

THE ORGANIC
RESEARCH
CENTRE



ELM FARM

ANNUAL
REPORT
2006



The business of The Organic Research Centre - Elm Farm is to develop and support sustainable land-use, agriculture and food systems, primarily within local economies, which build on organic principles to ensure the health and well-being of soil, plant, animal, man and the environment. It has played a central role in the development of organic research, policy and standards since 1980.

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Kent
ME19 4TA

National Westminster Bank
City of London Office
Box 12258
1 Princes Street
London
EC2R 8PA

Senior staff

Director - Lawrence Woodward O.B.E.
Deputy Director/Finance and Resources Director -
Pat Walters BA FMAAT
Research Director - Professor Martin Wolfe
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Overseas partners and affiliates

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The Organic Research Centre, Elm Farm
Hamstead Marshall
Newbury
Berks RG20 0HR
tel: +44 (0) 1488 658298 fax: +44 (0) 1488 658503

www.organicresearchcentre.com

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Company number registered in England: 1513190
The Progressive Farming Trust Ltd.

Chairman's report

Last year in my report I wrote that, on the surface, organic agriculture appears to be in good shape. Twelve months on and a casual glance at the market data would indicate even better shape, with the UK retail market grown by 30 per cent to a value of sales at something over £1.6 billion.

Dig a little deeper though and the story is not so rosy. Over 80 per cent of the UK organic retail market lies in supermarkets. To some we have reached a tipping point in the evolution of the modern organic movement. For the last 30 years radical organic ideas have changed and moulded the conventional market and food chain. But, with so much power now concentrated in powerful retail players such as Tesco and with their growing interest in matters organic, the fear is for that radical influence to be reversed - for conventional to attempt to shape the organic sector in its unsustainable, globalised image.

So it is then that as an organisation we have been extremely busy this year fighting the tendency for organic to become quasi-conventional. Our efforts reached a crescendo at our highly successful Cirencester conference where 170 leading farmers and growers gathered to plot a future course for their sector.

"What has happened to our revolutionary, anti-normal stance," asked the delegates as they discussed the slide away from principles, the uneven application of standards and incomes under pressure?

Such debate and such protection of the real meaning of organic are our bread and butter and a proper deployment of our expertise and resources.

Through the year our research programme has powered ahead with particular strength in the arable sector. The work on composite cross populations of wheat, to evolve crops specifically suited to individual farm environments, led by Professor Martin Wolfe is gaining real acceptance not just amongst farmers but amongst other breeders and end - users. In all our work collaboration is key and we have extended our partner working during the year with both researchers and crucially with participating farmers.

It has been a busy twelve months for policy research where we have been active in the debates on how to protect poultry from the threat of Avian Influenza and how to ensure that any introduction of GM crops to these shores allows the proper co-existence of organic agriculture. Influential publications have been produced on each issue and for Avian Influenza we held a successful House of Commons reception. There we drove home the message that preventive vaccination is the only route to keep organic poultry organic if the H5N1 virus was to become endemic in the UK.

To help the organic market thrive commercially we have launched a new service, part-funded by Defra called Organic Inform. Its mission is to deliver and exchange up to date, independent and reliable data and news to help farmers make the most of organic markets.

Education remains a top priority and during the year the Thrive project, aimed at those with learning difficulties and disabilities, has helped connect them to growing, food and the soil. We have become members of FACE, the national alliance of organisations involved in Farming and Countryside Education. This coming year is to be a national year of Food and Farming for children and schools. We shall be waving an organic, sustainable flag.



It is gratifying to see so much of our innovative work becoming "mainstream" and accepted thinking. In particular the notions of "Peak Oil", "End of Oil", and the trading of personal energy quotas, which we have worked on in recent years, are now surfacing in government and commercial thinking.

Never before has our planet and mankind upon it seen such pressure on finite, natural resources. Climate change is already impacting markedly on natural systems and on our ability to feed ourselves and to sustain our civilisation.

The buzz phrase is for communities to grab the agenda and form "Transition Towns", readying for oil to run out and for the new world that its absence will bring.

Looking at our body of work I believe an even more urgent call for "Transition Society" even "Transition Civilisation" would be more appropriate.

Finally in this busy year, you may have noticed we have a new name - The Organic Research Centre, Elm Farm. For some, name changes are a trivial affair, but not for us. We believe it is a reaffirmation of our enduring commitment to the organic cause and organic principles. With it we are publicly underlining our core purpose and working goal of building organic best practice out of principles as the best method of farming and land use in an increasingly fragile environment. As an organisation we are extremely proud of our organic heritage and want that clearly reflected in our name.

My sincere thanks go to all our supporters, friends and loyal staff. Without all of you and all your effort we simply could not achieve what we do in striving to make the world a better and more sustainable place.

Christopher Bielenberg

The Organic Research Centre in action - 2006

The world in which we live

We are one of the very few organisations in the UK with a coherent analysis of the consequences of a world approaching the limits of "finite and diminishing resources" in relation to food and farming. The development of this analysis has been at the top of our agenda during the year.

We believe that the principles and characteristics of organic farming - self-regulating metabolic cycles tending towards closed systems; the use of local resources; the reduction in the use of fossil fuel; the employment of appropriate technology; the use of decentralised systems for production, processing and distribution; - are the best way a food and farming system can respond to the environmental, economic and social threats to our civilisation and planet. It is the responsibility of the organic movement - here and internationally - to initiate and carry through that response. But all that cannot happen without some help.

Firstly, organic farmers everywhere need protection. We have to protect our planet and government policies should protect those - like farmers - who are protecting primary resources. The current economic framework does not do this and, until it does, all organic farming and localisation initiatives are vulnerable. So we have to work with others to persuade governments to introduce appropriate policies. One of which is Tradable Energy Quotas - which can be used as a source of income - rather than carbon taxes which will unfairly burden small businesses and low income groups.

Secondly, we have to do some things for ourselves as a movement. "Beggar my neighbour" marketing is not appropriate. As our principles say, we have to be fair, equitable, just and care for each other in this organic community. So we need to stop using standards and certification to facilitate unsustainable global marketing and instead use them to differentiate, protect and reward those genuine organic producers who will provide the basis of local food security in the years to come. International networks of organic producers need to facilitate equitable trade on the basis of mutual need, not unsustainable trade.

Thirdly, local and regional economies will be the best, most democratic way of providing the things that matter in the future. But the end of cheap oil, which underpins globalisation, does not automatically mean that democratic localisation will follow. Therefore, we need to work with other groups to create local networks that can build sustainable local economies. Local energy generation, appropriate technologies and the application of the proximity principle are the natural conceptual partners of principled organic farming.

Fourthly, and critically, we must work together as an organic movement to convert people from being organic consumers to being organic citizens. This planet cannot afford consumers and we will not survive without citizens who understand the ecological limits of farming and food production.

And the pre-requisite for all of this is the existence of a viable and energetic organic producer movement which speaks for itself, as far as possible takes its own fate in its hands and does not lose sight of its importance.

The practical response

A research snapshot

The Research Department has continued its work within interlinked programmes (agri-environment, agro-environment; economic, social and policy (ESP)). The agri-environment work is focused on sustainable cropping systems and their implications to the environment while the agro-environment is focused on livestock systems and their environmental implications.



The work within the agri-environment programme this year has included a successful completion of a project investigating participatory approaches to wheat seed production and variety testing. What we have learned about participatory methods has been incorporated in all of our other projects. Most importantly the experience of farmer participation has enabled us to be 'trained' but also has led to developing contacts with some excellent farmers, many of whom are fully involved with steering and delivering other projects. A user friendly guide to participatory research has also been produced.

The appropriate wheat breeding project is now in its penultimate trial year. The populations of winter wheat showed some potential improvements in performance relative to the parent populations and their mixtures in 2004-05. These results have spurred the development of the second wheat breeding project for which we are currently seeking funding. On-going work within the OatLINK project has shown consistently high performances for some oat varieties bred by IGER at both Wakelyns and Sheepdrove sites.

The agro-livestock programme has focused on poultry and in particular consolidating the information on 100 per cent organic feed for table birds. This work is now complete and has shown that a 100 per cent organic diet can be fed to chickens throughout the year with no health and welfare issue, although there are some cost implications during the winter months with the birds taking longer to reach slaughter weight.

The livestock work at our Sheepdrove Organic Farm site continues with work being undertaken to develop and expand the silvo-poultry system. The environmental aspects of the programmes have been covered by our on-going environmental monitoring work, where we now have up to four years of data. These have shown the positive effects of organic farming on a range of indicators with nine different rare species of birds being identified; the declining butterfly species, the Dingy Skipper, and forty different species of moths found.

The project "Farm Management Practices Alter Below-Ground Biodiversity and Ecosystem Function? - Implications for Sustainable Land Management" was undertaken and the report submitted and published as JNCC Report No 364. It casts useful new light on this much neglected subject.

Communicating the message

A central plank of the policy effort during the year has been avian influenza and in particular a campaign for the preventive vaccination of all outdoor poultry as protection against the H5N1 virus.

We have been successful in assembling an alliance of like-minded thought on this issue from fellow organic bodies to breed societies to hobby organisations. A highlight of the avian flu effort was a well attended reception, organised by The Organic Research Centre in the House of Commons at which a detailed publication - *Vaccination Nation* was launched.

We embarked on a series of "gold standard" investigations looking at the real principles and practice behind certain organic products and product areas. The first of these was an in depth study of the only Soil Association certified supermarket egg supply chain, managed by Stonegate for Waitrose. We were satisfied that this supply chain is properly monitored but were surprised at the routine "derogations" even this system employed in terms of house size, feed and chick sourcing, routine vaccination and artificial daylight.

During the year the Government brought forward a consultation on co-existence between GM and other farming systems. We responded in full and also published a detailed critique of the Government's plans - *Engineering Coexistence*.

Other Defra consultations we have contributed to include FMD lessons learned and the future of Rural Development. In addition we have responded to the Competition Commission enquiry into the operation of the UK's supermarkets/grocery sector which is still on-going.

We are currently working with Friends of the Earth, analysing the real benefits of biofuels. In many cases they are not as environmentally friendly as most politicians and policy makers like to think.

The communication effort has been markedly expanded with far greater engagement with the media generally. Bird flu has allowed us to take centre stage on a number of occasions during the year, as has the debate over organic standards and the dangers of corners being cut as the market expands. Media platforms have ranged from BBC 2 Newsnight to the Newbury Weekly News.

Our own communication vehicles - the *Bulletin* and website - have also been developed during the year. An aim of the *Bulletin* has been to make it interactive and to that end we have encouraged more letters, comment and guest authors.

Education, education, education

The Integrated Learning Project (THRIVE) had its last project year in 2006. The number of clients with learning and physical disabilities per day averaged 5 to 6, and training was given in aspects of organic systems mostly for horticulture, predominantly vegetable, production.

The variety of features of organic production was demonstrated using the farm. Clients with a wide range of disabilities enjoyed proximity to farm livestock, field crops and wildlife.

Training has been undertaken for CEVAS accreditation (Countryside Education Visits Accreditation Scheme). This serves to assure the qualities of safety, facilities and provision of information for visits of schools and colleges to The Organic Research Centre.

We have been involved in the development of two new

nationwide education schemes.

Firstly, FACE (Farming and Countryside Education) promotes the educational opportunities and benefits of children visiting farms to experience food production, farmland biodiversity, countryside history, and landscape conservation management.

Also a CARE Farms network throughout the UK is (slowly) gathering momentum. A wide variety of clients with a range of conditions, including mental illness, drug dependency, history of petty crime etc. have been shown in several international studies to benefit substantially from experience of the farm environment.

In the year we had two well attended Farm Trail walks (approx. 40 visitors on one walk) for local visitors to see the farming and conservation work at Elm Farm.



Advice in the field

The Organic Advisory Service (OAS) run by The Organic Research Centre is a leader in its field. It offers a full range of technical and management services and visits throughout the organic food chain from government to individual retailers, processors and farmers.

The year saw a number of changes in the spectrum of work carried out by the OAS with the drawing to a close of a number of Defra funded projects to which the service had contributed. Other project opportunities opened up and in general terms the workload outside of the Organic Conversion Information Scheme (OCIS) work has remained broadly stable.

OCIS enquiries had been steadily decreasing over preceding years since foot and mouth in 2001 and with single farm payments dealt with. But the introduction of the Organic Entry Level Scheme and an increase in market demand across all sectors saw the OCIS workload climb to its highest level in recent years. The situation in Wales also saw changes as one funding round gave way to the next. Welsh Assembly Government funding continues to support Organic Centre Wales and the combination of partner involvement and other project work has ensured a flow of funding to The Organic Research Centre.

A new initiative is Organic Inform. It is a part Defra funded project aimed at providing independent and reliable research to organic farmers and producers. Relevant and current information on industry developments, new contracts, prices, quality, trade information and contacts as well as supply and demand information are provided. The service acts as an independent umbrella, collating and disseminating information and expertise in a user-friendly format which is both affordable and accessible.

Supporting farmers

Our help to the UK organic sector includes on-going participation in the Organic Arable Marketing Group (OAMG) and the Organic Seed Producers Company (OSP) addressing the needs of co-operative marketing and seed production.

Financial Report

Review of financial position: Year ended 31st October 2006

At £1,160,587, income generated is 23% higher than in the previous year. This is largely attributable to an increase in advisory income, arising from increased demand for the delivery of Defra funded Organic Conversion Information Scheme visits, combined with increased project income.

17% of the income is derived from donations from private Trusts and individuals. 47% arises from project delivery. The year saw the farm receiving its first single farm payment and the launch of the 2007 Organic Farm Management Handbook which assisted publication income.

Costs at £1,154,665 are similarly increased as we incur the variable costs required to service the increased income streams from advisory and projects.

The trading surplus as £5,922 is at the same level as the year ended October 2005.

The net current asset position is much improved on that of October 2005. The nature of project income receipt and cost commitment leads to the increased debtor and creditor positions.

2006/2007 sees our budgeting for a small trading surplus which we are confident of achieving.

Lawrence Woodward O.B.E
Director

Donors and Supporters

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

S Ambrose, C Ash Wheeler, A Beater, H Blake, J Bullock, E Bulmer, C Burrell, Church Council of France Lynch, C Clarkson Webb, S Coppard, N Corfield, N Cremer, B Dempsey, Duchess of Norfolk, C Evans, R Ewbank, G Forster, R Fost, T Gwyn Jones, Lady Horn Smith, L Hughes, T Jepson, P Kearney, W Kendall, P Kindersley, J Kindersley, L Lambton, C Lavell, T Latter, I Leslie, Lady Lester, The Late Mrs Audrey Lyon, J Lyon, Clare Marriage, Michael Marriage, O J Mason, J McCluskey, E Montgomery, R Moody, E Novotny, B Panvel, W Pope, S Rasmussen, S Rothera, J Scheckter, E Scott, K Scott-Barrett, G Service, T Sharif, M Stay, R Tandy, B Tarlo, A Turner, H Turner, H Van Cutsem, B Walton, M De Wardt, R Weller, N Wookey.

Trusts and Companies

The Arkleton Trust, Biffa Waste Services Ltd, Birthday House Trust, Bonus Trust, Charlotte Bonham Carter Charitable Trust, The Cobb Charity, Conscience Trust, Cuthbert Horn Trust, Doves Farm Foods Ltd, Englefield Charitable Trust, Gerald Palmer Trust, Golden Bottle Trust; Goodwood Estate, JCI Eaton Charitable Trust, JMG Foundation, Mary Webb Trust, Misses Barrie Charitable Trust, Mitchell Trust, Natural England, Newbury District Agricultural Society, Francis Nichols Charitable Trust, Oakdale Trust, Observer Charitable Trust, Panton Trust, Paget Trust, Priory Foundation, Radley Charitable Trust, Risby Charitable Trust, Sheepdrove Trust, Spear Charitable Trust, Henry and Rebecca Tinsley Charitable Trust, William A Cadbury Charitable Trust, Tedworth Charitable Trust, The Torex Foundation, Triodos Bank, Warwick District Council, Woburn Trust, WWOOF and other Trusts who wish to remain anonymous.

Government and EU funders

Defra, SEEDA, The European Social Fund and The Learning and Skills Council

Our thanks also to our Organic Demonstration Farm Network members and to all of those who have assisted in our research trials over the year.

Auditor's report

In our opinion the financial statements give a true and fair view of the company's affairs at 31 October 2006 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 6th February 2007.

Full audited accounts are available for inspection at The Organic Research Centre, Hamstead Marshall, Newbury.

Notes: Income and expenditure are divided into project funds in three categories.

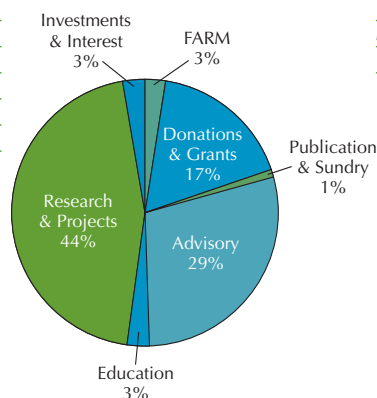
Unrestricted - without stipulation on use

Restricted - restricted use by stipulation of the donor for particular project fund or expenditure area.

Designated - where the charity itself restricts use of income to a particular project fund.

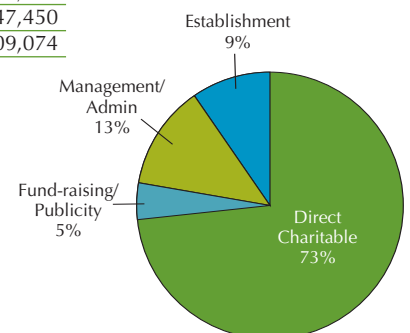
Total Income 2006

FARM	£29,149
Donations & Grants	£199,139
Publication & Sundry	£11,399
Advisory	£336,193
Education	£29,380
Research & Projects	£521,675
Investments & Interest	£33,652



Expenditure 2006

Direct Charitable	£842,390
Fund-raising / Publicity	£55,751
Management / Admin	£147,450
Establishment	£109,074



Statement of Financial Activities for the Year ended 31 October 2006

	£	General	Unrestricted Designated	Restricted	TOTAL 2006	TOTAL 2005
INCOME						
Donations and grants		154139	15000	30000	199139	192979
Farm		29149			29149	12263
Research and projects				521675	521675	409624
Advisory			312040	24153	336193	249594
Education/Extension			300	29080	29380	25300
Publications		4502			4502	3731
Interest received		14460			14460	11156
Investment income		19192			19192	22379
Sundry		6897			6897	18050
TOTAL		228339	327340	604908	1160587	945076
EXPENDITURE						
Farm					0	0
Research/project expenses		59485	9433	470360	539278	449228
Advisory			250962	30095	281057	180627
Education and Demonstration		2541		19514	22055	21296
DIRECT CHARITABLE		62026	260395	519969	842390	651151
Publications		11811			11811	8933
Events		11508	3932		15440	10437
Conferences and Shows					0	13840
Other costs		28500			28500	10000
FUNDRAISING AND PUBLICITY		51819	3932	0	55751	43210
Salaries and staff costs		41820	14000	18500	74320	63177
legal and professional fees		21990	15000	25000	61990	67536
audit fees		1550			1550	1000
non audit fees		2400			2400	2400
cost of Trustee's meetings		7190			7190	3087
MANAGEMENT/ADMINISTRATION		74950	29000	43500	147450	137200
ESTABLISHMENT		33622	34013	41439	109074	107714
TOTAL		222417	327340	604908	1154665	939275
NET INCOMING RESOURCES/(OUTGOING)		5922	0	0	5922	5801
Gains on investment assets		47938			47938	33819
TRANSFER OF LAND OWNERSHIP(NET OF DEPR)		0			0	0
RESERVES		53860	0	0	53860	39620

Balance Sheet as at 31st October 2006

	£	2006	2005
FIXED ASSETS		1695134	1716448
INVESTMENTS		570553	2265687
			526765
2243213			
CURRENT ASSETS			
Stocks		8317	9021
Debtors		157588	68502
Cash at bank and in hand		361500	527405
Creditors : amounts due within 1yr		-546645	315787
			393310
NET CURRENT ASSETS			-443936
			-19240
-50626			
TOTAL ASSETS LESS CURRENT LIABILITIES			2246447
			2192587
Amounts falling due after more than one year			0
FUNDS		2192587	2246447
		53860	0
RESTRICTED			0
UNRESTRICTED			0
			2192587



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- 1 Impressive height of organic oat trials measured by researcher Dr Sarah Clarke.
- 2 Plant diversity in composite cross winter wheat.
- 3 The Thrive project – “care farming” therapy for the disabled.
- 4 The Research Team.
- 5 Outdoor, organic poultry.
- 6 A new science building at Wakelyns – opened July 2006.
- 7 Director – Lawrence Woodward.

Organic Research Centre - Elm Farm Hamstead Marshall Near Newbury Berkshire RG20 0HR UK
 Tel: +44 (0)1488 658298 Fax: +44 (0)1488 658503 email: elmfarm@organicresearchcentre.com website: www.organicresearchcentre.com
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