

# **Food from Britain Annual Report and Accounts 2008-09**

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

Ordered by the House of Commons to be printed on 11 June 2009

Laid before the Scottish Parliament by the Scottish Ministers on 11 June 2009

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# Introduction

## History and statutory background

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

## Basis of accounts

FFB ceased operations on 31st March 2009. As a result, these accounts have been prepared on a discontinued basis. The accounts have been prepared, to the fullest extent possible, in line with generally accepted accounting practice in the United Kingdom (UK GAAP) and the accounting and disclosure requirements given in the Financial and Reporting Manual (FReM).

## Management

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

## Council Chairman

Lady Jay (Sylvia) CBE

## Members who served during the year

Timothy Bennett, John Bevington, Vincent Craig (until 1st June 2008), David Croisdale-Appleby OBE, David Dobbin CBE, Christine Dunn, Marie Francis OBE, Alan Hardie, Ian Martin, Brian Morgan, Julian Wild.

Relevant information on Members' Interests is available from FFB. Written requests should be addressed to the Chief Executive at FFB, 4th Floor, Manning House, 22 Carlisle Place, London SW1P 1JA until 30th June 2009; and thereafter to Defra, Nobel House, 17 Smith Square, London SW1P 3JR.

## Employees

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

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

in making decisions that are likely to affect their interest.

## Disabled persons

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

## Diversity and equality

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

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

## Employee involvement

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

Supported by effective leadership, staff actively sought better ways to deliver FFB's outputs and develop, focus and exploit their skills to make maximum impact on the achievement of FFB's priorities throughout 2008-09.

## Northern Ireland Equality Scheme

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

## Complaints procedure

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

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

## Freedom of Information Act

Under the Freedom of Information Act 2000, which came into force on 1st January 2005, anybody may request information from a public authority which has functions in England, Wales and/or Northern Ireland. The Act requires that all requests are in writing (this does include emails), states clearly what information is required and states the names of the applicant, and an address for correspondence. Written requests should be addressed to the Chief Executive at FFB, 4th Floor, Manning House, 22 Carlisle Place, London SW1P 1JA until 30th June 2009; and thereafter to Defra, Nobel House, 17 Smith Square, London SW1P 3JR.

## Payment policy

It is the policy of FFB to pay suppliers for goods supplied and liabilities incurred in accordance with the terms of payment reached with each individual supplier. This policy has been adhered to throughout the year. In addition to this, every effort has been made to ensure that all suppliers have been paid in full prior to the year end.

## Auditor

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



## John Adams

Chief Executive & Accounting Officer  
21st May 2009

# Chairman's Statement

FFB came into existence on 23rd March 1983. Some 26 years later, on 31st March 2009, it ceased operations. The Government intends, as soon as Parliamentary time is available, to repeal the Act of Parliament under which FFB operated.

This is a dark backdrop against which to report the activities of the past year. But what has been achieved during that year, both by the UK food and drink industry and by FFB in supporting it, has been a cause for celebration. And, although FFB will certainly be missed, there are some glimmers of good news – not least the agreement reached between the Department for Environment, Food and Rural Affairs and FFB's International Offices, which will mean that the latter will continue to provide services to UK companies under the FFB name in their countries.

UK food and drink exports reached their highest ever level in 2008, with an estimated value of £13 bn. This is about 15% more than the 2007 figure – which was itself a record.

The weakness of sterling undoubtedly provided a boost to these figures – as did the recovery of meat exports after earlier animal health concerns. But the reasons for the success go much deeper than that: they are rooted in UK food and drink's growing reputation for both quality and innovation. Those strengths have been increasingly apparent in recent years to UK consumers, and are now recognised also by those overseas. I and my fellow Council members are immensely proud of the contribution FFB has made to establishing that reputation, through its work promoting regional food within the UK, as well as its support for exports.

The Chief Executive's Review and Management Commentary sets out FFB's achievements during the year. All the targets set for client activity were met or exceeded. As evidence of our success in difficult circumstances, I should like to draw particular attention to the fact that we worked with nearly 200 companies for the first time in the UK, almost all of them small or medium enterprises (SMEs). Our final Export Awards in December 2008 attracted a record number of applications. 300 people came to the event itself; interest was so great that we could not accommodate all those who would have liked to attend.

I should like to express here my heartfelt thanks to members of FFB staff, and FFB's

International Network, for their work during the year. They have contributed, assiduously and with great professionalism, in circumstances they had not foreseen and would obviously have preferred to avoid. I should also like to thank, most sincerely, members of FFB's Council, not least those who have chaired or served on FFB's Committees, who have provided greatly valued support and advice to me and to FFB's staff during these difficult times. Membership of Council remained unchanged during the year, except that Vincent Craig stood down, as planned, after completing two three-year terms, including latterly the Chairmanship of FFB's Remuneration Committee. In order to oversee the final stages of closure, I shall remain as Chairman until 30th June 2009, together with three members of Council (who will form the Audit Committee), the Chief Executive and a small number of staff.

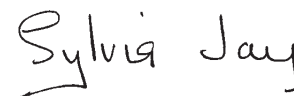
After the decision was made to close FFB in its present form in March 2009, Council tried hard to identify one or more organisations that might act as a formal successor in the UK, taking over some of FFB's functions and assets. Council received independent legal advice that the Transfer of Undertakings (Protection of Employment) Regulations 2006 would apply to each of the proposals received. All of the organisations said that they were not prepared to negotiate on that basis. Defra confirmed at Ministerial level that it was unwilling to authorise a departure from Government's policy to apply TUPE in cases such as this. As a Non-Departmental Public Body, FFB was of course bound by that decision. I therefore wrote to inform each bidder that FFB saw no further scope for negotiations on the transfer of FFB assets or functions in the UK from 2009.

Although FFB in the UK will no longer exist, a wide range of sources of advice and support will continue to be available to UK food and drink exporters. This includes assistance, as with other sectors, from UK Trade & Investment, as well as Scottish Development International, International Business Wales and Invest Northern Ireland. UKTI has appointed new Accredited Trade Organisations to manage the UK pavilions at overseas trade shows previously handled by FFB, including the grants that will continue to be available. And, as I have already mentioned, the nine FFB International Offices will continue to offer expert advice on the 16 markets they cover. From April 2009, this help will be provided directly to the British food and drink industry.

In January 2009, FFB launched a webpage which signposts the main organisations that continue to offer export support to British food and drink companies. This is hosted by the industry's umbrella trade body, the Food and Drink Federation at [www.fdf.org.uk/exports](http://www.fdf.org.uk/exports). Those attempting to access [www.foodfrombritain.com](http://www.foodfrombritain.com) are directed to this site.

To varying extents since 1983, FFB's work has also included support in the UK for domestically-produced food and drink. In 2008-09, FFB's remaining responsibilities in this area were for EU Protected Food Names. There were seven new applications, and awareness of the scheme and its benefits continued to grow. From 1st April 2009, work to promote Protected Food Names in England and to manage applications will be handled by ADAS UK Limited under a new contract with Defra.

It is a sad responsibility for me, as the last Chairman of FFB, to oversee the closure of an organisation that has contributed so much over the past quarter of a century. The silver lining is the knowledge that UK food and drink is more highly thought of, and more in demand, than ever before – and that there are a host of knowledgeable, enthusiastic people, including many previously involved with FFB, who are committed to building on that success.



Lady Jay (Sylvia) CBE,  
Chairman 21st May 2009

# Chief Executive's Review and Management Commentary

The 2007-08 Annual Report described the sequence of events that led Council to decide, on 4th March 2008, that FFB would close in its current form at the end of March 2009.

A revised Operational Plan was prepared in the light of that decision. It set out three strategic objectives for the year:

- to deliver successfully a full programme in support of UK food and drink exports
- to bring about the orderly closure of FFB in its current form, facilitating where possible the transition of FFB functions to one or more successor bodies
- to support FFB staff as they prepare to leave the organisation.

## Service delivery targets: export support

FFB's activities in support of UK food and drink exports remained unchanged in 2008-09, although the extent of that activity was somewhat reduced, particularly in the final quarter of the year as preparations for closure increased. Targets for the levels of activity to be achieved were set accordingly. In the event, all the 2008-09 targets were exceeded, some by a considerable margin: achievement against targets is set out in the table at the end of this section, together with equivalent targets for 2007-08 where these existed.

## Service delivery: regional foods

FFB's longstanding involvement in promoting quality regional foods, and its 5 year programme of additional support for Defra's regional food strategy, came to an end at 31st March 2008. FFB continued to be responsible during 2008-09 for promoting and delivering elements of the EU Protected Food Name scheme in England. During the year FFB dealt with seven new applications; six applications went to national consultation.

## Legacy planning

Following the decision that FFB would close in its current form at the end of March 2009, announced to Parliament on 26th March 2008, a number of bodies considered taking over FFB functions and assets. Four organisations formally expressed an interest in doing so. However, negotiations were ended when none of the bodies was prepared to accept a transfer on the basis of TUPE, and Defra confirmed this as a requirement.

As set out in the Chairman's Statement, legacy planning in the light of this decision has included the following:

- having been given notice by FFB of termination of their existing contracts, FFB's International Offices entered into negotiations with Defra to license use of the FFB name and logo in their markets from 1st April 2009. An agreement was signed on 18th March 2009.
- with involvement by FFB, UKTI allocated responsibility for the British Pavilion in 2009-10 at overseas trade shows between Accredited Trade Organisations, several of which were newly appointed;
- in January 2009, FFB launched a webpage signposting major sources of support and advice for UK food and drink exporters after March 2009;
- transfer to ADAS UK Limited on 1st April 2009 of FFB's work on Protected Food Names, including the member of staff concerned, under a contract from Defra.

## Closure of FFB in its current form

We have worked closely with Defra officials during the year to manage the closure process, running this as a standalone project.

Important strands of work have included bringing to an end all FFB's contracts; making arrangements where appropriate for the retention of documents and records; and maintaining good communications, both internally and externally. Three of the areas demanding particular attention have been the future of FFB staff; The Retirement Benefits Scheme of Food from Britain (the Scheme); and accounting issues. These are described in more detail below.

## FFB staffing and Council appointments

The closure of FFB necessitated 17 staff being given notice of redundancy on 30th September 2008, following a formal consultation process. 13 of these left the organisation on 31st March 2009. The termination date for the remaining four is 30th June 2009; they, together with John Adams, whose appointment as Chief Executive and Accounting Officer was extended to 30th June 2009, will continue to be employed by FFB from 1st April 2009 until 30th June 2009.

As part of a wider programme of training and development for the year, we put in place an extensive range of activities to help staff prepare for life after FFB. This included secondments, outplacement programmes, and work on specific skills such as CV writing and job interviews.

The appointments of most Council members came to an end on 31st March 2009. With their agreement, the appointments of the Chairman of Council, and of Professor David Croisdale-Appleby OBE, Marie Francis OBE and Ian Martin will end on 30th June 2009. The last three of these will form FFB's Audit Committee from 1st April 2009.

## Pensions

The 2007-08 Annual Report highlighted that the decision to close FFB in its current form at 31st March 2009 raised questions about potential liabilities to the Scheme.

On 29th May 2008, Defra confirmed in writing that in principle it accepted responsibility for the residual liability of the Scheme. From that point, a considerable amount of work was undertaken, led by the Trustees, to devise and implement an appropriate way forward. The decision was taken to purchase bulk annuities from an insurance company; these will then form the basis of contracts between individual Scheme members and the insurance company concerned. The Trustees awarded a contract to Pension Insurance Corporation (PIC) on 30th March 2009. The contract was signed on 8th April 2009. Please refer to Note 15 for further details of the disposal.

## Environment, social and community issues

FFB had begun to develop policies, but these had not been finalised at the time the decision was reached to close the organisation. Resources were instead concentrated on an effective and efficient closure of the organisation.

## Accounting issues

As in 2007-08, these accounts have been prepared on a discontinued basis. Where appropriate, major items of expenditure falling after 31st March but already committed – such as Council members' and staff costs, and redundancy entitlements for staff remaining until 30th June 2009 – have been accrued in 2008-09.

Although FFB ceased operations on 31st March 2009, and a significant amount of the expenditure that will take place after that date has been accrued in these accounts, it will still be necessary for 2009-10 accounts to be prepared; and there will be a substantial number of financial transactions in the weeks from 1st April.

We have therefore agreed with Defra that the National Audit Office will perform a programme of work relating to FFB's

activities and transactions for the period from 1st April 2009 to 31st May 2009. This work will be carried out in early June and reported to FFB by the middle of that month. Following review by FFB's Audit Committee, the FFB Accounting Officer will write to Defra's Accounting Officer summarising the position and highlighting any remaining issues. Defra will then be responsible for the preparation of FFB's accounts for 2009-10 and, depending whether Parliament has by then passed legislation to abolish FFB, their laying before Parliament.

FFB will be responsible for processing all payments and receipts in the normal way up to and including 31st May 2009. FFB will close its bank account on or soon after 1st June 2009. At that point, any cash balance will transfer to Defra. Transactions after 31st May 2009 will be handled within Defra's accounting and banking systems; Defra will be involved in authorising payments. All transactions after 31st March relating to FFB, including those handled via Defra's accounting system, will appear in FFB's 2009-10 annual report and accounts.

#### **Financial review Result for the year**

The retained deficit for the year was £10.989m. In accordance with Government accounting conventions, this figure does not take account of Grant-in-aid from Defra, which is treated as financing. FFB received £4m of Grant-in-aid towards its normal activities in 2008-09. The deficit recorded for the year also includes £7.141m in settlement and curtailment costs, relating to the disposal of the Scheme.

#### **Significant variances against budget Redundancy costs**

By agreement with Defra, redundancy costs were not included in the budget set at the beginning of the year. These costs were instead included once redundancy notices had been issued at the end of September 2008. The total amount of redundancy pay is £458k. There have been no payments in lieu of notice.

#### **Pensions**

As detailed in Note 15, the gross Scheme liability as at 31st March 2009 was £18.4m (2007-08: £12.6m). Included in the gross liability is £2.3m (2007-08: £2.1m) relating to annuity contracts for which there is a matching £2.3m (2007-08: £2.1m) annuity contracts asset. The gross Scheme liability, net of annuities, therefore stood at £16.1m (2007-08: £8.4m). The Trustees' expectation of future costs to formally

wind up the Scheme of £0.3m has been added to this to give a gross liability of £16.4m.

As at 31st March, the gross Scheme liability of £16.4m was off-set by liquid Scheme assets of £8.4m leaving a net Scheme liability of £8.0m (2007-08: net Scheme asset £0.3m). The year on year movement from net asset to net liability has been charged to the Income and Expenditure Account and the Statement of Recognised Gains and Losses in line with FRS 17. These charges are detailed in Note 15 with the most significant being a settlement cost of £7.141m charged to the Income and Expenditure Account.

Defra agreed to make Grant-in-aid available for the shortfall between the Scheme's gross assets and liabilities. Defra will pay FFB the Grant-in-aid during 2009-10 which will be passed immediately on to the Trustees of the Scheme. The Grant-in-aid will be recognised in 2009-10 by FFB on a receipts basis in line with the requirements of the FReM; however the funding due from FFB to the Trustees of the Scheme has been included as a liability as at 31st March 2009 of £8.0m, represented as a creditor of £6.7m in Note 12 and a provision of £1.3m in Note 15.

In April 2009, Defra paid to FFB £6.7m which was passed immediately on to the Trustees of the Scheme. The final payment of £1.3m is expected to occur towards the end of 2009-10.

As a result of the Trustees awarding the contract to PIC on 30th March 2009 and signing the contract on 8th April 2009, the Scheme assets and liabilities have been disposed of on the Balance Sheet. Please refer to Note 15 for further details of the disposal.

#### **Euroterroirs**

The 2007-08 Annual Report described FFB's involvement in a European Economic Interest Grouping called Euroterroirs, established in 1993, and the European Commission's decision to require repayment of the Commission's grant from members of the Grouping, including FFB.

During 2008, the European Commission took legal action against the Dutch members of the Grouping and reached a settlement with them. FFB, together with some other members of the Grouping, then agreed to make contributions to the Dutch, on the basis that this was in full and final settlement. FFB's contribution was 125,000 Euro. This was paid on 28th January 2009.

#### **Manning House**

As disclosed in the 2007-08 accounts (Note 15) FFB's sub-lease on its office accommodation at Manning House, London, does not expire until 31st March 2011. The Committee on Climate Change, an NDPB, moved into Manning House on 5th May 2009. FFB will continue to meet the full accommodation costs until 30th June, by which time the accommodation will have been transferred to the Government Estate. The provision that was included in the 2007-08 accounts for the lease payments due until 2011 has therefore been released.

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

A total of £1.902m (2007-08: £2.344m) relating to fees and project funding combined, was paid to the International Network, representing 48% (2007-08: 39%) of total Grant-in-aid received.

A total of £79k (2007-08: £1.346m) has been spent on FFB's work in support of regional food, including the EU Protected Food Names, representing 2% (2007-08: 23%) of Grant-in-aid received.

A further 20% (2007-08: 11%), some £809k net (2007-08: £684k net) was applied to other core activities such as Exhibitions and Events, Research, Development Markets, Client Development and Corporate Communications.

Staff costs, administrative costs and other costs account for the remaining £1.210m (2007-08: £1.591m), representing 30% (2007-08: 27% of total Grant-in-aid received).

#### **Basis of preparation**

FFB ceased operations on 31st March 2009. As a result, these accounts have been prepared on a discontinued basis. The accounts have been prepared, to the fullest extent possible, in line with generally accepted accounting practice in the United Kingdom (UK GAAP) and the accounting and disclosure requirements given in the Financial and Reporting Manual (FReM).

The balance sheet at 31st March 2009 shows total liabilities of £7.661m, all of which was attributable to the General Reserve.

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

There have been no circumstances or events subsequent to the year end which require adjustment of or disclosure in the accounts or in the notes thereto, other than the Trustees signing of the contract with PIC on 8th April 2009 as disclosed in Note 15. The Annual Report and



Accounts were authorised for issue by the Accounting Officer on 29th May 2009.

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

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

**Service delivery targets: export support**

2008-09 Aim	2008-09 Result	2007-08 Aim	2007-08 Result
To achieve a minimum of 220 food and drink companies participating under the FFB banner at international exhibitions, of which a minimum of 60% to be SMEs	<b>Achieved.</b> 237 exhibitors; 92% SMEs	To achieve a minimum of 293 food and drink companies participating under the FFB banner at international exhibitions of which a minimum of 60% are to be SMEs.	<b>Partially Achieved.</b> 289 exhibitors exhibited across the programme of 14 exhibitions; 91% were SMEs. 3 proposed exhibitions did not take place due to lack of demand.
To provide services to at least 100 companies, of which 50% to be fee-paying clients. 20% of the 100 companies should be new to development markets.	<b>Achieved.</b> 179 companies assisted; 101 (56%) fee-paying clients.	To provide services to 150 companies, of which 50% to be fee-paying clients in Development Markets.	<b>Achieved.</b> 158 companies assisted, of which 80 (51%) were fee-paying clients.
To meet 100 companies new to FFB, at least 80% to be SMEs	<b>Achieved.</b> 190 new companies met, 96% were SMEs	Both London and the International Offices will provide export services to at least 700 different companies in each year of the plan. 20% of these companies should be "new" to FFB, i.e. not have worked with FFB in the previous year.	<b>Achieved.</b> Total number of companies serviced is 851, of which 343 (40%) were new to FFB.
To provide research assistance to at least 75 companies	<b>Achieved.</b> 208 companies assisted.	To achieve a contribution of £104k from research and consultancy services.	<b>Achieved.</b> £126k of contribution generated.



**John Adams**

Chief Executive & Accounting Officer  
21st May 2009

# Remuneration Report

## Membership of the Remuneration Committee

The Members of the Remuneration Committee are Non-executive Council Members appointed by the Council. It consists of a Chair and at least one other Council Member, plus the Chairman of Council. Membership at 31st March 2009 consisted of Alan Hardie (Chair), Timothy Bennett and Lady Jay (Sylvia) CBE.

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

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

The remuneration of the Chairman of Council is determined by Defra. The

remuneration for 2008-09 was £53,350 per annum (2007-08: £52,049 per annum).

The remuneration for each Council member is determined by Defra. The remuneration for 2008-09 was £1,896 per annum (2007-08: £1,848 per annum), £948 (2007-08: £924) of which was paid as a retainer, with the remaining £948 (2007-08: £924) being paid pro-rata for each quarterly Council meeting attended.

The Chief Executive's salary and conditions of service are determined by the Chairman of Council, but take into account consultations with Defra (on behalf of the devolved administrations). The salary is reviewed annually. The remuneration for 2008-09 was £130,000 per annum (2007-08: £125,000 per annum).

## Proportion of remuneration which is subject to performance conditions

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

The incentive scheme for the Chief Executive in 2008-09 was restricted to a maximum of 10% of basic salary, based on the achievement of agreed objectives.

## Pension arrangements

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

## Benefits in kind

The Chief Executive is entitled to a car allowance of £6,000 per annum (2007-08: £6,000 per annum).

## Remuneration of the Council and Chief Executive

	2008-09	2007-08
	£	£
<b>Council Members' remuneration (audited)</b>		
Lady Jay (Sylvia) CBE*	67,222	52,049
Timothy Bennett	1,896	2,541
John Bevington	7,347	4,043
Vincent Craig	154	3,003
David Croisdale-Appleby**	3,108	2,541
David Dobbin CBE	1,422	1,848
Christine Dunn	1,896	1,848
Marie Francis OBE**	3,345	2,079
Alan Hardie	2,370	2,310
Ian Martin**	3,108	2,541
Brian Morgan	1,659	770
Julian Wild	1,896	1,617
<b>Total</b>	<b>95,423</b>	<b>77,190</b>

\* Includes an amount of £13,872 (2007-08 £nil), for the period 1st April to 30th June 2009.

\*\* Includes an amount of £738 (2007-08 £nil), for the period 1st April to 30th June 2009.

## Chief Executive's remuneration (audited)

The emoluments of the Chief Executive, who is not a Council Member, were as follows:

	Salary	Bonus	Car allowance	2008-09 Total	2007-08 Total
	£	£	£	£	£
Year to 31st March 2009					
John Adams*	163,801	19,760	7,500	191,061	74,569
<b>Total</b>	<b>163,801</b>	<b>19,760</b>	<b>7,500</b>	<b>191,061</b>	<b>74,569</b>

\* Includes an amount of £42,061 (2007-08 £nil), for the period 1st April to 30th June 2009.

Pension service costs of £14,742 (2007-08 £6,404) were incurred in the year. These include an amount of £3,042 (2007-08 £nil), for the period 1st April to 30th June 2009.

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

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


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

The Chief Executive's service contract, having been extended, expires on 30th

June 2009. It is terminable by either party and requires three months notice or payment in lieu of notice.

As a consequence of the decision to close FFB, seventeen members of staff were made redundant. To simplify the redundancy process, all staff were given their redundancy notice on 30th September 2008. Termination payments were made in accordance with the contractual entitlements of individual members of staff; in addition, three staff who had been employed by FFB for slightly less than 2 years were, with the agreement

of Defra, given a redundancy payment as though they had served two years. The total amount paid was £13,343. There were no payments in lieu of notice. Details of redundancy payments are disclosed in Note 7 to the accounts.



**John Adams**  
Chief Executive & Accounting Officer  
21st May 2009

### Statement of Accounting Officer's Responsibilities

Under the Agricultural Marketing Act 1983, as amended, the Ministers have directed FFB to prepare for each financial year a statement of accounts in the form and on the basis set out in the accounts direction. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of FFB and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

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

- Observe the accounts direction issued by the Ministers, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards, as set out in the

Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts.

- Prepare the accounts on an appropriate basis. For 2007-08 and 2008-09 this was on a discontinued basis.

The Ministers have appointed John Adams Accounting Officer of FFB. The responsibilities of an Accounting Officer,

including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding FFB's assets, are set out in Managing Public Money.

### Statement of Council Members' Responsibilities

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

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

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

# Statement on Internal Control

## Scope of responsibility

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

The relationship between FFB, Defra and the devolved administrations is set out in the Management Statement, last revised in 2007. This incorporates the Financial Memorandum and the Accounts Direction and includes a section on Managing Risks and Resources. The Management Statement makes clear that Defra acts as the sponsor department for FFB on behalf of the devolved administrations.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of FFB policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in FFB for the year ended 31st March 2009 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

## Capacity to handle risk

Strategic leadership for risk management in FFB is provided by the Audit Committee, which considers risk management at each meeting and reports regularly to Council, including a formal written annual report.

With support from FFB's internal auditors, the FFB management team, led by the Chief Executive, conducts a thorough annual review of the main risks affecting the organisation. The resulting risk register is then subject to further formal quarterly reviews. All members of staff are encouraged to embed the consideration

of risk into their day-to-day work and responsibilities, including both internal systems (such as finance and IT) and client-facing projects.

## The risk and control framework Corporate governance Council

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

At 31st March 2009, FFB's Council consisted of 11 Members including the Chairman. Although this was below the minimum number of Members as required by the Agricultural Marketing Act 1983, paragraph 3 of Schedule 1 to the Act provides for the Council to function when vacancies exist. Details of the composition of the Council are shown on page 28. Paragraph 9 of the same Schedule also allows the Council to determine its own quorum.

The Council, through the Chairman, has been available to any member of the public wishing to pursue any complaint. Records of meetings, plans, budgets, etc. have been available, subject to the protection of commercial confidentiality, from FFB. Key documents will be passed to Defra for retention, and will be available via the Department.

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

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

## Audit Committee

The Members of the Audit Committee are Non-executive Council Members appointed by the Council for the remaining duration of their Council term. The Committee consists of a Chair, who must not be the Chairman of Council, and at least two other Council Members. Membership at 31st March 2009 consisted of Professor David Croisdale-Appleby (Chair), John Bevington, Marie Francis OBE and Ian Martin.

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

The Audit Committee meets at least three times a year and the Chair of the Audit Committee may convene additional meetings, as he/she deems necessary. During 2008-09, a meeting was held in May and November 2008, and March 2009.

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

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

## Identification and control of risk

At the corporate level, attention is focused on significant risks to the organisation as a whole, with a clearly identified Risk Owner (usually the Chief Executive) and Risk Manager (usually one or more FFB Managers) for each risk. Individual FFB teams are responsible for managing risks within their own areas, escalating these as necessary.

On 4th March 2008, as a result of Defra's decision to reduce Grant-in-aid to FFB to zero within three years, FFB's Council decided to close the organisation in its current form in March 2009. This decision was subsequently endorsed by Ministers, and announced to Parliament in a written statement on 26th March 2008.

This decision affected FFB's business model, and therefore its risk appetite, for its last year of operation. It was no longer appropriate to expand the

services offered by the organisation, or to develop new funding sources. The priority became to ensure that all necessary steps were taken to ensure safe closedown at 31st March 2009, with the subsidiary objective of identifying, if possible, legacy arrangements so that the benefits of past investment in FFB were not entirely lost. Meanwhile, FFB also wished to deliver a full year's programme of activities in support of the food and drink industry.

The FFB management team prepared a revised risk register to reflect the new situation. This was endorsed by the Audit Committee at their meeting on 22nd May 2008 and has been the subject of thorough quarterly reviews since then.

#### 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 managers within FFB who have responsibility for the development and maintenance of the internal control framework, and comments made by the External Auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by Council and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The following changes to FFB's control environment have been made, in order to ensure that it remains appropriate in the organisation's last year of activity:

- Internal Audit has not carried out any reviews of operational activity in 2008-09, though they have examined core financial controls. Their work has focused on ensuring that appropriate corporate governance is in place; in addition, I have sought their advice on specific issues that have arisen in connection with successor arrangements and closedown, including handling potential conflicts of interest among staff;
- we agreed with FFB's External Auditors that they would undertake as much as possible of their work ahead of or as part of their interim audit. This has included reviewing the process for making FFB staff redundant, and the resulting redundancy entitlements;

- we have put in place new project management arrangements to oversee closedown. Defra have been closely involved in the decision-making. Defra also introduced a requirement for their approval to be sought before undertaking any new project or increasing the scope of any existing project or area of activity in a way that was likely to increase costs by more than £10,000.

We have also reviewed our systems for protecting personal data about clients, which was held on a computer system shared with FFB's International Offices. FFB's Marketing and Communications Manager was appointed as Information Asset Owner. New guidance was issued to all those with access to the relevant database, reminding them of good practice, including particularly the need to avoid copying personal data to removable assets such as memory sticks. There were no personal data related incidents during the year.



#### John Adams

Chief Executive & Accounting Officer  
21st May 2009

## 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 of Food from Britain for the year ended 31 March 2009 under the Agricultural Marketing Act (1983), as amended. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

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

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

In addition, I report to you if Food from Britain has not kept proper accounting records, if I have not received all the

information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Introduction, the Chairman's Statement and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### Basis of audit opinions

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

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

## Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Agricultural Marketing Act (1983) and directions made thereunder by HM Treasury, of the state of Food from Britain's affairs as at 31 March 2009 and of its deficit, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Agricultural Marketing Act (1983) and HM Treasury's directions made thereunder; and
- information, which comprises the Chief Executive's Review and Management Commentary, included within the Annual Report, is consistent with the financial statements.

### Opinion on Regularity

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

### Emphasis of Matter

Without qualifying my opinion, I draw attention to Note 1 of the financial statements. Food from Britain ceased operations on 31 March 2009 and dissolution of the entity will occur once legislation is formally enacted. As a consequence, the Council and Accounting Officer do not consider Food from Britain to be a going concern and instead the financial statements have been prepared on a discontinued basis and the Council has reviewed all assets and liabilities to ensure that they are appropriately valued at 31 March 2009.

### Report

I have no observations to make on these financial statements.

### T J Burr

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

29th May 2009

# Income and Expenditure Account

for the year ended 31st March 2009

	Note	2008-09 £	2007-08 £
<b>Income</b>			
Exhibitions and Events	3	1,719,012	1,846,698
Other activities	5	287,318	703,335
<b>Total income</b>		<b>2,006,330</b>	<b>2,550,033</b>
<b>Expenditure</b>			
International Network	4	(1,901,883)	(2,344,286)
Exhibitions and Events	3	(1,954,551)	(1,846,420)
Regional Food Activity		(78,641)	(1,346,435)
Other activities	5	(1,096,587)	(1,387,452)
Operating expenditure		(5,031,662)	(6,924,593)
Staff costs	7	(713,258)	(933,757)
Administrative costs	8	(305,473)	(1,186,353)
<b>Total expenditure</b>		<b>(6,050,393)</b>	<b>(9,044,703)</b>
<b>Net expenditure</b>		<b>(4,044,063)</b>	<b>(6,494,670)</b>
Settlements and curtailments	15	(7,140,818)	–
Other finance income	6	205,217	280,974
Notional cost of capital		87,903	(46,463)
<b>Net expenditure on ordinary activities before taxation</b>		<b>(10,891,761)</b>	<b>(6,260,159)</b>
Taxation	9	(8,866)	(18,195)
<b>Net expenditure on ordinary activities after taxation</b>		<b>(10,900,627)</b>	<b>(6,278,354)</b>
Reversal of notional cost of capital		(87,903)	46,463
<b>Retained deficit for the year</b>	14	<b>(10,988,530)</b>	<b>(6,231,891)</b>
All income and expenditure relates to continuing operations.			
<b>Statement of Recognised Gains and Losses</b>			
Pension actuarial loss	14	(1,314,414)	(213,573)
Capital Grant to purchase fixed assets	14	–	20,475
Depreciation and loss on disposals	14	(41,998)	(42,258)
<b>Total</b>		<b>(1,356,412)</b>	<b>(235,356)</b>

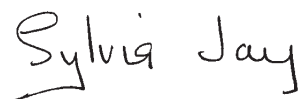
The notes on pages 16 to 27 form an integral part of the accounts.

# Balance Sheet

as at 31st March 2009

	Note	2008-09	2007-08
		£	£
<b>Fixed assets</b>			
Tangible assets	10	–	41,998
<b>Current assets</b>			
Debtors	11	102,234	535,257
Cash at bank and in hand	17	546,931	1,242,966
		649,165	1,778,223
<b>Current liabilities</b>			
Amounts falling due within one year	12	(6,926,725)	(847,662)
Net current (liabilities)/assets		(6,277,560)	930,561
Pension (liability)/asset	15	–	282,000
Provisions for liabilities and charges	13	(1,383,884)	(571,061)
Net total (liabilities)/assets		(7,661,444)	683,498
<b>Financed by</b>			
General Reserve	14	(7,661,444)	359,500
Pension Reserve	14	–	282,000
Government Grant Reserve	14	–	41,998
		(7,661,444)	683,498

The accounts were approved by the Audit Committee on behalf of the Council on 21st May 2009.  
Signed on behalf of the Council



Lady Jay (Sylvia) CBE, Chairman



John Adams, Chief Executive and Accounting Officer

The notes on pages 16 to 27 form an integral part of the accounts.



# Cash Flow Statement

for the year ended 31st March 2009

	Note	2008-09 £	2007-08 £
<b>Reconciliation of net expenditure to net cash outflow from operating activities:</b>			
Net expenditure		(4,044,063)	(6,494,670)
Pension service costs		(50,414)	31,427
Decrease/(Increase) in debtors		433,023	(111,438)
(Decrease)/Increase in creditors and provisions – excluding amounts relating to Scheme disposal		(1,058,603)	151,322
Net cash outflow from operating activities		(4,720,057)	(6,423,359)
<b>Returns on investments and servicing of finance</b>			
Interest received		42,217	90,974
<b>Taxation</b>			
Corporation tax paid		(18,195)	(16,875)
<b>Financing</b>			
Grant-in-aid from Defra	2	4,000,000	5,965,400
Transfer from liquid reserves		1,000,000	400,000
Increase in cash		303,965	16,140
<b>Reconciliation of net cash flow to movement in net funds:</b>			
Increase in cash		303,965	16,140
Transfer from liquid reserves		(1,000,000)	(400,000)
Net funds at 1st April		1,242,966	1,626,826
Net funds at 31st March	17	546,931	1,242,966

The notes on pages 16 to 27 form an integral part of the accounts.

# Notes to the Accounts

## 1. ACCOUNTING POLICIES

### **Basis of accounting**

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

### **Going Concern**

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

FFB ceased operations on 31st March 2009; a small operation to facilitate the winding down of operations will continue until 30th June 2009. As a result and in line with the discontinued basis of preparation, all known liabilities relating to the period from 1st April 2009 have been accrued in these accounts.

Council has reviewed all assets and liabilities to ensure that they have been appropriately valued as at 31st March 2009.

### **Grant-in-aid and Grants**

Grant-in-aid and Grant received used to finance activities and expenditure which support the statutory and other objectives of FFB are treated as financing, credited to the General Reserve.

Grant relating to capital expenditure used to acquire specific capital items is credited to the Government Grant Reserve. It is released to the Income and Expenditure Account over the expected useful life of the asset it has been used to acquire, in order to match the depreciation relating to the asset.

### **Income recognition**

All income is recognised net of VAT and trade discounts.

### **Income and expenditure account surplus**

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

### **Fixed Assets**

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

### **Depreciation**

Depreciation is provided against tangible fixed assets on a straight-line basis at rates calculated to write off the cost, less estimated residual value, over the expected useful life of the asset. Given the decision to close FFB in its existing form all assets have been fully depreciated in the year.

### **Leased assets**

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

### **Pension costs**

FFB operated a defined benefit pension scheme for all employees in post prior to September 2007, whereby pensions were provided through a contracted out final salary scheme invested with and administered by Clerical Medical. The pension charge for the year has been calculated by an independent qualified actuary in accordance with FRS17, as explained further in Note 15. The Scheme has been disposed of during 2008-09 as explained further in Note 15.

### **Foreign exchange**

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

### **Liquid reserves**

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

### **Cost of capital**

The cost of capital represents the opportunity cost to the Exchequer of assets used by FFB and is calculated at HM Treasury's set rate of 3.5% (2007-08: 3.5%) on averaged net total assets excluding provisions.

## Financial instruments

### Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with FFB's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made. All other financial assets and financial liabilities are recognised when FFB becomes party to the contractual provisions of the instrument.

### De-recognition

Financial assets are no longer recognised (de-recognised) when the rights to receive cashflows from the assets have expired or FFB has transferred substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

### Classification and measurement

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets. FFB's loans and receivables comprise trade debtors, other debtors and cash at bank and in hand. Loans and receivables are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset. Interest on loans and receivables is calculated using the effective interest method and credited to the income and expenditure account.

#### Financial liabilities

All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts, exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability. They are included in current liabilities except for amounts payable more than 12 months after the balance sheet date, which are classified as long-term liabilities. FFB's financial liabilities comprise trade creditors, other creditors and accruals.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to the income and expenditure account.

#### Impairment of financial assets

At the balance sheet date, FFB assesses whether any financial asset is impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cashflows of the asset.

Consistent with the measurement of financial assets at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the income and expenditure account and in the case of trade debtors, the carrying amount of the asset is reduced through the use of an allowance for irrecoverable amounts, and for other financial assets the carrying amount is reduced directly.

Bad debt provisions are calculated based on FFB's bad debt provision policy which is to provide for all debts where the age of the debt and knowledge of specific queried balances indicates a significant risk of non-payment. The provision is reviewed as part of the year end procedures. A decision is made to write off a debt when all avenues for recovery have been exhausted.

	2008-09	2007-08
	£	£
Grant-in-aid from Defra	4,000,000	4,965,400
Additional Grant-in-aid funding from Defra for Regional Food activity	–	1,000,000
Total	4,000,000	5,965,400

A further £6.7m was received from Defra on 2nd April 2009. This was transferred to The Retirement Benefits Scheme of Food from Britain (the Scheme) on 6th April 2009 ahead of the Trustees of the Scheme signing an agreement with Pension Insurance Corporation (PIC) on 8th April 2009.

# Notes to the Accounts

## 3. EXHIBITIONS AND EVENTS

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

	2008-09	2007-08
	£	£
Grants receivable from UKT&I for exhibitors	164,800	190,800
Grants receivable from UKT&I for FFB	43,200	51,800
Total grant income from UKT&I	208,000	242,600
Income from exhibitors and delegates	1,511,012	1,604,098
<b>Total income</b>	<b>1,719,012</b>	<b>1,846,698</b>
UKT&I funds payable to exhibitors	164,800	190,800
Staff costs allocated (Note 7)	371,635	181,724
Other costs	1,418,116	1,473,896
<b>Total expenditure</b>	<b>1,954,551</b>	<b>1,846,420</b>

## 4. INTERNATIONAL NETWORK

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

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

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

	2008-09	2008-09	2008-09	2007-08
	Fees	Projects	Total	Total
	£	£	£	£
<b>Total fees and project funding paid to the International Network</b>				
Belgium	170,000	62,906	232,906	274,888
France	170,000	67,650	237,650	317,938
Germany/Switzerland/Austria	170,000	74,911	244,911	275,522
Italy	170,000	60,626	230,626	320,104
Nordic	170,000	61,105	231,105	252,084
North America	170,000	29,628	199,628	216,695
Portugal	50,000	26,027	76,027	66,977
Spain	170,000	66,264	236,264	296,890
The Netherlands	170,000	42,766	212,766	323,188
<b>Total</b>	<b>1,410,000</b>	<b>491,883</b>	<b>1,901,883</b>	<b>2,344,286</b>

	2008-09	2008-09	2008-09	2007-08
	Income	Expenditure	Net	Net
	£	£	£	£
<b>5. OTHER ACTIVITIES</b>				
Fast Track	–	–	–	121,987
Research and Marketing Services	211,700	(280,841)	(69,141)	7,305
Development Markets	75,618	(308,032)	(232,414)	(256,348)
Client Development	–	(267,349)	(267,349)	(399,628)
Corporate Communications	–	(240,365)	(240,365)	(164,147)
Other	–	–	–	6,714
<b>Total</b>	<b>287,318</b>	<b>(1,096,587)</b>	<b>(809,269)</b>	<b>(684,117)</b>

	2008-09	2007-08
	£	£
<b>6. OTHER FINANCE INCOME</b>		
Bank interest receivable	42,217	90,974
Pension fund interest receivable (Note 15)	163,000	190,000
<b>Total</b>	<b>205,217</b>	<b>280,974</b>

	2008-09	2007-08
	£	£
<b>7. STAFF COSTS</b>		
Council Members' remuneration (Note 7b)	95,423	77,190
Staff salaries including amounts payable for redundancy, payments in lieu of notice and bonus payments	1,370,173	1,534,001
Social security costs	88,293	97,848
Pension service costs (Note 15)	121,000	293,000
Pension service costs*	14,742	6,404
<b>Total</b>	<b>1,689,631</b>	<b>2,008,443</b>

\* Represents payment to the Chief Executive, John Adams, who is not a member of The Retirement Benefits Scheme of Food from Britain (the Scheme). The cost represents 9% of pensionable salary. Includes an amount of £3,042 (2007-08 £nil), for the period 1st April to 30th June 2009.

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

	2008-09	2007-08
	£	£
Exhibitions and Events	371,635	181,724
Development Markets	83,251	154,866
Research and Marketing Services	137,919	119,176
Fast Track	–	32,129
Client Development	152,014	207,604
Corporate Communications	179,612	85,706
Regional Food Activity	51,942	293,481
<b>Allocated to operating expenditure</b>	<b>976,373</b>	<b>1,074,686</b>
Council	103,148	83,183
Chief Executive's Office	308,630	159,742
Finance & Administration	301,480	342,311
International Office Management	–	348,521
<b>Allocated as overhead expenditure</b>	<b>713,258</b>	<b>933,757</b>
<b>Grand total</b>	<b>1,689,631</b>	<b>2,008,443</b>

## Notes to the Accounts

(a) The average number of employees and Council Members during the year was	2008-09	2007-08
Employees	20	26
Council Members	11	11
<b>Total</b>	<b>31</b>	<b>37</b>

(b) Council Members' remuneration	2008-09	2007-08
	£	£
Lady Jay (Sylvia) CBE*	67,222	52,049
Timothy Bennett	1,896	2,541
John Bevington	7,347	4,043
Vincent Craig	154	3,003
David Croisdale-Appleby**	3,108	2,541
David Dobbin CBE	1,422	1,848
Christine Dunn	1,896	1,848
Marie Francis OBE**	3,345	2,079
Alan Hardie	2,370	2,310
Ian Martin**	3,108	2,541
Brian Morgan	1,659	770
Julian Wild	1,896	1,617
<b>Total</b>	<b>95,423</b>	<b>77,190</b>

\* Includes an amount of £13,872 (2007-08 £nil), for the period 1st April to 30th June 2009.

\*\* Includes an amount of £738 (2007-08 £nil), for the period 1st April to 30th June 2009.

### (c) Directors' remuneration

The emoluments of the Chief Executive, who is not a Council Member, were as follows:

Year to 31st March 2009	Salary	Bonus	Car allowance	2008-09 Total	2007-08 Total
	£	£	£	£	£
John Adams*	163,801	19,760	7,500	191,061	74,569
<b>Total</b>	<b>163,801</b>	<b>19,760</b>	<b>7,500</b>	<b>191,061</b>	<b>74,569</b>

\* Includes an amount of £42,061 (2007-08 £nil), for the period 1st April to 30th June 2009.

8. ADMINISTRATIVE COSTS	2008-09	2007-08
	£	£
<b>Include the following:</b>		
Auditors' remuneration – for audit services	30,000	20,000
Other operating lease	237,500	183,177
(Decrease)/Increase in provision for operating lease (Note 13)	(380,000)	380,000
Increase in provision for Euroterroirs (Note 13)	35,558	81,136
Depreciation and loss on fixed assets (Note 10)	41,998	42,258
Release from Government Grant Reserve (Note 14)	(41,998)	(42,258)
Net exchange (gains)/losses	(2,167)	898

## 9. TAXATION

	2008-09 £	2007-08 £
Corporation tax on interest receivable @ 21% (2007-08 20%)	8,866	18,195
Taxation for the current year	8,866	18,195

## 10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1st April 2008	127,210	46,635	170,578	344,423
Additions	–	–	–	–
Disposals	–	(528)	(76,470)	(76,998)
At 31st March 2009	127,210	46,107	94,108	267,425
<b>Depreciation</b>				
At 1st April 2008	113,364	38,314	150,747	302,425
Charge for the period	13,846	8,321	19,831	41,998
Disposals	–	(528)	(76,470)	(76,998)
At 31st March 2009	127,210	46,107	94,108	267,425
<b>Net book value</b>				
At 31st March 2009	–	–	–	–
At 31st March 2008	13,846	8,321	19,831	41,998

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

Fixed assets with a net book value of £nil (2007-08: £243) were disposed of during the year.

These amounts have been released from the Government Grant Reserve (Note 14).

## 11. DEBTORS

	2008-09 £	2007-08 £
Trade debtors	24,670	208,737
Other debtors	77,564	14,188
Prepayments and accrued income	–	312,332
<b>Total</b>	<b>102,234</b>	<b>535,257</b>

## 12. CREDITORS

	2008-09 £	2007-08 £
Trade creditors	35,306	382,206
Corporation Tax	8,866	18,195
Other creditors	762	989
Accruals and deferred income	6,881,791	446,272
<b>Total</b>	<b>6,926,725</b>	<b>847,662</b>

Included in accruals and deferred income is an amount due to The Retirement Benefits Scheme of Food from Britain (the Scheme) of £6.7m (2007-08 £nil). This was transferred to the Scheme on 6th April 2009 ahead of the Trustees signing an agreement with Pension Insurance Corporation (PIC) on 8th April 2009. This funding together with an existing £10.0m of assets held by the Scheme funded the Initial Premium of £16.7m which was paid in full on 16th April 2009.

# Notes to the Accounts

## 13. PROVISIONS FOR LIABILITIES AND CHARGES

	Scheme disposal	ACP's	Redundancy and payment in lieu of notice	Operating Lease	Euroterroirs	2008-09 Total
	£	£	£	£	£	£
As at 1st April	–	22,340	87,585	380,000	81,136	571,061
Increase/(Decrease) in provision	1,259,818	60,182	83,884	(380,000)	35,558	1,059,442
Liability discharged in year	–	(42,340)	(87,585)	–	(116,694)	(246,619)
As at 31st March	1,259,818	40,182	83,884	–	–	1,383,884

### Scheme disposal

A Premium Adjustment Amount will be paid to Pension Insurance Corporation (PIC) following the completion of due diligence. It is expected that this will be completed within 12 months of the date that the contract was signed and that a further £1.3m will be required from Defra. Please refer to Note 15 for further details of the disposal.

### Annual Compensation Payments (ACPs)

Following the redundancies in March 2009, one member of staff was eligible for Annual Compensation Payments up to their normal retirement age. These payments are increased each year to reflect movements in the Retail Price Index. Based on current levels of payment and inflation expectations, there is an estimated maximum future liability of £40,182. This liability will be transferred to PIC as part of the contract to purchase bulk annuities.

### Redundancy and payment in lieu of notice

As a consequence of the redundancy of four members of staff on 30th June 2009, redundancy amounts of £83,884 have been provided for as at 31st March 2009 and will be paid in June 2009.

### Operating lease

The Committee on Climate Change, an NDPB of Department of Energy and Climate Change, moved into Manning House on 5th May 2009. FFB will continue to meet the full accommodation costs until 30th June which has been accrued in the accounts, by which time the accommodation will have been transferred to the Government Estate. The provision that was included in the 2007-08 accounts for the lease payments due until 2011 has therefore been released.

### Euroterroirs

The 2007-08 Annual Report described FFB's involvement in a European Economic Interest Grouping called Euroterroirs, established in 1993, and the European Commission's decision to require repayment of the Commission's grant from members of the Grouping, including FFB.

During 2008, the European Commission took legal action against the Dutch members of the Grouping and reached a settlement with them. FFB, together with some other members of the Grouping, then agreed to make contributions to the Dutch, on the basis that this was in full and final settlement. FFB's contribution was 125,000 Euro. This was paid on 28th January 2009.

## 14. MOVEMENT ON RESERVES

	General Reserve	Pension Reserve	Government Grant Reserve	2008-09 Total
	£	£	£	£
As at 1st April	359,500	282,000	41,998	683,498
(Deficit)/surplus for the year	(4,061,126)	(6,927,404)	–	(10,988,530)
Disposal of Scheme (Note 15)	(7,959,818)	7,959,818	–	–
Grant-in-aid received towards resource expenditure (Note 2)	4,000,000	–	–	4,000,000
Release to income and expenditure account to reflect in year depreciation of assets purchased by capital grant	–	–	(41,998)	(41,998)
Pension actuarial loss	–	(1,314,414)	–	(1,314,414)
As at 31st March	(7,661,444)	–	–	(7,661,444)

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



## 15. PENSION COMMITMENTS

Membership of The Retirement Benefits Scheme of Food from Britain (the Scheme), which is a defined benefit scheme, was closed to new joiners in September 2007. FFB ceased operations on 31st March 2009 and the remaining liabilities of the Scheme have been fully secured as disclosed in Note 12. Therefore no further contributions will be paid to the Scheme. The assets of the Scheme, all of which are cash held in trust, are separate from those of FFB.

The following assumptions have been used:

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

The most recent completed full actuarial valuation of the Scheme was undertaken as at 1st April 2004 and received in February 2005. This showed that the value of the Scheme's assets amounted to £7.36m, representing 86% of the value of the benefits which had accrued to members, after allowing for projected future increases in salaries. Employer contributions at 30% of pensionable salaries and employee contributions at 1.5% of pensionable salaries were in force throughout the year. Total employer contributions paid in the year were £171k (2007-08: £262k).

### FRS17 Retirement Benefits

The valuation used for FRS17 disclosure has been based on the most recent actuarial valuation at 1st April 2007, updated by an independent qualified actuary to take account of the requirements of FRS17 in order to assess the liabilities of the Scheme at 31st March 2009. The assumptions made for calculating the liabilities as at 31st March 2008 and 2009 were as follows:

	31st March 2009	31st March 2008
Inflation	3.0%	3.7%
Salary escalation	3.5%	4.2%
Increases to pensions in payment		
Where subject to Pension Increase Review Order	3.0%	3.7%
Where subject to Pension Increase Review Order, minimum 3%	3.5%	4.0%
Statutory revaluation in deferment	3.0%	3.7%
Discount rate (pre and post retirement)	6.7%	6.3%
Life expectancy for 60 year old male	87	86

The liabilities as at 31 March 2009 have been based on the actual cost of securing the remaining Scheme liabilities through the purchase of annuities and deferred annuities.

The fair value of the assets at 31st March 2008 and 31st March 2009 and the expected rate of return for each category of assets are as follows:

	31st March		31st March	
	£	2009	£	2008
Equities	-	-	8,069,000	8.7%
Property	-	-	145,000	8.0%
Bonds	-	-	550,000	4.5%
Cash and other net assets	8,459,000	4.0%	1,996,000	3.9%
Annuity Contracts	2,300,000	6.7%	2,122,000	6.3%
Total fair value of Scheme assets	10,759,000		12,882,000	
Present value of Scheme liabilities	(16,418,818)		(10,478,000)	
Annuity Contracts	(2,300,000)		(2,122,000)	
(Deficit)/surplus in the Scheme	(7,959,818)		282,000	

FFB has purchased annuities in prior years which wholly or very substantially match the associated Scheme liabilities. These have been included in the fair value of Scheme assets and present value of Scheme liabilities as noted above.

## Notes to the Accounts

### Statement of Recognised Gains and Losses

FFB has purchased annuities in prior years which wholly or very substantially match the associated Scheme liabilities as such these have been excluded from the following figures.

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

	31st March 2009	31st March 2008	31st March 2007	31st March 2006	31st March 2005
Actual return less expected return on Scheme assets	(2,893,000)	(1,177,000)	(109,000)	1,396,000	240,000
<i>Percentage of the Scheme assets</i>	<i>(34.2)%</i>	<i>(9.1)%</i>	<i>(1.0)%</i>	<i>13.0%</i>	<i>2.8%</i>
Experience gains and losses arising on the Scheme liabilities	153,000	83,000	9,000	103,000	(32,000)
<i>Percentage of the Scheme liabilities</i>	<i>(1.0)%</i>	<i>(0.7)%</i>	<i>0.1%</i>	<i>1.1%</i>	<i>(0.4)%</i>
Changes in assumptions underlying the present value of the Scheme liabilities	1,426,000	880,000	(1,292,000)	(1,116,000)	(475,000)
<i>Percentage of the Scheme liabilities</i>	<i>(8.9)%</i>	<i>(7.0)%</i>	<i>(11.8)%</i>	<i>(12.1)%</i>	<i>(6.1)%</i>
Actuarial (loss)/gain recognised in Statement of Recognised Gains and Losses	(1,314,000)	(214,000)	(1,392,000)	383,000	(267,000)
<i>Percentage of the Scheme liabilities</i>	<i>8.2%</i>	<i>(1.7)%</i>	<i>(12.7)%</i>	<i>4.2%</i>	<i>(3.4)%</i>

### Reconciliation of present value of Scheme assets and liabilities

FFB has purchased annuities in prior years which wholly or very substantially match the associated Scheme liabilities as such these have been excluded from the following figures.

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

	31st March 2009 £	31st March 2008 £
<b>Assets</b>		
Assets in Scheme at beginning of period	10,760,000	11,312,000
Movement in year:		
Expected return on assets	808,000	768,000
Employer Contributions	171,000	262,000
Member Contributions	8,000	14,000
Benefits paid	(395,000)	(419,000)
Actuarial loss	(2,893,000)	(1,177,000)
Assets in Scheme at end of period	8,459,000	10,760,000
<b>Liabilities</b>		
Liabilities in Scheme at beginning of period	10,478,000	10,975,000
Movement in year:		
Interest cost	645,000	578,000
Current service cost	121,000	293,000
Member Contributions	8,000	14,000
Benefits paid	(395,000)	(419,000)
Settlements and curtailments	7,140,818	–
Past service costs	–	–
Actuarial loss	(1,579,000)	(963,000)
Liabilities in Scheme at end of period	16,418,818	10,478,000

	31st March 2009 £	31st March 2008 £
Present value of Scheme liabilities	16,418,818	–
Annuity Contracts	2,300,000	–
<b>Total Buy out Cost</b>	<b>18,718,818</b>	–
Cash and other net assets	8,459,000	–
Annuity Contracts	2,300,000	–
<b>Total fair value of Scheme assets</b>	<b>10,759,000</b>	–
Shortfall to be funded by Defra	7,959,818	–
Scheme disposal – amount included in accruals and deferred income (Note 12)	6,700,000	–
Scheme disposal – amount included as a provision (Note 13)	1,259,818	–
<b>Shortfall to be funded by Defra</b>	<b>7,959,818</b>	–

As noted in the Chief Executive's Review and Management Commentary, on 29th May 2008, Defra confirmed that it would meet the residual liability of the Scheme and that the Trustees should identify an insurance company who would sell to the Trustees annuities to secure members benefits. The Trustees awarded a contract to Pension Insurance Corporation (PIC) on 30th March 2009 and the contract was signed on 8th April 2009.

The Scheme's assets and liabilities were transferred to PIC on 8th April 2009. This has been treated as a Post Balance Sheet Event and therefore the disposal has been reflected on the Balance Sheet as at 31st March 2009. As a result the only remaining liability on the Balance Sheet represents the funding due from FFB to the Trustees of the Scheme of £8.0m (represented as a creditor of £6.7m in Note 12 and a provision of £1.3m in Note 15).

## 16. FINANCIAL COMMITMENTS

At 31st March 2009, FFB had annual commitments as set out below:

	Land and Buildings	Other	2008-09 Total	2007-08 Total
	£	£	£	£
Within 1 year	–	–	–	1,600,000
Within 2 to 5 years	–	–	–	380,000
Over 5 years	–	–	–	–
<b>Total</b>	–	–	–	1,980,000

	At 1st April 2008 £	Cash flow £	At 31st March 2009 £
<b>17. MOVEMENT IN NET FUNDS</b>			
Cash at bank and in hand	242,966	303,965	546,931
Money on deposit	1,000,000	(1,000,000)	–
<b>Total</b>	1,242,966	(696,035)	546,931

# Notes to the Accounts

## 18. RELATED PARTY TRANSACTIONS

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

1. Grant-in-aid has been received from Defra as disclosed in Note 2. The balance outstanding at the year end was £nil (2008: £nil).
2. During the year, fees totalling £1,410,000, (2007-08: £1,410,000) were paid to cover management resourcing of the International Network. Details of project funding provided to these offices are included in Note 4. The net balance due to these offices at the year end totalled £nil (2008: £269,206).
3. Project income was received during the year from the following:

East of England Development Agency food and farming champion, Marie Francis OBE, was a Member of the FFB Council during the year. The amount receivable in the year was £67,125 (2007-08: £67,125) and the balance outstanding at the year end was £nil (2008: £12,725).

Honeytop Speciality Foods Limited Chairman, Ian Martin, was a Member of the FFB Council during the year. The amount receivable in the year was £4,355 (2007-08: £10,630) and the balance outstanding at the year end was £nil (2008: £nil).

Paterson Arran Managing Director, Alan Hardie, was a Member of the FFB Council during the year. The amount receivable in the year was £7,807 (2007-08: £10,026) and the balance outstanding at the year end was £nil (2008: £nil).

## 19. EVENTS SINCE THE BALANCE SHEET DATE

Details of events since the Balance Sheet date are included within the Chief Executive's Review and Management Commentary.

## 20 FINANCIAL INSTRUMENTS

FRS 25, 26 and 29, Financial Instruments, require disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

FFB has no borrowings and relies primarily on Defra grants for its cash requirements and is therefore not exposed to the degree of financial risk faced by business entities. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing FFB in undertaking their activities. The following paragraphs provide an overview of the major financial risks for FFB and how they are managed at the individual level.

### *Liquidity risk*

FFB has no borrowings and relies primarily on Defra grants for its cash requirements and is therefore not exposed to any significant liquidity risks.

### *Market risk – interest rate risk*

The majority of FFB's financial assets and financial liabilities carry nil or fixed rates of interest. FFB is therefore not exposed to any significant interest rate risk.

### *Credit risk*

Credit risk is the possibility that other parties might fail to pay amounts due to FFB. Credit risk arises from deposits with banks as well as credit exposures to FFB's trade debtors. Surplus operating cash is only invested with banks that are rated independently with a minimum rating of A1, P1, F1 or A+. Cash assets are held with NatWest Bank plc

### *Foreign currency risk*

FFB has no foreign currency income and negligible foreign currency expenditure other than in euro. All material assets and liabilities are denominated in sterling. FFB is therefore not exposed to any significant foreign currency risk.

### *Fair values*

The fair values of financial assets and financial liabilities for FFB approximates to their book values.

Financial assets by category

	Loans and receivables	2008-09 Total	Loans and receivables	2007-08 Total
	£	£	£	£
Assets as per balance sheet				
Trade debtors	24,670	24,670	208,737	208,737
Other debtors	22,012	22,012	7,026	7,026
Cash at bank and in hand	546,931	546,931	1,242,966	1,242,966
<b>Total</b>	<b>593,613</b>	<b>593,613</b>	<b>1,458,729</b>	<b>1,458,729</b>

The above figures exclude statutory debtors, which relates to VAT due from HMR&C.

None of the financial assets have been subject to impairment.

An analysis of the ageing of the non-impaired trade debtors is shown below.

	2008-09 Total
Trade debtors	£
Less than 1 month	16,684
More than 1 month less than 3 months	7,986
More than 3 months	–
<b>Total</b>	<b>24,670</b>

Financial liabilities by category

	Financial liabilities £	2008-09 Total £	Financial liabilities £	2007-08 Total £
Liabilities as per balance sheet				
Trade creditors	35,306	35,306	382,306	382,306
Other creditors	762	762	989	989
Accruals	6,881,791	6,881,791	174,308	174,308
<b>Total</b>	<b>6,917,859</b>	<b>6,917,859</b>	557,603	557,603

The above figures exclude statutory creditors, which relates to Corporation Tax due to HMR&C.

# FFB Council

<b>Chairman</b>	Lady Jay (Sylvia) CBE	Appointment completed 30th June 2009
<b>Members</b>	Timothy Bennett	Appointment completed 31st March 2009
	John Bevington	Appointment completed 31st March 2009
	Vincent Craig	Appointment completed 1st June 2008
	David Croisdale-Appleby	Appointment completed 30th June 2009
	David Dobbin CBE	Appointment completed 31st March 2009
	Christine Dunn	Appointment completed 31st March 2009
	Marie Francis OBE	Appointment completed 30th June 2009
	Alan Hardie	Appointment completed 31st March 2009
	Ian Martin	Appointment completed 30th June 2009
	Brian Morgan	Appointment completed 31st March 2009
	Julian Wild	Appointment completed 31st March 2009
<b>Audit Committee</b>		
<b>Chair</b>	David Croisdale-Appleby	Appointment completed 30th June 2009
<b>Members</b>	John Bevington	Appointment completed 31st March 2009
	Marie Francis OBE	Appointment completed 30th June 2009
	Ian Martin	Appointment completed 30th June 2009
<b>Remuneration Committee</b>		
<b>Chair</b>	Alan Hardie	Appointed Chair 2nd June 2008
		Appointment completed 31st March 2009
	Vincent Craig	Appointment completed 1st June 2008
<b>Members</b>	Timothy Bennett	Appointment completed 31st March 2009
	Lady Jay (Sylvia) CBE	Appointment completed 30th June 2009

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