

# **Food from Britain Annual Report and Accounts 2007-08**

Presented to Parliament, the Scottish Parliament and the Northern Ireland Assembly pursuant to Section 5(7) of the Agricultural Marketing Act 1983

Ordered by the House of Commons to be printed on 13 June 2008

Laid before the Scottish Parliament by the Scottish Ministers on 13 June 2008

Laid before the Northern Ireland Assembly by the Northern Ireland Minister on 13 June 2008

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# Annual Report

## History and statutory background

Food from Britain (FFB) came into existence on 23rd March 1983. It was established as a Non-Departmental Public Body (NDPB) by the Agricultural Marketing Act 1983, as amended, "to improve the marketing of food produced or processed in the United Kingdom and of other agricultural produce of the United Kingdom." At the request of Ministers, FFB has focused on its recognised areas of expertise, namely, its export promotion role and assisting the marketing of quality regional foods.

## Basis of accounts

These accounts have been prepared in the form directed by the Department for Environment, Food and Rural Affairs (Defra), the Minister for Environment and Rural Development in Scotland, the Minister for Environment, Planning and Countryside for Wales and the Department for Agriculture and Rural Development in Northern Ireland ('the Ministers'), with the approval of HM Treasury in accordance with the Agricultural Marketing Act 1983, as amended.

## Management

FFB is governed by a non-executive Council, the Members of which represent a broad cross-section of the food industry. Each Member is appointed by Ministers for a three-year term of office, renewable subject to review. Day-to-day management is under the control of the Chief Executive, John Adams, and a team of senior managers.

## Council Chairman

Lady Jay (Sylvia) CBE

## Members

Timothy Bennett, John Bevington, Vincent Craig, David Croisdale-Appleby, David Dobbin CBE, Christine Dunn, Marie Francis OBE, Alan Hardie, Ian Martin, Brian Morgan, Julian Wild.

Relevant information on Members' interests is available from FFB. Written requests should be addressed to the Chief Executive at FFB, 4th Floor, Manning House, 22 Carlisle Place, London SW1P 1JA.

## Employees

FFB has adopted a Code of Conduct for Staff as recommended by government for use by Non-Departmental Public Bodies.

Employees are kept informed on a regular basis through a series of meetings involving them in FFB's performance and advising them of future plans. Additionally, consultations take place with employees so

that their views may be taken into account in making decisions that are likely to affect their interest.

## Disabled persons

In line with its standard practice towards applications for employment, FFB considers applications from disabled people on the basis of the qualifications and abilities of each individual. Should an employee become disabled during the course of employment, every practical effort would be made to allow him/her to continue in his/her employment.

## Diversity and equality

FFB encourages staff involvement in the day-to-day running of its activities through normal line management contacts. Staff meetings are used to disseminate information. FFB encourages personal development and follows an equal opportunities policy for fair and open recruitment of permanent staff regardless of age, disability, sex or ethnic origin.

It is FFB policy that there shall be no discrimination against staff on grounds of colour, race, ethnic or national origins, religion, sex, sexual orientation, marital status, age or disability. Employment and promotion is solely on merit. Precisely the same standards apply in the assessment of women and men regardless of marital status, domestic responsibilities, ethnic or national origin. Staff who work reduced hours are assessed on exactly the same basis as those working full-time and without regard to part-time status, subsequent availability or availability of posts.

## Employee involvement

FFB recognises the very large part that its staff has to play in the development of the organisation.

Supported by effective leadership, staff actively seek better ways to deliver FFB's outputs and develop, focus and exploit their skills to make maximum impact on the achievement of FFB's priorities.

## Northern Ireland Equality Scheme

On 15th December 2004 the Northern Ireland Equality Commission granted an exemption from publishing an Equality Scheme under S75 of the Northern Ireland Act 1998.

## Complaints procedure

The Council, through the Chairman, is available to any member of the public who wishes to pursue any complaint. If not satisfied, the complainant can then refer the matter to the Parliamentary Ombudsman, who investigates complaints

about maladministration or service failure on the part of FFB. Enquiries should be made directly to Office of the Parliamentary Commissioner for Administration, Millbank Tower, Millbank, London, SW1P 4QP. Tel: 0845 015 4033. Complaints must be made within 12 months of the date on which you first had notice of the matter complained of.

## Freedom of Information Act

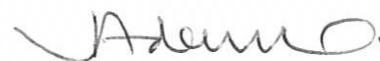
Under the Freedom of Information Act 2000, which came into force on 1st January 2005, anybody may request information from a public authority which has functions in England, Wales and/or Northern Ireland. The Act requires that all requests are in writing (this does include emails), states clearly what information is required and states the name of the applicant, and an address for correspondence. Written requests should be addressed to the Chief Executive at FFB, 4th Floor, Manning House, 22 Carlisle Place, London SW1P 1JA. Information including our Publication Scheme may be found on our website.

## Payment policy

It is the policy of FFB to pay suppliers for goods supplied and liabilities incurred in accordance with the terms of payment reached with each individual supplier. This policy has been adhered to throughout the year.

## Auditor

FFB's auditor is the Comptroller and Auditor General. There was no remuneration for non-audit services.



## John Adams

Chief Executive & Accounting Officer  
22nd May 2008

# Chairman's Statement

It is with a mixture of pride and sadness that I review what we now know to be FFB's penultimate year of operations.

We are proud of the work we have done to grow international business for British food and drink producers. Despite the decision to stop FFB's operations in their current form by the end of March 2009, we look forward to a final year packed with research, events and exhibitions to enable the industry to take advantage of the excellent international opportunities available.

UK food and drink exports hit a second record-breaking year in 2007, with a total value of £11.5bn, compared with £10.5bn in 2006. Ireland, which remains our largest market by value, continued to provide good opportunities, not least for companies new to export: FFB ran a successful Trade Development Visit to Ireland with 19 companies in February 2008. The next eight largest export markets are in Western Europe and North America, all countries in which FFB has a dedicated presence through its International Office Network.

The fastest-growing export markets include Russia and Eastern Europe; the Gulf States; and South East Asia (especially China). As these countries' economies expand, so their demand for premium food and drink imports rises. FFB is increasing its representation in these markets in the year ahead, taking part in exhibitions and organising events.

UK food and drink companies are in a strong position to unlock these opportunities because of their dynamism. Britain continues to build on its international reputation for excellence in producing high quality prepared products: primary foodstuffs, ethnic foods, convenience foods, health and wellbeing focussed products, along with more traditional fare for which Britain is also well known. Private Label is more highly developed in the UK than in any other major market in the world, in line with the strength and sophistication of Britain's grocery retailers and their suppliers. However, the share of Private Label is rising in other countries – offering a major opportunity for UK companies.

FFB's support for food and drink exports continued unabated this year. We worked with 851 companies, including 343 for the first time. These ranged from first-time exporters to companies whose partnership with FFB spanned many years and many countries. We have also developed our links with trade organisations and government bodies. Some aspects of the relationship between FFB and UK Trade and Investment (UKT&I) seemed to us to risk duplication and confusion (and we have continued to discuss these with

UKT&I and with Defra), but there have also been excellent examples of collaboration, including the joint provision of services in Yorkshire and the Humber, and initiatives in development markets.

FFB remains a UK-wide body, and we attach great importance to our relations with the administrations of the devolved nations, as well as with the companies operating in Scotland, Wales and Northern Ireland. To give just two examples of our work, we have held 'meet the market' events specifically for Scottish companies, and we are working with Invest Northern Ireland in countries as far apart as the United States and the Czech Republic.

Our annual Export Awards celebrated the industry's achievements in a new venue, the Landmark Hotel London, in December, where Walkers Shortbread was crowned Food and Drink Exporter of the Year. In a testament to the strength of FFB's relationships with leading international retailers, the highlight of the morning's Network Forum was a presentation from Carrefour Group Chief Executive, José Luis Duran, who brought a team of buyers to meet pre-selected Network Forum delegates.

The fact that FFB maintained this momentum is all the more praiseworthy given the uncertainties that the organisation faced during the year. In May, Defra alerted us to the likelihood of substantial reductions in Grant-in-aid starting in 2008-09; in December, in spite of this, we were delighted to receive confirmation from Defra that "the Government sees a continuing and important future for FFB as a public sector body assisting UK food and drink exporters, especially SMEs, with export promotion."

We were therefore shocked by Defra's decision in February 2008 to cut our 2008-09 Grant-in-aid from the already reduced sum of £4.6m to £4m and to stop funding altogether by 2010-11. The latter was part of Defra's new policy decision to cease funding the provision of subsidised advice to individual companies across the board. In March, therefore, FFB's Council took the reluctant decision that FFB should stop operating on 31st March 2009. It took this decision because FFB in its current form was never intended to be a commercial organisation. It was created mainly to provide free or subsidised services to combat market failure where commercial organisations were not able to function. In these circumstances, and with prospective cuts and uncertainties surrounding other sources of public funding, it would have been impossible for FFB either to offer its staff secure prospects after the end of March 2009 or to continue to offer clients

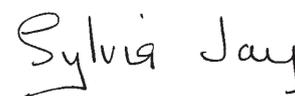
the current level of FFB services after that time.

Even before Defra's news, we were engaged in reviewing the staffing structure of FFB in London. In October we took the difficult decision to delayer the organisation, removing all three Director-level posts, so as to streamline the working process. I should like to pay tribute, on behalf of Council, to the Directors involved – Simon Waring, Charlotte Lawson and Anne Kynaston – who had served FFB with great dedication over many years.

FFB's Council has had, and will continue to have, a crucial role in determining the future of the organisation. I should like to record my gratitude to all members for their constant support. Several gave additional time to help review specific areas of FFB activity and to mentor FFB staff. Thanks are also due to those who took part in key Committees: David Croisdale-Appleby (Chair), John Bevington, Marie Francis and Ian Martin on the Audit Committee, and Vincent Craig (Chair), Timothy Bennett and Alan Hardie on the Remuneration Committee. No members of Council left during the year. We welcomed as a valued new member Professor Brian Morgan, nominated by the Welsh government.

Looking to the future, we are working with Defra, the devolved nations and other interested parties to identify ways in which the highly-valued services that we have provided can be made available for the next generation of British food and drink companies. Several organisations have made proposals; we are currently considering these with the intention of announcing final decisions by July 2008. As part of this process, FFB's International Office Network, the nine private businesses that support us in Western Europe and North America, has declared its intention to continue to provide first-class export management services to the British food and drink industry.

The closure of FFB in its present form is a blow. However, it remains the case that more British food and drink companies need to consider exporting: there has never been a better time. The UK is internationally respected for the quality and innovation of its food and drink industry, and I am confident that there is a bright future for British food and drink exporters, with excellent knock on effects for the UK economy as a whole.



Lady Jay (Sylvia) CBE,  
Chairman 22nd May 2008

## Chief Executive's Review

The Chairman's Statement makes clear what a turbulent year this was for FFB. Against that background, the fact that the organisation met most of its targets was a real achievement. The resilience and shared purpose of the FFB teams was obvious from the moment I arrived at the beginning of September: I should like to pay a tribute to the dedication of staff in FFB London and across the International Network.

An especially pleasing feature is the success of regional food and EU Protected Food Names activity, in what was the last full year for which FFB was responsible for those activities. The main targets for regional food were that FFB should work with at least 1,400 companies, and generate sales from projects with which we were directly involved of at least £6m. In fact, FFB worked with 2,519 companies and achieved sales of £10.36m. FFB's work with retailers and consumers has helped to raise the profile of the EU Protected Food Names Scheme. It also provided advice and support to producers interested in registering their products under the scheme, which led to a further 13 applications being made by UK producers in 2007-08, taking the total number of applications being handled by FFB to 21.

So far as FFB's export support activities were concerned, services were provided in total to 851 companies – well ahead of the target of 700 – of which 343 were new to FFB. Activity was rather lower than planned in development markets, partly because some activities had to be cancelled or postponed as a result of the outbreak of Foot and Mouth disease in England during the summer.

International food and drink shows were again a focus for activity. Exhibitions provide an opportunity for experienced and inexperienced exporters alike: this year 289 firms, 91% of which were SMEs, exhibited within the FFB British pavilion at a total of 14 shows.

FFB also undertook a range of other events during the year, including three very popular 'meet the market' meetings in London and Scotland, which enabled 59 companies to discuss their export potential with representatives from FFB's International Network; two major networking events in London; and trade development visits to four countries: Ireland, Russia, Dubai and the USA.

FFB's research team provided services to a range of public and private sector clients. These covered a wide range of activities from translations to newsletters and market research. FFB worked particularly closely with Yorkshire Forward and the East of England Development Agency to build food and drink exports from those regions.

There were 41 new export members of FFB's Fast Track scheme during the year. A survey of members was carried out as a result of which some adjustments were made to the scheme, including improved facilities at the UK pavilion at major overseas exhibitions.

In autumn 2007, an independent research company carried out the fieldwork for FFB's first comprehensive client survey, adopting a similar approach to surveys previously conducted for UKT&I. 66% of FFB clients surveyed said that their specific experience had been good or very good; this was a little short of the 70% figure we had been hoping for, but compared favourably with the client satisfaction results from rather different surveys carried out in previous years. We have been analysing all the results from the 2007 client survey to see what lessons there are for 2008-09.

In establishing options for the future, our priorities will be to ensure clients receive the same high level of service they have come to expect from FFB throughout the year; to seek ways of ensuring British food and drink companies continue to receive help to build their markets through exports; and to safeguard the interests of FFB staff.



**John Adams**

Chief Executive & Accounting Officer  
22nd May 2008

# Management Commentary

## Mission statements

- International: "To be the lead consultancy working in partnership with UK food and drink companies to promote the growth of their exports".
- Regional Food: "To promote the growth of the quality regional food and drink sector in the UK and overseas".

In fulfilling the mission statements we focused on 11 (2006-07: 12) key targets to deliver FFB's performance measures in 2007-08.

The aims and results of the 11 key targets, as well as the corresponding aims and results for 2006-07 are detailed in the table below.

## Aim and objectives of FFB

FFB's principal activities are the marketing and promotion of British food and drink overseas and the promotion and development of quality regional foods. During 2007-08, the aim was underpinned by two strategic objectives covering the span of our responsibilities:

- To maximise exports of food and drink produced or processed in the UK.
- To increase production and consumption of quality regional food, both in absolute terms and as a proportion of the total market.

With the aim to achieve these objectives by:

- Providing a valued international market entry, development and management service to both new and experienced exporters in the UK's key export markets.
- Carrying out a programme of national measures supporting the quality regional food sector, adding value to public support provided at regional level.

2007-08 Aim	2007-08 Result	2006-07 Aim	2006-07 Result
To achieve a minimum of 293 food and drink companies participating under the FFB banner at international exhibitions of which a minimum of 60% are to be SMEs.	<b>Partially Achieved.</b> 289 exhibitors exhibited across the programme of 14 exhibitions; 91% were SMEs. 3 proposed exhibitions did not take place due to lack of demand.	To achieve a minimum of 266 food and drink companies participating under the FFB banner at international exhibitions of which a minimum of 60% are to be SMEs.	Achieved. 274 exhibitors; 86% were SMEs.
To achieve combined increased sales of regional food and drink of £6m during 2007-08.	<b>Achieved.</b> Delivered sales to date of £10.360m.	To achieve combined increased sales of regional food and drink of £1.35m during 2006-07.	Achieved. Delivered £6.383m including sales of £2.913m arising from EXPO held at the end of 2005-06, but reported this year.
To work with 1,400 separate companies and achieve 2,000 active participations in 2007-08 as part of the regional food programme.	<b>Achieved.</b> We have worked with 2,519 separate companies and there were 2,638 active participations.	To work with 1,400 separate companies and achieve 2,000 active participations in 2006-07 as part of the regional food programme.	Achieved. We have worked with 1,544 separate companies and there were 2,099 active participations in events.
To continue to work with, and add measurable value to, the appropriate bodies in the devolved administrations and English regions to ensure FFB's services are made available to all UK food and drink companies as appropriate.	<b>Achieved.</b> FFB continues to work with the appropriate bodies in the devolved administrations and English regions as highlighted in this report.	To continue to work with, and add measurable value to, the appropriate bodies in the devolved administrations and English regions to ensure FFB's services are made available to all UK food and drink companies as appropriate.	Achieved. FFB continues to work with the appropriate bodies in the devolved administrations and English regions as highlighted in this report.
To provide services to 150 companies, of which 50% to be fee-paying clients in Development Markets.	<b>Achieved.</b> 158 companies assisted, of which 80 (51%) were fee-paying clients.	Provide export services to 150 companies each year to Development Markets.	Achieved. 166 companies assisted.
To achieve an FFB income stream of £777k, based on client introductions to FFB International Offices and FFB London services, of which £419k will be for FFB London services.	<b>Achieved.</b> FFB income stream of £951k, of which £501k was for FFB London services	To meet a minimum of 130 new producers to discuss export opportunities, 25% of whom should become fee-paying FFB clients within 2 years of meeting.	Achieved. Met with 178 new producers. Average 27% conversion to fee-paying clients.

Both London and the International Offices will provide export services to at least 700 different companies in each year of the plan. 20% of these companies should be "new" to FFB, i.e. not have worked with FFB in the previous year.	<b>Achieved.</b> Total number of companies serviced is 851, of which 343 (40%) were new to FFB.	FFB as a whole, i.e. both London and the International Offices, to provide export services to at least 700 different companies in each year of the plan. 20% of these companies should be new to FFB, i.e. they should not have worked with FFB in the previous year.	Achieved. Total number of companies serviced is 714, of which 286 (40%) were new to FFB.
To achieve a contribution of £104k from research and consultancy services.	<b>Achieved.</b> £126k of contribution generated.	To achieve £73k contribution for the research section from third parties.	Achieved. £94k of contribution generated.
Implement external agency tender based on new communications brief for media relations during July 2007, achieving 25% saving on external agency cost.	<b>Achieved.</b> Following a tender process, contract awarded to Storm Communications achieving 25% saving.	To manage at least 12 research projects over the year and complete one major project to strengthen knowledge in new channels or sectors in key markets, leading to a seminar or published report.	Achieved. 13 projects were undertaken for clients and a further 1 major project (Alternative Retail Channels research) was undertaken leading to a seminar and published report.
Implement low-level opinion influencing programme utilising FFB Council and Fast Track Advisory Group during June/ July 2007 by producing aide memoir on value of FFB and its services for use in meetings and at events.	<b>Achieved.</b> Aide memoire produced and circulated to Council and Fast Track Advisory Group on 15th June.	To recruit a minimum of 35 new Fast Track members as exporters.	Achieved. 47 new exporter members recruited.
As part of the communications review, and working with the Finance team, by September 2007 develop a costed proposal for a new FFB intranet to aid internal communications across FFB London and the International Network.	<b>Achieved.</b> This is now being implemented as a shared client database, being a more cost effective solution to an intranet. IMM on 17th November confirmed that the International Network would use Pro, London's client database, to access and add to information about clients. This will significantly improve internal communications across the Network.	To increase awareness of FFB as the market development consultancy for British food and drink producers, the base figure from the 2006 U&A study being 3.01.	Achieved. A U&A was not undertaken during the year as it was decided to adopt a new performance measurement system, PIMS, which does not include an awareness measure. We have, however, continued to benchmark the quality of coverage achieved via the measurement of corporate message penetration. This shows a 37% increase year on year.
		Maintain as a minimum an overall client satisfaction rating of 7.0 with a minimum performance level of 6.8 as recorded in the 2006 U&A study.	Achieved. Overall satisfaction levels have been maintained with improved consistency of service. Overall rating being 7.1.

## Corporate Plan

The Corporate Plan forms the strategic framework for FFB's activities. Although a Corporate Plan for the period 2007-2010 was approved by Council in March 2007, with the agreement of Defra it was not submitted to FFB's sponsor Departments because of the uncertainty over future levels of Grant-in-aid.

The strategic direction of the organisation is reviewed annually by Council. This review and others, relating to particular areas of activity, form the basis for the detailed annual operational plans which are presented to Council each March and, once agreed with Defra, implemented in the following year.

FFB works closely with Defra and the devolved administrations, each of which is invited to be represented at the quarterly Council meetings as well as at quarterly performance review meetings with the Chief Executive. FFB operates in accordance with direction from Defra and is subject to regular formal review.

## Events during the year

In May 2007 Defra notified FFB of the likelihood of a phased reduction in Grant-in-aid of between 25% and 50%. Over the following months, FFB worked closely with Defra to assess the implications of a substantial cut in Government funding, and to agree assumptions about Grant-in-aid and the purposes for which Government funding was being provided. Council took decisions on the basis of this work at its meeting in December 2007; these paved the way for preparation of a new Corporate Plan. This work was, however, invalidated by Defra's decision, referred to in the Chairman's Statement, to reduce FFB's Grant-in-aid to zero by 2010-11.

In the light of Defra's decision, Council decided on 3rd March 2008 that although FFB would carry out a full programme of activities in 2008-09, it would be wound up in its current form at the end of that year. The Secretary of State for Environment, Food and Rural Affairs announced this decision to Parliament on 26th March 2008.

Even before the May 2007 letter from Defra, FFB had already committed itself, as part of the Operational Plan for the year, to review the organisation's staffing structure. As a result, the decision was taken to abolish the three Director-level posts in London; the individuals concerned were made redundant on 8th October 2007.

At its meeting in September 2007, Council agreed to close the FFB final salary pension scheme to new members, and to put in place a direct contribution scheme for new recruits. A full actuarial valuation was undertaken as at 1st April 2007, and is awaiting finalisation because of a lack of employer covenant. The decision to close FFB in its current form at 31st March 2009 raises questions about potential liabilities under the FFB Retirement Benefits Scheme. FFB has asked Defra whether it will guarantee to meet those liabilities. We are waiting for a formal response.

In 1993, FFB was one of the founding members of a European Economic Interest Grouping called Euroterroirs, set up to add value to European food products. The European Commission awarded Euroterroirs a grant, but subsequent inspection visits and audits found irregularities with the project that the Commission was helping to fund. In August 2000, the Commission decided to cancel the grant and require its reimbursement. FFB was unaware of this decision until December 2006, when the Commission wrote to individual members of the consortium, including FFB, demanding repayment. Even then, because neither FFB nor Defra had any records of the establishment or running of Euroterroirs, it was unclear what liability FFB might have. During 2007, documents were obtained and legal advice sought. As a result, in December 2007, FFB offered a settlement to the Commission; the Commission has said that it is not ready to accept this. A provision of £81k has been included in these accounts, as disclosed in Note 15.

As previously announced, David McNair, the Chief Executive and Accounting Officer, left FFB on 25th May 2007. John Adams was appointed as interim Chief Executive and Accounting Officer on 5th September 2007. Anne Kynaston, the Director of Finance and Administration, was appointed by Defra as Accounting Officer for the intervening period.

## Financial review Result for the year

The retained deficit for the year was £6.232m (2006-07: £5.862m).

The deficit of £6.232m is arrived at after net additional income of £159k (2006-07: income £245k) arising from the pension adjustment in respect of FRS17 (see Note 18). The net additional income of £159k arising from FRS17 in the income and expenditure account is due to a difference of £31k (2006-07: £61k) between pension

contributions of £262k (2006-07: £304k) and pension service costs of £293k (2006-07: £243k), and pension interest receivable of £190k (2006-07: £184k). The balance sheet has been enhanced by the inclusion of a pension asset of £282k (2006-07: £337k).

## Significant variances against budget

The deficit for the year, prior to net additional income of £159k arising from the pension adjustment in respect of FRS17, being £6.391m was against an original budget deficit of £5.911m.

The difference of £480k is principally due to an overspend in staff costs of £253k as a result of delaying of management and an overspend in administrative costs of £458k as a result of the provisions for the operating lease and Euroterroirs. Additional surplus was generated by Research and Marketing Services, Fast Track and Exhibitions and Events totaling £22k and there was underspend in other activities totaling £209k.

## How is FFB's Grant-in-aid spent?

A total of £2.344m (2006-07: £2.466m), relating to fees and project funding combined, was paid to the International Network, representing 39% (2006-07: 41%) of the total Grant-in-aid received.

A total of £1.346m (2006-07: £1.252m), has been spent on the promotion of Regional Food, representing 23% (2006-07: 21%), of total Grant-in-aid received.

A further 11% (2006-07: 15%), some £684k net (2006-07: £902k net), is applied to other core activities such as Exhibitions and Events, Fast Track, Research and Marketing Services, Development Markets, Client Development and Corporate Communications.

Staff costs, administrative costs and other costs account for the remaining £1.591m (2006-07: £1.345m), representing 27% (2006-07: 23%) of total Grant-in-aid received.

## Basis of preparation

FFB is due to close in its existing form on 31st March 2009. As a result, these accounts have been prepared on a discontinued basis as FFB is not deemed by Council to be a going concern. The accounts have been prepared, to the fullest extent possible, in line with generally accepted accounting practice in the United Kingdom (UK GAAP) and the accounting and disclosure requirements given in the *Financial Reporting Manual (FRM)*, and represent a true and fair view of FFB's activities during the year.

The balance sheet as at 31st March 2008 shows total reserves of £683k. This consisted of General Reserve £359k, Pension Reserve £282k and Government Grant Reserve of £42k. The future financing of FFB's liabilities for the year to 31st March 2009, is accordingly to be met by Defra Grant-in-aid funding which has been agreed at £4m for 2008-09. Council is satisfied that there exists a reasonable expectation for FFB to continue in its existing form to 31st March 2009. However it is not appropriate to prepare these accounts on a going concern basis. Please refer to Note 1 for further details of the impact of this on the accounts.

#### **Events since the Balance Sheet date**

There have been no circumstances or events subsequent to the year end which require adjustment of or disclosure in the accounts or in the notes thereto. The Annual Report and Accounts were authorised for issue by the Accounting Officer on 29th May 2008.

#### **Disclosure of audit information to the Comptroller and Auditor General**

So far as the Accounting Officer is aware, there is no relevant audit information of which the Comptroller and Auditor General is unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Comptroller and Auditor General is aware of that information.



#### **John Adams**

Chief Executive & Accounting Officer  
22nd May 2008

# Remuneration Report

## Membership of the Remuneration Committee

The Members of the Remuneration Committee are Non-executive Council Members appointed by the Council. It consists of a Chair and at least one other Council Member, plus the Chairman of Council. Membership at 31st March 2008 consisted of Vincent Craig (Chair), Timothy Bennett, Alan Hardie and Lady Jay (Sylvia) CBE.

Membership is reviewed every three years, or on termination of a Member's appointment. With the exception of the Chairman of Council, Members may serve on the Committee for a maximum of six consecutive years. The Chairman of Council will serve on the Committee for the duration of her appointment as Chairman of Council.

## Policy on the remuneration of the Council and Chief Executive

The remuneration of the Chairman of Council is determined by Defra. The remuneration for 2007-08 was £52,049 per annum.

The remuneration for each Council Member is determined by Defra. The remuneration for 2007-08 was £1,848 per annum, £924 of which is paid as a retainer, with the remaining £924 being paid pro-rata for each quarterly Council meeting attended.

The Chief Executive's salary and conditions of service are determined by the Chairman of Council, but take into account consultations with Defra (on behalf of the devolved administrations). The salary is reviewed annually with adjustments taking account of performance. The most recent review was in April 2008, when the annual salary of the Chief Executive was increased to £130,000 with effect from 1st April 2008. The remuneration for 2007-08 was £125,000 per annum. Note 9c discloses the actual remuneration received whilst in post during 2007-08.

The Committee considers all aspects of remuneration and determines the specific remuneration packages including service contracts, basic annual salaries, bonus schemes, pension contributions and benefits in kind for all FFB staff.

## Methods used to assess whether performance conditions are met

The Committee considers and if appropriate approves the Chairman of Council's recommendations concerning the salary and incentive scheme for the Chief Executive on an annual basis. In order to

achieve this, the Committee is provided with a report summarising public sector guidelines and a schedule detailing outturn against Defra approved targets.

## Proportion of remuneration which is subject to performance conditions

None of the remuneration of any Council Member or the Chief Executive is subject to performance conditions.

## Pension arrangements

The Chief Executive is not a member of the FFB Retirement Benefits Scheme. Contributions of 9% of pensionable salary have been paid into a defined contribution scheme.

## Benefits in kind

The Chief Executive is entitled to a car allowance of £6,000 per annum. (2006-07: £4,910 per annum).

## Remuneration of the Council and Chief Executive

This is detailed in Note 9b and 9c to the accounts which have been audited.

## Policy on duration of contracts and notice periods and termination payments

Ministers have the right to terminate the appointment of a Council Member for any of the reasons specified in the Agricultural Marketing Act 1983 (Schedule 1, paragraph 4(4)). Council Members may resign by notice given in writing to the Secretary of State or other Ministers if appropriate. No notice period is required and no termination payments apply.

The Chief Executive's service contract expires on 19th December 2008 and is terminable by either party, and requires three months notice or payment in lieu of notice.

In October FFB took the difficult decision to delay the organisation, removing all three Director-level posts, so as to streamline the working process. Details of associated redundancy payments are disclosed in Note 9c to the accounts.



## John Adams

Chief Executive & Accounting Officer  
22nd May 2008

Council Member/Chief Executive	Appointment	Completion
Lady Jay (Sylvia) CBE	1st January 2006	31st December 2008
Timothy Bennett	1st September 2005	31st August 2008
John Bevington	11th December 2002	10th December 2008
Vincent Craig	2nd June 2002	1st June 2008
David Croisdale-Appleby	28th March 2003	27th March 2009
David Dobbin CBE	2nd December 2003	1st December 2009
Christine Dunn	11th December 2002	10th December 2008
Marie Francis OBE	28th March 2003	27th March 2009
Alan Hardie	1st June 2004	31st May 2010
Ian Martin	1st December 2006	30th November 2009
Brian Morgan	1st December 2007	30th November 2010
Julian Wild	1st December 2006	30th November 2009
John Adams	5th September 2007	19th December 2008

## Statement of Accounting Officer's Responsibilities

Under the Agricultural Marketing Act 1983, as amended, the Ministers have directed FFB 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 accrual basis and must give a true and fair view of the state of affairs of FFB and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

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

- Observe the accounts direction issued by the 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 accounts.
- Prepare the accounts on an appropriate basis.

The Ministers have appointed John Adams Accounting Officer of FFB. 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 FFB's assets, are set out in Managing Public Money.

## Statement of Council Members' Responsibilities

Council Members are required by the Agricultural Marketing Act 1983, and supplemental agreements, to prepare accounts for each financial year that give a true and fair view of the state of affairs of FFB at the end of that financial year and of the income and expenditure for that year.

In preparing the accounts, Council Members have adopted suitable accounting policies, which have been consistently applied and are supported by reasonable, prudent judgements and estimates and have complied with all applicable accounting standards and the directions of the Ministers, with the approval of HM Treasury in accordance with the Agricultural Marketing Act 1983, as amended.

Council Members are responsible for ensuring that FFB keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of FFB and for ensuring that the accounts comply with the directions given by the Ministers. In addition, Council Members are responsible for safeguarding the assets of FFB and for taking reasonable steps for the prevention and detection of fraud and other irregularities. FFB's Council is satisfied that appropriate control systems are in place within FFB's management to achieve these ends.

# Statement on Internal Control

## Scope of responsibility

As Accounting Officer, it is my responsibility to maintain a sound system of internal control that supports the achievement of FFB's policies, aims and objectives, safeguards the public funds and assets for which I am personally responsible and accords with the responsibilities assigned to me in Managing Public Money. In addition, I am accountable to the Principal Accounting Officer of Defra, to enable her to discharge her overall responsibility for ensuring that FFB, as a Defra Non-Departmental Public Body, has adequate financial systems and procedures in place.

As previously announced, David McNair, the Chief Executive and Accounting Officer, left FFB on 25th May 2007. John Adams was appointed as interim Chief Executive and Accounting Officer on 5th September 2007. Anne Kynaston, the Director of Finance and Administration, was appointed by Defra as Accounting Officer for the intervening period.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of FFB policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in FFB for the year ended 31st March 2008 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

## The risk and control framework Corporate governance Council

FFB is controlled by an independent Council appointed jointly by the Ministers. These appointments are undertaken in accordance with the Office of the Commissioner for Public Appointments (OCPA) and the code of best practice set out in the Nolan Committee's First Report on Standards in Public Life.

At 31st March 2008, FFB's Council consisted of 12 Members including the Chairman. Although this is below the minimum number of Members as required by the Agricultural Marketing Act 1983,

paragraph 3 of Annex 1 of the Act provides for the Council to function when vacancies exist. Details of the composition of the Council are shown on page 29. The Council, through the Chairman, is available to any member of the public who wishes to pursue any complaint. Records of meetings, strategic plans, budgets, etc. are available, subject to the protection of commercial confidentiality, from 4th Floor, Manning House, 22 Carlisle Place, London SW1P 1JA.

Council meets at least four times a year. Meetings are properly conducted and decisions properly made and recorded. Minutes are filed systematically and available for review. The details provide convincing evidence that the Council is advised satisfactorily, that it regularly discusses matters of key importance to FFB and that it reviews key documents such as the Corporate Plan, the Operational Plan, and the Budget and performance reports. Final approval of the Annual Report and Accounts is delegated to the Audit Committee.

Members of the Council have adopted a Code of Practice in regard to their behaviour. The Code adopted is that recommended by government for use by the Members of Non-Departmental Public Bodies and covers public service values, standards in public life, the role of Council Members, handling conflicts of interest, the personal liability of Council Members and the seven principles of public life.

## Audit Committee

The Members of the Audit Committee are Non-executive Council Members appointed by the Council for the remaining duration of their Council term. It consists of a Chair, which must not be the Chairman of Council, and at least two other Council Members. Membership at 31st March 2008 consisted of David Croisdale-Appleby (Chair), John Bevington, Marie Francis OBE and Ian Martin.

Membership is reviewed every three years, or on termination of a Member's appointment. Members may serve on the Committee for a maximum of six consecutive years.

The Audit Committee meets at least three times a year and the Chair of the Audit Committee may convene additional meetings, as he/she deems necessary. During 2007-08 meetings were held in May, November and February.

The responsibilities of the Audit Committee are to receive reports on the Internal and

External Auditors' findings of FFB's affairs, and to review internal accounting and financial procedures. Issues considered by the Audit Committee are covered in a continuous cycle of investigation in which some are reviewed annually and others less frequently, depending on their importance to the business and current circumstances.

The following key functions outline the role of the Audit Committee:

- Make recommendations to Council in respect of major decisions proposed by the Executive affecting FFB's risk profile or exposure.
- Monitor the management of fundamental and significant risks to reduce the likelihood and impact of adverse risk events occurring.
- Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- Annually review FFB's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

The Audit Committee's Terms of Reference were updated during the year to reflect the model terms of reference within the Audit Committee Handbook as issued by HM Treasury in March 2007.

During the year, all members of the Audit Committee attended the 'Best Practice for Audit Committees in Government' conference.

## Risk management and risk strategy

FFB's annual review of its approach to risk management took account of the implications of the decision to delayer the organisation by abolishing the three Director-level posts. Following this review, FFB's approach to risk management is as follows:

- Clear responsibilities for the Audit Committee, which considers risk management at each meeting; Council; and FFB staff;
- At the corporate level, focus on a smaller list of significant risks to the organisation as a whole, with a clearly identified Risk Owner (usually the Chief Executive) and Risk Manager (usually one or more FFB Managers) for these risks;
- Individual FFB teams are responsible for managing risks within their own areas, escalating as necessary;

- Corporate risks are formally reviewed every quarter, including progress reports on actions identified against individual risks;
- FFB makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.

The Audit Committee advises the Accounting Officer and Council on:

- The strategic processes for risk, control and governance and the Statement on Internal Control.
- The accounting policies, the accounts, and the Annual Report of FFB, levels of error identified, and management's Letter of Representation to the External Auditors.
- The planned activity, findings and all relevant reports by the Comptroller and Auditor General, Defra Internal Audit and Head of Internal Audit.
- The adequacy of management responses to issues identified in reports by Internal Audit. These are to Government Internal Audit Standards and include their independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement (the Council believes that the resources of FFB will not currently sustain an in-house internal auditor and consequently outsource this function).
- The adequacy of management responses to issues in External Auditor's management letter.

### Strategy and planning

The strategic direction of the organisation is reviewed annually by Council each June. This review and others, relating to particular areas of activity, forms the basis for the detailed annual operational plans which are presented to Council each March and, once agreed with Defra, implemented in the following year.

FFB works closely with Defra and the devolved administrations, each of which is invited to be represented at the quarterly Council meetings as well as at quarterly performance review meetings with the Chief Executive. FFB operates in accordance with direction from Defra and is subject to regular formal review.

In October each year, budget holders are required to forecast year end figures for their department and also draw up an Annual Budget for the coming year, with

consideration towards the Corporate Plan. The figures are consolidated and year end forecasts are compared to the current year budget and also to the Annual Budget and Corporate Plan for the coming year. This is then discussed by the Executive and the Finance Manager and if necessary individual budget holders. The Annual Budget is submitted to Council at its March meeting for approval and individual budget holders are issued with their budgets for the coming year.

### Performance management

Objectives and key targets are set and agreed with Defra as part of FFB's corporate and operational planning process.

A database of management information and accounting systems is in operation, which enables FFB to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the agreed Corporate Plan and Operational Plan.

Management accounts are prepared each month by the Finance Manager and reviewed by the Chief Executive prior to being issued internally and to Defra.

At the end of the month following each quarter, FFB submits to Defra and the devolved administrations a full report of its performance against the targets in its Operational Plan.

Staff work objectives are linked to the key targets outlined previously in the Management Commentary. For Risk Owners and Risk Managers, work objectives are also linked to the effective management of the risks assigned to those individuals.

The performance targets are specific, measurable, achievable, relevant and time-limited. The setting of corporate bonus targets, which are stretch targets, across different areas of the organisation, ensures good performance throughout FFB.

### Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of Internal Audit, the Management Team within FFB and comments made by the External Auditors in their management letter and other reports. Internal Audit operates to Government Internal Audit Standards and produces reports including an annual report by the Head of Internal Audit giving an independent opinion on the adequacy and effectiveness of internal control in FFB.

I have reviewed the system of control to take account of any evidence of weaknesses and to ensure they remain robust following the decision to abolish the Director-level posts. As a result, the following actions have been taken:

- Revised arrangements for financial authorisations, and new authorisation levels;
- Revised arrangements for approving FFB staff travel, and for collating information about annual leave and sickness absence;
- New requirements before FFB can formally participate in any consortium (as a result of the Euroterroirs case, discussed above in the Management Commentary).

These and other more minor changes have been incorporated into a revised Staff Handbook and revisions to the Finance Manual.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Council and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.



### John Adams

Chief Executive & Accounting Officer  
22nd May 2008

## The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament

I certify that I have audited the accounts of Food from Britain for the year ended 31 March 2008 under the Agricultural Marketing Act 1983, as amended. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These accounts have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Council, Accounting Officer and Auditor

The Council and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the accounts in accordance with the Agricultural Marketing Act 1983 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Council Members' and Accounting Officer's Responsibilities.

My responsibility is to audit the accounts and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounts give a true and fair view and whether the accounts and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Agricultural Marketing Act 1983 and HM Treasury directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Management Commentary, Annual Report and Remuneration Report, included in the Annual Report is consistent with the accounts. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if Food from Britain has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Food from Britain's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Food from Britain's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited accounts. This other information comprises the Management Commentary, Annual Report and Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounts. My responsibilities do not extend to any other information.

### Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the accounts and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Council and Accounting Officer in the preparation of the accounts, and of whether the accounting policies are most appropriate to Food from Britain's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounts and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounts and the part of the Remuneration Report to be audited.

## Opinions

In my opinion:

- the accounts give a true and fair view, in accordance with the Agricultural Marketing Act 1983 and directions made thereunder by HM Treasury, of the state of Food from Britain's affairs as at 31 March 2008 and of its deficit for the year then ended;
- the accounts and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Agricultural Marketing Act 1983 and HM Treasury directions made thereunder; and
- information, which comprises the Management Commentary, Annual Report and Remuneration Report, included within the Annual Report, is consistent with the accounts.

### Opinion on Regularity

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

### Emphasis of Matter

Without qualifying my opinion, I draw attention to Note 1 of the accounts. Food from Britain is due to close in its existing form on 31 March 2009. As a consequence, the Council and Chief Executive do not consider Food from Britain to be a going concern and instead the accounts have been prepared on a discontinued basis and the Council has reviewed all assets and liabilities to ensure that they are appropriately valued at 31 March 2008.

## Report

I have no observations to make on these accounts.

### T J Burr

Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS  
29th May 2008

# Income and Expenditure Account

for the year ended 31st March 2008

	Note	2007-08 £	2006-07 £
<b>Income</b>			
Exhibitions and Events	3	1,846,698	1,996,856
Other activities	7	703,335	705,560
<b>Total income</b>		<b>2,550,033</b>	<b>2,702,416</b>
<b>Expenditure</b>			
International Network	4	(2,344,286)	(2,466,413)
Exhibitions and Events	3	(1,846,420)	(2,011,903)
Regional Food Activity	5	(1,346,435)	(1,251,761)
Other activities	7	(1,387,452)	(1,591,927)
<b>Operating expenditure</b>		<b>(6,924,593)</b>	<b>(7,322,004)</b>
Staff costs	9	(933,757)	(811,189)
Administrative costs	10	(1,186,353)	(686,882)
<b>Total expenditure</b>		<b>(9,044,703)</b>	<b>(8,820,075)</b>
<b>Net expenditure</b>		<b>(6,494,670)</b>	<b>(6,117,659)</b>
Other finance income	8	280,974	272,815
Notional cost of capital		(46,463)	(70,520)
<b>Net expenditure on ordinary activities before taxation</b>		<b>(6,260,159)</b>	<b>(5,915,364)</b>
Taxation	11	(18,195)	(16,875)
<b>Net expenditure on ordinary activities after taxation</b>		<b>(6,278,354)</b>	<b>(5,932,239)</b>
Reversal of notional cost of capital		46,463	70,520
<b>Retained deficit for the year</b>		<b>(6,231,891)</b>	<b>(5,861,719)</b>
All income and expenditure relates to continuing operations.			
<b>Statement of Recognised Gains and Losses</b>			
Pension actuarial loss	17	(213,573)	(1,392,195)
Capital Grant to purchase fixed assets	17	20,475	48,695
Depreciation and loss on disposals	17	(42,258)	(53,755)
<b>Total</b>		<b>(235,356)</b>	<b>(1,397,255)</b>

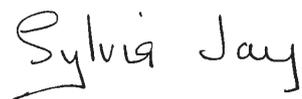
The notes on pages 18 to 28 form an integral part of the accounts.

# Balance Sheet

as at 31st March 2008

	Note	2007-08 £	2006-07 £
<b>Fixed assets</b>			
Tangible assets	12	41,998	63,781
<b>Current assets</b>			
Debtors	13	535,257	423,819
Cash at bank and in hand	20	1,242,966	1,626,826
		1,778,223	2,050,645
<b>Current liabilities</b>			
Amounts falling due within one year	14	(847,662)	(1,050,957)
Net current assets		930,561	999,688
Pension asset	18	282,000	337,000
Provisions for liabilities and charges	15	(571,061)	(215,124)
Net total assets		683,498	1,185,345
<b>Financed by</b>			
General Reserve	17	359,500	784,564
Pension Reserve	17	282,000	337,000
Government Grant Reserve	17	41,998	63,781
		683,498	1,185,345

The accounts were approved by the Audit Committee on behalf of Council on 22nd May 2008.  
Signed on behalf of the Council



Lady Jay (Sylvia) CBE, Chairman



John Adams, Chief Executive and Accounting Officer

The notes on pages 18 to 28 form an integral part of the accounts.

# Cash Flow Statement

for the year ended 31st March 2008

	Note	2007-08 £	2006-07 £
<b>Reconciliation of net expenditure to net cash outflow from operating activities:</b>			
Net expenditure		(6,494,670)	(6,117,659)
Pension service costs		31,427	(61,195)
Increase in debtors		(111,438)	(26,504)
Increase in creditors		151,322	116,522
Net cash outflow from operating activities		(6,423,359)	(6,088,836)
<b>Returns on investments and servicing of finance</b>			
Interest received		90,974	88,815
<b>Taxation</b>			
Corporation tax paid		(16,875)	(13,843)
<b>Financing</b>			
Grant-in-aid from Defra	2	5,965,400	5,965,400
Transfer to liquid reserves		400,000	–
Increase/(Decrease) in cash		16,140	(48,464)
<b>Reconciliation of net cash flow to movement in net funds:</b>			
Increase/(Decrease) in cash		16,140	(48,464)
Transfer from liquid reserves		(400,000)	–
Net funds at 1st April		1,626,826	1,675,290
Net funds at 31st March	20	1,242,966	1,626,826

The notes on pages 18 to 28 form an integral part of the accounts.

# Notes to the Accounts

## 1. ACCOUNTING POLICIES

### Basis of accounting

These accounts have been prepared in the form directed by Defra, the Minister for Environment and Rural Development in Scotland, the Minister for Environment, Planning and Countryside for Wales and the Department for Agriculture and Rural Development in Northern Ireland ('the Ministers'), with the approval of HM Treasury in accordance with the Agricultural Marketing Act 1983, as amended. The accounts are prepared in accordance with generally accepted accounting practice in the United Kingdom (UK GAAP) and the Companies Act requirements, the disclosure and accounting requirements contained in HM Treasury's *Fees and Charges Guide*, and the accounting and disclosure requirements given in *Managing Public Money* and in the *Financial Reporting Manual (FReM)*, insofar as these are appropriate to FFB and are in force for the financial year for which the accounts are prepared.

### Going Concern

FFB is due to close in its existing form on 31st March 2009. As a result, these accounts have been prepared on a discontinued basis as FFB is not deemed by Council to be a going concern. The accounts have been prepared, to the fullest extent possible, in line with generally accepted accounting practice in the United Kingdom (UK GAAP) and the accounting and disclosure requirements given in the *Financial Reporting Manual (FReM)*, and represent a true and fair view of FFB's activities during the year.

Council has reviewed all assets and liabilities to ensure that they have been appropriately valued as at 31st March 2008.

### Grant-in-aid and Grants

Grant-in-aid and Grant received used to finance activities and expenditure which support the statutory and other objectives of FFB are treated as financing, credited to the General Reserve, because they are regarded as contributions from a controlling party.

Grant relating to capital expenditure used to acquire specific capital items is credited to the Government Grant Reserve. It is released to expenditure over the expected useful life of the asset it has been used to acquire and an equal amount transferred from the Government Grant Reserve is released to match this expenditure.

### Income recognition

All income is recognised net of VAT and trade discounts.

### Income and expenditure account surplus

The present directive, issued by Defra in respect of receipts other than government grants, stipulates that a surplus may only arise where actual cash receipts are in excess of budgeted cash receipts for any financial year. This surplus may be used to finance further expenditure or be credited to the General Reserve for use in subsequent financial years.

### Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation. FFB considers this basis of valuation appropriate in view of the low value of fixed assets and does not consider restating the fixed assets at current value would materially alter the financial position.

### Depreciation

Depreciation is provided against tangible fixed assets on a straight-line basis at rates calculated to write off the cost, less estimated residual value, over the expected useful life of the asset at the following annual rates:

Fixtures and fittings	20%
Office equipment	20%
Computer equipment	33%

Given the decision to close FFB in its existing form, management have reviewed the difference in depreciation charge using the above rates and depreciating the assets over the remaining useful economic life of 2 years. The difference would not materially alter the financial position.

### Leased assets

Rental costs under operating leases are charged to the Income and Expenditure Account in equal amounts over the term of the lease.

### Pension costs

FFB operates a defined benefit pension scheme for all employees in post prior to September 2007, whereby pensions are provided through a contracted out final salary scheme invested with and administered by Clerical Medical. The pension charge for the year has been calculated by an independent qualified actuary in accordance with FRS17, as explained further in Note 18.

### Foreign exchange

Transactions in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated at the rates ruling at that date. Translation differences are dealt with through the Income and Expenditure Account.

### Liquid reserves

All liquid reserves are in the form of cash and deposits repayable on demand with any financial institutions.

### Financial instruments

FFB has no borrowings and relies primarily on Defra grants for its cash requirements and is therefore not exposed to liquidity risks. All material assets and liabilities are denominated in sterling so it is not exposed to currency risk.

### Cost of capital

The cost of capital represents the opportunity cost to the Exchequer of assets used by FFB and is calculated at HM Treasury's set rate of 3.5% (2006-07: 3.5%) on averaged net total assets excluding provisions.

	2007-08	2006-07
	£	£
<b>2. GOVERNMENT GRANTS</b>		
Grant-in-aid from Defra	4,965,400	4,965,400
Additional Grant-in-aid funding from Defra for Regional Food activity (Note 5)	1,000,000	1,000,000
<b>Total</b>	<b>5,965,400</b>	<b>5,965,400</b>

### 3. EXHIBITIONS AND EVENTS

FFB provides a comprehensive exhibition programme offering a diverse range of events for UK exporters in both established and developing markets. FFB obtains financial support in the form of TAP grants for exhibitors from UK Trade and Investment (UKT&I) where possible and itself receives a management fee.

	2007-08	2006-07
	£	£
Grants receivable from UKT&I for exhibitors	190,800	270,000
Grants receivable from UKT&I for FFB	51,800	80,000
Total grant income from UKT&I	242,600	350,000
Income from exhibitors and delegates	1,604,098	1,646,856
<b>Total income</b>	<b>1,846,698</b>	<b>1,996,856</b>
UKT&I grants payable to exhibitors	190,800	270,000
Staff costs allocated (Note 9)	181,724	209,223
Other costs	1,473,896	1,532,680
<b>Total expenditure</b>	<b>1,846,420</b>	<b>2,011,903</b>

### 4. INTERNATIONAL NETWORK

FFB operates in the major export markets through carefully selected partners who carry the FFB name and provide expertise and a centre of excellence available to UK exporters or potential exporters. Under the terms of the contracts in place from 1st April 2007, each office is paid a fee by FFB to cover an agreed level of management resourcing.

The services of the offices are available to FFB clients on a commercial basis and the offices earn consultancy revenue. In addition, each office submits proposals to FFB for funding in support of specific projects designed to promote UK exports in the markets concerned. In order to receive funding, the offices are usually required to demonstrate matched funding from third parties.

These offices are not consolidated in the accounts in line with the requirements of the FReM as FFB do not exercise budgetary control over these offices.

## Notes to the Accounts

	2007-08	2007-08	2007-08	2006-07
	Fees	Projects	Total	Total
	£	£	£	£
<b>Total fees and project funding paid to the International Network</b>				
Belgium	170,000	104,888	274,888	262,256
France	170,000	147,938	317,938	349,532
Germany/Switzerland/Austria	170,000	105,522	275,522	333,622
Italy	170,000	150,104	320,104	300,994
Nordic	170,000	82,084	252,084	262,744
North America	170,000	46,695	216,695	265,235
Portugal	50,000	16,977	66,977	73,732
Spain	170,000	126,890	296,890	286,313
The Netherlands	170,000	153,188	323,188	331,985
<b>Total</b>	<b>1,410,000</b>	<b>934,286</b>	<b>2,344,286</b>	<b>2,466,413</b>

### 5. REGIONAL FOOD ACTIVITY

As part of the government's Strategy for Sustainable Farming and Food, Defra granted FFB additional funding of £1m per annum for a minimum of three years commencing 2003-04. Following an evaluation of the strategy during 2006-07, this was extended for a further two years to the end of 2007-08, again with additional funding of £1m in each year. This additional funding enabled FFB to deliver key growth targets for the sector developed from the government's strategy for regional food and drink designed to encourage and develop a flourishing, high-quality regional foods sector in England. Expenditure during the year amounted to £1.35m (2006-07: £1.25m).

### 6. FAST TRACK

Fast Track is the membership arm of FFB and provides a range of benefits to help companies develop food and drink export business. At 31st March 2008, there were 168 members (2007: 170), of whom 43 members (2007: 47) joined during the year. Subscriptions from members amounted to £234,290 (2006-07: £222,500) as included in Note 7 below. In addition to the expenditure included in Note 7 below, Fast Track members also receive Preliminary Market Assessments, the cost of providing which form part of the contracted fee with the International Network, as included in Note 4 above.

	2007-08	2007-08	2007-08	2006-07
	Income	Expenditure	Net	Net
	£	£	£	£
<b>7. OTHER ACTIVITIES</b>				
Fast Track (Note 6)	234,290	(112,303)	121,987	99,431
Research and Marketing Services	387,358	(380,053)	7,305	(53,420)
Development Markets	74,973	(331,321)	(256,348)	(273,649)
Client Development	–	(399,628)	(399,628)	(374,359)
Corporate Communications	–	(164,147)	(164,147)	(284,370)
Other	6,714	–	6,714	–
<b>Total</b>	<b>703,335</b>	<b>(1,387,452)</b>	<b>(684,117)</b>	<b>(886,367)</b>

<b>8. OTHER FINANCE INCOME</b>	2007-08 £	2006-07 £
Bank interest receivable	90,974	88,815
Pension fund interest receivable (Note 18)	190,000	184,000
<b>Total</b>	<b>280,974</b>	<b>272,815</b>

<b>9. STAFF COSTS</b>	2007-08 £	2006-07 £
Council Members' remuneration (Note 9b)	77,190	73,455
Staff salaries including bonus payments, redundancy payments and payments in lieu of notice*	1,534,001	1,362,220
Social security costs	97,848	121,533
Pension service costs (Note 18)	293,000	243,000
Pension service costs**	6,404	–
<b>Total</b>	<b>2,008,443</b>	<b>1,800,208</b>

\*Includes redundancy payments and payment in lieu of notice to Directors totaling £477,946 (2006-07 £151,736), details of which are included in Note 9c. The unpaid element as at 31st March has been provided for in Note 15.

\*\* Represents payment to the Chief Executive, John Adams, who is not a member of the Retirement Benefits Scheme. The cost represents 9% of pensionable salary.

In pursuance of activity-based costing, staff costs have been allocated to activities as follows:

	2007-08 £	2006-07 £
Exhibitions and Events	181,724	209,223
Development Markets	154,866	134,126
Research and Marketing Services	119,176	140,452
Fast Track	32,129	27,893
Client Development	207,604	181,175
Corporate Communications	85,706	80,577
Regional Food Activity	293,481	215,573
<b>Allocated to operating expenditure</b>	<b>1,074,686</b>	<b>989,019</b>
Council	83,183	79,303
Chief Executive's Office	159,742	382,377
Finance & Administration	342,311	292,139
International Office Management	348,521	57,370
<b>Allocated as overhead expenditure</b>	<b>933,757</b>	<b>811,189</b>
<b>Grand total</b>	<b>2,008,443</b>	<b>1,800,208</b>

## Notes to the Accounts

(a) The average number of employees and Council Members during the year was	2007-08	2006-07
Employees	26	28
Council Members	11	12
<b>Total</b>	<b>37</b>	<b>40</b>

(b) Council Members' remuneration	2007-08 £	2006-07 £
Lady Jay (Sylvia) CBE	52,049	50,730
David Baines	–	600
Timothy Bennett	2,541	1,800
John Bevington	4,043	2,025
Vincent Craig	3,003	2,700
David Croisdale-Appleby	2,541	2,250
David Dobbin CBE	1,848	1,800
Christine Dunn	1,848	2,025
Marie Francis OBE	2,079	2,250
C. Paul Grant MBE	–	1,350
Alan Hardie	2,310	2,250
Christine Lewis OBE	–	1,350
Ian Martin	2,541	975
Brian Morgan (appointed December 2007)	770	–
Carolyn Newman	–	600
Julian Wild	1,617	750
<b>Total</b>	<b>77,190</b>	<b>73,455</b>

### (c) Directors' remuneration

The emoluments of the Directors, none of whom is a Council Member, were as follows:

Year to 31st March 2008	Salary £	Bonus £	Car allowance £	Benefit in kind – motor vehicle £	Redundancy and payment in lieu of notice £	2007-08 Total £	2006-07 Total £
John Adams	71,154	–	3,415	–	–	74,569	–
David McNair	19,731	–	768	–	4,852	25,351	258,149
Anne Kynaston	61,902	–	–	–	28,550	90,452	66,733
Charlotte Lawson	46,124	–	–	–	169,747	215,871	79,308
Simon Waring	53,857	–	–	4,448	274,797	333,102	99,841
<b>Total</b>	<b>252,768</b>	<b>–</b>	<b>4,183</b>	<b>4,448</b>	<b>477,946</b>	<b>739,345</b>	<b>504,031</b>

No bonus payments are payable to any of the above.

<b>(d) Directors' pensions</b>	<b>Increase in accrued pension for year to 31st March 2008</b>	<b>Accrued annual pension entitlement at 31st March 2008</b>
David McNair	1,880	15,510
Anne Kynaston	1,158	5,184
Charlotte Lawson	1,609	14,169
Simon Waring	2,265	25,776

These pension arrangements are the same as those for all other employees who are members of the scheme. The total accrued pension shown above is that which would be paid annually on retirement based on service to March 2008. The increase in accrued pension during the year excludes any increase for inflation. Employer's contributions of 30% and employee contributions of 1.5% of gross salary were paid during the year (2006-07: 30% and 1.5% respectively). Until March 2006, members of the scheme had the option to pay Additional Voluntary Contributions. No benefits arising from those contributions or from amounts transferred into the scheme are included in the above table.

<b>10. ADMINISTRATIVE COSTS</b>	<b>2007-08 £</b>	<b>2006-07 £</b>
<b>Include the following:</b>		
Auditors' remuneration – for audit services	<b>20,000</b>	17,000
Other operating lease	<b>183,177</b>	183,177
Increase in provision for operating lease (Note 15)	<b>380,000</b>	-
Increase in provision for Euroterrors (Note 15)	<b>81,136</b>	-
Depreciation and loss on fixed assets (Note 12)	<b>42,258</b>	53,755
Release from Government Grant Reserve (Note 17)	<b>(42,258)</b>	(53,755)
Net exchange losses	<b>898</b>	3,051

<b>11. TAXATION</b>	<b>2007-08 £</b>	<b>2006-07 £</b>
Corporation tax on interest receivable @20% (2006-07 19%)	<b>18,195</b>	16,875
Taxation for the current year	<b>18,195</b>	16,875

## Notes to the Accounts

<b>12. TANGIBLE FIXED ASSETS</b>	Motor vehicle £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1st April 2007	28,271	127,051	46,369	158,814	360,505
Additions	–	159	266	20,050	20,475
Disposals	(28,271)	–	–	(8,286)	(36,557)
At 31st March 2008	–	127,210	46,635	170,578	344,423
<b>Depreciation</b>					
At 1st April 2007	28,271	103,949	35,492	129,012	296,724
Charge for the period	–	9,415	2,822	29,778	42,015
Disposals	(28,271)	–	–	(8,043)	(36,314)
At 31st March 2008	–	113,364	38,314	150,747	302,425
<b>Net book value</b>					
At 31st March 2008	–	13,846	8,321	19,831	41,998
At 31st March 2007	–	23,102	10,877	29,802	63,781

### Disposals of fixed assets acquired with Grant-in-aid

Fixed assets with a net book value of £243 (2006-07: £759) were disposed of during the year. These amounts have been released from the Government Grant Reserve (Note 17).

<b>13. DEBTORS</b>	2007-08 £	2006-07 £
Trade debtors	208,737	236,884
Other debtors	14,188	21,859
Prepayments and accrued income	312,332	165,076
<b>Total</b>	<b>535,257</b>	423,819

<b>14. CREDITORS</b>	2007-08 £	2006-07 £
Trade creditors	382,206	436,324
Corporation Tax	18,195	16,875
Other creditors	989	1,108
Accruals and deferred income	446,272	596,650
<b>Total</b>	<b>847,662</b>	1,050,957

## 15. PROVISIONS FOR LIABILITIES AND CHARGES

	ACPs	Operating lease	Euroterroirs	Redundancy and payment in lieu of notice	2007-08 Total
	£	£	£	£	£
As at 1st April	63,388	–	–	151,736	215,124
Liability discharged in year	(41,038)	–	–	(151,736)	(192,774)
(Decrease)/Increase in provision	(10)	380,000	81,136	87,585	548,711
As at 31st March	22,340	380,000	81,136	87,585	571,061

### Annual Compensation Payments (ACPs)

Under FFB's previous terms and conditions of employment, certain personnel who were made redundant in 1989 and 1990 were eligible for Annual Compensation Payments up to their normal retirement age. These payments are increased each year to reflect movements in the Retail Price Index. Based on current levels of payment and inflation expectations, there is an estimated maximum future liability of £22,340 which falls due within one year.

### Operating lease

FFB's office lease does not expire until 31st March 2011, this is a non-negotiable lease and FFB has a liability to pay the annual charge of £190,000 until this date. As a result of the announced closure of FFB in its existing form on 31st March 2009, management has provided for the lease payments due to be made after this date.

### Euroterroirs

FFB was a founder member of a European Economic Interest Grouping called Euroterroirs, set up in 1993 to add value to European food products. In November 1993 the European Commission (EC) awarded Euroterroirs a grant of up to 740,694 Euro towards the cost of carrying out a study relating to a European heritage inventory of typical regional agricultural and food products. This funding went direct to Euroterroirs; FFB (and the other members) did not themselves benefit. Subsequent inspection visits carried out by the EC and external auditors found various irregularities concerning the execution of the project and grant claims. As a result the EC issued a decision in August 2000 cancelling the aid granted to Euroterroirs and requiring it to reimburse within 60 days the 518,486 Euro that it had been paid. This decision was not communicated to FFB. As Euroterroirs failed to respond to successive requests to pay the required sum the EC issued a decision on 19th December 2006 which deemed the remaining members of Euroterroirs to be jointly and severally liable for the payment of the outstanding sum, plus interest of 236,171 Euro. The decision provided that if payment of the amount of 754,657 Euro was not made in full within 15 days of receipt of the decision recovery action would be taken in the domestic courts of the Member States in which the members of Euroterroirs were based. It also provided that interest of 118 Euro would be payable for each additional day of payment delay from 16th November 2006. A provision has therefore been made for FFB's portion (one eighth) of the total amount outstanding as at 31st March 2008.

### Redundancy and payment in lieu of notice

As a consequence of the redundancy of two members of staff during the year, redundancy amounts to £83,592 and payment in lieu of notice amounts to £3,993. The total amount, £87,585, has been provided for as at 31st March 2008 and was paid in April 2008.

## 16. CONTINGENT LIABILITIES

The outcome of the decision made by the EC, in relation to Euroterroirs, to hold the remaining members jointly and severally liable for the whole sum of 754,657 Euro plus interest accrued means that FFB could be liable for the whole balance should its co-members be unable to meet the liability. As a result, FFB has provided for its portion (one eighth) of the liability in Note 15 and records the remaining liability of £567,952 as a contingent liability.

As a result of the announced closure of FFB in its existing form on 31st March 2009, there will be redundancies payable to members of staff during 2008-09. At 31st March 2008 management had not begun formal redundancy procedures and therefore no liability has been provided for in these accounts.

## Notes to the Accounts

	General Reserve	Pension Reserve	Government Grant Reserve	2007-08 Total
	£	£	£	£
<b>17. MOVEMENT ON RESERVES</b>				
As at 1st April	784,564	337,000	63,781	<b>1,185,345</b>
(Deficit)/surplus for the year	(6,390,464)	158,573	–	<b>(6,231,891)</b>
Grant-in-aid received towards resource expenditure (Note 2)	5,965,400	–	–	<b>5,965,400</b>
Capital grant received towards purchase of fixed assets	–	–	20,475	<b>20,475</b>
Release to income and expenditure account to reflect in year depreciation of assets purchased by capital grant	–	–	(42,258)	<b>(42,258)</b>
Pension actuarial loss	–	(213,573)	–	<b>(213,573)</b>
As at 31st March	359,500	282,000	41,998	<b>683,498</b>

Gains and losses on Government Grant Reserve as well as pension actuarial adjustments have been recognised in the Statement of Recognised Gains and Losses.

## 18. PENSION COMMITMENTS

Membership of the FFB Retirement Benefits Scheme, which is a defined benefit scheme, was closed to new joiners in September 2007. The Scheme is a funded scheme and the assets of the Scheme are held in trust, separated from those of FFB. Scheme assets are invested in the Clerical Medical Balanced Fund, and invested directly on the advice of independent professional investment managers. Pension costs are assessed on the advice of an independent qualified actuary using the projected unit cost method. As the Scheme is now closed to new entrants, so the average age and hence the current service cost is likely to rise as members approach retirement age. The following assumptions have been used:

	% p.a.
a) inflation	3.00
b) investment return on the Fund, net of expenses	7.10
c) rate of increase in members' salaries	6.00
d) interest rate applying in retirement	4.75
e) rate of increase for pensions in payment and deferred pensions	3.00
f) rate used to discount scheme liabilities	7.10

The most recent full actuarial valuation of the Scheme was undertaken as at 1st April 2004 and received in February 2005. This showed that the value of the Scheme's assets amounted to £7.36m, representing 86% of the value of the benefits which had accrued to members, after allowing for projected future increases in salaries. Employer contributions at 30% of pensionable salaries and employee contributions at 1.5% of pensionable salaries were in force throughout the year. Total employer contributions paid in the year were £262k (2006-07: £304k).

### FRS17 Retirement Benefits

The valuation used for FRS17 disclosure has been based on the most recent actuarial valuation at 1st April 2004, updated by an independent qualified actuary to take account of the requirements of FRS17 in order to assess the liabilities of the scheme at 31st March 2008. The assumptions made for calculating the liabilities as at 31st March 2007 and 2008 were as follows:

	31st March 2008	31st March 2007
Inflation	3.7%	3.2%
Salary escalation	4.2%	5.2%
Increases to pensions in payment		
Where subject to Pension Increase Review Order	3.7%	3.2%
Where subject to Pension Increase Review Order, minimum 3%	4.0%	3.3%
Statutory revaluation in deferment	3.7%	3.2%
Discount rate (pre and post retirement)	6.3%	5.3%

The following figures have been rounded to the nearest £'000.

The fair value of the assets at 31st March 2007 and 31st March 2008 and the expected rate of return for each category of assets are as follows:

	£	31st March 2008	£	31st March 2007
Equities	8,069,000	8.7%	8,234,000	7.7%
Property	145,000	8.0%	114,000	7.8%
Bonds	550,000	4.5%	1,029,000	4.5%
Cash and other net assets	1,996,000	3.9%	1,935,000	4.3%
Market value of scheme assets	10,760,000		11,312,000	
Present value of scheme liabilities	(10,478,000)		(10,975,000)	
Implied surplus in the scheme	282,000		337,000	

FFB has purchased annuities in prior years which wholly or very substantially match the associated pension scheme liabilities as such and, as agreed with our actuary, these have been excluded from the market value of scheme assets and present value of scheme liabilities as noted above.

#### Statement of Recognised Gains and Losses

The amount recognised in the Statement of Recognised Gains and Losses can be analysed as follows:

	31st March 2008	31st March 2007	31st March 2006	31st March 2005	31st March 2004
Actual return less expected return on pension scheme assets	(1,177,000)	(109,000)	1,396,000	240,000	887,000
Percentage of the scheme assets	(11.0)%	(1.0)%	13.0%	2.8%	12.1%
Experience gains and losses arising on the scheme liabilities	83,000	9,000	103,000	(32,000)	96,000
Percentage of the scheme liabilities	0.8%	0.1%	1.1%	(0.4)%	1.4%
Changes in assumptions underlying the present value of the scheme liabilities	880,000	(1,292,000)	(1,116,000)	(475,000)	1,337,000
Percentage of the scheme liabilities	8.4%	(11.8)%	(12.1)%	(6.1)%	19.7%
Actuarial (loss)/gain recognised in Statement of Recognised Gains and Losses	(214,000)	(1,392,000)	383,000	(267,000)	2,320,000
Percentage of the scheme liabilities	(2.1)%	(12.7)%	4.2%	(3.4)%	34.2%

The movement in surplus during the year is as follows (unless otherwise specified, the figures calculated are based on the assumptions as at the beginning of the year):

	31st March 2008	31st March 2007
	£	£
Surplus in scheme at beginning of year	337,000	1,484,000
Movement in year:		
Current service cost	(293,000)	(243,000)
Contributions	262,000	304,000
Past service costs	-	-
Settlements and curtailments	-	-
Other finance income	190,000	184,000
Actuarial loss	(214,000)	(1,392,000)
Surplus in scheme at end of year	282,000	337,000

# Notes to the Accounts

## 19. FINANCIAL COMMITMENTS

At 31st March 2008, FFB had annual commitments as set out below:

	Land and Buildings £	Other £	2007-08 Total £	2006-07 Total £
Within 1 year	190,000	1,410,000	1,600,000	1,600,000
Within 2 to 5 years	380,000	–	380,000	5,640,000
Over 5 years	–	–	–	–
Total	570,000	1,410,000	1,980,000	7,240,000

The financial commitment for the Land and Building operating lease includes an amount of £380,000 provided for in 2007-08 relating to a non-negotiable lease expiring on 31st March 2011, as detailed in Note 15.

	At 1st April 2007 £	Cash flow £	At 31st March 2008 £
<b>20. MOVEMENT IN NET FUNDS</b>			
Cash at bank and in hand	226,826	16,140	242,966
Money on deposit	1,400,000	(400,000)	1,000,000
Total	1,626,826	(383,860)	1,242,966

## 21. RELATED PARTY TRANSACTIONS

FFB has entered into the following transactions with entities that its Council believe to be related parties:

1. Grant-in-aid has been received from Defra as disclosed in Note 2. The balance outstanding at the year end was £nil (2007: £nil).

Capital Grants of £20,475 (2006-07: £48,695) have also been received from Defra for the purchase of fixed assets. The balance outstanding at the year end was £nil (2007: £nil).

Project income of £1,000 (2006-07: £13,581) was payable during the year. The balance outstanding at the year end was £nil (2007: £nil).

2. During the year, fees totalling £1,410,000, (2006-07: £1,550,000) were paid to cover management resourcing of the International Network. Details of project funding provided to these offices are included in Note 4. The net balance due to these offices at the year-end totalled £269,206 (2007: £327,986).

3. Project income was received during the year from the following:

East of England Development Agency food and farming champion, Marie Francis OBE, was a Member of the FFB Council during the year. The amount receivable in the year was £67,125 (2006-07: £15,500) and the balance outstanding at the year end was £12,725 (2007: £15,500).

Honeytop Speciality Foods Limited Chairman, Ian Martin, was a Member of the FFB Council during the year. The amount receivable in the year was £10,630 (2006-07: £5,016) and the balance outstanding at the year end was £nil (2007: £nil).

Paterson Arran Managing Director, Alan Hardie, was a Member of the FFB Council during the year. The amount receivable in the year was £10,026 (2006-07: £16,728) and the balance outstanding at the year end was £nil (2007: £nil).

## 22. EVENTS SINCE THE BALANCE SHEET DATE

Details of events since the Balance Sheet date are included within the Management Commentary on page 9.

# FFB Council

## Chairman

Lady Jay (Sylvia) CBE

## Members

Timothy Bennett

John Bevington

Vincent Craig

David Croisdale-Appleby

David Dobbin CBE

Christine Dunn

Marie Francis OBE

Alan Hardie

Ian Martin

Brian Morgan

Appointed 1st December 2007

Julian Wild

## Audit Committee

### Chair

David Croisdale-Appleby

### Members

John Bevington

Marie Francis OBE

Ian Martin

## Remuneration Committee

### Chair

Vincent Craig

### Members

Timothy Bennett

Alan Hardie

Lady Jay (Sylvia) CBE

## Our International Services

Each International Office is led by an experienced Managing Director, supported by teams of consultants with the appropriate trade experience and technical skills to assist British exporters.

## Managing Directors, FFB International Offices

Belgium	Philip Horemans
France	Dominique Mine
Germany, Switzerland, Austria	Patricia Czerniak
Italy	Sauro Musiani
Nordic	Jakob True
North America	David Wilson
Portugal	Luis Garcia
Spain	Guillermo Alvarez de Lorenzana
The Netherlands	Pim Haasdijk



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