CABI Annual Report & Financial Statements
31 December 2014

www.cabi.org
KNOWLEDGE FOR LIFE

Contents

CABI corporate directory

Board Members

Mr John Ripley (Chairman) [1,2,3]
Dr Trevor Nicholls[2]
Mr Ian Barry
Dr Andrew Bennett[2]
Prof Emmanuel Owusu- Bennoah[2]
Madame Xiangjun Yao (appointed February 2015)
Dr Vibha Dhawan[3]
Dr Lutz-Peter Berg[2,4]
Mr Roland Dietz[1,3]
Mr Philip Walters[1,2]
Mr Paulus Verschuren (appointed January 2015)

Board Observers

Mr Nasser Tamei (Papua, New Guinea)
Mr Alan Tollervey (UK)
Ms Nickesha Smith (Trinidad and Tobago)

Notes:
1. Member of Audit Committee
2. Member of Nominations and Governance Committee
3. Member of Remuneration Committee
4. Chair of Executive Council, ex officio

With the exception of Dr Trevor Nicholls and Mr Ian Barry all Board members are independent non-executives.

Executive Management Team

Dr Trevor Nicholls (CEO)
Mr Ian Barry (CFO)
Dr Joan Kelley (Global Operations)
Mr Robert Sloley (Finance)
Mrs Andrea Powell (Publishing)
Ms Carol McNamara (Commercial)
Mr Neil MacIntosh (Human Resources)
Dr Dennis Rangi (International Development)
Dr Ulrich Kuhlmann (Plantwise)

Principal Professional Advisers

CABI's principal professional advisers include the following:
Principal clearing bankers: Barclays, Reading
Independent auditors: PricewaterhouseCoopers LLP, Reading

Head Office

CABI
Nosworthy Way
Wallingford
Oxfordshire
OX10 8DE

Mission statement

CABI is a not-for-profit international organization that improves people's lives by providing information and applying scientific expertise to solve problems in agriculture and the environment.

We are a development-led organization supported by a strong base of scientific research and a world class publishing business.

Meeting our mission

Our mission and direction are influenced by our 48 member countries who guide the activities we undertake.

We will achieve our mission by:

- creating, managing, curating and disseminating information.
- improving food security through climate smart agriculture and good agricultural practices.
- supporting farmers by increasing their capacity to grow better quality crops, and fight pests and diseases.
- protecting livelihoods and biodiversity from invasive species and other threats.

For more information go to **www.cabi.org**

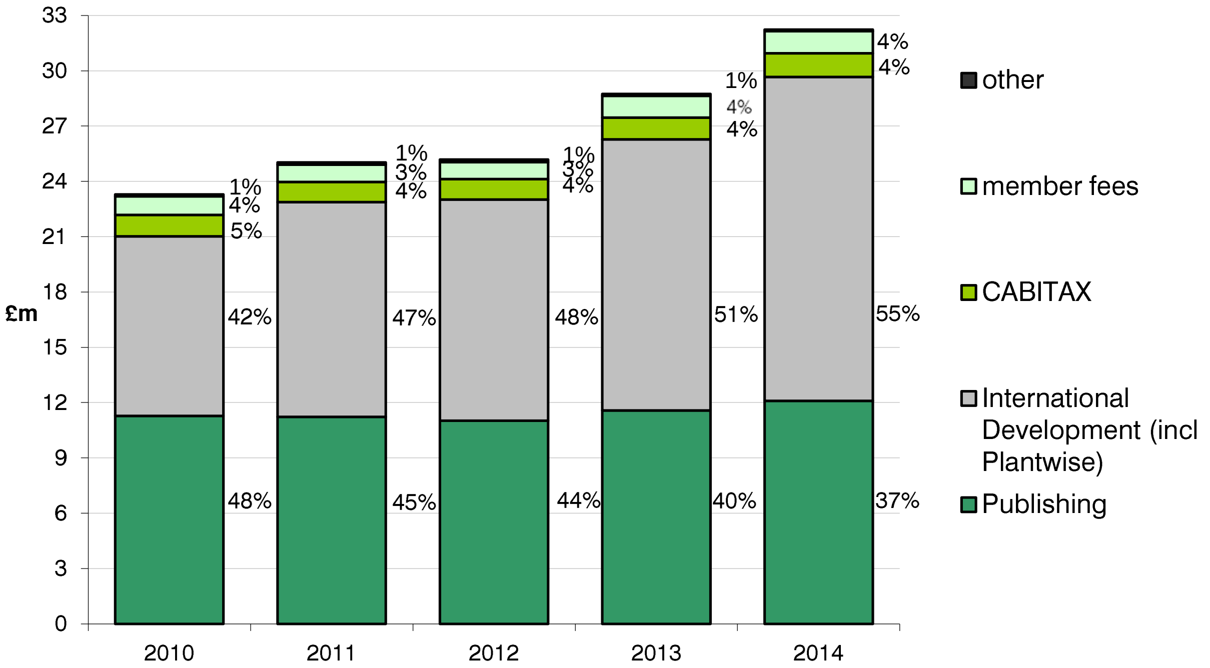
Summary

The year 2014 was another strong one for CABI financially with continued growth in income, operating surplus and cash.

Total income grew by 12% (2013:14%) with increases coming from both the Publishing and International Development business units. Publishing sales grew by 4%, primarily as a result of strong growth in digital database sales, and income in International Development increased by 20%, driven not only by the Plantwise programme but also through income generated from major projects encompassing soil health, seeds, nutrition and microbiology.

Our principal measure of profit performance remains Operating Surplus and this increased by 25% (2013: 14%) to £1,015k (before the designated fund allocation). This is the first time CABI has achieved a surplus of over £1,000k and both the Publishing and International Development business units contributed positively to that performance. This, together with the receipts from our major donors, resulted in a further increase in the net cash position to £11,636k. The total consolidated operating surplus for the year ended 31 December 2014 is £717k (2013: £708k).

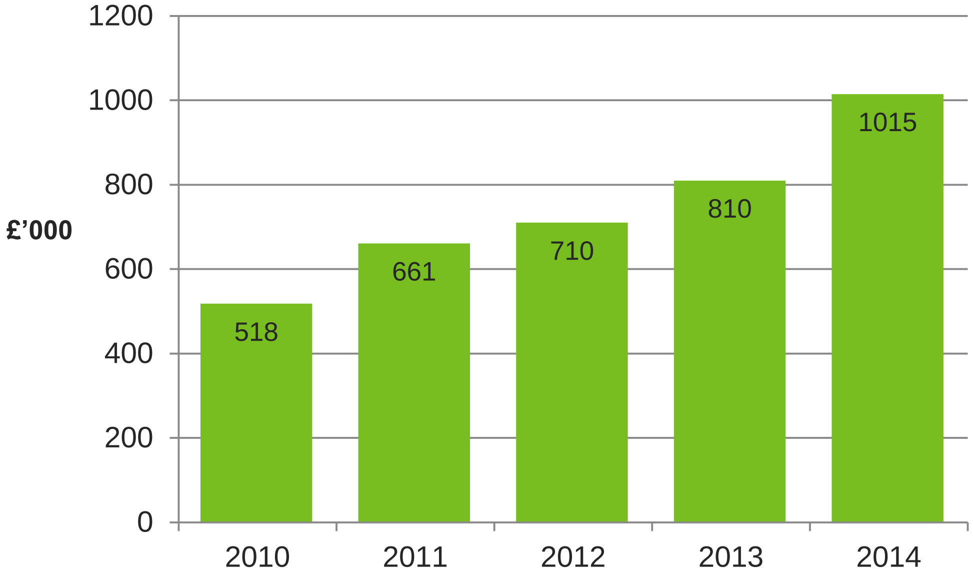
Income



Total sales and project income at £29,667k grew by 13% with the increase in Publishing arising from digital database sales and compendia. There was, however, a reduction in sales of both archive information and databases in the printed format. For International Development, in addition to the Plantwise Programme (donors listed in note 19), other significant projects were the multi-year soil health fertility projects in Africa, funded by AGRA and the Bill and Melinda Gates Foundation, the Good Seed Initiative funded by Irish Aid and large mobile and nutrition initiatives funded by DFID. CABI reports its results as a single entity, which includes eight regional centres in China, Kenya, India, Malaysia, Pakistan, Switzerland, Trinidad and the UK. The majority of the Regional Centres experienced growth in 2014, most notably in Africa and India. The Plantwise programme continues to make progress and attract significant donor interest and funding and there is, consequently, a solid funding position for 2015.

Other income from member country contributions was flat over the prior year as the fees have been fixed over a three year period from 2013-15. The CABITAX recovery increased in line with staff costs and miscellaneous income was broadly in line with 2013.

Operating surplus (before designated fund)



The consistent improvement in operating surplus over the last five years has continued with a further increase in 2014 to £1,015k with International Development generating a small surplus for the second successive year and Publishing sustaining the strong performance of 2013.

Total expenditure at £31,583k (2013: £28,103k) increased by 12% principally due to income growth-related increases in staff and direct project costs. Overall, headcount has increased by 72 to 477 with growth in most of the Regional Centres outside Europe, particularly in Africa and India where we have recently invested in new office space.

Other comprehensive income

The value of 'other comprehensive income' is likely to fluctuate widely from year to year depending on external factors such as exchange rates, bond yields and inflation rates which drive the movement in the pension liability but with no realised impact on operating performance or cash. In 2014, at £(7,732)k, the total consolidated comprehensive deficit increased by £6,180k on the prior year (2013: £ (1,552)k) because of substantial actuarial losses in the pension scheme caused by a further reduction in bond yields at the end of 2014. We have continued with our deficit reduction payment plan and paid a further £1,000k into the fund in 2014, £100k more than planned. As in 2013, the full value of the pension deficit of £58,051k (2013: £49,844k) is disclosed in the statement of financial position with the increase over the prior year driven by £6,791k of actuarial losses. The triennial review of the deficit as at 31 December 2014 is currently being carried out by the fund Trustees.

Statement of financial position and cash flow

Our cash balance increased over the year from nearly £9,917k to £11,636k with the increase due to both the growth in donor funding, with many of the major donors paying in advance, and the strong operating performance. Fixed asset additions were £934k in 2014 (£1,729k in 2013) with the main investments being the development of an electronic content management system and enhancement of our overseas facilities. In February 2015, CABI signed a contract with CALA homes to develop part of the Wallingford site. The funds generated will allow the construction of a new headquarters building on that site. Detailed planning consent from South Oxfordshire District Council is being sought and when that is achieved, building work will commence with an expectation of completion in 2017.

Strategic outlook

The strategic framework for the period 2015 – 17 has been laid out in the CABI Medium Term Strategy, which was approved by the Executive Council in February 2014 and has now been made public on the CABI website. The key strategic goals for the organization are to reduce risks for smallholder farmers against a background of climate change so as to:

- help smallholder farmers to sustain or increase their incomes and improve their livelihoods.
- contribute to greater food and nutritional security worldwide.
- promote innovation and build capacity to adopt more sustainable agricultural practices.
- protect the environment, through maintenance of ecosystem services and conservation of biodiversity.

This continued evolution of the organization towards integrated (“one CABI”) solutions for delivery of knowledge to solve problems in agriculture and the environment will embrace new technologies, products and research outputs. The key drivers and manifestations of change will be the following:

- mobile delivery of information and interaction with our customers will become a key element of our projects, products and services.
- improving food security will be about nutritional quality, as well as quantity, of food.
- working with businesses in the private sector as well as with the public sector.
- improving our ability to measure and evaluate the outputs and outcomes of our work and demonstrate their impact on hunger, nutrition and farmer incomes.

The key operational and financial imperatives over the plan period that underpin the wider objectives are:

- to deliver the Plantwise programme.
- to extend the breadth and depth of donor support in International Development.
- to build a stronger business base with the private sector.
- to maintain the levels of income and profitability from the existing Publishing portfolio.
- to develop new income streams through better management and commercialization of CABI’s rich content collection.

CABI approved a gender strategy in 2012, not only to raise awareness amongst its staff but also to provide practical guidance on how to embed gender issues in project planning, implementation, monitoring and evaluation and data collection. Environmental impact management, including carbon usage, is important to CABI and its stakeholders and relevant metrics have been incorporated into the ongoing Key Performance Indicators. CABI measures carbon performance against targets for reduction for those areas of our international operations where it is currently possible to collect reliable data that is in the UK and on international travel. In 2014, there was a decrease in per capita emissions in aggregate of 13% on the prior year, which considerably exceeded our target reduction of 5%. The gender and environment strategies together with the 2014 annual carbon report are publicly available on our website at **http://www.cabi.org/about-cabi/business-policies-and-strategies/**

Outlook 2015

As in 2014, CABI enters 2015 in a relatively strong operating position. In International Development, a number of donors have committed funds to the Plantwise programme and other projects for 2015 (and beyond) which provide a reasonably high level of secured income. In Publishing, although there will be challenges in 2015 arising from adverse movement in exchange rates and the placing into administration of one of our sales agents, the secured income for our core subscription business at the beginning of 2015 remains broadly comparable to the position at the start of 2014.

Investment in new products and capacity to enhance CABI’s capabilities has always been a priority and this will be a particular focus in the next few years and in 2015 especially. The additional expenditure that will be incurred is likely, however, to result in a reduction of operating surplus and therefore a pause in its steady year-on-year growth. Overall, the additional investment will place CABI in a strong position to pursue its mission over the longer term.

Further information on CABI’s activities and achievements in 2014 can be found in the *‘CABI in review’* at **www.cabi.org/about-cabi/annual-reviews-financials-case-studies**

CABI is a not-for-profit organization that was set up by a United Nations treaty-level agreement between its member countries. Any country is entitled to join CABI and applications are made by invitation from the existing membership. The member countries have an equal role in the organization's governance, policies and strategic direction.

The CABI Review Conference of member countries reviews CABI's work programmes and determines its broad policies and strategies. The latest Review Conference was held in Oxford in June 2013 where the CABI vision for 2020 was agreed which then provided the framework for the Medium Term Strategy.

The Executive Council, comprising London-based representatives from each member country, meets at least once each year to monitor CABI's affairs and the implementation of the Review Conference resolutions. The Executive Council is responsible for the appointment of board members and the auditors, for the approval of annual financial statements and budgets, and for the completion of major agreements.

The Executive Council has appointed a Board, principally comprising independent members, together with the CEO and CFO, to direct the development and implementation of the strategy of the organization. The Board usually meets 4 times annually (with up to 3 observers from member countries in attendance) and regularly monitors the progress of the organization, particularly its performance against budgets. The Board approves recommendations on issues which are to be put to Executive Council, in addition to the mandatory approval of financial statements and annual budget. Day-to-day management of the organization is the responsibility of the Executive Management Team, led by the CEO. They meet monthly. Names of the members of the Executive Management Team and Board are shown in the Corporate Directory (page 1).

Risk management of the organization is the responsibility of the Executive Management Team. The process is led by the CFO and is reviewed regularly by the Executive Management Team with oversight by the Board through the Audit Committee at least once per annum. As part of its risk management strategy, the Executive Management Team and Board identify and seek to mitigate the key strategic risks to the organisation.

Those key strategic risks for CABI are as follows:

- loss of reputation: this covers a number of areas including the maintenance and enhancement of scientific and financial credibility.
- loss of Publishing revenue: the sales generated from the Publishing business, along with donor funding, are critical to the financial health of CABI.
- long-term sustainability of the Plantwise Programme: the critical success factor for the Programme is that the plant health systems created within countries are embedded for the long term.
- over reliance on Plantwise: it is recognized that CABI's expertise in agriculture-related applied science needs to remain relevant to a broad range of potential donors.
- staff retention and motivation: the intellectual capital of CABI needs to be constantly renewed through the retention and recruitment of staff of the highest calibre.
- property redevelopment: the built environment of CABI needs to be enhanced whilst minimizing the exposure to financial loss.
- pension deficit: there is a significant long term liability which needs to be managed responsibly.
- new services and projects related to mobile technology: these need to deliver the expected benefits for CABI and its stakeholders.

For each element of risk, a mitigation strategy has been defined with specific actions, accountabilities and timelines identified.

There are three sub-committees of the Board. Membership of the three committees is shown in the CABI Corporate Directory at the front of this report. The Audit Committee has responsibility for oversight of risk management and financial control procedures, including audit, accounting policies and procedures. The

Audit Committee has also approved the appointment of BDO as internal auditors and they commenced their programme of audit work from January 2013 and report back formally to the Audit Committee. For both 2013 and 2014, their summary annual internal audit report confirmed that they were “able to provide moderate assurance that there is a generally sound system of internal control”.

The Remuneration Committee has delegated authority to develop policy on executive remuneration and to set the remuneration packages of individual board members. The Nominations and Governance Committee has delegated authority to lead the process for board member appointments and has recently recruited new Board members to replace those members who are due to retire. Mr John Ripley will retire as Chair of the Board in 2015 and be replaced by Mr Philip Walters, an existing Board member. The Nominations and Governance Committee also makes recommendations to the Board with respect to standards of performance.

Board’s responsibilities statement

The Board is responsible for preparing the annual report and financial statements in accordance with the accounting convention and accounting policies in note 2 to comply with the CAB International Agreement. The Board must not approve the financial statements unless it is satisfied that they have been properly prepared, in all material respects, in accordance with the accounting convention and accounting policies in note 2 to the financial statements. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the organization will continue in business.

The Board confirms that it has complied with the above requirements in preparing the financial statements. Having taken advice from the Audit Committee, the Board members consider that the annual report, taken as a whole, is fair, balanced and understandable and provides information necessary for stakeholders to assess the organization’s performance, business model and strategy. Each of the Board members, whose names are listed in the CABI Corporate Directory on page 1, confirms that, to the best of each person’s knowledge and belief:

- the financial statements, prepared in accordance with accounting convention as stated in note 2, give a true and fair view of the assets, liabilities, statement of comprehensive income and financial position of the organization; and
- the report of the Board contained in the annual report includes a fair review of the development and performance of the organization together with a description of the principal risks and uncertainties that they face.
- there is no relevant audit information of which the organization’s auditor has not been made aware; and
- she/he has taken all the steps that she/he ought to have taken, as a Board member, in order to establish that the organization’s auditor is aware of that information.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the organization’s transactions and disclose with reasonable accuracy at any time the financial position of the organization. It is also responsible for safeguarding the assets of the organization and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Mr Ian Barry, CFO
22nd May 2015

Report on the financial statements

Our opinion
In our opinion, CABI's financial statements (the "financial statements") for the year ended 31 December 2014 have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 2i) to the financial statements.

Emphasis of matter – Basis of preparation
In forming our opinion on the financial statements, which is not modified, we draw attention to the fact that the accounting policies used and disclosures made comply with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union except in regards to certain provisions of IAS 1, IAS 16 and IAS 19(R) as disclosed in the accounting convention accounting policy, in note 2i) to these financial statements.

What we have audited
CABI's financial statements comprise:

- the statement of financial position as at 31 December 2014;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the basis of preparation and accounting policies in note 2i) to the financial statements.

In applying the financial reporting framework, the Board have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter

In our opinion, the information given in the Mission Statement and Report of the Board for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we have agreed to report by exception

Adequacy of accounting records and information and explanations received
We have been requested to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Board
As explained more fully in the Board's Responsibilities Statement set out on page 7, the Board are responsible for the preparation of the financial statements in accordance with the basis of preparation and accounting policies in note 2i) to the financial statements and for determining that the basis of preparation and accounting policies are acceptable in the circumstances.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the organisation's Board as a body in accordance with articles IX and X of the CAB International Agreement and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the organisation's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Board; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Board's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the CABI annual report & financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
22nd May 2015

(a) The maintenance and integrity of the CAB International website is the responsibility of the Board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of comprehensive income
For the year ended December 2014

	note	CABI 2014 £'000	Designated Fund 2014 £'000	Consolidated 2014 £'000	Consolidated 2013 £'000
Continuing operations					
Income					
Sales and project income	3	29,667	-	29,667	26,274
Member contributions	4	1,192	-	1,192	1,192
CABITAX recovery		1,283	-	1,283	1,177
Miscellaneous income		93	-	93	99
		32,235	-	32,235	28,742
Expenditure					
Staff costs	5	(8,911)	-	(8,911)	(8,183)
Direct project costs	7	(14,773)	-	(14,773)	(12,124)
Production		(3,142)	-	(3,142)	(3,111)
Facilities and maintenance		(1,406)	-	(1,406)	(1,396)
Sales and distribution		(647)	-	(647)	(717)
Travel		(632)	-	(632)	(733)
Depreciation and leasehold amortization	8	(629)	-	(629)	(622)
Consultants, freelancers		(449)	-	(449)	(387)
Restructuring costs		(65)	-	(65)	(233)
Provision for arrears of member country contributions	4	(64)	-	(64)	(52)
Associated company (loss)/profit	9(i)	57	-	57	(12)
Other costs		(624)	(298)	(922)	(533)
		(31,285)	(298)	(31,583)	(28,103)
Operating surplus before interest	10	**950**	**(298)**	**652**	639
Interest receivable		65	-	65	69
		65	-	65	69
Operating surplus for the year		**1,015**	**(298)**	**717**	708
Other comprehensive income/(deficit) items that may be subsequently reclassified to operating surplus/(deficit)					
Cash flow hedges	14	(242)	-	(242)	90
Movement between funds		(150)	150	-	-
Other losses on defined benefit pension schemes	20 (iii)	(8,207)	-	(8,207)	(2,350)
		(8,599)	**150**	**(8,449)**	(2,260)
Total comprehensive deficit for the year		**(7,584)**	**(148)**	**(7,732)**	(1,552)

Statement of financial position
For the year ended 31 December 2014

	note	2014 £'000	2013 £'000
Assets			
Non-current assets			
Land and buildings – held at revalued amounts	8	10,207	10,169
Plant and equipment – held at cost	8	1,525	1,318
Intangibles – held at cost	8	132	99
Investments accounted for using the equity method	9(i)	366	309
		12,230	11,895
Current assets			
Inventories	11	1,538	1,741
Trade and other receivables, net of provisions:			
- sales receivables	12	1,878	1,463
- sums owing by project sponsors	12	1,330	713
- from member countries	4	-	190
Other financial assets:			
- derivative financial asset	14	-	137
- cash and cash equivalents	15	11,636	9,917
Other receivables		1,757	1,325
		18,139	15,486
Total assets		**30,369**	27,381
Equity and liabilities			
Equity			
Revaluation reserve	13	(1,921)	(1,921)
Cashflow hedges	14	105	(137)
Designated fund		(150)	(298)
Accumulated deficit		47,862	40,520
Total deficit		45,896	38,164
Liabilities			
Non-current liabilities			
Post-employment benefits	20	(58,051)	(49,844)
		(58,051)	(49,844)
Current liabilities			
Sales income received in advance	16	(3,572)	(3,989)
Sums held on behalf of project sponsors	17	(11,013)	(9,322)
Trade and other payables:			
- trade payables		(1,622)	(633)
- other payables	18	(1,902)	(1,757)
Other financial liabilities			
- derivative financial liability	14	(105)	-
		(18,214)	(15,701)
Total liabilities		(76,265)	(65,545)
Total equity and liabilities		**(30,369)**	(27,381)

The financial statements on pages 10 to 36 were approved by the Board on 21st May 2015 and were signed on its behalf by:

Trevor Nicholls

Dr Trevor Nicholls, CEO

Statement of Cash Flows
For the year ended 31 December 2013

	note	**2014 £'000**	2013 £'000
Cash flows from operating activities			
Cash generated from continuing operations	i	2,561	4,082
Net cash generated from operating activities		2,561	4,082
Cash flows from investing activities:			
payments to acquire tangible fixed assets	8	(857)	(1,729)
payments to acquire intangible assets	8	(77)	-
loss on disposal of property, plant, equipment	10	27	-
interest received		65	69
Net cash used in investing activities		(842)	(1,660)
Net increase in cash and cash equivalents	ii, iii	**1,719**	2,422

NOTES TO THE CASH FLOW STATEMENT

(i) Reconciliation of operating surplus to net cash inflow from operating activities			
Operating surplus before interest		652	639
Depreciation charges	8	629	622
Share of associated company (profits)/losses	9(i)	(57)	12
Decrease/(increase) in inventories		203	(180)
(Increase)/decrease in trade and other receivables		(842)	658
Increase/(decrease) in trade and other payables		1,134	174
Increase in income in advance		1,274	2,510
(Increase) in other receivables		(432)	(353)
		2,561	4,082
(ii) Movement in net cash during the year			
Net cash at 1 January		9,917	7,495
Net cash at 31 December		11,636	9,917
Movement in net cash during the year		**1,719**	2,422

(iii) Analysis of movement in net cash	**1.1.2014 £'000**	**Cash Flows £'000**	**31.12.2014 £'000**
Cash at bank in hand and in transit	9,917	1,719	11,636
Net cash	**9,917**	**1,719**	**11,636**

Statement of Changes in Equity
For the year ended 31 December 2014

2014	Accumulated Fund £'000	Designated Fund £'000	Cash Flow Hedges £'000	Revaluation Reserve £'000	Total Equity £'000
Balance at 1 January 2014	(40,520)	298	137	1,921	(38,164)
Operating surplus/(deficit) for the year	1,015	(298)	-	-	717
Other comprehensive (deficit)/income for the year:					
Other losses on defined benefit pension scheme	(8,207)	-	-	-	(8,207)
Cashflow hedges	-	-	(242)	-	(242)
Movement of funds	(150)	150	-	-	-
Balance at 31 December 2014	**(47,862)**	**150**	**(105)**	**1,921**	**(45,896)**

2013	Accumulated Fund £'000	Designated Fund £'000	Cash Flow Hedges £'000	Revaluation Reserve £'000	Total Equity £'000
Balance at 1 January 2013	(38,830)	250	47	1,921	(36,612)
Operating surplus/(deficit) for the year	810	(102)	-	-	708
Other comprehensive (deficit)/income for the year:					
Other losses on defined benefit pension scheme	(2,350)	-	-	-	(2,350)
Cashflow hedges	-	-	90	-	90
Movement of funds	(150)	150	-	-	-
Balance at 31 December 2013	**(40,520)**	**298**	**137**	**1,921**	**(38,164)**

1. Objectives and status of CABI

CAB International (CABI) is a not-for-profit international organization that improves people's lives by providing information and applying scientific expertise to solve problems in agriculture and the environment.

CABI is a treaty-level, international organization, with 48 member countries. Originally established to assist agricultural development in Commonwealth countries, the organization, under its former name of the Commonwealth Agricultural Bureaux, signed an agreement with the United Kingdom Government on 5 August 1982 and thereby acquired the status of an International Organization under the Commonwealth Agricultural Bureaux (Immunities and Privileges) Order 1982 (Statutory Instrument 1982 No 1071) laid before parliament in accordance with the International Organizations Act 1981. As a result of this special status, CABI was empowered to retain for its own use tax deducted from the salaries of its employees. The Board believes that this is effectively additional income from the UK government and is accordingly reported as part of income.

The organization adopted a new constitution in 1985, which gave it full international status and changed its name to CAB International from 1986. It now includes several non-Commonwealth countries among its membership. The original agreement with the UK government was amended on 12 February 1999 to reflect CABI's change of name.

The organization is owned and directed by the governments of its member countries and currently has two principal business units: Publishing and International Development (ID). Publishing covers international publishing in applied life sciences, including crop protection, animal science, nutrition, integrated pest management, forestry and human health, specializing in the creation and distribution of the knowledge resources demanded by applied life science communities worldwide. International Development undertakes multidisciplinary research, development and training in agriculture and the environment, for which it receives project income. A "one CABI" business activity is the implementation of the Plantwise strategic initiative, which has two principal facets, global plant clinics formerly incorporated in ID and a Knowledge Bank of plant health information supported by skills and knowledge from the Publishing business.

CABI operates from two sites in the UK and seven centres in Kenya, Malaysia, Pakistan, Switzerland, Trinidad and Tobago, India and China. CABI has a representation agreement with a commercial organization based in Cambridge, MA, USA for its Publishing products. Under strategic collaboration agreements, CABI staff are also based at Centro Agronómico Tropical de Investigación y Enseñanza (CATIE) in Costa Rica and at Universidade Estadual Paulista (UNESP) in Brazil.

2. Accounting policies

i. Accounting convention

The Board is responsible for preparing the Annual Report and the financial statements in accordance with the CAB International Agreement. The financial statements have been prepared on the basis of the recognition, measurement, presentation and disclosure requirements of International Financial Reporting Standards ("IFRS") and IFRIC interpretations as adopted by the European Union with the exception of IAS 1 with regards the categorization of income and expenditure in the statement of comprehensive income which follows a format which the Board considers provides clarity and consistency to the stakeholders of CABI. The categorization includes the treatment of pension costs where the total cash contributions to the defined benefit scheme are recorded under staff costs whilst all other charges, including actuarial gains/(losses), are recorded in other comprehensive income (see also note 20), which is not in accordance with the requirements of IAS 19(R).

The financial statements have been prepared under the historical cost convention modified by the revaluation of freehold land and buildings and financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss. The financial statements do not include disclosure of the historical cost of revalued property as required by IAS 16 paragraph 77 as the Board considers the current disclosures provide sufficient clarity and information.

2. Accounting policies (continued)

The Board members, having made appropriate enquiries, consider that CABI has adequate resources to continue in existence for the foreseeable future. On this assumption, CABI continues to adopt the going concern basis in preparing the financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

ii. Income recognition

Income is recognized to the extent that it is probable that economic benefits will flow to the organization and the income can be reliably measured. Income is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes or duty.

The following criteria must also be met before income is recognized:

Income from the sale of books and other non-subscription products is recognized when the significant risks and rewards of ownership have passed to the buyer, usually on the dispatch of goods. Income for subscriptions is recognized evenly over the period of the subscription. Project income received for project work is recognized by reference to the stage of completion of the project at the reporting date, taking into consideration the extent to which the agreed project deliverables have been completed. Any project income received in advance of work having been completed is, to the extent that the work remains incomplete, classified as a liability at the reporting date. Any contract losses are recognized immediately.

Member country contributions are recognized in the year of invoice. Provisions are made for any debt when it is probable that the debt will either not be paid or will be significantly delayed.

CABITAX, as referred to in note iv below, is recognized concurrently with the cost of the UK employee salaries from which it is withheld.

Interest income is recognized as interest accrues using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected future life of the financial instrument to the net carrying amount of the financial asset).

iii. Segmental reporting

CABI is not required to comply with IFRS 8, as it is not an entity whose equity or debt securities are publicly traded. However, an analysis of sales income by activity is provided.

iv. Taxation

CABI's status as an International Organization allows it to retain tax deducted from UK employees' salaries, known as CABITAX. It pays no income tax on surpluses. However, CABI is currently subject to normal UK legislation in respect of value added tax and national insurance taxes.

v. Research and development

Research and development expenditure is charged to the income and expenditure account as incurred, with the exception of software development on major projects, which is capitalized in accordance with IAS 38. (note 8).

vi. Depreciation

Depreciation is provided by equal annual instalments on freehold properties (excluding estimated land values). Other fixed assets are depreciated evenly over the estimated life of the asset, as follows:

Land and buildings	30-50 years
Plant and equipment	3-10 years
Intangibles	4 years

2. Accounting policies (continued)

vii. Foreign currencies

CABI takes out forward currency contracts on its net dollar income for its Publishing business in order to minimize its exposure to foreign exchange risk by matching contracts to probable future incomes. Under

IAS, these transactions are derivative financial instruments, and CABI applies the IAS 39 'hedging rules' in order to minimize volatility through the statement of comprehensive income year-on-year.

The fair values of derivative financial instruments are determined using a number of methods and assumptions based on prevailing conditions at the statement of financial position date including exchange rates at the year end.

At the inception of the transaction, CABI documents the relationship between the hedging instruments and hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. CABI also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The effective element of the hedge is posted through other comprehensive income with the ineffective element posted to the income statement.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

Other monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate ruling on the last working day of the accounting year. Income received in foreign currencies is credited at the sterling amount applicable when received.

Gains or losses resulting from the sale of foreign currencies are included in expenses in the financial year to which the currency receipt relates.

viii Overseas assets

Fixed assets held abroad are included in the statement of financial position where no conditions limiting the freedom to dispose of such assets apply. In other cases, expenditure on overseas assets is charged as other costs.

ix Fixed assets

Freehold and leasehold properties are periodically revalued and any changes in value are accounted for in accordance with International Accounting Standard 16. The titles of the properties in the UK are registered in the name of CABI or the Commonwealth Agricultural Bureaux.

Other fixed assets with an individual cost of more than £1,000, excluding value added tax (£500 in the case of laptop computers), are included in the statement of financial position at cost, with an appropriate deduction for depreciation. Items with an individual cost of less than £1,000, excluding value added tax (£500 in the case of laptop computers), are charged to the income and expenditure account as other costs, as are deemed not to be capital in nature.

Gains and losses on disposal of fixed assets are determined by comparing the proceeds with the carrying amount and are recognized within other costs in the statement of comprehensive income.

x Property values

Property values are held at the current re-valued amount. A professional revaluation of the properties was performed in 2010.

2. Accounting policies (continued)

xi Intangible assets

Intangible assets (like software development) in accordance with IAS38 will be recognized only if:

i. it is probable that future economic benefits will flow to CABI from the investment.
ii. the cost of the asset can be measured reliably.

Intangible assets will be amortized according to the assets' useful life, see section vi.

xii Investments

CABI uses the equity method, in accordance with IAS 28, to report its share of its associate company, Conidia. This is an undertaking over which CABI has significant influence but not control, generally indicated by a share of between 20% and 50% of the voting rights. In the statement of financial position, CABI's share of the equity at 31 December 2014 is shown as 'investments accounted for using the equity method'. In the statement of comprehensive income, CABI's share of Conidia's trading profit/(loss) for 2014 is shown as 'associated company profits'. CABI's share of profit from the associate represents its share of profit after tax.

xiii Inventories and work in progress

Stocks of books are valued at the lower of cost or net realizable value. No value is included for publications more than three years old. The book stock is provided against monthly on a straight line basis over three years from the month of publication. Work in progress on projects is valued at the lower of cost and the amount realizable from the donor.

xiv Trade and other receivables

Trade receivables are recognized and carried at lower of invoiced value and recoverable amount, less provision for impairment. Provision is made where there is objective evidence that the organization will not be able to recover the balances in full. Balances are written off when the probability of recovery is assessed as remote.

xv Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

xvi. Impairment of assets

CABI assesses at each year-end whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the organization makes an estimate of the asset's recoverable amount. Recoverable amount is the higher of an asset or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

xvii. Finance and operating leases

Assets held under finance leases, which transfer to CABI substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the inception of the lease and included in property, plant and equipment at the fair value of the leased assets or, if lower, the present value of the minimum lease payments, as determined at the inception of the lease. The obligations relating to finance leases, net of finance charges in respect of future years, are recognized as liabilities. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of comprehensive income so as to achieve a constant rate of interest on the remaining balance of the

2. Accounting policies (continued)

liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are classified as operating leases and rentals payable are charged in the statement of comprehensive income on a straight line basis over the lease term.

xviii. Trade and other payables

Trade and other payables are measured at amortized cost using the effective interest method.

xix. De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts, together with any costs or fees, incurred are recognized in finance income and expense.

xx. Pensions

Full information on pensions and pension accounting policies are shown in note 20.

xxi. Designated fund

A designated fund has been created to allow CABI to formally co-fund projects where external funding may be unavailable or insufficient. It now forms part of the CABI Development Fund. Transfers in and out of the fund are approved by the Executive Management Team.

xxii. Adoption of new and revised accounting standards

The following amendments to existing standards became effective during the current year, but have had no significant impact on CABI's financial statements:

Standards applicable from 1 January 2014:

- IFRS 10, 'Consolidated financial statements' (effective 1 January 2013) (endorsed 1 January 2014)
- IFRS 11, 'Joint arrangements' (effective 1 January 2013) (endorsed 1 January 2014)
- IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013) (endorsed 1 January 2014)
- IFRS 13, 'Fair value measurement' (effective 1 January 2013)
- IAS 19 (revised 2011) 'Employee benefits' (effective 1 January 2013)
- IAS 27 (revised 2011) 'Separate financial statements' (effective 1 January 2013) (endorsed 1 January 2014)
- IAS 28 (revised 2011) 'Associates and joint ventures' (effective 1 January 2013) (endorsed 1 January 2014)

New IFRICs applicable from 1 January 2014:

- IFRIC 21, 'Levies' (effective 1 January 2014) (endorsed 17 June 2014)

Amendments applicable from 1 January 2014:

- Amendment to IFRS 1, 'First time adoption', on hyperinflation and fixed dates (effective 1 July 2011) (endorsed 1 January 2013)
- Amendment to IAS 12, 'Income taxes' on deferred tax (effective 1 January 2012) (endorsed 1 January 2013)
- Amendment to IAS 1, 'Presentation of financial statements' on OCI (effective 1 July 2012)

2. Accounting policies (continued)

- Amendment to IFRS 1, 'First time adoption' on government grants (effective 1 January 2013)
- Amendments to IFRS 7 on Financial instruments asset and liability offsetting (effective 1 January 2013)
- Annual improvements 2011 (effective 1 January 2013)
- Amendments to IFRS 10,11 and 12 on transition guidance (effective 1 January 2013) (endorsed 1 January 2014)
- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities (effective 1 January 2014)
- Amendments to IAS 32 on Financial instruments asset and liability offsetting (effective 1 January 2014)
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures (effective 1 January 2014)
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting (effective 1 January 2014)

The following new standards, amendments to existing standards and new interpretations have been published and are mandatory for CABI in future accounting periods. IFRS 9, Amendment to IFRS 11, Amendment to IAS 16 and IAS 38, Amendment to IFRS 9, Amendments to IAS 16 and IAS 41, Amendments to IAS 27, Amendments to IFRS 10 and IAS 28, Annual improvements (2014) and Amendments to IAS 1 have not yet been endorsed by the European Union. They have not been early adopted in these financial statements and are not expected to have a significant impact on future financial statements when they are adopted:

Effective for annual periods beginning on or after 1 January 2015:

- Amendment to IAS 19, 'Employee benefits', on defined benefit plans (effective 1 July 2014) (endorsed for 1 Feb 2015))
- Annual improvements 2010-2012 cycle (effective 1 July 2014) endorsed for 1 Feb 2015
- Annual improvements 2011-2013 cycle (effective 1 July 2014) endorsed for 1 Jan 2015

Effective for annual periods beginning on or after 1 January 2016:

- IFRS 9, ‘Financial instruments’ (effective 1 January 2018);
- IFRS 14 ‘regulatory deferral accounts’ (effective 1 January 2016)
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation', (effective 1 January 2016)
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation (effective 1 January 2016)
- Amendment to IFRS 9, 'Financial instruments', on general hedge accounting (effective date 1 Jan 2018)
- Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants (effective 1 January 2016)
- Amendments to IAS 27, 'Separate financial statements' on equity accounting (effective 1 January 2016)
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures' on sale or contribution of assets (effective 1 January 2016)
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures' on applying the consolidation exemption (effective 1 January 2016)
- Annual improvements (2014) effective 1 January 2016
- Amendments to IAS 1,'Presentation of financial statements' disclosure initiative (effective 1 January 2016)

2. Accounting policies (continued)

xxiii. Critical accounting estimates

In applying the accounting policies set out in note 2, management is required to make certain estimates and judgements concerning the future. These estimates and judgements are regularly reviewed and updated as necessary. The estimates and judgements that have the most significant effect on the amounts included in these financial statements are as follows:

Retirement benefit obligations:
The liability recognized in respect of retirement benefit obligations is dependent on a number of estimates agreed with the Scheme actuary, including those relating to mortality, inflation, salary increases and the rate at which liabilities are discounted. Any change in these assumptions would impact the retirement benefit obligations recognized. Further details on these estimates and sensitivities are provided in note 20.

3. Sales and project income

Sales and project income comprised:

	2014 £'000	2013 £'000
Database products	8,190	7,760
Books	1,944	2,100
Other	1,954	1,710
Publishing total	12,088	11,570
International development (excluding Plantwise clinics)	10,145	8,752
Plantwise	7,434	5,952
	29,667	26,274

The income figures shown above are net of value added tax but inclusive of discounts allowed to customers.

4. Member country contributions

Following decisions of the Review Conferences held in August 1990 and in October 2009, CABI established provisions for arrears of member country contributions. The total provision as at 31 December 2014 now stands at £1,338k (2013: £1,274k). An analysis of member contributions for the year and total post-1991 arrears is shown below:

	Gross Balance at 31.12.14	Arrears to 1991 Fully Provided	Net Balance at 31.12.14	Contributions in Statement of Comprehensive Income	
				2014	2013
	£	£	£	**£**	£
Anguilla	575	-	575	575	575
Australia	-	-	-	86,250	86,250
Bahamas	-	-	-	5,750	5,750
Bangladesh	17,500	-	17,500	5,750	5,750
Barbados	-	-	-	5,750	5,750
Bermuda	8,468	-	8,468	3,450	3,450
Botswana	-	-	-	5,750	5,750
Brunei	-	-	-	5,750	5,750
Burundi	44,500	-	44,500	5,750	5,750
Canada	-	-	-	184,000	184,000
Chile	-	-	-	8,625	8,625
China	-	-	-	184,000	184,000
Colombia	-	-	-	5,750	5,750
Cote d'Ivoire	5,750	-	5,750	5,750	5,750
Cyprus	11,500	-	11,500	5,750	5,750
Gambia	130,487	49,796	80,691	5,750	5,750
Ghana	127,807	101,307	26,500	5,750	5,750
Grenada	21,500	0	21,500	5,750	5,750
Guyana	85,115	46,614	38,501	5,750	5,750
Hungary (withdrew 07/07/00)	19,464	-	19,464	-	-
India	58,184	-	58,184	23,000	23,000
Indonesia (withdrew 12/10/01)	3,962	-	3,962	-	-
Jamaica	-	-	-	5,750	5,750
Kenya	-	-	-	5,750	5,750
DPR Korea	-	-	-	5,750	5,750
Malawi	56,921	-	56,921	5,750	5,750
Malaysia	-	-	-	14,375	14,375
Mauritius	-	-	-	5,750	5,750
Montserrat	-	-	-	575	575
Morocco (withdrew 14/10/10)	6,750	-	6,750	-	-
Myanmar	-	-	-	5,750	5,750
Netherlands	-	-	-	107,812	107,812
Nigeria	327,891	202,442	125,449	5,750	5,750
Pakistan	-	-	-	5,750	5,750
Papua New Guinea	10,750	-	10,750	5,750	5,750
Philippines	-	-	-	5,750	5,750
Rwanda	11,500	-	11,500	5,750	5,750
Sierra Leone	157,975	77,991	79,984	5,750	5,750
Solomon Islands	41,500	-	41,500	5,750	5,750
South Africa	-	-	-	14,375	14,375
Sri Lanka	-	-	-	5,750	5,750
St Helena	2,150	-	2,150	575	575
Switzerland	-	-	-	57,500	57,500
Tanzania	60,961	51,967	8,994	5,750	5,750
Trinidad and Tobago	-	-	-	5,750	5,750
Uganda	59,857	59,857	-	5,750	5,750
United Kingdom	-	-	-	316,250	316,250
Vietnam	-	-	-	5,750	5,750
Virgin Islands	-	-	-	575	575
Zambia	25,500	-	25,500	5,750	5,750
Zimbabwe	41,500	-	41,500	5,750	5,750
Provisions	-	-	(748,093)	-	-
Total	**1,338,067**	**589,974**	**-**	**1,191,687**	**1,191,687**

5. Staff costs

The total staff costs charged in the statement of comprehensive income for the year ended 31 December comprised:

	2014 £'000	2013 £'000
Staff salaries and bonus	12,518	11,526
Social security payments	843	779
Pension contributions	2,795	2,450
Associated staff costs	306	334
Recoveries to direct project costs	(6,289)	(5,689)
Recoveries to production costs	(1,262)	(1,217)
	8,911	8,183

The total costs of employing CABI's staff for 2014 amounted to £15,462k (2013: £14,109k) which comprises gross salary payments to staff, employer's state social security contributions and employer's pension contributions, but excluding additional pension deficit payments of £1,000k (2013: £980k).

The monthly average number of employees for 2014 was 477 (2013: 405) giving an average employment cost of £32k (2013: £35k).per employee.

UK defined benefit pension contributions amount to £1,290k (2013: £1,295k), including an amount of £100k accrued at year end (2013: £180k) which, together with the £8,207k disclosed in other comprehensive income (2013: £2,350k), makes up the £9,497k (2013: £3,645k) of items in the statement of comprehensive income (see note 20).

The table below shows the number of higher-paid staff with emoluments falling in the following ranges. Emoluments include salary, taxable benefits in kind and other applicable payments to employees, excluding employer's pension contributions.

	2014	2013
£250,000 to £259,999	1	-
£230,000 to £239,999	-	1
£150,000 to £159,999	1	1
£140,000 to £149,999	1	1
£130,000 to £139,999	1	-
£120,000 to £129,999	3	2
£110,000 to £119,999	-	1
£100,000 to £109,999	3	2
£90,000 to £99,999	1	3
£80,000 to £89,999	3	2
£70,000 to £79,999	6	5
£60,000 to £69,999	11	9
	31	27

Pension payments in respect of the defined benefit scheme for 13 higher-paid employees (2013:12) totalled £35k (2013: £37k). Pension payments in respect of the relevant employees to the defined contribution scheme totalled £204k (2013: £180k). In addition, £30k (2013: Nil) was made in lieu of pension contributions to employees affected by Life Time Allowance. For UK-based staff in the above table, CABI recovered £458k (2013: £383k) in CABITAX.

6. Key management and Board compensation

The total compensation paid to the Executive Management Team is shown below:

	2014 £'000	2013 £'000
Salaries and other short-term employee benefits	1,248	1,255
Other long-term benefits	113	105
Total	**1,361**	1,360

The 7 non-executives members of the Board (2013:7), received honorarium payments of £40k in total (2013: £35k) and directly incurred expenses of £10k in total (2013 £15k).

7. Direct project costs

Direct project costs comprised:

	2014 £'000	2013 £'000
Staff costs (note 5)	6,289	5,689
Other direct costs	8,484	6,435
	14,773	12,124

8. Property, plant and equipment, intangibles

	(i) Land and Buildings – Freehold and Long Leasehold £'000	**(ii) Plant and Equipment £'000**	**(iii) Software - Intangibles £'000**	**Total £'000**
Cost or valuation				
at 1 January 2014	11,653	4,695	177	16,525
Additions	246	611	77	934
Disposals	-	(491)	-	(491)
at 31 December 2014	**11,899**	**4,815**	**254**	**16,968**
Accumulated depreciation				
at 1 January 2014	1,484	3,377	78	4,939
Provided in year	208	377	44	629
Disposals	-	(464)	-	(464)
at 31 December 2014	**1,692**	**3,290**	**122**	**5,104**
NBV at 31 December 2014	**10,207**	**1,525**	**132**	**11,864**

8. Property, plant and equipment, intangibles (continued)

	(i) Land and Buildings – Freehold and Long Leasehold £'000	(ii) Plant and Equipment £'000	(iii) Software - Intangibles £'000	Total £'000
Cost or valuation				
at 1 January 2013	10,417	4,889	177	15,483
Additions	1,236	493	-	1,729
Disposals	-	(687)	-	(687)
at 31 December 2013	**11,653**	**4,695**	**177**	**16,525**
Accumulated depreciation				
at 1 January 2013	1,277	3,693	34	5,004
Provided in year	207	371	44	622
Disposals	-	(687)	-	(687)
at 31 December 2013	**1,484**	**3,377**	**78**	**4,939**
NBV at 31 December 2013	**10,169**	**1,318**	**99**	**11,586**

(a) Barclays Bank PLC has first legal charge over the freehold property at Egham.
(b) CABI invested £77k on software development in relation to CABIcore (2013:£0k (Nil)).

CABI have considered the impact of the proposed sale of part of the Wallingford site on the useful economic life and residual value of the associated fixed assets in accordance with the requirements under IAS 16, and as at 31 December 2014 believe that the current estimates continue to be the most appropriate.

9. Related parties

i Conidia Bioscience Limited

During 2000, CABI signed an agreement with Emtek Global Services Limited (Emtek) to establish and operate a jointly owned company (Conidia Bioscience Limited) to develop and market a rapid fuel test kit to detect fungus in fuel. The company was incorporated in the UK on 31 March 2000 under the Companies Act 1985 as a private limited company.

On 7 October 2005, a new shareholder agreement was signed under which Aldwych Bioscience Limited (a company registered in Jersey) and Biomedica Medizinprodukte GmbH (a company registered in Austria) became shareholders in Conidia. CABI, Emtek and Aldwych each own 30% of the equity of Conidia with Biomedica owning the remaining 10%.

The overall direction of Conidia is the responsibility of the Conidia Board and implementation of the strategy is carried out by Conidia's management team. Each shareholder with not less than 25% of the issued shares has the right to appoint one director of the company. At 31 December 2014, there were seven directors, 6 with a vote. Dr Joan Kelley and Dr Trevor Nicholls were the directors appointed by CABI, and they share a vote.

Conidia's projected profit for 2014 is £170k (2013: £(45)k loss), CABI's share of £57k (2013: £(12)k) is included as associated company profits in the statement of comprehensive income and the investment in Conidia in the statement of financial position is £366k (2013: £309k).

Conidia's projected income in 2014 is £1,838k (2013: £1,475k), assets £1,535k (2013: £1,556k) and liabilities £319k (2013: £516k).

9. Related parties (continued)

During 2014, the value of sales invoices raised by CABI to Conidia was £200k (2013: £114k), and the debt outstanding at 31 December 2014 was £12k (2013: £nil).

ii The CABI Trust and CABI Inc

In March 2000, the CABI Trust was established in the UK as an irrevocable charitable trust to further certain charitable activities of CABI. In July 2000, CABI Inc. was established in the state of Delaware, USA. It was set up as a non-profit organization to operate exclusively for charitable, scientific and educational purposes within the meaning of section 501 (c) (3) of the Internal Income Code of 1986. In 2014, CABI received £nil (2013: £nil) from CABI Trust and £nil (2013: £nil) from CABI Inc.

iii International Food Information Service (IFIS)

IFIS is a participating employer in the CABI pension scheme and has provided an information service on food science and technology since 1968. IFIS is registered in the UK as a company limited by guarantee (No. 3507902), and was incorporated in 1998. As a registered educational charity, IFIS has a mission to advance public education and knowledge in the field of food science and technology and human nutrition. During 2014, IFIS paid CABI £nil (2013: £nil) towards the costs incurred by CABI in the administration of the Pension Scheme.

10. Operating surplus

Operating surplus is stated after charging:

	2014 £'000	2013 £'000
Write down of book stock to net realizable value	72	142
Bad debts written off or provided for	35	113
Audit fees		
- external	44	40
- internal	36	36
- non audit	5	-
Foreign currency (gains)/losses	94	(86)
Operating leases	73	65
Disposal of fixed assets	27	-
Depreciation on:		
- owned assets	629	622

11. Inventories

Inventories comprising:

	2014 £'000	2013 £'000
Books		
- finished goods	423	413
- work in progress	32	46
	455	459
Projects		
- work in progress	1,083	1,282
	1,538	1,741

Inventories charged in the statement of comprehensive income in 2014 were £448k (2013: £431k).

12. Trade and other receivables

Trade and other receivables are analyzed below between sales receivables and sums owing by project sponsors. Receivables from member countries are shown separately under note 4.

As at 31 December 2014, receivables from sales receivables of £50k (2013: £19k) were impaired. The amount of the provision was £50k as of 31 December 2014 (2013: £19k). The individually impaired receivables mainly relate to publishing customers where part of the balance due may be in dispute. A portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2014 £'000	2013 £'000
up to 3 months	-	-
3 to 6 months	-	-
over 6 months	50	19
	50	19

As of 31 December 2014, trade receivables from sales of £1,878k (2013: £1,463k) were not impaired. These relate to a number of independent customers for whom there is no recent history of default. Management have a high level of certainty that these are recoverable given the credit history of these customers. The ageing analysis of these trade receivables is as follows:

	2014 £'000	2013 £'000
up to 3 months	1,787	1,320
3 to 6 months	52	81
over 6 months	39	62
	1,878	1,463
of which amounts not yet due	**1,647**	899

As of 31 December 2014, £31k (2013: £115k) of sums owing by project sponsors were impaired. The amount of the provision was £31k as of 31 December 2014 (2013: £115k). Some of these balances have historically taken a long time to collect during which some of the claim may be disallowed due to loss or lack of adequate documentation for the claim.

The ageing of these receivables is as follows:

	2014 £'000	2013 £'000
up to 3 months	-	-
3 to 6 months	-	-
over 6 months	31	115
	31	115

As of 31 December 2014, £1,330k (2013: £713k) of sums owing by project sponsors were not impaired. These relate to donors whose claim processes may be considerably long and time consuming but for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 £'000	2013 £'000
up to 3 months	1,229	646
3 to 6 months	18	6
over 6 months	83	61
	1,330	713

12. Trade and other receivables (continued)

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2014 £'000	2013 £'000
UK Pounds	1,308	1,139
US Dollars	1,468	654
Euros	80	61
other currencies	352	322
	3,208	2,176

Movements on the group provision for impairment of trade receivables are as follows:

	2014 £'000	2013 £'000
at 1 January 2014	**135**	119
provision for receivables impairment	36	63
unused amounts reversed	(90)	(47)
at 31 December 2014	**81**	135

13. Revaluation reserve

	Wallingford Freehold £'000	Egham Freehold £'000	Delémont Freehold £'000	total £'000
at 1 January and 31 December 2014	**567**	**618**	**736**	**1,921**

A formal property revaluation was carried out on 30 June 2010 using the professional valuers Gerald Eve in the UK for Wallingford and Egham properties and Rais Sarl for the Delémont property.

14. Financial risk management objectives and policies

CABI's financial risk management objective is to reduce the financial risks and exposures facing the business with respect to changes in foreign exchange rates. To achieve this, CABI undertakes an active hedging policy, including the use of forward exchange contracts, which are entered into under policies approved and monitored by the Board. These transactions are only undertaken to reduce the exposures arising from underlying commercial transactions and at no time are transactions undertaken for speculative reasons.

Foreign currency risk

A large part of CABI's business is transacted in US dollars. The principal commercial currency of CABI is £ sterling. CABI seeks to manage currency exposure wherever possible. In each country where CABI has a corporate operation, income generated and costs incurred are primarily denominated in the relevant local currency, so providing a natural currency hedge.

CABI's exposure to foreign exchange gain/loss against the US dollar is managed to a large extent by the use of forward contracts to sell dollars. The policy is to sell forward 50%-100% of the next 12 months' expected net dollar receipts (sales less creditor payments) on a rolling annual basis. The value of these contracts at 31 December 2014 is shown below and represents approximately 65% (2013: 67%) of projected dollar receipts for the next 12 months.

The second most significant foreign currency for CABI is the Euro. These were sold during the year on the spot market with no material impact on exchange gain or losses.

14. Financial risk management objectives and policies (continued)

Interest rate risk
CABI has interest bearing assets. CABI does not employ financial instruments to mitigate interest risk.

Credit risk
CABI's maximum exposure to credit risk is the aggregate of unimpaired trade and other receivables of £4,965k (2013: £3,691k), cash and cash equivalents of £11,636k (2013: £9,917k). The organization has no significant concentrations of credit risk. CABI has implemented policies that require appropriate credit checks on potential customers before sales commence. Significant cash and cash equivalent balances are deposited with high credit-quality financial institutions. Currency hedging transactions are carried out with highly-rated counterparties.

Liquidity risk
CABI has interest-bearing assets but ready access to funds. This, together with a strong cash position and lack of debt, means that liquidity risk is low.

Recognised fair value of derivative financial instruments
Asset value is the contracted sterling value to be received on the sale of dollars and euros in the following year and liability is the sterling value of those dollar and euros contracts converted at the forward spot rate prevailing at the end of the financial year.

2014 – Value of outstanding forward foreign exchange contracts – US$3.25m; €1m (2013: US$3.0m €0 (Nil))

All current	**2014 £'000**	**2013 £'000**
Assets	2,759	1,951
Liabilities	(2,864)	(1,814)
Net	**(105)**	137

Net movement in value of outstanding forward contracts was £(242)k (2013: £90k)

Hedging instruments
A hedging relationship is classified as effective when the value of the hedging item moves between 80% and 125% of each movement in the hedged item. All hedging relationships have been tested using statistical methods and were effective at the reporting date.

Forward foreign exchange contracts which are open at 31 December 2014:

Maturity date	**Dollar Value $'000**	**Exchange Rate**	**Sterling Value £'000**
03.03.2015	1,000	1.613	620
29.05.2015	500	1.6531	303
30.06.2015	1,000	1.6982	589
30.10.2015	750	1.6185	463
Total	**3,250**		**1,975**

Maturity date	**Euro Value €'000**	**Exchange Rate**	**Sterling Value £'000**
30.06.2016	1,000	1.2749	784
Total	**1,000**		**784**

These forward exchange contracts and corresponding foreign currency receipts will mature within eighteen months of the year end. Movements in the fair value of these forward exchange contracts are recognized as cash flow hedges in the hedging reserve within equity. These amounts are then transferred

14. Financial risk management objectives and policies (continued)

to operating surplus/deficit when the forecast amounts are received at various dates between one and eighteen months after the year-end date. There was no material ineffectiveness of these hedges recorded as of the reporting date.

Financial assets and liabilities

For cash and cash equivalents, trade and other receivables and trade and other payables, fair values, approximate to their book values due to the short maturity periods of these financial instruments. For trade and other receivables, allowances are made within the book value for credit risk. For other financial instruments, fair values are based on market values by applying year-end exchange rates.

as at 31 December 2014	Held at Fair Value	Held at Amortised Cost			
	Derivatives used for Hedging £'000	Loans & Receivables £'000	Liabilities £'000	**Total Book Value £'000**	**Total Fair Value £'000**
Financial assets					
Trade and other receivables (notes 4, 12)	-	3,208	-	**3,208**	**3,208**
Derivative financial instruments (note 14)	-	-	-	**-**	**-**
Cash and equivalents (note 15)	-	11,636	-	**11,636**	**11,636**
Financial liabilities					
Trade and other payables	-	-	(3,524)	**(3,524)**	**(3,524)**
Derivative financial instruments (note 14)	(105)	-	-	**(105)**	**(105)**
Total	**(105)**	**14,844**	**(3,524)**	**11,215**	**11,215**

as at 31 December 2013	Held at Fair Value	Held at Amortised Cost			
	Derivatives used for Hedging £'000	Loans & Receivables £'000	Liabilities £'000	**Total Book Value £'000**	**Total Fair Value £'000**
Financial assets					
Trade and other receivables (notes 4, 12)	-	2,366	-	**2,366**	**2,366**
Derivative financial instruments (note 14)	137	-	-	**137**	**137**
Cash and equivalents (note 15)	-	9,917	-	**9,917**	**9,917**
Financial liabilities					
Trade and other payables	-	-	(2,390)	**(2,390)**	**(2,390)**
Total	**137**	**12,283**	**(2,390)**	**10,030**	**10,030**

All financial instruments are current and the remaining contractual maturities are within eighteen months of the year end.

15. Cash and cash equivalents

Cash and bank balances

CABI held or administered cash at bank, in hand and in transit as follows:

	2014	2013
	£'000	£'000
CABI	4,991	2,784
CABI Development Fund (CDF) and Plantwise	6,645	7,133
	11,636	9,917

16. Sales income received in advance

This comprises advance payments for issues of CABI journals, CAB Abstracts and other products where the supply takes place in future accounting years, amounting to £3,572k (2013: £3,989k).

17. Sums held on behalf of project sponsors

This comprises funding by donors in advance of work performed on projects, amounting to £11,013k (2013: £9,322k).

18. Other payables

	2014	2013
	£'000	£'000
Accruals	1,328	1,338
Tax and social securities	166	164
Other creditors	408	255
Total	**1,902**	1,757

All financial liabilities are expected to be settled within 12 months of the statement of financial position date.

19. CABI Development Fund (CDF) and Plantwise

Following a decision of the Review Conference held in August 1990, CABI established a partnership facility, now renamed the CABI Development Fund (CDF). Member countries make donations to the CDF to fund various projects to benefit developing countries. From 2013 onwards, CABI has contributed directly to the CDF via the designated fund. At 31 December 2014, the balance of the funds amounting to £6,645k (2013: £7,133k) had been included into CABI's statement of financial position as cash at bank. This cash balance includes amounts received from donors at the end of 2014 for Plantwise programme work to be performed in 2015. A summary of income and expenditure for the year, together with balances in the statement of financial position, is shown below:

Income and expenditure account for year ended December 2014

	CDF £'000	Plantwise £'000	Total £'000
Balance brought forward from 2013	752	4,943	**5,695**
Income:			
Donor income received during 2014:			
Department for International Development (UK)(£4,962k)	2,643	2,319	4,962
Swiss Agency for Development and Co-operation (CHF 972k)	-	595	595
Irish Aid (€300k)	-	250	250
EU (€3,242k)	-	2,634	2,634
Directorate General for International Co-operation (Netherlands) (€1,371k)	-	1,142	1,142
Australian Centre for International Agricultural Research (AUS$265k)	73	73	146
The International Fund for Agricultural Development (US$570k)	-	344	344
Ministry of Agriculture, China (US$300k)	148	30	178
CABI Contribution (Designated Fund)	298	-	298
IITA (US$3k)	-	2	2
DACAAR (US$14k)	-	9	9
Total income	3,162	7,398	**10,560**
Expenditure 2014:			
Plantwise knowledge bank	44	1,029	1,073
Plantwise clinics and systems	-	6,361	6,361
Bioservices	114	-	114
Knowledge for development projects	239	-	239
Commodity projects: principally coffee, cocoa and oil palm	377	-	377
Invasive species projects	461	-	461
Knowledge management projects	916	-	916
Other	69	-	69
Total expenditure	2,220	7,390	**9,610**
Balance carried forward	1,694	4,951	**6,645**
Represented by:			
Cash at bank (note 15)			**6,645**

* Irish Aid contributed total funding of €700k, of which €300k was used for the plantwise programme (as above) and €400k for the Good Seed Initiative Project (included in project and sales income – see note 3)

20. Pension arrangements

Pension scheme
The CAB International Pension Scheme ("the Scheme") is a hybrid scheme.

Benefits are accrued in the defined contribution section for joiners after August 2007 and in respect of salaries in excess of the £30,000 cap for defined benefit members. During 2014, CABI made total contributions to the defined contribution section of £408k (including £46k of expenses) (2013: £328k including £44k of expenses) to the Scheme.

The rest of this pension disclosure relates purely to the defined benefit section of the Scheme.

CABI participates in the funded defined benefit section of the Scheme, the assets of which are held in a separate trustee-administered fund. Separate financial statements are prepared for this fund and audited by Barber Harrison & Platt. International Food Information Service (IFIS) is a Participating Employer and contributes to the Scheme on the same basis as CABI. IFIS incorporates its pension transactions in its own financial statements.

Actuarial valuations of the assets and liabilities of the Scheme are carried out at least once every three years by external actuaries to determine the financial position of the Scheme. A full valuation in accordance with section 224 of the Pensions Act 2004 was carried out as at 31 December 2011 by Pope Anderson LLP. At that date, the market value of the Scheme's assets, excluding investments held by AVC providers, was £58.3m (previous valuation: £51.3m). The value of the Scheme's liabilities exceeded the value of the assets by £39.2m. The assets provided a level of cover of 60% (previous valuation: 65%) of the liabilities. The valuation was based on the Attained Age method of funding to assess the accrued funding position of the Scheme and to derive the employer contribution levels. The triennial review of the deficit as at 31 December 2014 is currently being carried out by the fund Trustees.

For the purpose of CABI's financial statements, the Scheme's 31 December 2011 valuation results were rolled forward to 31 December 2014 by the Scheme actuary. The pension liabilities were recalculated on the IAS19 basis using the projected unit method.

CABI has been paying contributions in accordance with the schedule of contributions to eliminate the deficit by 2044 with the exception of the following additional contributions:

- 2010 £200k
- 2011 £300k
- 2013 £180k
- 2014 £100k

IAS 19: Retirement Benefit Schemes - Defined Benefit Schemes
The principal actuarial assumptions used were as follows:

i. Assumptions

	2014		2013
Discount rate	3.70%		4.40%
RPI inflation	3.00%		3.30%
CPI inflation	2.00%		2.30%
Salary increase	4.00%		4.30%
Future LPI pension increases	3.00%		3.30%
Revaluation in deferment:			
pre 1 August 2007	3.00%		3.30%
post 31 July 2007	2.00%		2.30%
Mortality (base table)	SAPS	*	SAPS
Mortality (future improvements)	CMI1.0%	*	CMI1.0%
Commutation at retirement	25.00%		25.00%

20. Pension arrangements (continued)

* SAPS (Self-Administered Pension Schemes) is the most up-to-date mortality table based on experience of members of occupational pension schemes. The mortality investigation was carried out by the CMI (Continuous Mortality Investigation). The Actuary has stated the mortality-based table should best reflect the current mortality experience of the CABI scheme members.

The principle assumptions made to calculate the net pension liability are subject to the following measures of sensitivity:

- increasing/decreasing the discount rate by 0.1% per annum would decrease/increase the service cost by around £15k and would similarly decrease/increase the 2014 year end liabilities by around £2.0m.
- increasing/decreasing the inflation assumption by 0.1% per annum would increase/decrease the service cost by around £10k and would similarly increase/decrease the 2014 year end liabilities by around £1.8m.
- increasing/decreasing the salary rate assumption by 0.1% per annum would have a relatively small effect on the service cost figure and the 2014 year end liability figure due to a large proportion of active members being close to, or already over, the £30k pensionable salary cap.

The life expectancies relating to the UK mortality assumptions quoted above are detailed in the table below:

	2014 S1PA CMI 1.0%	2013 S1PA CMI 1.0%
Life expectancy of a male currently aged 60	86.6	86.7
Life expectancy of a male aged 60 in 20 years	88.1	88.2
Life expectancy of a female currently aged 60	88.9	89.1
Life expectancy of a female aged 60 in 20 years	90.6	90.8

Asset values as at 31 December 2014 are detailed in the table below.

ii. Assets

Fund	**asset split**	**market value £000s**
Standard Life – global absolute return strategies fund	45.4%	25,841
BlackRock – dynamic diversified growth fund	35.2%	20,033
Threadneedle – absolute return bond fund	9.2%	5,200
Newton – global dynamic bond fund	9.9%	5,644
Bank account/net current assets	0.3%	156
Total Assets		**56,874**

The plan assets do not include any of CABI's own financial instruments, nor any property occupied by, or other assets used by, CABI.

20. Pension arrangements (continued)

iii. Results

The amounts recognized in the statement of comprehensive income are as follows:

	2014	2013
	£'000	£'000
Current service cost	236	285
Past service cost	14	-
Administration expenses	180	200
Net interest cost	2,176	2,029
Actuarial losses	6,791	1,131
Accrued contribution	100	-
Total	**9,497**	3,645

Of the total of £9,497k (2013: £3,645k), total cash contributions of £1,290k (2013: £1,295k), including an amount of £100k accrued at year end (2013: £180k), were recorded as staff costs, of which £1,000k (2013: £980k) was an additional contribution made by CABI toward the deficit reduction payment plan. £8,207k (2013: £2,350k) non-cash contributions are recorded in other comprehensive (deficit)/income as other losses on defined benefit schemes.

Changes in the present value of the defined benefit obligation, with the comparative disclosures from the previous year-end position, are as follows:

	2014	2013
	£'000	£'000
Opening defined benefit obligation	**(106,539)**	(103,295)
Current service cost	(236)	(285)
Past service cost	(14)	-
Interest cost	(4,620)	(4,378)
Actuarial losses due to change in assumptions	(6,838)	(1,840)
Actuarial losses due to membership experience	-	-
Contributions by plan participants	(399)	(424)
Benefits paid	3,721	3,683
Closing defined benefit obligation	**(114,925)**	(106,539)

Changes in the fair value of scheme assets, again with the comparative disclosures from the previous year-end position, are as follows:

	2014	2013
	£'000	£'000
Opening fair value of plan assets	**56,695**	55,801
Expected return	2,444	2,349
Actuarial gains	47	709
Administration expenses	(180)	(200)
Contributions by plan participants	399	424
Contributions by employer	1,190	1,295
Benefits paid	(3,721)	(3,683)
Closing fair value of plan assets	**56,874**	56,695

20. Pension arrangements (continued)

The amounts recognized in the statement of financial position arising from CABI's obligations in respect of its defined benefit schemes are as follows:

	2014	2013
	£'000	£'000
Present value of funded obligation	**(114,925)**	(106,539)
Fair value of plan assets	56,874	56,695
Net pension (liability)	**(58,051)**	(49,844)

The cumulative actuarial losses recognized in the statement of comprehensive income since the adoption of IAS19 are £15,289k (2013:£7,082k).

CABI expects to contribute approximately £1.3m to its defined benefit plan in 2015 (including an allowance for expenses), while around £3.9m is expected to be paid out of the scheme as benefit payments.

iv. History of gains / losses

	2014 £'000	**2013 £'000**	**2012 £'000**	**2011 £'000**	**2010 £'000**
Defined benefit obligation	(114,925)	(106,539)	(103,295)	(98,689)	(88,504)
Scheme assets	56,874	56,695	55,801	54,402	55,465
Deficit	(58,051)	(49,844)	(47,494)	(44,287)	(33,039)
Experience adjustments on liabilities	-	-	(3,901)	-	-
Experience adjustments on assets	47	709	1,097	(3,638)	(1,689)

v. Risk management

CABI as principal employer works closely with the Trustees to manage the risks of the scheme.
In relation to risk the Board can confirm the following:

- The Trustees do not have the power to wind up the scheme without employer consent. The only exception is if a wind up trigger occurs (employer ceases to carry on business; employer goes into dissolution or voluntary or compulsory liquidation; employer has administrator or administrative receiver appointed over any asset or undertaking; employer ceases to be an associated employer; employer gives notice to cease obligation to pay future contributions) in relation to the Principal Employer (CABI) and in the Trustees' opinion a substitute Principal Employer will not be appointed.
- The rules of the scheme require contribution rates to be set jointly by the Trustees and the Principal Employer (CABI) having consulted and obtained the recommendation of the Actuary, subject to the provisions of the 1995 and 2004 Pensions Acts.
- There is no significant risk of debt payments becoming due to the scheme.
- There is an agreement in place between the Principal Employer (CABI) and the Trustees in relation to 'CABI's 'Abstracts Database'. This provides rights of this asset under specified circumstances.
- There are no outstanding issues in the pension scheme such as uncertainties over the contractual obligation to benefits which may have a material impact on the pension benefits payable, or any other unusual, entity-specific or plan specific risks.

21. Future commitments

Capital expenditure commitments outstanding at 31 December 2014 amount to £18k (2013: £130k).

Operating lease commitments as at 31 December are as follows:

	2014	2013
	£'000	£'000
No later than 1 year	57	64
Later than 1 year and no later than 5 years	81	71
Total	**138**	135

22. Controlling party

CABI is ultimately controlled by the Review Conference which, as a body, represents the member countries.

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