



Home-Grown Cereals Authority
Annual Report & Accounts 2004/2005







www.hgca.com

Home-Grown Cereals Authority

Annual Report & Accounts 2004/2005

Presented to Parliament pursuant to section 21(1) and section 21(3B) of the Cereals Marketing Act 1965 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003

Ordered by the House of Commons
to be printed on 17 November 2005

Our vision

To be essential to the arable industry.

Our mission

To improve continuously the production, wholesomeness and marketing of UK cereals and oilseeds so as to increase their competitiveness in UK and overseas markets in a sustainable manner.

HGCA provides high quality services which are cost-effective and designed to meet the needs of levy-payers, whilst taking account of both consumer and environmental requirements.

Contents

Chairman's statement	02
Chief Executive's report	03
Performance against targets 2004/05	04
Exploiting existing market opportunities	06
Developing new markets	08
Meeting market needs cost-effectively	10
Managing the business and market volatility	12
Promoting grain within a healthy balanced diet	14
Improving HGCA's operational efficiency	16
Performance targets 2005/06	18
Financial statements 2004/05	20
Board and Committee structure 2004/05	42
Current staff structure and contact details	43
Glossary	44

Chairman's statement

Change is a major characteristic of the arable industry today. It is important we get it right for the next generation.

Change has been a feature of British agriculture for some years now but never more so than at present. A fundamental restructuring is taking place that has profound implications for our whole industry. As yet we do not know what all the effects will be, so a key objective is to ensure that the cereals and oilseeds industry is flexible and competitive enough to adapt to meet our new circumstances.

To help make sure HGCA reflects the changing situation, the Board last year commissioned an independent Cereal Industry Review. Its aim was to identify the needs of the whole industry over the next five to ten years and recommend how HGCA could most effectively meet them.

Most of the recommended actions have already been incorporated into the coming year's *Annual Business Plan*. Inevitably, some of the actions identified cannot be taken forward because present income levels do not permit it, but HGCA will work to attract funding for these.

Early in 2005 the government announced a review of the five statutory agricultural levy bodies. This important move will ensure that farming is supported in the most effective way possible, taking into account the major structural changes that have taken place or are expected to occur in the next few years. Its recommendations should be known in the autumn. The government has introduced the Natural Environment and Rural Communities Bill to enable Ministers in all four countries to implement the recommendations of the Review. This Bill is expected to become law by the end of 2005.

Of these changes, one stands out as being particularly significant for the future of the cereals and oilseeds industry and in turn for HGCA. The reform of the Common Agricultural Policy (CAP) and the introduction of a Single Payment Scheme (SPS), linked to cross compliance and the Entry Level Stewardship, is a major change

for the industry and its implications will only become apparent over the next three years.

The move from a production-led system of support has the potential to improve the industry's competitiveness, its sustainability and its role as guardian of the landscape and the natural environment in Britain and Northern Ireland. But it also has the potential to reduce the area of land under cultivation and some growers may decide to cease crop production altogether.

The natural inclination of Britain's cereal growers is to farm their land. There are positive factors which may result in an increase in cereal and oilseed production and so balance any losses. New investment in the sugar-from-wheat industry could well increase wheat consumption in Britain by some 750,000 tonnes a year. The production of bioethanol from wheat and biodiesel from rape oil could also be using a further million tonnes a year by 2007, with more to come if Britain is to meet its obligations for transport fuel by 2010. HGCA has signed a trade agreement with Egypt which is designed to lead to the export of half a million tonnes of wheat and 100,000 tonnes of beans a year for the next five years. To ensure maximum profitability, growers will need to be innovative in their rotations and management, particularly if the reform of the EU sugar regime results in a reduced UK beet acreage.

British agriculture will continue to change. Tomorrow's generation of growers will be working in a fundamentally different environment from the one we have farmed for the past half century. The work of the Cereals Industry Forum is helping farmers, merchants and processors deal with change by increasing efficiency and reducing waste along the grain chain. At this time of great change it is our responsibility to ensure that we put in place the strong foundations that will support the arable sector for the foreseeable future.

The enormous success of British agriculture over the past 65 years was founded on hard work, sustained investment and sound research. Research is the lifeblood of an efficient agriculture producing healthy food sustainably for both present and future generations. While we in Britain have run down research effort, closing many of our institutes and research centres, our competitors around the world have continued to invest heavily in R&D.

Serious money is being invested every day in the USA in research to improve the efficiency and yield of the whole maize-to-ethanol producing chain. This includes a doubling of the maize yield in areas growing the crop for ethanol and improvement in the conversion ratio of grain to alcohol.

If we want a strong agriculture fit for the needs of society in the 21st century we must reverse the decline in research here in Britain. Our island climate and unique growing conditions make it imperative that we have a healthy research sector of our own to ensure that we are best placed to keep moving British agriculture forward.



John Page
Chairman, HGCA

Chief Executive's report

The changing nature of the industry requires HGCA to continually adapt to ensure that we deliver value to our customers.

Delivering services that add value remains a cornerstone of HGCA's business ethos. However, in order to ensure we deliver value, it is essential that the industry has a clear understanding of how it is changing and what it needs to do, so that it can adapt to meet these new demands. In response, HGCA decided last year to take a fundamental look at the arable industry and an independent Cereal Industry Review (CIR) was conducted.

After widespread consultation, the Review identified four areas of priority: non-food uses of cereals and oilseeds; the effectiveness of HGCA communications; cost reduction and improved efficiency along the chain; and effective consultation with stakeholders. After a period considering its recommendations, HGCA identified a fifth key area: strengthening collaboration with other industry partners.

Recent years have seen an increased emphasis on the development of biofuels, particularly following EU directives to increase their use in member states. Currently, there are a number of diverse groups contributing to the development of biofuels in the UK. This means the information the arable industry and the government receive can often be confusing. It is a problem that needs addressing if we do not want to lose competitive ground.

The industrial uses for cereals and oilseeds are potentially very broad. In the past, HGCA Enterprise Awards have funded projects to develop products such as biodegradable packaging and pulp for paper, but other areas such as starch and iso-glucose could increase the consumption of UK cereals and oilseeds.

To maximise potential product and market innovation and improve collaboration on biofuels, HGCA is to set up a non-food crop team. This team will co-ordinate the industry's response to the government on biofuels, providing a unified message. It will also act as a single point of contact for

objective information on the biofuels sector and integrate research and market development functions, thereby facilitating cross-industry activity.

Communication is central to HGCA and was another key area highlighted in the Review. In recent years, HGCA has made significant inroads in communicating the value of its services but there is still a gap between communicating them effectively and their application in the farm business environment.

The changing nature of the industry means that it is now more important than ever that we know and understand our customers and deliver information relevant to their specific business needs. Improved segmentation of the HGCA database will mean we can target our activities more effectively, ensuring that those who need the information get it, while freeing up time and resources to be used on other projects.

Good communication also involves collaborating successfully with our industry partners. Joint ventures with the other levy bodies have increased significantly in the past few years, particularly in the areas of nutrition and research. That collaboration will now be extended to include joint initiatives on education, principally to develop a schools' programme based on the Food Standards Agency's *Balanced Plate*, and in conducting joint market research on consumer behaviour.

Many of the recommendations raised by the CIR covered areas that HGCA had already recognised as priorities. However, much has been learned from the process and the Review's findings have helped us alter our focus and emphasis. It will remain a point of reference for us for the next few years.

During the year, HGCA secured additional income of £500,000 through its business development links with the Treasury, Defra, DTI, Regional Development Agencies and other organisations. To date, £3.4 million has been secured on behalf of levy-payers

for the period 2001-2008. This is in addition to joint funding for the R&D projects, worth £43.5 million, that HGCA currently manages.

Part of this year's income will fund a Cereals Industry Forum (CIF) project called CropBench. The project enables farmer groups to benchmark their farming data so that comparisons on effectiveness can be made. The project follows on from the global benchmarking survey carried out by the CIF last year.

On a personal note, I feel very privileged to have been offered the position at HGCA and to have the opportunity to steer the organisation through the next stage of its development. These are challenging times, but with the help of the focused, professional and very capable team who make up HGCA I am confident that we will meet our objectives.



Jonathan Cowens
Chief Executive, HGCA

Performance against targets 2004/05



Exploiting existing market opportunities

- Monitor markets and changing market conditions
Publication of daily, weekly, fortnightly and monthly market reports
- Analyse and report on the needs of key grain chain sectors
Developed CIF Strategy document based on Defra-funded research
- Establish an operational structure for the Cereals Industry Forum (CIF)
CIF now established with operating procedure and staff
- Conduct and disseminate results of HGCA Cereal Quality Survey
Survey completed and placed interactively on www.hgca.com
- Develop and promote the export brands of UK wheat
Brands successfully launched at EuroBourse
- Evaluate recognition of HGCA as an export markets information provider
Successful brand launch and Bread Baking Workshop confirmed BCE profile



Developing new markets

- Achieve 50 applications for the HGCA Enterprise Awards
65 food and 25 non-food applications received
- Promote new market information at 10 events nationwide
40 HGCA and 60 non-HGCA events attended
- Hold a second marketing seminar for processors
70 delegates attended this event with positive feedback
- Deliver at least 4 presentations on biofuels
18 presentations delivered
- Obtain at least 10 applications for the *What's the Alternative* awards
25 applications received
- Hold at least 6 missions supporting new grain export markets
12 missions plus UK and Egyptian Bread Baking Workshops held



Meeting market needs cost-effectively

- Incorporate a disease risk module into RL *Plus*
Module developed and will be added to 2006 RL *Plus*
- Hold a conference on the national and global market
HGCA Market Outlook Conference attended by 183 delegates
- Deliver 3 conferences improving understanding along the grain chain
44 meetings, 2 workshops and 1 conference held as part of the CIF
- Publish and promote the report on the international benchmarking study
Published on www.hgca.com and presented to industry conferences
- Develop and evaluate a farm planning model
HGCA *Farm Income Monitor* launched at Cereals 2005
- Hold 10 partnership events on environmental issues
8 events held and SAFFIE demonstrated at Cereals 2005
- Publish technical guides on barley, oilseed rape and seeds
Guides on oilseed rape, wheat seed health, orange wheat blossom midge, wheat disease control and lodging published



Managing the business and market volatility

- Publish 10 articles on identifying and managing market risk
A total of 22 articles and conference papers produced
- Produce 4 articles on the causes and effects of market volatility
Articles covering cereals, oilseeds and currency produced
- Define and publish key elements of risk management for 2 sectors
Papers for seminars for farmers and processors published
- Ensure government action plan includes arable sector development needs
Attended Futures and Options Association advisory group for Government
- Deliver 8 risk management courses focusing on options
Delivered 9 grower and 7 trade seminars
- Write 2 articles on effects of cross compliance on environmental issues
Press coverage achieved and leaflet on GAEC distributed



Promoting grain within a healthy balanced diet

- Provide processors with nutritional information on grain
BNF report on cereals in the diet published
- Inform growers of consumer demand trends via 20 breakfast meetings
16 topic breakfasts held
- Levy-board collaboration on communicating nutrition for schools
Joint website on nutrition for schools developed
- Assess coverage and effectiveness of nutrition press releases
19 articles and 12 radio interviews achieved
- Monitor responses in the nutrition area of the website
7,852 requests for information on nutrition received
- Fund research on the occurrence and control of mycotoxins
New projects on field and storage mycotoxins funded



Improving HGCA's operational efficiency

- Conduct the annual Farmer Benchmarking Survey
Completed - responses segmented by grower farm-size and location
- Establish and implement training plans for staff
Implemented – 62 courses for 35 staff
- Undertake training programme on project management software
Training programme completed for key staff
- Generate non-levy income of at least £300,000
Additional outside income of £500,000 secured
- Operate a risk management process and report twice yearly to Audit Committee
Risk process implemented, continually reviewed and presented to Committee
- Launch a new regular HGCA publication for levy-payers
Grain Outlook launched
- Review publication systems to improve efficiency and reduce costs
All market publications now in e-format

Exploiting existing market opportunities

Existing markets are still the most important outlet but the industry must respond to their needs.



Being competitive in existing markets is imperative. While new markets offer opportunities for diversification and expansion, the risks can be greater and are by no means a guarantee of achieving a sustainable profit. The first priority for any arable business is to ensure that it fully understands and meets the requirements of its existing markets.

CAP reform and the introduction of the SPS this year make understanding the relationship between producer, processor and the consumer pivotal to success. Through the Milling Wheat Conference, HGCA brought together key industry figures from every stage of the milling process to examine this relationship and look at possible effects. What stood out was the need to work together. More specialist demands by consumers are putting pressure on processors to develop more unique or added-value products. This in turn forces millers to produce suitable flours for which growers have to produce the right wheat. It is a chain in which no single link can act alone.

This relationship offers opportunities for growers. Only less productive land is likely to be taken out of production, but this will

increase pressure for growers to deliver the grain that millers need. To get this, millers will have to pay an equitable price in relation to import parities. Understanding what the millers want and delivering this could add profit to arable businesses.

This was the focus of the message delivered at a series of Regional Marketing Workshops. The Workshops marked a new approach for HGCA: that of targeting individual areas to encourage understanding of local outlets and building local supply chain relationships. They gave a regional focus to marketing planning and a local dimension to the idea of 'growing for a market'.

Thinking regionally within the global market is increasingly important for growers. The annual Farmhouse Breakfast week, now in



its sixth year, proved an ideal opportunity for regional food companies to present their wares and extol the virtues of starting the day with a good wholesome, cereal-based breakfast. The aim this year was to encourage people to get involved with local suppliers and products (see chart 1).

This approach tied in nicely with the increased role that the Regional Food Groups (RFGs) of the Regional Development Agencies are playing. The intention is to increase the involvement of RFGs to build local relationships.

It is also planned to extend the Farmhouse Breakfast beyond its traditional week in January. While the week-long series of activities will continue as usual, it is intended to make it a more continuous feature, with HGCA making literature available for food groups and farmers' unions all year round or at a time specific to a particular region. The aim is to raise the regional profile of locally-produced foods throughout the year.

Consumer demand is now a major factor influencing the arable industry. As a result, it is important that growers, processors and traders understand consumer trends and the factors that drive retailers (see chart 2). At a seminar in February, HGCA brought together key industry figures with representatives from the retail and consumer market research sectors. The seminar gave the industry the opportunity to hear about trends within the retail sector and discuss issues such as food health and nutrition and the role they are playing in changing consumer eating and drinking habits.

This year has shown that the arable industry has to be active in exploiting the markets that already exist. Leaving it to chance is no longer a viable business strategy and the industry has to be innovative if it is to compete successfully. Above all, it has to listen and understand so that it is able to adapt to meet new demands as they emerge.

Chart 1: Farmhouse Breakfast campaigns

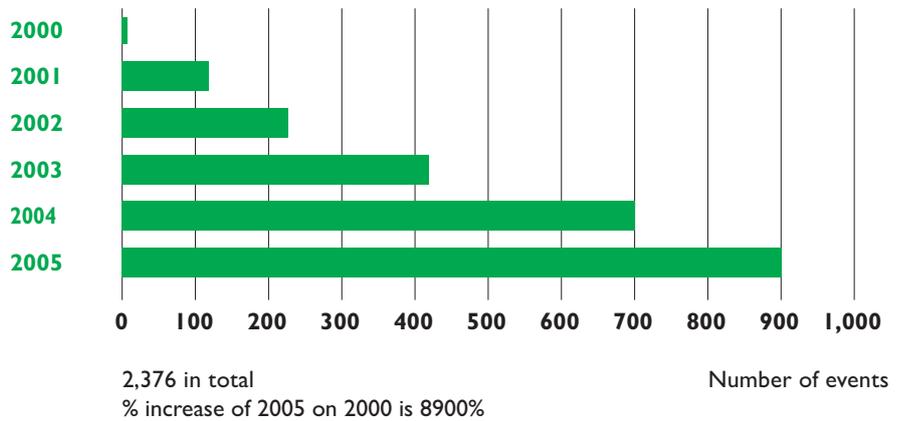


Chart 2: Breakfast Cereals
Top six brands' market share trends 2003/04



- Weetabix
- Nestlé Shredded Wheat
- Kelloggs Special K
- Kelloggs Cornflakes
- Kelloggs Crunchy Nut
- Nestlé Shreddies

Source: Worldpanel™ division of TNS 2005

Developing new markets

If we are to move forward, we have to take the lead.



If the arable industry is to move forward then it has to take the lead in developing new markets, new products and new standards. This year HGCA has been at the forefront in providing the energy and momentum needed to help drive this process.

The emergence of biofuels in recent years is a great opportunity for the UK's arable industry but, to be developed effectively, it has to set out clear environmental benefits and communicate them in a collective and authoritative manner.

An essential element of this is demonstrating to consumers and government that growing

field crops can contribute to a reduction in greenhouse gas emissions from transport. The completion of the 'environmental footprint' review clearly showed that significant carbon savings can be made compared to traditional fossil fuels. Bioethanol made from wheat has the potential to reduce energy inputs by 61% and total greenhouse gas emissions by 65% for each megajoule of energy created. The review also lays out the environmental and economic consequences of growing for the biofuels market.

The 'footprint' underpins the work of the HGCA-funded Carbon Accreditation Scheme, which is developing a secure carbon-saving delivery system that gives genuine and quantifiable evidence that carbon savings are being made. Together, the two projects demonstrate the benefits of using cereals and oilseeds for biofuels and set standards for the industry. The next step for HGCA is to develop this as an industry standard, establishing it as a recognised system of authenticity.

Apart from its work on biofuels, HGCA, through the Enterprise Awards' *What's the Alternative* category, has sought to encourage the development of industrial uses for UK cereals and oilseeds. Grants awarded this year included one to Oat Services Ltd to explore the use of the phytochemical contents of oat oils in the cosmetic and nutraceutical markets. A second award went to Greenergy to promote the advantages of biofuels on Tesco's forecourts in advance of their first processing plant being built on the Humber Estuary.

Developing overseas markets is another means of expanding the UK's cereals outlets and is an important part of HGCA's work. The variable size of the UK crop and uncertain weather means it is hard for the UK to commit to exports in advance of the harvest. However, by establishing in advance the quality and suitability of cereals for overseas use, the UK puts itself in a strong position to export when quality cereals are available.



Two significant export developments occurred this year. A new identification system for UK milling wheat (see *opposite*) was launched in November. The two new brands, *ukp* and *uks*, make it easier for overseas buyers to understand the technical properties of UK milling wheat. Under each brand, wheat will have a specific rheological specification and meet designated Chopin Alveograph values and protein levels. By buying according to brand, customers can be sure they receive a consistent product appropriate to their needs.

In February, Egypt, the world's largest buyer of cereals, especially wheat, included the UK on its official list of suppliers for the first time (see *chart 1*). This is a significant step towards the export of UK wheat to Egypt and comes after two years of extensive work by HGCA. At the request of the Egyptian Minister of Supply, HGCA organised a seminar for the Egyptian wheat industry to demonstrate the suitability of UK wheat for their market. In addition, a Bread Baking Workshop was held in Cairo in April to deepen their technical understanding.

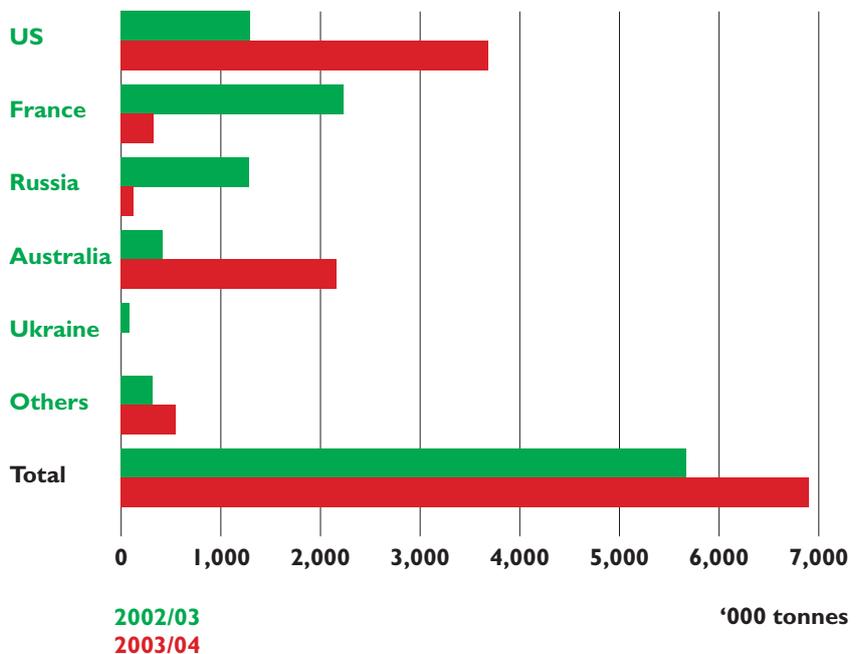
A seminar was also organised for European buyers on UK assurance schemes. Currently, the UK has an excellent reputation for producing fully assured cereals, which gives it an advantage over many of its competitors. The two-day event covered assurance in the grain chain, grain safety in the UK and the practicalities of UK assurance.

HGCA secured £70,000 of income from non-levy sources to fund inward and outward missions. These are part of HGCA's ongoing commitment to maintain relations with established overseas markets and improve the understanding of UK cereals in new ones.

New identification system for UK milling wheat



Chart 1: Egypt's wheat imports – existing suppliers' tonnage provided



Source: USDA

Meeting market needs cost-effectively

We have to meet market demands, but balancing this with limited resources and environmental impact make it a complex exercise.



Producing crops that meet market demands is now crucial for the success of the cereals and oilseeds industry but this needs to be done in a way that is cost-effective for the grower. It is a complex exercise in balancing market demands with grower resources and environmental considerations.

Central to achieving this is selecting the right variety. In the three years since HGCA took over responsibility for the publication of the *Recommended Lists*, information has been given to augment this decision-making

process. Building on these developments, this year the new export brands have been included to show growers which varieties fit export requirements. Work is well-advanced on a disease risk module for *RL Plus* that will be included on the new CD when it is published early next year.

HGCA has worked with the industry to help bring growers the tools and information necessary to make decisions on best agronomic practice. The Applied Research Forum, which brings together the seven agricultural and horticultural levy bodies, held a workshop on the sustainable use of organic wastes on agricultural land. The event was the first joint workshop and several areas for increased collaboration were identified as a result. It also led to joint funding with the British Potato Council (BPC) and the Horticultural Development Council (HDC) on a project looking at the long-term effects of compost.

The year-long (2003-2004) *soil2crop* initiative that was run in collaboration with the arable research organisations ended in the autumn. Subsequent evaluation of the initiative showed that one in three of those attending took positive action as a result. Overall understanding of soil management improved for over 80% of attendees, while over 50% went away with more confidence in their current cultivation practice (see *chart 1*). In 2004-2005, *soil2crop* was superseded by *sow2succeed*, which examined the impact of drilling date on agronomic decisions.

As a result of *soil2crop* and at the request of growers, six joint events were held with the Farming and Wildlife Advisory Group (FWAG), the Soil Management Initiative and Rothamsted Research on soil management. A leaflet on soil management for sustainable profit, based on the *soil2crop* findings and cross compliance, was sent to growers at the end of the year. After the success of



last year's storage workshops, HGCA held ten more in partnership with the Assured Combinable Crops Scheme (ACCS).

During the year, HGCA was again able to respond to issues as they emerged. At harvest, an increase in the number of pink grains in samples led to an increase in wheat rejections. Their presence suggested a possible rise in fusarium mycotoxins such as deoxynivalenol (DON) but rapid response work carried out by HGCA was able to show that this was not the case.

HGCA also tested a bucket sampler designed to collect and retain a representative sample from each lorry. The sampler was designed by a grower who felt the current system for obtaining accurate samples was too time-consuming. Work carried out by HGCA demonstrated that the grain taken using the bucket sampler does give a representative sample. The device has now gone into production and was demonstrated at *Cereals 2005*, where it attracted considerable interest from growers.

Events and publications have continued to provide growers with the most up-to-date information on improving productivity while reducing costs. The industry and scientific community worked together to look at the problem of wheat blossom midge. A workshop was held to discuss management of the pest and guidelines, *Orange wheat blossom midge – assessment and control*, were published. Workshops were held on appropriate fungicide dose rates and a new interactive website tool was developed to help growers manage disease effectively. Fungicide information was also given in *Wheat disease management – update 2005*, which was distributed during the year (see chart 2).

HGCA published its first oilseed rape guide, *Oilseed rape – a growers' guide*, to coincide with the oilseeds and pulses conference jointly held by HGCA and Processors and Growers Research Organisation (PGRO). Guidelines to help growers avoid lodging in winter wheat were also published.

Chart 1: Has soil2crop increased your understanding of the influence of cultivation on grass weed control?

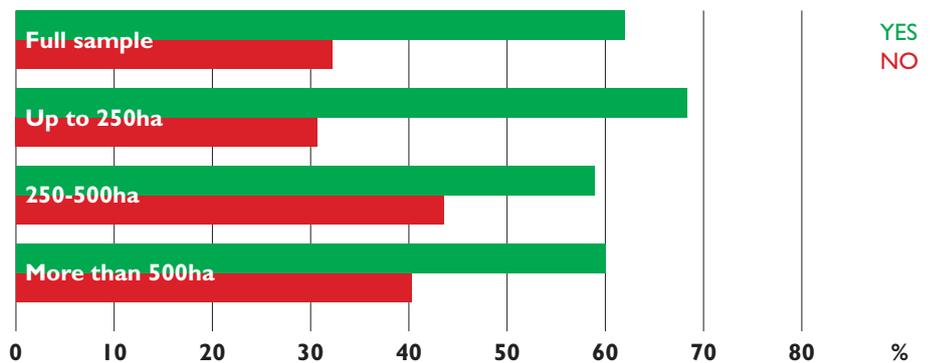
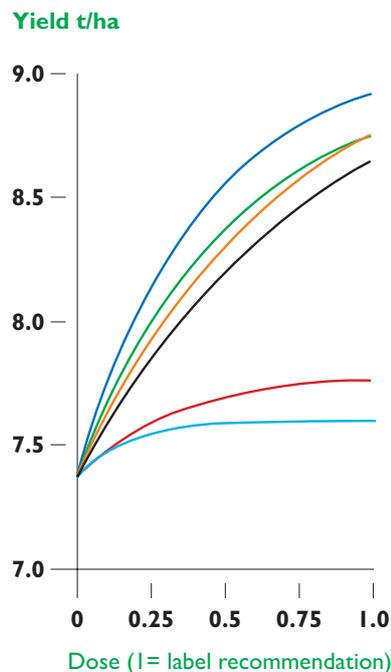


Chart 2: Eradicant and protectant control of *Septoria tritici* from a single application (GS33) and yield response for new products in 2004



- epoxiconazole + boscalid
- prothioconazole + fluoxastrobin
- prothioconazole
- epoxiconazole
- pyraclostrobin
- trifloxystrobin

Managing the business and market volatility

Knowledge is a powerful tool for the arable industry. Using it gives you control and your business an advantage.



The constant need to strengthen our understanding of the industry and the global market drives HGCA because it in turn engenders competitiveness. It is from this process that we learn where further insight is needed.

Work completed last year led to several developments this year in terms of improving understanding. The results from the global benchmarking survey, part-funded by Defra's Agricultural Development Scheme and conducted with the Food Chain Centre, gave an insight into the international position of the UK grain industry. These results gave a

sharper focus to the industry's profile and led to the compilation this year of a CIF strategy document that will act as a platform for HGCA work over the next five years. Risk management is a central pillar of the CIF strategy.

Last May, HGCA held its first National Derivatives Risk Management Conference. The success of that event and the realisation that its messages needed to be rolled out to a wider audience led to a series of risk management workshops. Experienced LIFFE trainers were engaged to provide training for processors and growers that would help their businesses adjust to the changing market. These courses enhanced HGCA's regular options courses that help growers understand how to use risk management tools as a way of protecting revenues.

The Market Outlook Conference reinforced the message that price volatility is here to stay and that the industry must divert its energy into protecting itself against price moves, rather than trying to predict them. The Conference heard the testimony of an American grain producer who employs price protection on a daily basis. He outlined very clearly the benefits to his business of using risk management techniques.

Through the Cereals Industry Forum, HGCA began a project to develop a benchmarking tool to help growers with their farm planning. CropBench is a confidential comparison tool that allows farmer groups to input a variety of quantitative performance indicators so that they can benchmark the performance of their businesses against similar operations. Performance indicators include production



costs, productivity information and efficiency data. The tool uses real and live data rather than nominal figures, giving CropBench the flexibility to work with annual data sets as well as daily, weekly or monthly information.

A second tool was developed by HGCA that will help growers develop farm plans. The introduction of the SPS means rotations are no longer driven by linked crop payments but by the profitability of the crop itself. The *Farm Income Monitor* will give growers the ability to assess the impact of changing cost structures and the relationship of moving market prices to farm profitability (see *opposite*). As markets change, growers will need to reassess cropping decisions, leading to variable rotation patterns. The *Farm Income Monitor* will help by calculating the level of income likely to be obtained, based on forward pricing, of a particular rotation. It will also allow growers to select different data sets to help them determine which rotation is likely to prove the most profitable for their business.

HGCA price reporting has been altered to give delivered prices for cereals rather than the traditional ex-farm regional prices (see *chart 1*). The new delivered survey is carried out weekly and caters for different grades of wheat and barley quality. By focusing on the fact that price is determined at a point of consumption, the new service will provide a better understanding of the relationship between physical and futures prices and demonstrate the importance of logistics to the industry.

Ex-farm prices are still available for growers who need them and details of haulage costs are made available through the yearly *HGCA Haulage Survey*.

Farm Income Monitor www.hgca.com

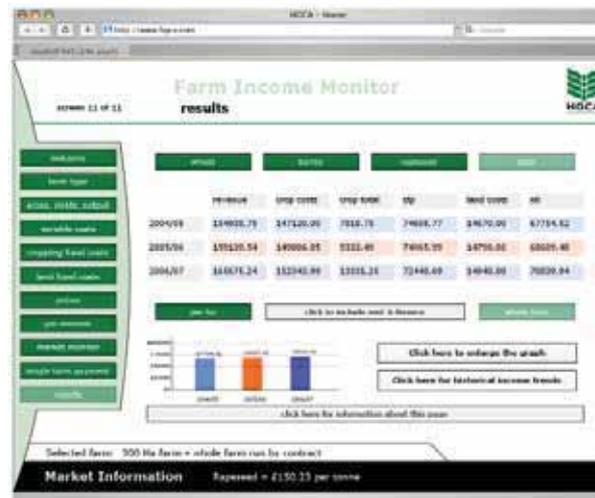
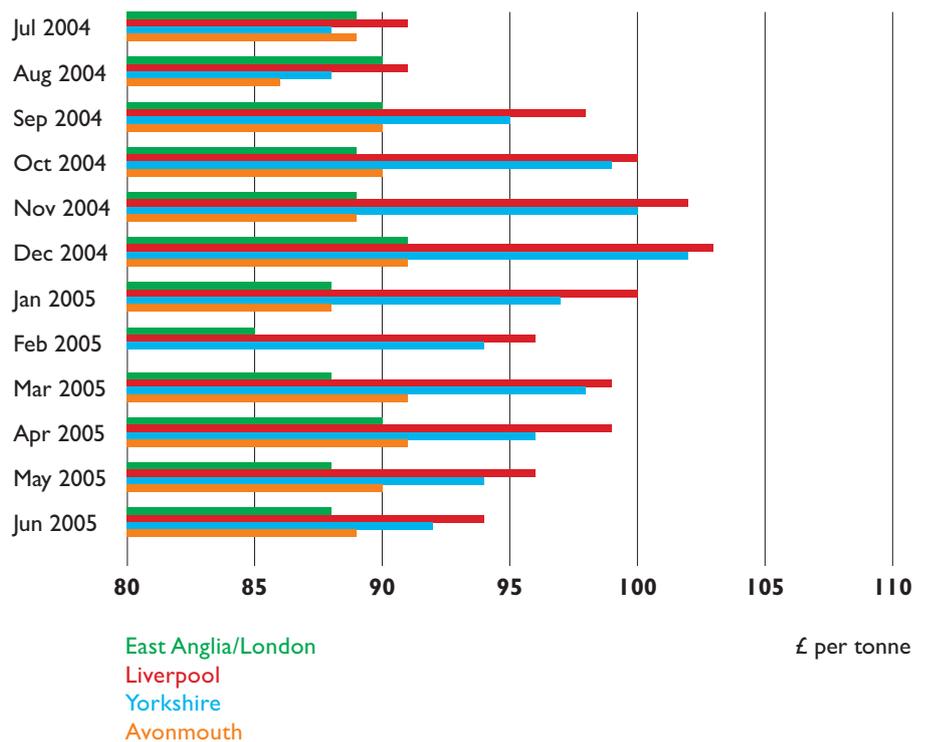


Chart 1: HGCA delivered price reporting for 2004/05 bread wheat prices (rounded up to the nearest £ per tonne)



Promoting grain within a healthy balanced diet

A healthy future begins with healthy eating.



The nutritional value and the healthiness of the food we eat are major social concerns and the information available is often very confusing. Increasingly, questions over food focus on making sure children eat a healthy, balanced diet.

In recent years, providing educational resources for teachers has been a high priority for HGCA. To add to its long list of material already available, an *Energy Balance* pack was put together and distributed. Produced in conjunction with the Flour Advisory Bureau, the pack helps

teachers explain the benefits of a healthy diet, the importance of including cereal products and the role played by the energy input and output for the body. Over 2,860 packs were distributed during the year.

The next project is to promote healthy cooking. Working with the Flour Advisory Bureau and the charity, Kids Cookery School, an interactive resource is being developed for teachers who want to introduce cooking into the classroom.

Nutrition is a subject that spans all the agricultural levy bodies in the UK. Last year a joint levy body group was established to co-ordinate the dissemination of information on nutrition and food and provide cross-levy board statements on nutrition. Collaboration through the group has increased this year.

In July, the winners of the Design and Technology Food Challenge Awards were announced. This joint initiative, funded by Sainsbury's and supported by the levy bodies, the Design and Technology Association, the British Nutrition Foundation and the Department for Education and Skills, challenges primary and secondary school children to develop healthy products or recipes from each of the five food groups that make up the 'balanced plate'. Its aim is to promote learning about healthy food in a fun way. Last year's winning recipe can be found in Sainsbury's stores as a recipe card (see *opposite*). The awards will be held again next year.

The joint levy body group is also working to develop an educational website that will act as a single entry point for schools that want information and material on nutrition and healthy eating. The site should be launched next year.



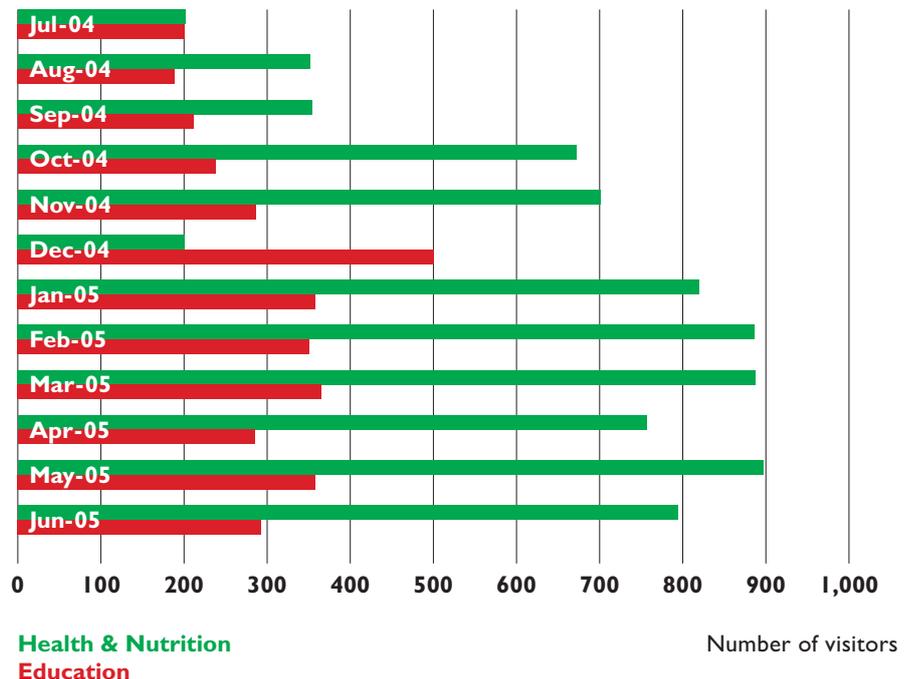
Alongside its joint levy body work, HGCA continued to promote the central role of cereals in a balanced diet and the role they play in helping guard against illness and obesity. HGCA published the *Nutritional Aspects of Cereals* report for health professionals, academics and food manufacturers to raise awareness of the benefits of cereals. This was followed by the launch of the Wholegrain Goodness campaign and www.wholegraingoodness.co.uk to a wider consumer audience (see chart 1).

HGCA also published a series of topic sheets on health and nutrition based on the key findings of the *Nutritional Aspects of Cereals* report. They aim to provide information to people who have to communicate nutritional advice to others but who are not nutritionists themselves. The topic sheets were written by a dietician and approved by the British Nutrition Foundation. The subjects covered are blood pressure, weight management, heart-health and breakfast.

Design and Technology Food Challenge Award winning recipe



Chart 1: Visitors to “Health & Nutrition” and “Education” areas of the HGCA website



Improving HGCA's operational efficiency

Our strength is in being able to deliver value from all sources of income.



For HGCA, adding value to levy income and ensuring that it is effectively spent are fundamental when it comes to providing the best support possible for levy-payers.

Adding value is not just financial; HGCA works to ensure that the market-focussed activities we undertake are underpinned by sound research and development.

In 2004/05, HGCA secured funding of £580,000 from non-levy sources. For the period 2001-2008, projects worth £6.9 million have been initiated with HGCA business development funding (see *chart 1*). This includes £500,000 approved this year by Defra for the three-year CropBench project.

This represents a significant level of additional funding for the cereals and oilseeds industry and HGCA was able to achieve this because of its independent and representative position within the industry. HGCA's Business Development team will continue to work with government and the increasingly important Regional Development Agencies to source additional income.

These figures do not include income generated for R&D projects. Currently,

for every £1 of levy income spent on R&D projects an additional £2 is obtained from non-levy sources. This year this amounted to an additional £7.3million to be spent on R&D projects on behalf of levy-payers (see *chart 2*). Farm businesses benefited in a number of ways.

In 2004, the severe outbreak of wheat blossom midge resulted in an estimated 6% (one million tonnes) loss, costing the industry over £60 million. Research into the integrated control of wheat blossom midge showed that resistant varieties can provide a yield advantage of up to two tonnes per hectare, the equivalent of £8-16 million a year.

A second project on fungicide application, completed in June, showed that using Silsoe-model estimates, reducing spray volume



from 200 litres per hectare to 50 litres could increase work rate from 5 hectares per hour to 9 hectares per hour. Application of the research findings would deliver between £650,000 and £1.3 million annually.

To ensure all income is spent effectively and to evaluate HGCA's support for the industry, the annual *Farmer Benchmarking Survey* was conducted. The response showed improved satisfaction ratings for the work HGCA does and that expectations are being better met in areas of funding for the research programme and providing information on how the levy is spent. Areas that need some improvement include providing information to improve farm profitability and planning for change in the marketplace.

A review of the publications systems means all Crop Marketing publications are now available online and distributed via e-mail only, to cut postal and printing costs and ensure the information is as timely as possible.

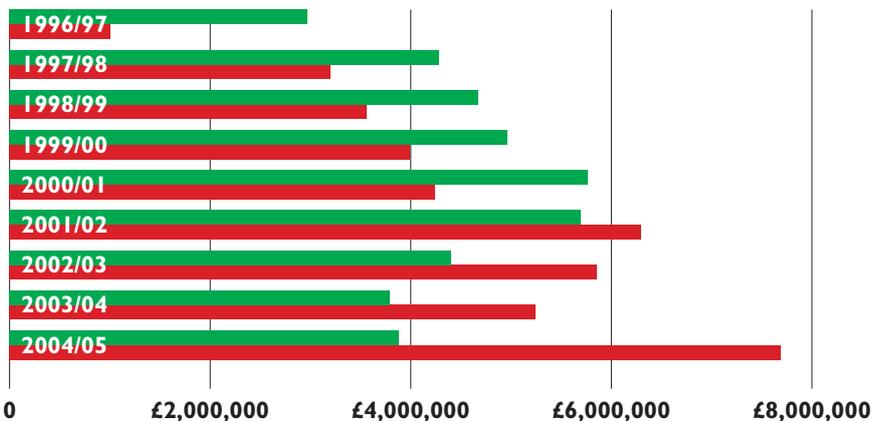
Following continued development, the HGCA website was voted *Crops* magazine 'Website of the Year' for the second year running. The search engine was significantly improved to allow searches by keyword, topic or subject area. Visitors can now create their own home page of links to favourite pages, cutting out unnecessary searching for information. The site includes more detailed data on markets and varieties, together with sections on health and nutrition and non-food uses for cereals and oilseeds.

In terms of internal process improvements, a risk management system has now been fully integrated into the running of HGCA and a new project management system introduced that is making the management of R&D projects more efficient.

Chart 1: Value of projects secured with HGCA business development funding (for the period from 2001/02 to 2004/05)



Chart 2: Non-levy funding for HGCA research & development projects



HGCA
Co-sponsor

Performance targets 2005/06



Exploiting existing market opportunities

- Monitor markets and changing market conditions
- Develop CIF work and publish results
- Disseminate results of *HGCA Cereal Quality Survey*
- Establish *ukp* and *uks* brand requirements within *RL*
- Assess HGCA's position as data provider in enlarged EU
- Link HGCA activity with CIF strategy and CLG demands



Developing new markets

- Hold third marketing seminar for processors
- Investigate supermarket requirements for biofuels
- Establish the biofuel carbon accreditation as an industry standard
- Assess needs of renewable packaging manufacturers
- Establish an integrated HGCA non-food programme
- Establish a technical sub-group to assess industrial uses of grain



Meeting market needs cost-effectively

- Incorporate disease risk module into *RL Plus*
- Fund development of genetic material with valuable traits
- Deliver environmental benefits with profitable production
- Ensure projects address cross compliance and environment schemes
- Hold conference on the global context of national and EU markets
- Promote HGCA *Farm Income Monitor*
- Understand sustainable development and its impact on the cereals industry



Managing the business and market volatility

- Publish articles on key elements of risk management
- Publish details of CAP reform and its implications
- Assess risk management methods for grain markets
- Identify pricing needs and develop risk management techniques
- Use CIF to assess role of risk management in supply chain
- Link HGCA activities to professional development initiatives



Promoting grain within a healthy balanced diet

- Evaluate and publish nutritional profile of grain
- Support the production of safe grain and grain products
- Develop cross-levy board approach on nutrition
- Improve nutritional understanding of grain
- Conduct research on consumer attitudes to wholegrains
- Assess grower awareness of HGCA's role in nutrition



Securing funds and developing new partnerships

- Identify opportunities for generating non-levy income
- Secure additional outside funding
- Maximise levels of matched funding for HGCA
- Develop partnerships with RDAs
- Examine opportunities for international collaboration
- Assess benefits of levy board collaboration



Developing better communication channels

- Ensure strategic communications planning is part of all project activity
- Refresh branding guidelines to ensure consistency
- Identify and use HGCA corporate messages
- Upgrade contact database to improve segmentation
- Improve performance through customer feedback
- Ensure events content reflects HGCA strategic objectives



Maintaining and improving operational efficiency

- Conduct simulation of disaster recovery systems and procedures
- Integrate finance and project management systems
- Integrate *Annual Business Plan* and *Team Operating Plans* across HGCA
- Ensure Risk Register is a key element of HGCA planning and awareness
- Establish the meaning of 'value' for HGCA activities
- Develop IT systems to ensure efficiency and accuracy

Financial statements 2004/05





Contents

Foreword to the Accounts	23
Audit Certificate and Report	25
Consolidated Income and Expenditure Account	26
Consolidated Balance Sheet	27
Balance Sheet	28
Consolidated Cash-flow Statement	29
Consolidated Reserves	30
Notes to the Accounts	31

* Ministers

The Secretary of State for Environment, Food and Rural Affairs

The Scottish Minister for Environment and Rural Development

Minister for Environment, Planning and the Countryside, National Assembly for Wales

Department of Agriculture and Rural Development for Northern Ireland

Foreword to the Accounts

The Home-Grown Cereals Authority (HGCA), established by the Cereals Marketing Act 1965 has, with its subsidiary company, a remit to improve the production and marketing of cereals and oilseeds grown in the UK.

Financial results

HGCA's result for the year, before the increase in value of long term investments, shows a surplus of £0.1 million (2003/04 surplus £0.2 million), attributable to cost savings made against budget. An accumulated surplus on the General Reserve (Income and Expenditure Account) of £3.7 million is carried forward.

For the second year HGCA has fully implemented the Pension Accounting Standard FRS 17. The effect has been to create a provision for pension liabilities of £0.5m. Designated Reserves have been reduced by the same amount to £3m. Consequently the amount available to contribute to outstanding commitments should HGCA be wound up, is maintained at £3.5m, by this combination of pension provision and Designated Reserves. Again this year expenditure has been reported on an activity basis to provide better information to stakeholders on the allocation of funds.

Payment policy

It is the policy of HGCA to pay accounts according to suppliers' payment terms, or where such terms are not specified, to pay within 30 days of agreement of the amount invoiced.

Employees

HGCA is supported by a dedicated team of permanent staff. The executive directors meet regularly and are charged with disseminating policy to staff through a system of team briefing and departmental meetings. HGCA has a policy of equal opportunities and offers employment to any suitably qualified persons whenever vacancies occur.

Details of the key functions of HGCA, its Board members, committees and senior management are shown inside the front and back covers of this year's Annual Report. HGCA's future plans and activities are shown on pages 18 and 19 of the Annual Report.

Crop Evaluation Limited

A wholly owned subsidiary company, Crop Evaluation Limited manages the

HGCA *Recommended* Lists of varieties for cereals and oilseeds.

Grant-assisted projects

A major achievement this year has been our success in securing further project funding from non-levy sources, including the Cereals Industry Forum projects valued at £4.3m and substantially funded by Defra/DTI grants. Whenever possible these large projects are managed by the HGCA core complement of staff; however, where this is not possible, additional staff are recruited and funded from project income.

Research projects

The total value of research projects in progress, managed by HGCA, stood at £43.5m (2004 £36.3m). This increase was due to projects funded within the Sustainable Arable LINK programme (and other LINK programmes) attracting industry and government financial support, who are providing £31.0m (2004 £24.6m). HGCA increased its research funding contribution to £12.5m (2004 £11.7m).

Statement of responsibilities

HGCA is required to keep proper accounts and to prepare statements of account for each financial year in such form as the 'Ministers'*, with the approval of the Treasury, may direct. A copy of their direction is shown on page 17 of the 1996/97 Annual Report and Accounts or can be obtained from HGCA.

In preparing these financial statements, HGCA's objectives have been to:

- give a true and fair view of the financial affairs of HGCA
- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis.

Corporate Governance

HGCA is governed by members of the Board who are appointed by the Ministers. The Board's Chairman and Deputy Chairman are independent and the other Board members represent the interests of producers, traders and processors.

In keeping with the combined code on Corporate Governance, the Board has appointed three committees namely, Audit, Finance and Remuneration and has set up advisory committees from the industry for each of the services it provides. Ministers appoint Board members and determine their salaries. Board members are corporately responsible for the overall operation of HGCA and stewardship of its funds. The day-to-day management of HGCA is in the hands of full time executive directors, led by the Chief Executive. The Chief Executive has responsibility for managing HGCA's business and, with the Director of Finance and Business Services, for the control and security of HGCA's assets, preparation of the accounts and compliance with the *Standing Orders* and *Standing Financial Instructions* laid down by the Board.

Statement on Internal Control

Scope of responsibility

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

I attend with the HGCA Chairman twice-yearly liaison meetings with invited representatives from the UK agriculture departments. These meetings review HGCA's progress in key areas, eg service delivery and risk management, and enable agriculture departments to comment on performance and accountability arrangements.

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 a continuing process designed to determine the organisation's appetite for risk before identifying and prioritising the risks to the achievement of HGCA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in HGCA for the year ended 30 June 2005 and up to the date of approval of the *Annual Report and Accounts* and accords with Treasury guidance.

Capacity to handle risk

Strategic leadership on risk management issues comes from the Audit Committee, which is able to draw on the expertise of the Board with experience of the private sector and other government bodies.

The risk and control framework

The Risk Register, established in 2004, ranks risks in terms of probability and impact; appropriate actions have been identified and risk owners appointed for each risk.

A formal risk management review process has been established internally which is reviewed by the Directors on a quarterly basis and by the Audit Committee on a six-monthly basis.

The prime area of risk identified is 'Change in Status of HGCA'. Measures implemented to reduce this risk include proactive co-operation with the Levy Body Reviewer, and continuing collaboration with the other Levy Bodies and Defra.

The second most significant risk is Act of Terrorism. HGCA has a *Disaster Plan* which was implemented effectively as a result of the

two recent incidents of terrorism in London. The Directors have since initiated a review of business continuity plans in order to minimise the impact of such events on service delivery.

This year an internal audit review of the Risk Management system was carried out by Deloitte. Following their recommendation and assistance, a Risk Policy was produced together with an action plan covering the next 12 months for further improvements to the Risk Management processes. This was reviewed and approved by the Audit Committee in August 2005.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive Directors and managers within HGCA who have responsibility for the development and maintenance of the internal control framework, and comments made by the National Audit Office in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

HGCA embraces the principles and requirements of good corporate governance and has established the following processes in maintaining and reviewing the effectiveness of the system of internal control:-

- A non-executive Board which meets five times per annum to consider planning and strategic direction
- An executive Directors' Group which meets monthly to develop strategy and the plans for its delivery and to monitor progress via regular management reports
- Comprehensive budgeting systems with an annual budget which is reviewed and

approved by the Finance Committee and the Board of HGCA and submitted to Agricultural Departments throughout the UK

- Regular reviews by HGCA's Finance Committee of periodic and annual financial reports against forecasts
- Regular reports from the Board of HGCA's subsidiary, Crop Evaluation Limited relating to business internal control
- Six-monthly reports from the Audit Committee to the Board relating to internal and external audit, concerning internal control and risk management
- Maintenance of an organisation Risk Register
- Maintenance of a Disaster Recovery Plan

The Audit Committee appointed Deloitte & Touche Public Sector Internal Audit Limited to undertake the internal audit function, which is conducted in accordance with the Government Internal Audit Standards. They submit regular reports, which include their independent opinion on the adequacy and effectiveness of HGCA's system of internal control, together with recommendations for improvement.

Auditor

HGCA's external auditor is the Comptroller and Auditor General. Services are limited to the statutory audit.



Jonathan Cowens
Chief Executive
 21 September 2005

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 financial statements on pages 26 to 41 under Section 21(2) of the Cereals Marketing Act 1965 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003. 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 31.

Respective responsibilities of HGCA, the Chief Executive and Auditor

As described on page 23, HGCA and the Chief Executive are responsible for the preparation of the financial statements in accordance with Section 21(2) of the Cereals Marketing Act 1965 and Treasury directions made thereunder and for ensuring the regularity of financial transactions.

HGCA and the Chief Executive are also responsible for the preparation of the other contents of the Annual Report. 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 the Section 21(2) of the Cereals Marketing Act 1965 and Treasury 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 HGCA has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the *Annual Report* and consider whether it is consistent with the audited financial statements. I consider the implications for

my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 24 reflects HGCA'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 HGCA'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 HGCA and the Chief Executive in the preparation of the financial statements, and whether the accounting policies are appropriate to HGCA'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 HGCA at 30 June 2005 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with Section 21 (2) of the Cereals Marketing Act 1965 and directions made thereunder by Treasury; 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
28 October 2005

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

Consolidated Income and Expenditure Account for the year ended 30 June 2005

	Notes (p31-41)	2005 £'000	2004 £'000
Expenditure			
Service delivery - what we did			
Research & Development and variety evaluation		4,090	3,971
Export and market development		1,488	1,271
Market services		712	707
Grant assisted projects		455	620
Strategy - Board, CEO and business development		476	443
		7,221	7,012
Communications - delivering the message	2	1,385	1,435
Support costs - making the operation work	3	1,501	1,456
		10,107	9,903
Income			
Revenue sources which fund our services			
Levy income	4	9,362	9,096
Grant assisted projects		383	629
Other income including grants	5	458	379
		10,203	10,104
Operating surplus for the year before tax		96	201
Notional cost of capital		(259)	(250)
Taxation	10	(3)	-
Net operating deficit after tax		(166)	(49)
Reversal of the notional cost of capital		259	250
Result for the year		93	201
Increase in market value of long term investments		539	421
Surplus for the year after taxation		632	622

The notes on pages 31 to 41 form part of these accounts.
All income and expenditure relates to continuing operations.

Consolidated Balance Sheet

as at 30 June 2005

	Notes (p31-41)	2005 £'000	2004 £'000
Reserves			
General reserve		3,721	3,024
Designated reserves	12	3,021	3,008
		6,742	6,032
Fixed assets and long-term investments			
Fixed assets	13	130	184
Investments	14	3,664	3,125
		3,794	3,309
Current assets			
Debtors			
Levy income receivable		2,122	1,774
Other debtors and prepayments		515	287
		2,637	2,061
Cash and short-term investments		3,570	3,885
		6,207	5,946
Less: Current liabilities			
Provision for taxation		14	11
Project cost creditors		1,398	1,580
Other creditors and accruals	15	1,168	940
		(2,580)	(2,531)
Net current assets		3,627	3,415
Total assets less current liabilities			
Provisions for liabilities and charges	16	7,421	6,724
		(200)	(200)
Net assets excluding pension liabilities		7,221	6,524
Pension liabilities	17	(479)	(492)
Net assets		6,742	6,032

The notes on pages 31 to 41 form part of these accounts.

Approved by the Board on 21 September 2005 and signed on its behalf by:

John Page: Chairman

Jonathan Cowens: Chief Executive

Gordon Bennett: Director of Finance





Balance Sheet (excluding subsidiary company) as at 30 June 2005

	Notes (p31-41)	2005 £'000	2004 £'000
Reserves			
General reserve		3,721	3,024
Designated reserves	12	3,021	3,008
		6,742	6,032
Fixed assets and long-term investments			
Fixed assets	13	130	184
Investments	14	3,664	3,125
		3,794	3,309
Current assets			
Debtors			
Levy income receivable		2,122	1,774
Other debtors and prepayments		515	287
		2,637	2,061
Cash and short-term investments		3,570	3,885
		6,207	5,946
Less: Current liabilities			
Provision for taxation		14	11
Project cost creditors		1,167	1,317
Due to subsidiary		283	354
Other creditors and accruals	15	1,116	849
		(2,580)	(2,531)
Net current assets		3,627	3,415
Total assets less current liabilities		7,421	6,724
Provisions for liabilities and charges	16	(200)	(200)
Net assets excluding pension liabilities		7,221	6,524
Pension liabilities	17	(479)	(492)
Net assets		6,742	6,032

The notes on pages 31 to 41 form part of these accounts.

Approved by the Board on 21 September 2005 and signed on its behalf by:

John Page: Chairman

Jonathan Cowens: Chief Executive

Gordon Bennett: Director of Finance





Consolidated Cash-flow Statement for the year ended 30 June 2005

	2005 £'000	2004 £'000
Cash (outflow)/inflow from operating activities	(25)	471
Returns on investments and servicing of finance		
Interest received	159	127
Capital expenditure		
Purchase of tangible fixed assets	(149)	(209)
Pension benefits		
Special contribution payment	(300)	-
(Decrease)/increase in cash	(315)	389

Notes to consolidated cash-flow statement

1 Reconciliation of operating surplus before tax to cash outflow from operating activities

Operating surplus before tax	96	201
Retirement benefits	65	87
(Increase)/decrease in debtors	(576)	447
Increase/(decrease) in creditors	346	(319)
Depreciation of tangible fixed assets	203	182
Investment income	(159)	(127)
Cash (outflow)/inflow from operating activities	(25)	471

	Cash Flows £'000	30.6.05 £'000	30.6.04 £'000
2 Analysis of changes in net funds			
Cash at bank and in hand	(315)	3,570	3,885

Consolidated Reserves as at 30 June 2005

Reserve movements incorporating the Statement of Total Recognised Gains and Losses

	General reserve		Designated reserve	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
At 1 July	3,024	2,315	3,008	2,784
Reverse pension scheme liabilities charged to designated reserve	(492)	(716)	492	716
	2,532	1,599	3,500	3,500

Statement of Total Recognised Gains and Losses

Surplus for the year after tax	632	622	-	-
Special contributions 2004 and 2005	600	-	-	-
FRS 17 - Retirement Benefits: Actuarial (losses)/gains on pension scheme	(522)	311	-	-
Total recognised gains and losses	710	933	-	-
Total before reallocation	3,242	2,532	3,500	3,500
Pension scheme liabilities reallocated	479	492	(479)	(492)
Reserves at 30 June	3,721	3,024	3,021	3,008

Notes to the Accounts

I Statement of direction and main Accounting Policies

These Financial Statements have been prepared in the form that the Secretary of State, the Scottish Ministers, the Minister for Environment, Planning and the Countryside, National Assembly for Wales and the Department of Agriculture and Rural Development for Northern Ireland, have, with the approval of the Treasury, directed under Section 21(2) of the Cereals Marketing Act 1965.

Accounting Policies

- i) The Financial Statements are prepared in accordance with best commercial practice which includes complying with the Statements of Standard Accounting Practice and the Financial Reporting Standards issued by the Accounting Standards Board and, although HGCA is not a company, where appropriate, the provisions of the Companies Act 1985.
- ii) The accounts have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments to market value.
- iii) Income has been dealt with on an accruals basis.
- iv) Depreciation is provided on fixed assets on the following bases:
 - a) fixed assets costing not more than £5k – in full in the year of acquisition
 - b) fixed assets costing more than £5k – in equal amounts over a 3 to 5 year periodSurpluses arising on the sales of assets are set off against the depreciation so charged.
- v) HGCA operates a pension scheme providing benefits based upon final pensionable salary. The assets of the scheme are held separately from those of HGCA, being invested with insurance companies in managed funds. The contributions are determined by a qualified actuary with reference to the triennial valuations. HGCA has fully implemented the Pension Accounting Standard FRS 17. The cost of benefits accruing during the year in respect of current and past service is charged against operating profit. The expected return on the scheme's assets and the increase in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Any overall deficit is allocated to the designated reserve. The scheme assets are valued at market value; the scheme liabilities are actuarially calculated and discounted to present value using a sterling AA rated bond index; according to the difference, a pension scheme asset or liability is shown on the balance sheet.
- vi) Investments: Fixed asset investments are included in the balance sheet at market value. Current asset investments are stated at the lower of cost or market value.
- vii) A notional average cost of capital employed during the year is shown on the income and expenditure account, in accordance with the Treasury Accounts Guidance. The prescribed rate of interest during the year was 3.5%.
- viii) Other policies are, where applicable, disclosed in the relevant Notes to the Accounts.

Notes to the Accounts

2 Communications' costs - delivering the message

	2005 £'000	2004 £'000
Research & Development knowledge transfer	464	533
Website, customer database and IT support	496	535
Events, seminars and publications	425	367
	<hr/> 1,385	<hr/> 1,435

3 Support costs - making the operation work

	2005 £'000	2004 £'000
Finance, Human Resources and Facilities Management	577	570
Rents, rates and office maintenance	463	477
Depreciation	203	182
Legal, other fees and expenses	91	66
Insurances	51	49
Audit fees and expenses - external	18	14
Audit fees and expenses - internal	16	8
FRS 17 additional pension cost to be absorbed	82	90
	<hr/> 1,501	<hr/> 1,456

Notes to the Accounts

4 Levy income

On 1 August 1987 the Home-Grown Cereals Authority Levy Scheme (Approval) Order 1987 (SI 1987/671) came into force. This was later amended with effect from 1 July 1990 by the Home-Grown Cereals Authority Levy (Variation) Scheme (Approval) Order 1990 (SI 1990/1316) and with effect from 1 July 1991, by the Home-Grown Cereals Authority Levy (Variation) Scheme (Approval) Order 1991 (SI 1991/1302), and with effect from 1 July 1997 by the Home-Grown Cereals Authority Levy (Variation) Scheme (Approval) Order 1996 (SI 1996/2843), and with effect from 1 August 2001 by Home-Grown Cereals Authority Levy (Variation) Scheme (Approved) Order 2001 (SI 2001/2687). The 1987 Scheme, as amended, provides for the imposition of levies on growers, dealers and processors of cereals. The Home-Grown Cereals Authority Oilseeds Levy Scheme (Approval) Order 1990 (SI 1990/1317) came into force on 1 July 1990 and provides for the imposition of levies on growers and dealers in oilseeds.

Levy rates were set by the Home-Grown Cereals Authority (Rate of Levy) Order 2004 (SI 2004/1445) which specified a cereal grower levy of 40p (2003/04 40p) per tonne, a cereal dealer levy of 43.3p (2003/04 43.3p) per tonne, processor (animal feed) levy of 4.0p (2003/04 4.0p) per tonne and a processor (other) levy of 8.25p (2003/04 8.25p) per tonne on deliveries of cereals as specified in the Order in the period 1 July 2004 to 30 June 2005. It also specified an oilseeds grower levy of 65p (2003/04 65p) per tonne and an oilseeds dealer levy of 65p (2003/04 65p) per tonne for the same period on deliveries of oilseeds as specified in the Oilseeds Levy Scheme. In the case of the dealer levies in relation to oilseeds and cereals, the dealer is entitled to recover from the grower from whom he has made the purchases a sum equal to the respective grower levy.

Levy rates and income are stated exclusive of VAT.

	Cereal		Processors		Oilseeds	Total	Total
	Growers	Dealers	Feed	Other	Growers	2005	2004
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Levy income							
Cereals levy:							
Grower	7,160	-	-	-	-	7,160	6,874
Dealer	-	591	-	-	-	591	567
Processor (feed)	-	-	234	-	-	234	232
Processor (other)	-	-	-	576	-	576	623
Oilseeds levy:							
Grower	-	-	-	-	1,019	1,019	1,096
Correction to prior year provision of final quarter out-turn	119	10	2	(9)	54	176	77
Income from levy gross	7,279	601	236	567	1,073	9,756	9,469
Commission paid to dealers for levy collection	(364)	(30)	-	-	-	(394)	(373)
Income from levy net	6,915	571	236	567	1,073	9,362	9,096
Tonnes – millions	18.2	18.2	5.9	6.9	1.7		
Levy rates – pence per tonne	40	3.3	4	8.25	65		

5 Other income

	2005	2004
	£'000	£'000
Publications and miscellaneous income	104	91
Defra services	109	109
Bank interest gross	159	127
Other grants	69	49
Other finance income	17	3
	458	379

Notes to the Accounts

6 Remuneration

a) Directors' emoluments	Age at 30 June 2005	Joined HGCA	2005 £'000 Remuneration	2005 £'000 Pension contribution
Board members				
John Page <i>Chairman</i>	64	3 June 04	25	-
Professor Christopher Ritson <i>Deputy Chairman</i>	60	3 June 00	10	-

The remaining Board members received emoluments not exceeding £4,446 each.

The charge for Board members' remuneration £137k (2004 £133k) also includes the emoluments of the chairman and directors of Crop Evaluation Limited, £18k (2004 £16k) and of the advisory committee chairmen whose combined emoluments amounted to £23 k (2004 £34k). Board and Committee members' travel and subsistence expenses amounted to £48k (2004 £37k).

			Salary	Pension contribution
Executive directors				
Jonathan Cowens <i>Chief Executive (Appointed 1 November 2004)</i>	48	1 Nov 04	72	7.4
Dr Paul Biscoe <i>Chief Executive (Retired 31 October 2004)</i>	60	1 Aug 97	44	10.2
Gordon Bennett <i>Finance & Business Services</i>	58	5 Oct 98	65-70	5.0-7.5
Alastair Dickie <i>Crop Marketing</i>	58	1 Aug 99	75-80	7.5-10.0
Professor Graham Jellis <i>Research & Development</i>	58	1 Jun 99	65-70	5.0-7.5
Dr Alan Almond <i>Business Development</i>	47	1 Jun 88	55-60	5.0-7.5

Salary includes gross salary, bonuses, and any other benefits subject to UK taxation. Executive directors participate as normal members of HGCA pension scheme (note 17).

b) Staff employment costs	2005 £'000	2004 £'000
Salaries	1,945	1,817
Social security costs	179	160
	2,124	1,977
Short term contracts	70	140
Pension costs	564	567
	2,758	2,684

The above staff employment costs include costs relating to staff taken on to carry out project work funded by grant income.

Notes to the Accounts

7 Staff numbers

	2005	2004
Average number of employees by activity (whole-time equivalents)		
Research & Development and variety evaluation	9	8
Export and market development	7	8
Market services	11	11
Grant assisted projects	2	1
Strategy - Board, CEO and business development	3	3
Communications - delivering the message	19	16
Support activities - making the operation work	10	12
	61	59

8 Research & Development project expenditure

Expenditure is charged against income in the year in which the work is undertaken. As at 30 June 2005 commitments for contracted projects amounted to £9.8 million (2004 £7.2 million).

9 Crop Marketing project expenditure

Expenditure is charged against income in the year in which the work is undertaken. As at 30 June 2005 commitments for contracted projects amounted to £0.7 million (2004 £0.5 million).

10 Taxation

Corporation tax is chargeable on interest receivable and the net trading income which accrues from the trading functions of HGCA.

	Group and Company	
	2005	2004
	£'000	£'000
Corporation tax at 30% (2004 30%)	3	-
Taxation charged to income and expenditure account	3	-

Tax reconciliation

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current and previous year differs from the standard tax rate for the reasons explained below:

	Group and Company	
	2005	2004
	£'000	£'000
Surplus on ordinary activities before tax	396	201
Tax at 30%	119	60
The tax effect of:-		
Income not chargeable for tax purposes	(2,972)	(2,947)
Expenses not deductible for tax purposes	2,856	2,887
Current tax charge	3	-

Notes to the Accounts

11 Profit of parent company

HGCA's income and expenditure account is not presented as part of these accounts. HGCA's surplus for the year amounted to £632k (2004 £622k). HGCA's results for the year are identical to the group's consolidated results because Crop Evaluation Limited reported neither profit nor loss for the year – expenditure of the subsidiary was equally matched by sales revenue. (2004 CEL Nil result).

12 Designated reserves

Should the Group be wound up there would be considerable outstanding liabilities stretching over a number of years for contractual commitments. It was agreed with Defra that a reserve fund of £3.5m be maintained to contribute towards covering such liabilities. Following the adoption of FRS 17 - Retirement Benefits, the pension fund liability, of £479k, has been charged to these reserves, which are now described as 'Designated' reserves.

13 Fixed assets

	Group and Company	
	2005 £'000	2004 £'000
Furniture and equipment		
Cost at 1 July 2004	1,332	1,144
Additions	149	209
Disposals	(61)	(21)
Cost at 30 June 2005	1,420	1,332
Depreciation provision at 1 July 2004	1,148	987
Charge for the year	203	182
Disposals	(61)	(21)
Depreciation provision at 30 June 2005	1,290	1,148
Net book value at 30 June 2005	130	184

14 Investments

	Group and Company	
	2005 £'000	2004 £'000
Fixed asset investments		
Market value at 1 July 2004	3,125	2,704
Market value adjustment	539	421
Market value at 30 June 2005	3,664	3,125
Historical cost	3,502	3,502

At the balance sheet date, no tax would be payable if the investments were to be disposed of at their carrying value.

Subsidiary undertaking

HGCA, the company, holds a £1 nominal value ordinary share in a subsidiary undertaking, which represents 100% of the issued share capital of Crop Evaluation Limited (CEL). CEL, registered in England and operating in the United Kingdom, is working to produce the annual HGCA Recommended Lists for cereals and oilseeds.

Notes to the Accounts

15 Other creditors and accruals

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Other taxes and social security costs	236	192	288	202
Pension augmentation	300	300	300	300
Sundry creditors and accruals	632	448	528	347
	1,168	940	1,116	849

16 Provisions for liabilities and charges

	Group and Company	
	2005 £'000	2004 £'000
Provision at 30 June 2005 and 2004	200	200

Under the terms of the Caledonia House lease and on its expiry in 2007, HGCA is required to re-instate the office premises to their original condition. In accordance with Financial Reporting Standard 12 on provisions, HGCA has recognised and capitalised the full cost of this re-instatement as part of the cost of fixed assets. This cost is being depreciated over the remaining period of the lease, giving rise to an additional depreciation charge of £29k per year. This means that by the expiry of the lease HGCA will have charged the Income and Expenditure account with the full expected cost of re-instatement.

17 Pension scheme

HGCA operates a non-contributory pension scheme providing defined benefits to its members based on final pensionable salary. The assets of the scheme are held separately from those of HGCA, being invested with Insurance companies. The scheme has provision for pensions in payment to be increased by 5% per annum or the percentage shown in the Pension Increases Order if lower. If the percentage shown in the Order exceeds 5% per annum there is provision in the scheme for pensions in payment to be increased beyond 5% per annum at HGCA's discretion. Contributions to the scheme are charged to the income and expenditure account and are determined by a qualified Actuary on the basis of triennial valuations using the projected unit method.

The most recent triennial valuation was at 1 April 2002. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, the rates of increase in salaries and average retirement age. It was assumed that the investment returns would be 6% per annum, that salary increases including promotional salary scale, would average 5% per annum compound and that the average retirement age would be 62.8 years.

The Actuary stated that on 1 April 2002:

- the market value of the scheme's assets was £7.016m.
- the fund covers the approximate cost of providing members with the cash equivalent of their benefits.
- the fund covers the accrued liabilities allowing for pensionable salaries.
- no measures need to be taken specifically to comply with the regulations governing pension scheme surpluses.

Following the review it was agreed that the employer contribution rate remain at 11%. The next triennial valuation by the Actuary is expected in December 2005 based on a valuation date of 1 April 2005.

The contributions made by HGCA in the period 1 July 2004 to 30 June 2005 were at the rate of 11% of pensionable salaries plus Group Life Insurance costs paid to Canada Life. The only contributions from the members were additional voluntary contributions. The pension charge for the year was £572k including £7.8k in respect of Group Life Insurance cost. (2004 £574k including Group Life £6.6k).

Notes to the Accounts

17 Pension Scheme (continued)

For purposes of FRS 17 disclosure, the Actuary has prepared a valuation as at 1 April 2002, updated to 30 June 2005. The Actuary has calculated a scheme deficit at 30 June 2005 of £479k (2004 deficit £492k) having used the following assumptions to assess the present value of the scheme's liabilities:

	30.6.05	30.6.04	30.6.03
Rate of inflation	2.7%	2.9%	2.6%
Salary escalation	4.2%	4.4%	4.0%
Increase to pensions in payment	2.7%	2.7%	2.5%
Statutory revaluation	2.7%	2.9%	2.6%
Discount rate (pre and post retirement)	4.9%	5.7%	5.2%

The fair value of the assets held in the scheme at 30 June with the expected rate of return for each category of asset is shown in the table below.

Scheme surplus calculation	2005 £'000		2004 £'000		2003 £'000	
Bonds	4,072	4.5%	3,545	4.6%	3,495	4.2%
Equities	3,629	8.4%	3,069	8.4%	2,706	8.5%
Annuity contracts	648	4.9%	630	5.7%	746	5.2%
Cash and other net assets	839	4.5%	478	3.9%	460	3.2%
Property	51	7.7%	67	7.3%	-	7.0%
Total market value of assets	9,239		7,789		7,407	
Present value of liabilities	(9,718)		(8,281)		(8,123)	
Pension liability	(479)		(492)		(716)	

The effect of retirement benefits calculated in accordance with FRS 17 is included in the financial statements as follows:

	2005 £'000	2004 £'000
Amounts charged to Income and Expenditure		
Current service cost	264	267
Total operating charge	264	267
Analysis of credit to other finance income		
Expected return on pension scheme assets	484	427
Interest on pension scheme liabilities	(467)	(424)
Net return	17	3
Amounts recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	552	81
Experience gains and losses arising on the scheme liabilities	76	(168)
Changes in assumptions underlying the present value of the scheme liabilities	(1,150)	398
Actuarial (loss)/gain recognised in STRGL	(522)	311
Movement in deficit during the year		
Deficit in scheme at beginning of the year	(492)	(716)
Movement in year:		
Current service cost	(264)	(267)
Contributions	782	177
Other finance income	17	3
Actuarial (loss)/gain	(522)	311
Deficit in scheme at end of the year	(479)	(492)

Notes to the Accounts

17 Pension Scheme (continued)

History of experience gains and losses

	2005	2004	2003	2002
	£'000	£'000	£'000	£'000
Difference between the expected and actual return on scheme assets				
Amount £'000	552	81	(371)	(934)
Percentage of scheme assets	6.2%	1.0%	(5.0%)	(12.5%)
Experience gains and losses on scheme liabilities				
Amount £'000	76	(168)	17	20
Percentage of the present value of the scheme liabilities	0.8%	(2.0%)	0.2%	0.3%
Total amount recognised in statement of total recognised gains and losses:				
Amount £'000	(522)	311	(990)	(1,318)
Percentage of the present value of the scheme liabilities	(5.4%)	3.8%	(12.2%)	(184%)

18 Related parties

HGCA undertake commercial transactions with the following related parties:

Defra is the principal sponsor Department for HGCA. As separately identified within the sources of income on page 4, Defra paid contributions of £109k (2003/04 £109k) for services provided. These comprised £105k (2003/04 £105k) for the provision of Market Information; £2k (2003/04 £2k) for the reporting of cereal price information to the European Commission; and £2k (2003/04 £2k) in reimbursement of certain costs associated with the Corn Returns. At 30 June 2005 the amount owing to HGCA from Defra was £147k.

FFB is a non-departmental public body sponsored and substantially funded by Defra. HGCA and FFB undertake joint projects in respect of the promotion of British food abroad, payment in respect of joint projects was £22k (2003/04 £131k). At 30 June 2005 HGCA had no amounts owing to or from FFB.

Central Science Laboratory (CSL) is an Executive Agency of Defra. HGCA has contributed £281k to specific CSL projects during the year (2003/04 £503k). At 30 June the amount owing to CSL by HGCA was £10k.

19 Operating leases

HGCA has a 10 year lease on two floors in Caledonia House, with 2 years remaining. The amounts payable for rent and service charges for the forthcoming year are estimated to be £250k (2004 £250k) and £114k (2004 £120k) respectively.

20 Financial Instruments

FRS 13 - Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Because of the nature of its activities and the way in which HGCA is financed, it is not exposed to the degree of financial risk faced by other business entities. Moreover, financial instruments play a much more limited role than would be typical of the listed companies to which FRS 13 mainly applies.

Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing HGCA in undertaking its activities, or for trading. The fair values of all its financial assets and liabilities approximate to their net book values. In line with FRS 13, short term debtors and creditors (those which mature or become payable within 12 months from the balance sheet date) have been excluded from these disclosures.

Notes to the Accounts

21 Performance against key financial targets

	2005 Actual £'000	2005 Budget £'000	2005 Variance £'000
Expenditure			
Service delivery - what we did			
Research, development and variety evaluation	4,090	4,236	146
Export and market development	1,488	1,518	30
Market services	712	747	35
Grant assisted projects	455	552	97
Strategy - Board, CEO & business development	476	391	(85)
Communications - delivering the message	1,385	1,502	117
Support costs - making the operation work	1,419	1,272	(147)
FRS17 additional pension cost	82	-	(82)
	10,107	10,218	111
Income			
Revenue sources which fund our services			
Levy Income	9,362	9,363	(1)
Grants	452	542	(90)
Investment income	159	90	69
Publications and miscellaneous income	104	78	26
Defra services	109	110	(1)
Other finance income	17	-	17
	10,203	10,183	20

Notes to the Accounts

22 HGCA Financial Statistics

	2001 £000	2002 £000	2003 £000	2004 £000	2005 £000
Balance Sheets					
Assets employed					
Fixed assets and long-term investments	3,507	2,991	2,861	3,309	3,794
Net current assets	4,831	2,960	3,154	3,415	3,627
	8,338	5,951	6,015	6,724	7,421
Financed by					
General reserve	4,638	2,251	2,315	3,024	3,721
Designated reserve	3,500	3,500	2,784	3,008	3,021
Pension liabilities	-	-	716	492	479
Provision for liabilities and charges	200	200	200	200	200
	8,338	5,951	6,015	6,724	7,421
Operating Accounts					
Income					
Levy income	10,053	7,672	9,925	9,096	9,362
Grant income	-	15	378	629	452
Investment income	359	224	111	127	159
Other income	187	185	224	252	230
	10,599	8,096	10,638	10,104	10,203
Expenditure					
Service delivery - what we did		7,659	8,071	7,012	7,221
Communications - delivering the message	10,236	1,296	1,146	1,435	1,385
Support services - making the operation work		1,124	1,245	1,456	1,501
	10,236	10,079	10,462	9,903	10,107
Operating surplus/(deficit) before tax	363	(1,983)	176	201	96
Notional cost of capital	(511)	(468)	(335)	(250)	(259)
Taxation	(24)	(31)	(4)	-	(3)
Net deficit after tax	(172)	(2,482)	(163)	(49)	(166)
Credit of notional cost of capital	511	468	335	250	259
Result for the year	339	(2,014)	172	201	93
Movement in value of long term investments	(301)	(373)	(124)	421	539
Transfer to/(from) reserves	38	(2,387)	48	622	632
FRS 17 net costs reallocated to designated reserve	-	-	16	87	65
General reserve	4,638	2,251	2,315	3,024	3,721

Board and Committee structure 2004/05

The HGCA Board, whose Members are appointed by the UK Agriculture Ministers, is responsible for HGCA's strategic direction. A register of Members' interests is kept by the Personal Assistant to the Chief Executive and is available for inspection at HGCA by prior appointment.

Membership of Advisory Committees is approved by the Board, following nominations by industry representative bodies.

HGCA Board Members

John Page *Chairman* Independent
 Professor Christopher Ritson
Deputy Chairman Independent
 Chris Barnes AIC *resigned 27/12/04*
 Noel Bartram bpc
 John Best UFU
 Andrew Davies NFU *appointed 3/6/05*
 Ian Douglas AIC *appointed 3/6/05*
 Julian Hasler NFU
 David Halligan GAFTA
 Peter Knight nabim *appointed 3/6/05*
 Douglas Morrison NFUS
 Ivor Murrell MAGB
 Dr Sotiris Papolomontos AIC
 Glen Sanderson NFU *retired 2/6/05*
 Michael Sheppard UGP
 Marie Skinner OBE NFU *retired 2/6/05*
 Rad Thomas NFU *appointed 3/6/05*
 Jonathan Tipples NFU
 Stewart Vernon NFU *appointed 3/6/05*
 David Wingate nabim *retired 2/6/05*

HGCA Board Committees

Audit

Professor Christopher Ritson *Chairman*
 John Best
 Ian Douglas *from 20/7/05*
 Julian Hasler
 Stewart Vernon *from 20/7/05*

Finance

John Page *Chairman*
 Noel Bartram
 David Halligan
 Douglas Morrison
 Professor Christopher Ritson
 Jonathan Tipples

Remuneration

John Page *Chairman*
 Douglas Morrison
 Ivor Murrell
 Dr Sotiris Papolomontos
 Professor Christopher Ritson

HGCA Advisory Committees

Crop Marketing

British Cereal Exports (BCE)

BCE drives forward the export promotion of UK wheat, barley and oats.

BCE Advisory Committee as at 30/6/05

Simon Browne *Chairman* NFU
 Michael Adams AIC
 Richard Beldam NFU
 Steve Bumstead NFU
 David Cater UGP
 Keith Davies GAFTA
 David Doyle GAFTA
 Jon Duffy AIC *resigned 02/05*
 George Forbes NFUS
 Paul Foxtan NFU
 Kevin Littleboy NFU
 David McCreath GAFTA/AIC
 Chris Barnes Board representative
resigned 27/12/04
 Jonathan Tipples Board representative
appointed 19/11/05
 one AIC vacancy

Market Development (MD)

MD stimulates increases in the consumption of UK grain through product innovation and the provision of information on the role of grain in a healthy balanced diet.

MD Advisory Committee as at 30/6/05

Julian Gibbons *Chairman* NFU
 Janet Godfrey NFU
 Tamara de Grassi nabim
 David Houghton NFUS *retired 30/9/04*
 Henry Johnston *Vice Chairman* UFU
 Tim Pollock AIC
 Glen Sanderson NFU
 David Wallington nabim
 Ian Whiteford NFUS *appointed 1/10/04*
 Professor Christopher Ritson Board representative

Market Information

Market Information provides daily independent data and analysis to assist the industry in marketing and processing cereals and oilseeds to become more profitable.

Market Information Cereals Committee as at 30/6/05

Dr Sotiris Papolomontos *Chairman*
 Nigel Stevenson Centaur Grain
 Paul Rooke AIC
 Angela Gibson Glencore Grain
 Robin Manning Defra
 Robin Reid Bowmans
 Lindsay Holmes Defra
 Ivor Murrell MAGB
 Guy Gagen NFU
 Damian Testa nabim
 Cecilia Pryce Louis Dreyfus
 Charlotte May nabim
 Alex Clothier Defra

Research & Development

Research & Development manages a programme of near-market research and communicates the results to improve the production, storage and utilisation of cereals and oilseeds.

R&D Advisory Committee as at 30/6/05

Bryan Collen *Chairman* NFU
 James Arbuckle NFUS
 Stewart Brown NFU *retired 30/9/04*
 Mark Charlton nabim
 Roger Clark-Monks bpc
 Andrew Cragg NFU
 Nigel Davies MAGB *appointed 1/10/04*
 Graham Furey UFU
 Anthony Hornshaw *Vice Chairman* NFU
 Dr Clifford Lister AIC/UGP
 Philip Morrall MAGB *retired 30/9/04*
 Doug Niven NFUS *retired 30/9/04*
 Adrian Peck NFU
 Michael Sheppard AIC/UGP
 Daniel Squier NFU
 Steve Stokes GAFTA
 Stewart Vernon NFU
 Duncan West NFU
 Norman Wisely NFUS
 Greg Wrapson NFU *retired 30/9/04*
 Dr David Cooper Defra observer
 Julian Hasler Board representative

Current staff structure and contact details

Chief Executive's Office

Jonathan Cowens
Chief Executive
 Alison Magee PA
 Tel: +44 (0)20 7520 3904
 Fax: +44 (0)20 7520 3954
 e-mail: ce@hgca.com

Business Development

Dr Alan Almond
Director Business Development
 Tel: +44 (0)20 7520 3943
 Fax: +44 (0)20 7520 3954
 e-mail: alan.almond@hgca.com

Communications

Sara Thompson
*Head of Communications
 & Customer Services*
 Tel: +44 (0)20 7520 3952
 Fax: +44 (0)20 7520 3958
 e-mail: sara.thompson@hgca.com

Crop Marketing

Alastair Dickie
Director Crop Marketing
 Laura Ng Executive Assistant
 Tel: +44 (0)20 7520 3972
 Fax: +44 (0)20 7520 3918
 e-mail: mi@hgca.com

Marsha Ribeiro

Manager Market Information
 Tel: +44 (0)20 7520 3910
 Fax: +44 (0)20 7520 3918
 e-mail: marsha.ribeiro@hgca.com

Andrew Flux

Assistant Director Current Markets
 Tel: +44 (0)20 7520 3977
 Fax: +44 (0)20 7520 3902
 e-mail: andrew.flux@hgca.com

Rebecca Geraghty

Assistant Director Market Development
 Tel: +44 (0)20 7520 3901
 Fax: +44 (0)20 7520 3902
 e-mail: rebecca.geraghty@hgca.com

Finance & Business Services

Gordon Bennett
Director Finance & Business Services
 Tel: +44 (0)20 7520 3903
 Fax: +44 (0)20 7520 3931
 e-mail: gordon.bennett@hgca.com

Colin Nunn

Assistant Director Finance
 Tel: +44 (0)20 7520 3938
 Fax: +44 (0)20 7520 3931
 e-mail: colin.nunn@hgca.com

Human Resources

Yvonne Quinn
*Assistant Director Human
 Resources & Facilities Management*
 Tel: +44 (0)20 7520 3991
 Fax: +44 (0)20 7520 3931
 e-mail: yvonne.quinn@hgca.com

Research & Development

Professor Graham Jellis
Director Research & Development
 Michele Charlton Executive Assistant
 Tel: +44 (0)20 7520 3945
 Fax: +44 (0)20 7520 3992
 e-mail: research@hgca.com

Dr Roger Williams

Assistant Director Research
 Tel: +44 (0)20 7520 3934
 Fax: +44 (0)20 7520 3992
 e-mail: roger.williams@hgca.com

Dr Jim McVittie

Recommended Lists Manager
 Tel: +44 (0)20 7520 3959
 Fax: +44 (0)20 7520 3992
 e-mail: jim.mcvittie@hgca.com

Further information about HGCA is contained within the following free publications (copies can be obtained from Publications on +44 (0)20 7520 3920)

Corporate Plan 2003/04 – 2007/08

Annual Business Plan July 2005 – June 2006

Citizen's Charter document Our commitment to quality

Levies for Cereals and Oilseeds 2005/2006

Glossary

AIC	Agricultural Industries Confederation
BCE	British Cereal Exports
BNF	British Nutrition Foundation
bpc	British Poultry Council
CLG	Cereals Liaison Group
Defra	Department for Environment, Food and Rural Affairs
DTI	Department of Trade and Industry
GAEC	Good Agricultural and Environmental Condition
GAFTA	The Grain and Feed Trade Association
LIFFE	London International Financial and Futures Exchange
MAGB	The Maltsters' Association of Great Britain
nabim	The Incorporated National Association of British and Irish Millers
NFU	National Farmers' Union of England and Wales
NFUS	National Farmers' Union of Scotland
R&D	Research and Development
RDA	Rural Development Agency
RL	Recommended Lists
SAFFIE	Sustainable Arable Farming for an Improved Environment
UFU	Ulster Farmers' Union
UGP	United Grain Producers



Published by TSO (The Stationery Office) and available from:

Online

www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries 0870 600 5522

Fax orders 0870 600 5533

Order through the Parliamentary Hotline Lo-call 0845 7 023474

E-mail book.orders@tso.co.uk

Textphone 0870 240 3701

TSO Shops

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax orders 020 7219 3866

TSO Accredited Agents

(see Yellow Pages)

and through good booksellers

**Caledonia House
223 Pentonville Road
London N1 9HY**

Tel: +44 (0)20 7520 3904

Fax: +44 (0)20 7520 3954

email: ce@hgca.com

www.hgca.com

ISBN 0-10-293575-0



9 780102 935752

