

Presented pursuant to Food Act 1984, c.30, s.68(5)

Home Grown Sugar Beet (Research and Education) Account 2001-2002

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Foreword

Background information

Section 68 of the Food Act 1984 (as amended) requires the Minister of Agriculture, Fisheries and Food, now the Secretary of State for the Department for Environment, Food and Rural Affairs (Defra), and the Secretary of State for Wales (the Ministers), acting jointly, to prepare for each year a programme for carrying out research and education in matters affecting the growing of home grown beet. The Act also permits the Ministers to carry the programme into effect by order, and to impose a levy on beet processors and growers to pay for it.

The Sugar Beet (Research and Education) Fund commissions both strategic and applied research with a number of organisations, but most of the work is placed with Broom's Barn Experimental Station, near Bury St Edmunds. Broom's Barn is owned by the Lawes Agricultural Trust Co. Ltd and is managed as part of the Biotechnology and Biological Sciences Research Council's (BBSRC) Institute of Arable Crops Research. It was, however, purchased with money provided by the Fund to specialise in field-related sugar beet research.

At the end of March 1999, the Sugar Beet Research and Education Committee (SBREC), that was appointed to advise the Ministers in preparing the programme, was wound up. For the purposes of future research, the Committee was replaced by a new body, the British Beet Research Organisation (BBRO), established in February 2000 and jointly funded and administered by British Sugar plc and sugar beet growers (see Operational details).

Operational details

As stated, 1999-2000 was the final year for which the SBREC agreed a research plan. An Agreement reached between the Ministers and the BBRO came into force on 1 April 2000. This Agreement will be in force until six months after the end of the financial year in which the last of the remaining Fund money is spent. Key elements of the Agreement that apply to these accounts are

The Minister was supplied with, and approved, a draft annual programme of research and education provided by the BBRO; after all contributions under the 1999 Statutory Instrument (SI) were collected, 90% of the Fund was transferred to the BBRO; the remaining 10% will be transferred to the BBRO once all final expenditure covering the remaining SBREC programme, and related expenses covering the administration of the Sugar Beet (Research and Education) Fund (SBREF), are confirmed to have been paid; the transferred Fund money can only be used for projects approved by the Minister. The Minister received unaudited statements of all transactions each month.

Review of activities and priorities

The programme covered by the period of this account was set out in the Schedule to the Sugar Beet (Research and Education) Order made on 18 February 1999 (SI 1999 No. 415) under which final payments remained outstanding as at 1 April 2000. Payments were made from the 90% portion of SBREF funds transferred to the BBRO in the financial year 2000-2001. Additional payments totalling £125,000 were paid to the BBRO during 2001-2002. Research included work on agronomy, physiology, exploitation of new chemistry, nutrition, pest and disease control, seed treatment trials, soil cultivation strategies, herbicide and fertiliser trials, variety trials, machinery development, crop husbandry, precision farming, aphid investigations, nitrogen and heavy metals in pig manure, potassium in farm manures, chitin control of pests and diseases, machinery development and reducing post-harvest sugar losses in storage. Education and advice were also given to growers, through publications, films, demonstrations and public meetings.

These are the final accounts of the Fund. In accordance with an existing agreement between BBRO and MAFF (now Defra), BBRO provided the Minister with a full set of their accounts for the financial year 2001-2002. This provided the Minister with additional transparency for the use of the transferred fund during this final accounting year.

Financial position of the Fund

In 2001-2002 the General Fund decreased by £1,082,596 from £1,003,694 to £78,902. This is commensurate with winding down activities.

As at 31 March 2002, the Fund's known liabilities amounted to £78,902.

Sir Brian Bender
Accounting Officer for the Department
for Environment, Food and Rural Affairs

16 September 2005

Statement of Accounting Officer's responsibilities

Under section 68(5) of the Food Act 1984 the Minister of Agriculture, Fisheries and Food, now the Secretary of State for the Department for Environment, Food and Rural Affairs, is required to prepare a statement of account showing the income and expenditure of the Home Grown Sugar Beet (Research and Education) Fund. The Accounts are prepared on an accruals basis to show a true and fair view of the Fund's state of affairs at the year end and of its income and expenditure and cash flow for the financial year.

The Secretary of State has designated the Accounting Officer for the Department for Environment, Food and Rural Affairs as Accounting Officer for the Fund. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Government Accounting (HMSO).

Sir Brian Bender
Accounting Officer for the Department
for Environment, Food and Rural Affairs

16 September 2005

Statement on Internal Control

As Accounting Officer, I have the responsibility for maintaining a sound system of internal control which supports the achievement of departmental policies, aims and objectives as set by the Department's Ministers whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The system of internal control is designed to manage rather than eliminate the 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 the principal risks to the achievement of departmental policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2002 and up to the date of approval of the annual report and accounts, and it accords with HM Treasury guidance.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control.

During the handover of funds to the British Beet Research Organisation (BBRO), the achievement of departmental policies and objectives was managed by

- an agreement between the Secretary of State for Defra and the BBRO for procedures to be put in place to manage risk and provide a framework for internal control; and
- the supply of monthly reports to the Secretary of State for Defra, to ensure a continuous assessment of the effectiveness of the internal controls in place.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and of the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

The Department has applied the following processes in maintaining and reviewing the effectiveness of the system of internal control

- the Defra Management Board which meets regularly to consider the plans and strategic direction of the Department. The Board comprises the senior members of the Department and three external members;
- an Audit and Risk Committee which is a sub-committee of the Board. It considers the adequacy of audit arrangements (internal and external) and the implications of assurances provided in respect of risk and control in the organisation; and
- regular reports by internal audit, to Government Internal Audit Standards, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations of improvement.

Sir Brian Bender
Accounting Officer for the Department
for Environment, Food and Rural Affairs

16 September 2005

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Members of the National Assembly for Wales

I certify that I have audited the financial statements on pages 8 to 14 under Section 68 of the Food Act 1984 as extended by the National Assembly for Wales (Transfer of Functions) Order 1999. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 11.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 4, the Accounting Officer is responsible for the preparation of the financial statements in accordance with Section 68 of the Food Act 1984 (as amended) and Ministerial directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Section 68 of the Food Act 1984 as extended by the National Assembly for Wales (Transfer of Functions) Order 1999, and ministerial directions made thereunder, and 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Fund has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 5 reflects the Fund's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Fund's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund'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 financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of Home Grown Sugar Beet (Research and Education) Fund at 31 March 2002 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with Section 68 of the Food Act 1984 as extended by the National Assembly for Wales (Transfer of Functions) Order 1999 and directions made thereunder by Ministers; and
- 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.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

22 September 2005

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Income and Expenditure Account for the year ended 31 March 2002

	Notes	2001-2002		Restated 2000-2001
		£	£	£
Operating income				
Income from statutory contributions	2	0	18,924	
Other operating income	3	0	5,251	
Total operating income			0	24,175
Operating expenditure				
Grants to research establishments	4	(1,088,887)	(1,600,435)	
Grants to British Sugar plc	4	(13,569)	(615,020)	
General expenses	5	(10,431)	(13,630)	
National Debt Office management fees		0	(3,500)	
Bank charges		(774)	(741)	
Total operating expenditure		(1,113,661)		(2,233,326)
Net expenditure from operating activities			(1,113,661)	(2,209,151)
<i>Return on investments</i>				
Interest	6	31,065	116,295	
<i>Management of liquid resources</i>				
Loss on realisation of investments		0	(12,385)	
Income from other ordinary activities		31,065		103,910
Taxation on investment interest		0		(4,182)
Net expenditure from ordinary activities		(1,082,596)		(2,109,423)

The Income and Expenditure account reflects the total recognised gains and losses, and movement in funds. Separate statements have not been prepared.

The notes on pages 11 to 14 form part of these accounts.

Balance Sheet as at 31 March 2002

	Notes	2001-2002		Restated 2000-2001	
		£	£	£	£
Current assets					
Debtors	7	0		84,242	
Cash at bank	8	0		1,539,200	
			0		1,623,442
Current liabilities					
Creditors within one year	9	(19,794)		(619,748)	
Bank overdraft	8	(59,108)		0	
			(78,902)		(619,748)
Total assets less current liabilities			(78,902)		1,003,694
Financed by					
General Fund as at the start of the financial year			1,003,694		3,113,117
Deficit from ordinary activities for the financial year			(1,082,596)		(2,109,423)
General Fund as at the end of the financial year			(78,902)		1,003,694

Sir Brian Bender
Accounting Officer for the Department
for Environment, Food and Rural Affairs

16 September 2005

The notes on pages 11 to 14 form part of these accounts.

Cash Flow Statement for the year ended 31 March 2002

	2001-2002	Restated 2000-2001
	£	£
Net cash outflow from operating activities (note i)	(1,708,101)	(2,500,630)
Returns on investments and servicing of finance (note ii)	109,793	57,190
Management of liquid resources (note iii)	0	1,800,079
(Decrease)/increase in cash	(1,598,308)	(643,361)

Notes to the Cash Flow Statement

Note i: Reconciliation of operating cost to net cash outflow from operating activities

	2001-2002	2000-2001
	£	£
Surplus/(deficit) from operations	(1,113,661)	(2,209,151)
Decrease/(increase) in debtors*	5,514	85,173
(Decrease)/increase in creditors	(599,954)	(376,652)
Net cash outflow from operating activities	(1,708,101)	(2,500,630)

* Debtors, in this context, excludes accrued interest on investments (see note 7).

Note ii: Returns on investment and servicing of finance

	2001-2002	2000-2001
	£	£
National Investment and Loans Office	0	40,326
Barclays: short term investments	109,793	21,046
Taxation on investment	0	(4,182)
Net cash flow from interest received	109,793	57,190

Note iii: Management of liquid resources

	2001-2002	2000-2001
	£	£
Receipts from the sale of investments	0	1,827,083
Payments for the purchase of investments	0	(27,004)
Net cash flow from investing activities	0	1,800,079

The notes on pages 11 to 14 form part of these accounts.

Notes to the Accounts

1 Principal accounting policies

i Accounting principles

Without limiting the information given, the Accounts meet the accounting and disclosure requirements of the Companies Act and accounting standards issued or adopted by the Accounting Standards Board, so far as those requirements are appropriate. (All figures are rounded to the nearest pound).

An Agreement between the Minister of Agriculture, Fisheries and Food (MAFF), now the Secretary of State of the Department for Environment, Food and Rural Affairs (Defra) and the British Beet Research Organisation (BBRO) allowed for the transfer to and management of the Fund by the BBRO. The Agreement was effective from 1 April 2000 until the earlier of; the last of the money remaining in the Fund is spent at which point the Fund will cease or new legislation repealing obligations under Section 68 is passed.

These accounts have not been prepared on a going concern basis because the decision had previously been made to wind up the Fund. The transferred Fund was exhausted during the period under review. No revaluation of assets and liabilities was deemed necessary. Before the decision to wind up was made, Defra undertook to retain funds to meet obligations arising before its management transferred to the BBRO. Once the funds had been exhausted, the BBRO would pay grants to research establishments from its own resources.

ii Valuation of assets

Investments (temporary loans and other marketable securities) are valued at historic cost.

iii Related party transactions

British Sugar plc is a guarantor of the BBRO under the constitution of that company. Under Section 68 of the Food Act 1984, British Sugar plc match the levies of beet growers. No levy was collected during the year.

British Sugar plc also applies to the BBRO for grants to fund its sugar beet related project work. The merit of their proposals (and those of other contractors) is assessed by the BBRO scientific staff and grants are paid on the basis of the results of these assessments. During the period under review, £13,569 was paid to British Sugar by way of grants.

2 Income from statutory contributions

There were no statutory contributions made for 2001-2002.

	2001-2002	2000-2001
	£	£
Statutory contributions	0	18,924

3 Other operating income

	2001-2002	2000-2001
	£	£
CSL Antibody sales	0	5,251
	0	5,251

4 Grants to research establishments

Grants to research establishments are usually paid in four instalments. Three are paid before the end of the year, the balance is payable on receipt of a final statement of account. The exceptions are Broom's Barn Experimental Station, where the estimated final instalment is paid before the end of the financial year, and British Sugar plc's Holmewood Hall establishment, where the total payment is made on receipt of a final statement of account.

	2001-2002	Restated 2000-2001
	£	£
Broom's Barn Experimental Station	792,757	1,141,799
Morley Research Centre	16,525	32,074
National Institute of Agricultural Botany, Cambridge	124,176	154,621
Rothamsted Experimental Station	56,175	104,056
Silsoe Research Institute	4,179	8,964
ADAS, Terrington Research Centre	24,369	28,276
ADAS, High Mowthorpe	7,452	17,853
Central Science Laboratory, Harpenden	33,764	66,103
Harper Adams University	25,747	46,689
University of Hertfordshire	3,743	0
	1,088,887	1,600,435
British Sugar plc	13,569	615,020

5 General expenses

	2001-2002	2000-2001
	£	£
Creditors written off	(5,377)	0
Project officer	0	2,862
Committee travel and subsistence expenses	0	1,268
Defra administration and accountancy fee	5,794	5,000
National Audit Office audit fee	4,500	4,500
Bad debt expense	5,514	0
	10,431	13,630

6 Investments

i Funds transferred to the BBRO

Funds which are not required immediately are deposited in a Barclays Treasury Account that yields high interest.

ii Interest

	2001-2002	2000-2001
	£	£
Interest receivable on annual deposit account	0	78,728
Interest received on annual deposit account	31,065	0
Interest received on other short investments (Defra)	0	16,521
Interest received on other short investments (BBRO)	0	21,046
	31,065	116,295

7 Debtors

	2001-2002	2000-2001
	£	£
Miscellaneous debtors - IIRB subscriptions recoverable	0	263
Miscellaneous Antibody sales	0	5,251
Sub-total	0	5,514
Bank interest receivable	0	78,728
Total debtors	0	84,242

The debtors for both IIRB subscriptions and Miscellaneous antibody sales, totalling £5,514, were written off during the reporting period. Both had been outstanding from 1999-2000 and are deemed to be non recoverable.

8 Cash at bank as at 31 March

	2001-2002	2000-2001
	£	£
BBRO		
Barclays deposit account	0	1,650,000
Barclays current account	(183,222)	(371,460)
Sub total	(183,222)	1,278,540
Retained fund		
Paymaster current account	124,114	260,660
Total	(59,108)	1,539,200

9 Creditors

	2001-2002	Restated 2000-2001
	£	£
British Sugar plc	0	192,573
Balance of grants due to other research establishments (note 9a)	0	402,489
Defra administration and accountancy fee	10,794	12,004
National Audit Office audit fee	9,000	8,500
Corporation tax	0	4,182
Total creditors	19,794	619,748

9a The outstanding amounts due to other research establishments at the year end were as follows

	2001-2002	2000-2001
	£	£
Broom's Barn Experimental Station	0	321,761
Morley Research Centre	0	8,018
Rothamsted Experimental Station	0	26,517
Silsoe Research Institute	0	1,414
ADAS, Turrington Research Centre	0	7,543
ADAS, Boxworth Research Centre	0	87
ADAS, Gleadthorpe Field Drainage Experimental Unit	0	5,290
ADAS, High Mowthorpe	0	4,464
Harper Adams Agricultural College	0	11,881
Central Science Laboratory, Harpenden	0	15,514
	0	402,489

Creditor balances for ADAS Boxworth Research Centre and ADAS Gleadthorpe, for £87 and £5,290 respectively, have been written off during the reporting period. Both relate to obligations dating from 1999-2000, not now required to be settled.

10 Prior year adjustment

A credit note amounting to £30,111, relating to grants payable to British Sugar during 2000-2001, was received after certification of that year's accounts. As the transaction was considered to be material in the context of the accounts, adjustments were made to the prior year figures for Grants to British Sugar (Note 4), creditors (Note 9) and opening reserves accordingly.

11 Reversionary interest in Broom's Barn

Broom's Barn is owned by the Lawes Agricultural Trust Company Limited, which assumed the legal title from the former Lawes Agricultural Trust. The trustees purchased Broom's Barn with monies from the Sugar Beet (Research and Education) Fund. Funding for this purchase was made on the basis that Broom's Barn should not be used for any purpose, except carrying out research into sugar beet diseases and manurial experiments, without the consent of Defra and the Agricultural Research Council. It has since been agreed that research on other crops may also be conducted, provided this is not contrary to the interests of the British sugar beet industry. The rights to any future sales proceeds of Broom's Barn, hitherto held by the Sugar Beet (Research and Education) Fund, will pass to BBRO when the Fund's residual assets are transferred to it.

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