam Chesney and John Egerton (2017: total amount of £5,052 was paid to the following members of the Sheep Advisory Committee; Samuel Wharry (deceased) and Crosby Cleland, along with the following member of the Board of Trustees; John Martin.)

Sam Chesney, AgriSearch Beef Committee Vice-Chair, sits on the AHWNI Board. AgriSearch collected levies of £45,610 (2017: £34,041) on behalf of AHWNI and made payments to AHWNI of £54,899 (2017: £33,436) during the year. The balance owing to AHWNI at the year end was £4,233 (2017 - £5,678).

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