



The Organic Research Centre

For Organic Principles and Best Practice



*The business of
Elm Farm Research Centre
is to develop and support
appropriate agriculture and food
systems, which build on organic principles, to ensure
the health and well-being of soil, plant, animal, man
and the environment.*

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Registered Charity Number: 281276 Company Number: Registered in England 1513190

Elm Farm Research Centre (EFRC) is one of Britain's leading research, development and advisory institutions for organic agriculture, founded in 1980 as an educational charity. It is based on a 237 acre fully converted tenanted working organic farm in the Kennet Valley in Berkshire, with two other main sites - Sheepdrove Organic Farm in Berkshire and Wakelyns Agroforestry in Suffolk. It undertakes research and demonstration projects on organic farms throughout the country - and works to influence organic policy in the UK and EU.

Trustees

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Alexander Bielenberg
James Cornford (resigned October 2005)
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Staff and associates (as at January 1st 2006)

Director: Lawrence Woodward O.B.E.

Deputy Director/Finance & Resources Director: Pat Walters BA FMAAT

Research Director: Prof Martin Wolfe

Head of Operations/Deputy Research Director: Dr Bruce Pearce

PR/Communications/Policy research: Richard Sanders BSc

Education Project: Bob Winfield BSc Dipl EEd

Head of Organic Systems Development Programme: Mark Measures BSc

***Organic Advisory Service :** Roger Hitchings BSc PGCE(FE)

Research: Claire Aspray BSc, Zoe Haigh BSc, Kay Hinchsliffe BSc, Dr Hannah Jones

Josie O'Brien MSc, Dr Sarah Clarke, Lois Philipps BSc

Lean Economy Initiative: David Fleming PhD

Fundraising: Rosie Jordan, Matthew Bell

Accounts: Alison Day MAAT

Administration: Pam Tibbatts, Gillian Woodward, Clair Caraway, Lynne Riordan BSc ACMA

Estate Management: Colin Woodward

I.T. Support: Aaron Ross

Farm & Food Society Member Liaison: Roger Ewbank O.B.E.

DTP/website: Alison Walters MMath

** OAS operates with a team of independent professional associates*

Our thanks also to our **Organic Demonstration Farm Network** members, without whom our training and demonstration activities would be much curtailed, less informative and less fun.

TRUSTEES' REPORT

On the surface organic agriculture appears to be in good shape - retail sales in the UK last year rose by 10% to an estimated £1.213b; organically managed land, farmed by over 4000 producers and growers, accounted for 3.7% of the UK's total agricultural land; and the Government launched a new funding package for UK producers with a dedicated organic strand.

Elm Farm Research Centre (EFRC) continues to make a major contribution to these developments through our research, our advisory operations, our educational activities and our policy work: and we continue to do this in innovative and challenging ways. We organised a successful Food Quality Conference at the beginning of the year bringing together researchers and a wide audience to consider exciting results of new and scientifically robust methods that approach the analysis of food quality in a wholly different way from conventional approaches.

Yet looking below the surface increasing doubts are emerging as to just how much the globalised market in organic products is contributing to finding solutions to the problem that has always been our essential concern - how can we feed ourselves, sustainably and equitably, in a world of finite and diminishing resources? A closer look at the global organic food system reveals issues with food miles, wasteful packaging, problems with food quality, soil management, water use and an increasing centralisation, all of which mimics the conventional food system with all its attendant problems.

It has always been part of our remit to protect and develop the principles of organic agriculture in a practical way and thereby ensure that organic farming contributes to finding solutions to these fundamental problems. That is why the issues of food miles, biodiversity and the environment, 100% organic rations for feed, the use and integrity of organic seed, the issues of quantity and quality of imported organic food and the supply chain were all pursued during the year in our research, advisory and policy programmes.

EFRC believes that the finite resources - the climate, hydrocarbon energy, water and soil - upon which our civilisation depends will come under immense pressure within the next few decades, or even earlier as can be seen in the oil supply and price problems of 2005. This will directly impact on our most basic need - that of feeding ourselves sufficiently to remain healthy.

We are firm in our resolve that our primary role is to understand these problems and develop practical solutions throughout the agriculture and food system. We will continue to strive to do this in the coming year and into the future.

Our activities are outlined in the rest of the report. We would like to thank our supporters and our loyal staff for their continued support without which we could not achieve what we do.

We would like to add our thanks to our Trustee, James Cornford, who retired during the year following ill health for his support and input during his term of office.



Christopher Bielenberg
Chairman



EFRC - ITS STRENGTHS

For more than 20 years, EFRC has played a central role in the development of policy and standards for organic farming and food within the UK, EU and internationally. The Centre's alliance of practice and policy; on-farm and desk research and consultancy and advice is unique.

We have a unique mode of operation and we operate on a broad front from practice to policy, providing solutions in this world and the future. On-farm and desk research and consultancy are linked together in one institution. No one else has this structure.

We have unique expertise in research, advice, practice and policy in organic systems.

We are independent and have charitable status but we are innovative and prepared to "stick our necks out" and do and say unpopular things if necessary.

We are collaborative and seek to work with partners and stakeholders to identify problems and develop solutions. We have an extensive network of research sites, institutional partners and work with other NGOs and environmental organisations. We work with farmers in innovative ways to identify and address practical problems.

We are an organisation that is proposing change. We are innovative. We believe in the objectivity of the scientific method and are rigorous in its application, but we also have a view of the world as we would like to see it.

The future and EFRC's contribution

EFRC would like to see a world where food can be grown in ways which do not pollute and abuse our environment; where the use of finite resources for food production, processing and distribution are minimised and husbanded, not carelessly exploited; where agro-chemical residues are not commonplace in food; where additives, antibiotics and growth promoters are not part of our food production and consumption patterns; and where people possess the skills and means to grow more of their own food in a way that is compatible with their ecological surroundings, wherever they are in the world.

Our purpose is to work by ourselves and with others, to promote such an agriculture and to develop organic agriculture as far as possible to comply with these principles. Low impact technologies, such as organic farming, do exist; economic activity that takes due account of environmental and social impact also exist. They could provide the basis for a genuinely sustainable future if more people knew about them, studied them and where possible, practised them. EFRC aims to develop an energetic and positive force for change in support of this.

We are developing an agricultural system based upon these principles:

- To maintain the long-term fertility of the **soils**.
- To produce **foodstuffs** of high nutritional quality and sufficient quantity.
- To give **livestock** conditions of life that conform to their physiological needs and to ethological principles.
- To maintain and preserve **wildlife and their habitats**.
- To work as much as possible within a **closed system**, and draw upon **local resources**.
- To reduce the use of **fossil energy** in agricultural practice to a minimum.
- To use **decentralised systems** for processing, distribution and marketing of products.
- To avoid all forms of **pollution** that may result from agricultural techniques.
- To make it possible for agricultural **producers** to earn a living through their work and develop their potential as human beings.
- To use and develop **appropriate technology** based on an understanding of biological systems.
- To create a system which is **aesthetically pleasing** to both those within and those outside the system.

The business of EFRC is to:

- Carry out scientific and practical research into all aspects of farming, based on organic principles, with impartiality and independence of mind.
- Evaluate and disseminate information about organic farming and its relevance to food quality, pollution control, appropriate technology, energy efficiency, soil fertility, human and animal welfare and the conservation of the countryside.
- Expand knowledge of cyclical and sustainable systems of farming and advise farmers, landowners and related institutions on the commercial application of such systems.

Seeking permanence:

" we must begin to see the possibility of evolving a new life style with new methods of production and new patterns of consumption; a life style designed for permanence.... in agriculture and horticulture. We can interest ourselves in the perfection of production methods which are biologically sound, build up soil fertility, and produce health, beauty and permanence. "

E F Schumacher

And EFRC's contribution to date:

Over its 25 year history, EFRC has made an impact on those major issues which affect UK organic, and conventional, agriculture.

- EFRC initiated, funded and guided the research programme to produce the ground breaking publication "Eating Oil" which firmly **established the issue of "food miles" in the public domain.**
- It plays a major and continuing role in the Organic Movement's **opposition to genetic engineering.**
- EFRC initiated the first opposition to the slaughter-only policy during the 2001 **FMD** outbreak, playing the major role in developing the case for vaccination.
- Identified the need for and developed the **Organic Conversion Information Scheme**
- EFRC introduced the idea of **on-farm composting of household waste** to the UK.
- It was instrumental in introducing measures in organic UK that would keep **BSE out of certified organic herds** in 1985.

**It is pivotal in the development of UK and international Organic Standards
AND in guarding, developing and transferring knowledge on organic principles**

It is central to the development of the UK Research agenda

AND in maintaining a relevant research programme and the dissemination of and advice on practical solutions for producers. An active research programme has been maintained which has:

- made a **real difference to farmers** (mechanical weed control, nutrient budgeting and rotations, nitrate leaching, homeopathy, transplants, stockless and predominately arable systems);
- had an **impact of government policy** (green manures and stockless, nitrate monitoring, composting household waste, seed production, transplants)
- had an **impact on the research and policy agenda** (stockless systems, functional biodiversity and intercropping, organic plant breeding, food quality definitions, lean economy programme, GE impacts on organic farming)
- 1983 saw the introduction and development in the UK of a soil analysis system specifically designed for organic farmers which was closely followed by the concept of conversion planning.
- Established and produced, with others, the Organic Farm Management Handbook, updated regularly since 1995.

Our work has focused more recently on:

- ◆ **Appropriate Breeding for local conditions** and our Crops programme and Seeds for the Future programmes research analyse and disseminate information on this.
- ◆ **Functional Biodiversity** - moving towards higher levels of biodiversity in the farming system and away from monocultures.
- ◆ **Poultry research into agroforestry systems and organic poultry farming system components.**
- ◆ **Organic systems development for community use** as epitomised by our horticultural therapy project.
- ◆ The **development of the organic farming and food system** from soil, water and nutrient management to the consideration of key issues such as the current systems of food production, processing, packaging, distribution and retail

**It has supported British organic farmers and producers
AND facilitated the development of initiatives in the organic world**

We are widely regarded as being one of the few organisations with a track record and credibility with the "establishment" who remain "true to the principles" of organic agriculture.

FINANCIAL REPORT

Review of financial position: Year ended 31st October 2005

At £945,076 the trading income for the year has increased by 32% from that of the previous year for a number of reasons. Research project income patterns, on existing projects combined with new projects secured, has led to a £101,200 - 38% income increase. This gain has been offset with resultant variable direct cost increases and an increase in the numbers on the Research team.

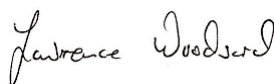
Some degree of certainty on agriculture funding, resulted in an increased demand for Defra's Organic Conversion Information Scheme (134% up on England half day visits) in the year increasing income in **Advisory services** by £72,700 - 41%. This was partially offset by increased delivery costs.

Thus total costs at £939,275 increased by 28% from the previous year in line with activity changes.

The resultant overall **trading position** is a surplus of £5,801 plus the **investment portfolio gains of £33,819**. The trading surplus compares with £805 for the previous year.

The **funding climate** is difficult but the company did meet its overall targets for the year. Funding is secured from a combination of donations from Trusts and individuals; research and education project contracts; advisory project and contract income; sales of publications; interest on bank accounts and investment income; tenancy income for Elm Farm and sundry income.

The company also plans for a small surplus for **2005/2006** and is confident of achieving this.



Lawrence Woodward O.B.E.

Director



FUNDING and SUPPORT 2004/2005

We would like to thank all of those who have supported us in so many ways and in particular:

Donors

I Alexander, D Ambrose, Lady Bamford, Cooper Sydling, C M Clarkson Webb, N Cremer, Duchess of Norfolk, E C Evans, R Ewbank, R Fost, A Fost, T Gwyn Jones, P Kearney, P Gilbert, L Hughes, T Jepson, Kintbury Orienteering Club, T&A Latler, L Lambton, C Lavell, R Lequesne Savage, P Lysley, H Mason, J McCluskey, Newbury District Agricultural Society, B Panuel, W Pope, S Rothera, R Rowlands, S Sarikhani, Sayers Butterworth, J Scott, H&K Scott-Barrett, L&B Tarlo, H Turner, B Walton, P Walters, M De Wardt, R Weller, Mr. P. Wroughton, WWOOF

Trusts

Arbib Foundation, Birthday House Trust, Bonus Trust, Cobb Charitable Trust, Conscience Trust, Cuthbert Horn Trust, Gerald Palmer Trust, Golden Bottle Trust; Observer Charitable Trust, Panton Trust, Paget Trust, PAR Charitable Trust, Risby Charitable Trust, Sheepdrove Trust, Tedworth Charitable Trust, T&M Stevenson Charitable Trust

Government and EU funders

English Nature, West Berkshire Council, Defra, European Commission, Learning Skills Council

AUDITOR'S REPORT

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 October 2004 and of its incoming resources and application of resources, including its income and expenditure for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Russell New, Chartered Accountants, The Courtyard, Beeding Court, Steyning, West Sussex BN44 3TN

The accounts were approved by the Board at an AGM on 8th February 2006.

Full audited accounts are available for inspection at Elm Farm Research Centre, Hamstead Marshall, Newbury.

Income and expenditure are divided into project funds according to three categories:

"Unrestricted" - where the use of the income received is unrestricted and there is no stipulation as to its expenditure;

"Restricted" - where use of the income is restricted by the donor for expenditure within a specified project fund or expenditure areas;

and "Designated" - where the charity itself decides to restrict the use of the income to a particular project fund.

Statement of Financial Activities for the Year Ended 31 October 2005

extract from the full audited accounts .

INCOME	£	Unrestricted		Restricted	TOTAL 2005	TOTAL 2004
		General	Designated			
	Donations and grants	146524	16455	30000	192979	194935
	Farm	12263			12263	16880
	Research and projects		44680	364944	409624	263735
	Advisory		249594		249594	176800
	Education/Extension			25300	25300	23909
	Publications	3731			3731	4439
	Interest received	11156			11156	4909
	Investment income	22379			22379	20471
	Sundry	8789	9261		18050	8846
	TOTAL	204842	319990	420244	945076	714924
	EXPENDITURE					
	Farm				0	2513
	Research/project expenses	23817	81402	344009	449228	275912
	Advisory		180627		180627	170719
	Education and Demonstration			21296	21296	22011
	DIRECT CHARITABLE	23817	262029	365305	651151	471155
	Publications	8933			8933	12219
	Events	10437			10437	3091
	Conferences and Shows	13840			13840	15951
	Other costs	10000			10000	9858
	FUNDRAISING AND PUBLICITY	43210	0	0	43210	41119
	Salaries and staff costs	32177	13000	18000	63177	68877
	legal and professional fees	32262	29274	6000	67536	54238
	audit fees	1000			1000	750
	non audit fees	2400			2400	2345
	cost of Trustee's meetings	3087			3087	4188
	MANAGEMENT/ADMINISTRATION ESTABLISHMENT	70926	42274	24000	137200	134398
	TOTAL	199041	319990	420244	939275	714104
	NET INCOMING RESOURCES/(OUTGOING)	5801	0	0	5801	820
	Gains on investment assets	33819			33819	18086
	TRANSFER OF LAND OWNERSHIP(NET OF DEPR)	0			0	1680000
	RESERVES	39620	0	0	39620	1698906

Balance Sheet as at 31st October 2005						
FIXED ASSETS INVESTMENTS	£	2005			2004	
		1716448				1741698
		526765	2243213	2243213		491547
	CURRENT ASSETS					
	Stocks	9021			10000	
	Debtors	68502			89429	
	Investments	0			0	
	Cash at bank and in hand	315787	393310		256760	356189
	Creditors : amounts due within 1yr		-443936			-436722
	NET CURRENT ASSETS			-50626		-80533
	TOTAL ASSETS LESS CURRENT LIABILITIES			2192587		2152982
	Amounts falling due after more than one year			0		0
	FUNDS	2152967		2192587		2152982
		39620				
	RESTRICTED			0		0
	UNRESTRICTED			2192587		2152982

ELM FARM RESEARCH CENTRE ACTIVITIES

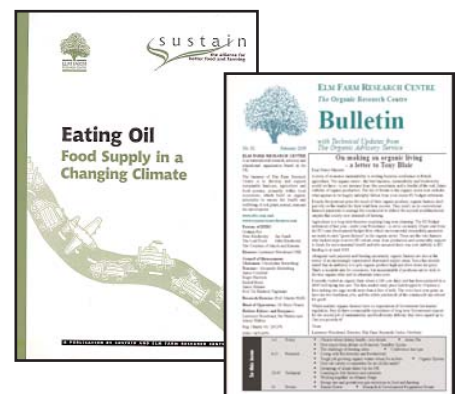
EFRC's Agricultural Research is carried out on commercially operating, viable organic farms around the country to evaluate and to provide the best possible information about the potential and problems of organic agriculture. The programme of research is funded from its own resources provided by private charitable trusts and donations and from work carried out under contract with the European Union, UK government and other bodies. A diverse range of R&D projects relevant to organic farming has been undertaken including: functional biodiversity; weed control; pest and disease management; nitrate leaching; nutrient management; livestock health and welfare; the development of organic varieties and food quality.

Elm Farm Research Centre's Organic Advisory Service (OAS), formed in 1985, is one of the UK's leading providers of advice on organic farming to farmers. Working throughout the country (and internationally), it also runs training courses and events for stakeholders. It delivers the free advisory visits funded by the UK Government DEFRA Organic Conversion Information Scheme (**OCIS**) to promote conversion and uptake by those interested in conversion to organic farming.

EFRC's Organic Demonstration Farm Network was established in May 1996 with the aim of promoting "seeing is believing". An annual programme of events on twenty farms is run and provides a focus for the practical demonstration of working organic farming systems and solutions to practical problems. The Centre also provides training and educational courses on a wide range of issues to diverse target groups. This is also used as the base for the OAS Farmer Group programme. EFRC is home to a project which provides **horticultural skills training**, practical work experience and organic agriculture training for those with learning difficulties and mental and physical handicaps.

The EFRC programme covers a wide range of environmental, technical and social issues in its **policy work** and now encompasses such issues as soil and water quality, renewable energy systems, intermediate technology and appropriate economic initiatives. These are explored and analysed in its Policy Work, an important element of which is concerned with the development of appropriate local economies and food systems under our Lean Economy Initiative. Key staff members participate on Government Committees such as the development of the Organic Action Plan and scientific advisory panels, especially on genetic engineering.

In addition to producing **Articles, Scientific Papers and Publications**, raising awareness of the problems and solutions and dissemination of research results, technical, legal issues and economic information and policy is achieved by the production of a regular publication - the **EFRC Bulletin**, which is widely distributed.



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