CABI annual report & financial statements
31 December 2013

www.cabi.org
KNOWLEDGE FOR LIFE

contents

1 CABI corporate directory

2 mission statement

3 report of the Board

3 financial report

6 governance and accountability statement

8 independent auditors' report

10 statement of comprehensive income

11 statement of financial position

12 statement of cash flows

13 statement of changes in equity

14 notes to the financial statements

CABI corporate directory

board members

Mr John Ripley (Chairman) [1,3]
Dr Trevor Nicholls[2]
Mr Ian Barry
Dr Andrew Bennett[2]
Prof Emmanuel Owusu- Bennoah[2]
Dr Vibha Dhawan[3]
Dr Lutz-Peter Berg[2,4]
Mr Roland Dietz[1,3]
Mr Philip Walters[1]

board observers

Mr John Balavu (Papua, New Guinea)
Mr Alan Tollervey (UK)
HE Garvin E T Nicholas (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 Nicholls and Mr 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 Tim Walsha (Information Technology)
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
principal solicitors: Manches, Oxford

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.

meeting our mission

Our mission and direction are influenced by our member countries who help guide the activities undertaken. These include scientific publishing, development projects and research and microbial services. CABI helps address the issues of global concern, such as food security and nutrition, through science, information and communication. We do this by improving crop yields and combating threats to agriculture from pests and diseases, protecting biodiversity and safeguarding the environment, and improving access to agricultural and environmental scientific knowledge.

publishing

We produce key scientific publications, including CAB Abstracts – the world-leading database covering agriculture and environment. We also publish multimedia compendia, books, e-books and interactive electronic resources aiming to further science and its application to real life. Behind each of our products is a team of subject specialists committed to delivering the most relevant and authoritative information to researchers worldwide. Our expertise includes animal sciences, entomology, plant sciences, environmental sciences, human health, parasitology, mycology, crop protection, rural economics, rural development, and leisure and tourism.

development projects and research

Our scientists and knowledge management specialists research and solve agricultural and environmental problems. We particularly focus on alleviating poverty and improving food security by improving crop yields, and safeguarding the environment by combating invasive plants, diseases and insects and finding natural alternatives to pesticides.

microbial services

CABI is a leading provider of microbial services. We specialise in microbial identification and verification, and provide professional microbiology services in support of industry, academia and agriculture.

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

summary

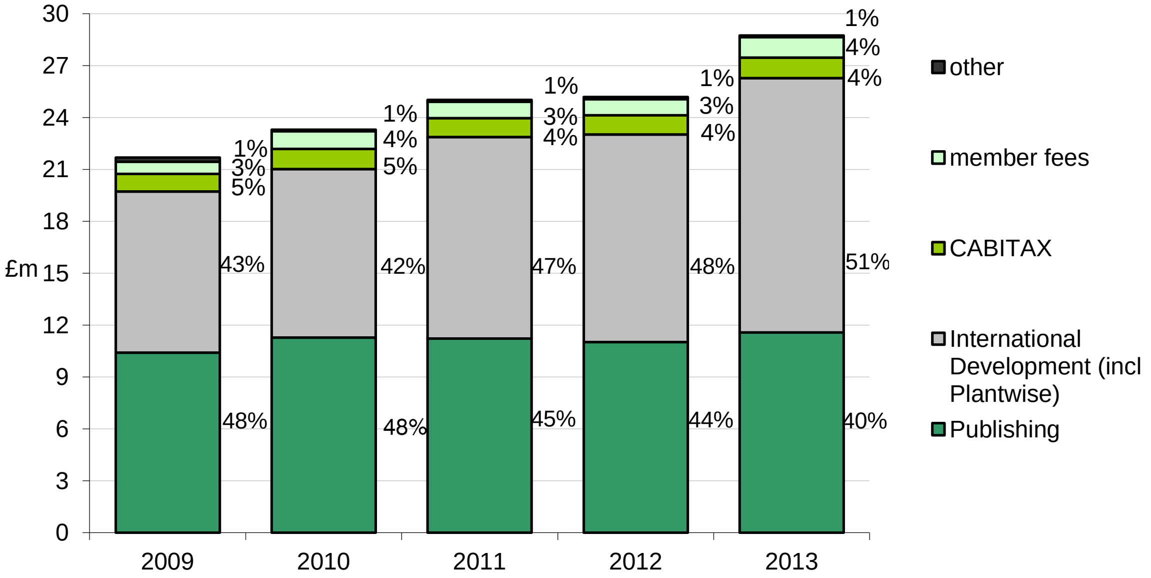
In 2013 CABI continued the trend of steady increases in revenue, operating surplus and cash. Total revenue grew by 14% (2012:1%) with good growth from both the Publishing and International Development business units. Publishing sales grew by 5% overall with strong results from both the project and product parts of the portfolio. Revenue in International Development grew by 23% with the Plantwise programme again being the principal driver of growth.

Our principal measure of profit performance is Operating Surplus and this increased by 14% (2012: 7%) to £810k (before the designated fund allocation) with both the Publishing and International Development business units contributing positively to that performance. These positive results, together with the receipts from our major donors, resulted in the net cash position improving by £2.4m to £9.9m.

income

Total sales and project income at £26,274k grew by 14% with strong performances from both the Publishing and International Development business units. For Publishing, the main drivers of the increase were e-Books, the Compendia product range and project related income, all of which experienced significant growth. These more than compensated for declines in the sales of print versions of books and databases.

income 2009 – 13

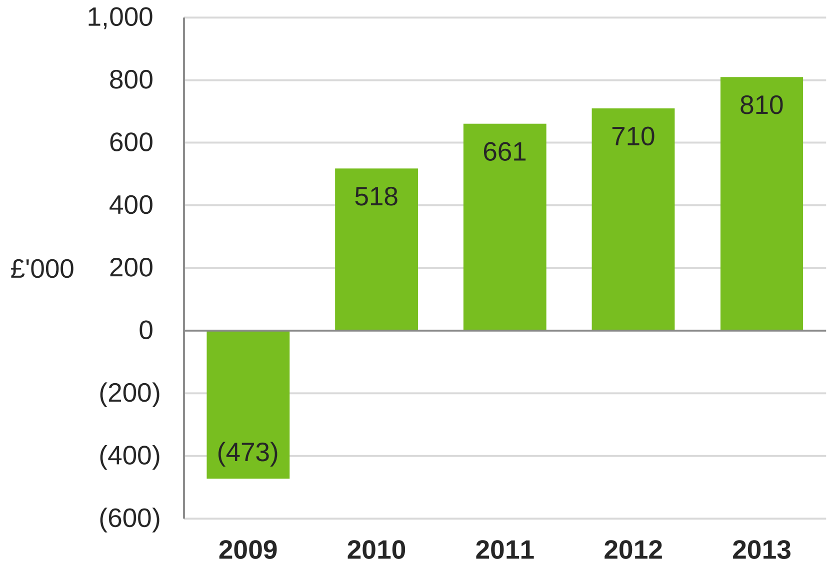


For International Development, which now represents over 50% of CABI's revenue for the first time, the Plantwise Programme was again the largest source of income and growth. There were, however, other significant projects for example the soil health fertility projects in Africa, funded by AGRA and the Bill and Melinda Gates Foundation, and EU funded work on soil insects based out of the Swiss office. 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 2013 with the growth most pronounced in developing countries. The Plantwise programme continues to make progress and attract significant donor interest and funding (see note 18) and there is consequently a solid funding position for 2014.

Other income from member country contributions increased by £258k as a result of an increase in the rates agreed by Executive Council (they are now fixed for a further two years) whilst the CABITAX recovery and miscellaneous income were broadly flat on the prior year.

operating surplus
The steady improvement in operating surplus since 2009 (before designated fund) has continued with a further increase in 2013 to £810k. The operating surplus for both the International Development and Publishing business units increased in 2013, with International Development generating a small surplus for the first time ever.

operating surplus (before designated fund) 2009-13



Total expenditure at £28,103k (2012: £24,544k) increased by 14.5% largely due to revenue growth related increases in staff and direct project costs. Overall headcount has increased by 30 to 405 with some growth in most of the Regional Centres outside Europe, particularly in Africa and India. The increase in staff has resulted in increased investment in facilities. Additional office space has been rented in India and, in Africa, the Board took the decision to purchase office space in Nairobi. In addition to the advantages of establishing a more secure and permanent presence there, it was considered the most cost-effective means of managing the expansion of project work in the region.

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 2013, at £(1,552)k, the total consolidated comprehensive deficit improved by £801k on the prior year (2012: £(2,353)k) primarily because of a reduction in the actuarial losses in the pension scheme. We have continued with our deficit reduction payment plan and paid a further £980k into the fund in 2013, £180k more than planned.

As highlighted in the financial report of 2013, changes to the IFRS IAS19, have meant that the full value of the deficit, at £49.8m (2012: £47.5m), will be shown on the statement of financial position and the comparative statement of financial position for 2012 has been restated accordingly. See note 19 for further details.

statement of financial position and cash flow
The CABI cash balance increased from nearly £7.5m in 2012 to £9.9m despite the investment of £1.2m in our new centre in Nairobi. The overall increase in cash was due primarily to a growth in donor funding, with many of the major donors paying in advance, but also to the operating performance and good cash collection practice. Fixed asset additions were £1,729k in 2013 (£702k in 2012) with the main item of capital expenditure being the purchase of the Nairobi property. The main other items of capital expenditure were on product-related software development, IT hardware, and scientific equipment. In

January 2014, we finally signed the "S106 agreement" with the relevant local councils to complete the outline planning consent for a new headquarters building on our existing site in Wallingford. Discussions with potential developers took place throughout 2013, backed up by a major marketing and advertising campaign, and continue in 2014. As yet no agreement has been reached which will enable the redevelopment of the Wallingford offices to proceed.

strategic outlook
The strategic framework for the period 2014 – 16 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 organisation 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 organisation 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 and innovate new revenue streams through better management and commercialisation 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 investment has been made in producing data and developing relevant KPIs. This will be reported on in due course.

outlook 2014
We enter 2014 in a relatively strong financial position. In Publishing, subscription renewals continue to exceed 90% and, following a strong final quarter in 2013 for sales of database subscriptions, secured revenue shows 8% growth on 2013. In International Development a number of donors have committed funds (£22m in total) to the Plantwise programme and other projects for 2014 (and beyond) which provides a high level of secured income. Although there are clearly areas of risk we are confident that the steady improvement in the operating results can be sustained.

Further information on CABI's activities and achievements in 2013 can be found in the *'CABI in review'* publication.

governance and accountability statement

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 Regional 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 comprised of 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. In December 2013 it also conducted an evaluation of its own performance with the assistance of an independent external facilitator. 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 recognised 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 minimising 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 trade and 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 reported back formally to the Audit Committee in December 2013. BDO were able to provide 'moderate assurance that there is a generally sound system of internal control, designed to meet the organizations objectives, and that controls are generally being applied consistently'.

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 started the process of recruitment for a new Chair of the Board to replace Mr John Ripley who is due to retire in 2015. It also makes recommendations to the Board with respect to standards of performance.

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 the accounting convention and accounting policies applied; 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, confirm 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 organisation; and
- the report of the Board contained in the annual report includes a fair review of the development and performance of the organisation 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 have 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
1st May 2014

Report on the financial statements

Our opinion
In our opinion the financial statements, defined below:

- give a true and fair view of the state of the organisation's affairs as at 31 December 2013 and of its surplus and cash flows for the year then ended;
- have been properly prepared in accordance with its basis of preparation as described in Note 2i).

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited
The financial statements, which are prepared by CABI, comprise:

- the statement of financial position as at 31 December 2013;
- 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 year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the Board members 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.

What an audit of financial statements involves
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the CABI Annual Report and 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.

Opinion on other matter

In our opinion the information given in the Mission Statement and the Report of the Board for the financial year 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 6, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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 members 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants Reading
1st May 2014

(a) The maintenance and integrity of the CABI website is the responsibility of the Board members; 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 2013

	note	CABI 2013 £'000	Designated Fund 2013 £'000	Consolidated 2013 £'000	Consolidated 2012 (restated*) £'000
continuing operations income					
sales and project income	3	26,274	-	26,274	23,017
member contributions	4	1,192	-	1,192	934
CABITAX recovery		1,177	-	1,177	1,101
miscellaneous income		99	-	99	130
		28,742	-	28,742	25,182
expenditure					
staff costs	5	(8,183)	-	(8,183)	(7,372)
direct project costs	7	(12,124)	-	(12,124)	(9,631)
production		(3,111)	-	(3,111)	(2,968)
facilities and maintenance		(1,396)	-	(1,396)	(1,477)
sales and distribution		(717)	-	(717)	(632)
travel		(733)	-	(733)	(651)
depreciation and leasehold amortisation	8	(622)	-	(622)	(655)
consultants, freelancers		(387)	-	(387)	(399)
restructuring costs		(233)	-	(233)	(222)
provision for arrears of member country contributions	4	(52)	-	(52)	(35)
associated company (loss)/profit	9(i)	(12)	-	(12)	34
other costs		(431)	(102)	(533)	(536)
		(28,001)	(102)	(28,103)	(24,544)
operating surplus before interest	10	**741**	**(102)**	**639**	638
interest receivable		69	-	69	22
		69	-	69	22
operating surplus for the year		**810**	**(102)**	**708**	660
other comprehensive income/(deficit)					
items that may be subsequently reclassified to operating surplus/(deficit)					
cash flow hedges	14	90	-	90	194
movement between funds		(150)	150	-	-
other losses on defined benefit pension schemes	19 (iii)	(2,350)	-	(2,350)	(3,207)
		(2,410)	**150**	**(2,260)**	(3,013)
total comprehensive deficit for the year		**(1,600)**	**48**	**(1,552)**	(2,353)

* for details of the restatement, see note 19

statement of financial position
for the year ended 31 december 2013

	note	2013 £'000	2012 (restated*) £'000
assets			
non-current assets			
land and buildings – held at revalued amounts	8	10,169	9,140
plant and equipment – held at cost	8	1,318	1,196
intangibles – held at cost	8	99	143
investments accounted for using the equity method	9(i)	309	321
		11,895	10,800
current assets			
inventories	11	1,741	1,561
trade and other receivables, net of provisions:			
- sales receivables	12	1,463	1,903
- sums owing by project sponsors	12	713	1,006
- from member countries	4	190	115
other financial assets:			
- derivative financial asset	14	137	47
- cash and cash equivalents	15	9,917	7,495
other receivables		1,325	972
		15,486	**13,099**
total assets		**27,381**	**23,899**
equity and liabilities			
equity			
revaluation reserve	13	(1,921)	(1,921)
cashflow hedges	14	(137)	(47)
designated fund		(298)	(250)
accumulated fund		40,520	38,830
total equity		38,164	36,612
liabilities			
non-current liabilities			
post-employment benefits	19	(49,844)	(47,494)
		(49,844)	(47,494)
current liabilities			
sales income received in advance	16	(3,989)	(3,259)
member country contributions in advance		-	-
sums held on behalf of project sponsors		(9,322)	(7,542)
trade and other payables:			
- trade payables		(633)	(545)
- other payables	17	(1,757)	(1,671)
		(15,701)	(13,017)
total liabilities		**(65,545)**	**(60,511)**
total equity and liabilities		**(27,381)**	**(23,899)**

* for details of the restatement, see note 19

The financial statements on pages 10 to 35 were approved by the Board on 1st May 2014 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	2013 £'000	2012 £'000
cash flows from operating activities			
cash generated from continuing operations	i	4,082	2,931
net cash generated from operating activities		4,082	2,931
cash flows from investing activities:			
payments to acquire tangible fixed assets	7	(1,729)	(637)
payments to acquire intangible assets	7	-	(65)
loss on disposal of property, plant, equipment	7	-	55
interest received		69	22
net cash used in investing activities		(1,660)	(625)
net increase in cash and cash equivalents	ii, iii	**2,422**	2,306

NOTES TO THE CASH FLOW STATEMENT

	note	2013 £'000	2012 £'000
(i) reconciliation of operating surplus to net cash inflow from operating activities			
operating surplus before interest		639	638
depreciation charges	8	622	655
share of associated company losses/(profits)	9(i)	12	(34)
(increase)/decrease in inventories		(180)	168
increase/(decrease) in trade and other receivables		658	(717)
increase/(decrease) in trade and other payables		174	(393)
increase in income in advance		2,510	2,700
increase in other receivables		(353)	(86)
		4,082	2,931
(ii) movement in net cash during the year			
net cash at 1 January		7,495	5,189
net cash at 31 December		9,917	7,495
movement in net cash during the year		**2,422**	2,306

(iii) analysis of movement in net cash	**1.1.2013 £'000**	**cash flows £'000**	**31.12.2013 £'000**
cash at bank in hand and in transit	7,495	2,422	9,917
net cash	**7,495**	**2,422**	**9,917**

statement of changes in equity
for the year ended 31 december 2013

2013	accumulated fund £'000	designated fund £'000	cash flow hedges £'000	revaluation reserve £'000	total equity £'000
balance at 1 January 2013 (restated)	(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)**

2012 (restated*)	accumulated fund £'000	designated fund £'000	cash flow hedges £'000	revaluation reserve £'000	total equity £'000
balance at 1 January 2012 (restated)	(36,183)	150	(147)	1,921	(34,259)
operating surplus/(deficit) for the year	710	(50)	-	-	660
other comprehensive (deficit) / income for the year:					
other losses on defined benefit pension scheme	(3,207)	-	-	-	(3,207)
cashflow hedges	-	-	194	-	194
movement of funds	(150)	150	-	-	-
balance at 31 December 2012 (restated)	**(38,830)**	**250**	**47**	**1,921**	**(36,612)**

*for details of the restatement, see note 19

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, specialising 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 categorisation 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 categorisation 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 19) 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 feel the current disclosures provide sufficient clarity and information.

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 recognised 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 recognised:

Income from the sale of books and other non-subscription products is recognised when the significant risks and rewards of ownership have passed to the buyer, usually on the dispatch of goods. Income for subscriptions is recognised evenly over the period of the subscription. Project income received for project work is recognised 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 recognised immediately.

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

Interest income is recognised 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.

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	34-43 years
property and equipment	3-10 years
intangibles	4 years

vii. foreign currencies

CABI takes out forward currency contracts on its net dollar income for its Publishing business in order to minimise 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 minimise 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 recognised 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.

xi. intangible assets

Intangible assets (like software development) in accordance with IAS38 will be recognised 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 amortised according to the assets' useful life, see section vi.

xii. investments

CABI uses the equity method, in accordance with IAS 27 and 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 2013 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 2013 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 realisable 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 realisable from the donor.

xiv. trade and other receivables

Trade receivables are recognised 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 recognised 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 capitalised 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 recognised 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 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 amortised cost using the effective interest method.

xix. de-recognition of financial liabilities

A financial liability is de-recognised 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 recognised in finance income and expense.

xx. pensions

Full information on pensions and pension accounting policies are shown in note 19.

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 standard(s) have been adopted for the first time for the financial year beginning on 1 January 2013 and have had a material impact on the organisation:

- IAS 19 (revised 2011), 'Employee Benefits';

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

- IFRS 1 (Amended), 'First-time Adoption of International Financial Reporting Standards';
- IFRS 7 (Amended), 'Financial instruments: Disclosures';
- IAS 12 (Amended), 'Income taxes';
- IAS 1 (Amended), 'Presentation of Financial Statements';
- IFRS 13, 'Fair value measurement';
- IAS 27 (revised 2011), 'Separate financial statements';
- IFRIC 20, 'Stripping costs in the production phase of a surface mine';
- Annual Improvements 2011;

The following new standards, amendments to existing standards and new interpretations have been published and are mandatory for CABI in future accounting periods. With the exception of IFRS 9, they are 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 2014:

- IFRS 10, 'Consolidated financial statements';
- IFRS 11, 'Joint arrangements';
- IFRS 12, 'Disclosures of interests in other entities';
- IAS 27 (Amendment) on consolidation for investment entities;
- IAS 28 (revised 2011), 'Associates and joint ventures';
- IAS 32 (Amendment), 'Financial Instruments: Presentation';
- IAS 36 (Amendment) 'Impairment of assets';
- IAS 39 (Amendment) 'Financial instruments: Recognition and Measurement';

- IFRIC ' 'Levies';

Effective for annual periods beginning on or after 1 January 2015:
- IFRS 9, 'Financial instruments';
- IAS19 (Amendment) 'Employee Benefits';
- Annual improvements 2012, 2013;

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 recognised 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 recognised. Further details on these estimates and sensitivities are provided in note 19.

3. sales and project income

Sales and project income comprised:

	2013 **£'000**	2012 £'000
database products	7,760	7,670
books	2,100	1,940
other	1,710	1,406
publishing total	11,570	11,016
international development (excluding Plantwise clinics)	8,752	8,001
plantwise	5,952	4,000
	26,274	23,017

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 2013 now stands at £1,274k (2012: £1,222k). An analysis of member contributions for the year and total post-1991 arrears is shown below:

	gross balance at 31.12.13	arrears to 1991 fully provided	net balance at 31.12.13	contributions in statement of comprehensive income	
				2013	2012
	£	£	£	**£**	£
Anguilla	-	-	-	575	500
Australia	-	-	-	86,250	75,000
Bahamas	-	-	-	5,750	5,000
Bangladesh	14,750	-	14,750	5,750	5,000
Barbados	-	-	-	5,750	-
Bermuda	8,468	-	8,468	3,450	3,000
Botswana	-	-	-	5,750	5,000
Brunei	-	-	-	5,750	5,000
Burundi	38,750	-	38,750	5,750	5,000
Canada	184,000	-	184,000	184,000	115,000
Chile	-	-	-	8,625	7,500
China	-	-	-	184,000	115,000
Colombia	-	-	-	5,750	5,000
Cote d'Ivoire	-	-	-	5,750	5,000
Cyprus	5,750	-	5,750	5,750	5,000
Gambia	124,737	49,796	74,941	5,750	5,000
Ghana	122,057	101,307	20,750	5,750	5,000
Grenada	15,750	0	15,750	5,750	5,000
Guyana	79,364	46,614	32,750	5,750	5,000
Hungary (withdrew 07/07/00)	19,464	-	19,464	-	-
India	81,084	-	81,084	23,000	20,000
Indonesia (withdrew 12/10/01)	3,962	-	3,962	-	-
Jamaica	-	-	-	5,750	5,000
Kenya	-	-	-	5,750	5,000
DPR Korea	-	-	-	5,750	5,000
Malawi	51,171	-	51,171	5,750	5,000
Malaysia	-	-	-	14,375	7,500
Mauritius	-	-	-	5,750	5,000
Montserrat	-	-	-	575	500
Morocco (withdrew 14/10/10)	6,750	-	6,750	-	-
Myanmar	(191)	-	(191)	5,750	5,000
Netherlands	-	-	-	107,812	91,881
Nigeria	330,898	202,442	128,456	5,750	5,000
Pakistan	-	-	-	5,750	5,000
Papua New Guinea	10,750	-	10,750	5,750	5,000
Philippines	-	-	-	5,750	5,000
Rwanda	5,750	-	5,750	5,750	5,000
Sierra Leone	152,225	77,991	74,234	5,750	5,000
Solomon Islands	35,750	-	35,750	5,750	5,000
South Africa	-	-	-	14,375	12,500
Sri Lanka	-	-	-	5,750	5,000
St Helena	1,575	-	1,575	575	500
Switzerland	-	-	-	57,500	50,000
Tanzania	72,828	51,967	20,861	5,750	5,000
Trinidad and Tobago	-	-	-	5,750	5,000
Uganda	59,857	59,857	-	5,750	5,000
United Kingdom	-	-	-	316,250	275,000
Vietnam	-	-	-	5,750	5,000
Virgin Islands	-	-	-	575	500
Zambia	19,750	-	19,750	5,750	5,000
Zimbabwe	35,750	-	35,750	5,750	5,000
Foreign exchange differences			(16,698)		
Provisions			(684,025)		
Total	**1,480,999**	**589,974**	**190,302**	**1,191,687**	**934,381**

5. staff costs

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

	2013 **£'000**	2012 £'000
staff salaries and bonus	11,526	10,574
social security payments	779	713
pension contributions	2,450	1,998
associated staff costs	334	276
recoveries to direct project costs	(5,689)	(5,085)
recoveries to production costs	(1,217)	(1,104)
	8,183	7,372

The total costs of employing CABI's staff for 2013 amounted to £14,109k (2012: £12,861k) 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 £980k (2012: £700k).

The monthly average number of employees for 2013 was 405 (2012: 375) giving an average employment cost of £35k (2012: £34k).

UK defined benefit pension contributions amount to £1,295k (2012: £1,033k) which, together with the £2,350k disclosed in other comprehensive income (2012: £3,207k), makes up the £3,645k (2012: £4,240k) of items in the statement of comprehensive income (see note 19).

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.

	2013	2012
£240,000 to £249,999	-	1
£230,000 to £239,999	1	-
£170,000 to £179,999	-	1
£150,000 to £159,999	1	-
£140,000 to £149,999	1	1
£130,000 to £139,999	-	1
£120,000 to £129,999	2	-
£110,000 to £119,999	1	2
£100,000 to £109,999	2	2
£90,000 to £99,999	3	2
£80,000 to £89,999	2	2
£70,000 to £79,999	5	3
£60,000 to £69,999	9	10
	27	**25**

Pension payments in respect of the defined benefit scheme for 12 higher-paid employees (2012:11) totalled £37k (2012: £34k). Pension payments in respect of the relevant employees to the defined contribution scheme totalled £180k (2012: £168k). For UK based staff in the above table CABI recovered £383k (2012: £373k) in CABITAX.

6. key management and Board compensation

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

	2013 £'000	2012 £'000
salaries and other short-term employee benefits	1,255	1,283
other long-term benefits	105	102
Total	**1,360**	1,385

The 7 non-executives members of the Board (2012:8), received honorarium payments of £35k in total (2012: £48k) and directly incurred expenses of £15k in total (2012 £26k).

7. direct project costs

Direct project costs comprised:

	2013 £'000	2012 £'000
staff costs (note 5)	5,689	5,085
other direct costs	6,435	4,546
	12,124	9,631

8. property, plant and equipment, intangibles

	(i) land and buildings – freehold and long leasehold £'000	(ii) plant and equipment £'000	(iii) 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**

	(i) land and buildings – freehold and long leasehold £'000	(ii) plant and equipment £'000	(iii) intangibles £'000	total £'000
cost or valuation				
at 1 January 2012	10,417	4,584	112	15,113
additions	-	637	65	702
disposals	-	(332)	-	(332)
at 31 December 2012	**10,417**	**4,889**	**177**	**15,483**
accumulated depreciation				
at 1 January 2012	1,068	3,552	6	4,626
provided in year	209	418	28	655
disposals	-	(277)	-	(277)
at 31 December 2012	**1,277**	**3,693**	**34**	**5,004**
NBV at 31 December 2012	**9,140**	**1,196**	**143**	**10,479**

(i) Barclays Bank PLC has first legal charge over the freehold property at Egham.

(ii) CABI invested £0k (Nil) on software development of the Knowledge Bank for Plantwise (2012:£65k).

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 and management of Conidia is the responsibility of the Board. Each shareholder with not less than 25% of the issued shares has the right to appoint one director of the company. At 31 December 2013, 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 loss for 2013 is £(45)k (2012: £101k profit), CABI's share of £(12)k (2012: £34k) is included as associated company profits in the statement of comprehensive income and the investment in Conidia in the statement of financial position is £309k (2012: £321k).

Conidia's projected income in 2013 is £1,475k (2012: £1,204k), assets £1,556k (2012: £1,731k) and liabilities £516k (2012: £660k).

During 2013, the value of sales invoices raised by CABI to Conidia was £114k (2012: £113k), and the debt outstanding at 31 December 2013 was £nil (2012: £41k).

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 2013 CABI received £nil (2012: £nil) from CABI Trust and £nil (2012: £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 2013, IFIS paid CABI £nil (2012: £nil) towards the costs incurred by CABI in the administration of the Pension Scheme.

10. operating surplus

Operating surplus is stated after charging:

	2013 £'000	2012 £'000
write down of book stock to net realisable value	142	59
bad debts written off or provided for	113	35
audit fees		
- external	40	39
- internal	36	-
foreign currency gains/losses	(86)	110
depreciation on:		
- owned assets	622	655

11. inventories

Inventories comprising:

	2013 £'000	2012 £'000
books		
- finished goods	413	393
- work in progress	46	31
	459	424
projects – work in progress	1,282	1,137
	1,741	1,561

Inventories charged in the statement of comprehensive income in 2013 were £431k (2012: £435k).

12. trade and other receivables

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

As at 31 December 2013, receivables from sales receivables of £19k (2012: £34k) were impaired. The amount of the provision was £19k as of 31 December 2013 (2012: £34k). 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:

	2013 £'000	2012 £'000
up to 3 months	-	-
3 to 6 months	-	-
over 6 months	19	34
	19	34

As of 31 December 2013, trade receivables from sales of £1,463k (2012: £1,903k) were not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2013 £'000	2012 £'000
up to 3 months	1,320	1,758
3 to 6 months	81	6
over 6 months	62	139
	1,463	1,903
of which amounts not yet due	**899**	1,655

As of 31 December 2013, £115k (2012: £85k) of sums owing by project sponsors were impaired. The amount of the provision was £115k as of 31 December 2013 (2012: £85k). 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:

	2013 £'000	2012 £'000
up to 3 months	-	-
3 to 6 months	-	-
over 6 months	115	85
	115	85

As of 31 December 2013, £713k (2012: £1,006k) 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:

	2013 £'000	2012 £'000
up to 3 months	646	458
3 to 6 months	6	460
over 6 months	61	88
	713	1,006

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

	2013 £'000	2012 £'000
UK Pounds	1,139	1,335
US Dollars	654	575
Euros	61	151
other currencies	322	848
	2,176	2,909

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

	2013 £'000	2012 £'000
at 1 January 2013	**119**	141
provision for receivables impairment	63	32
unused amounts reversed	(47)	(54)
at 31 December 2013	**135**	119

13. revaluation reserve

	Wallingford Freehold £'000	**Egham Freehold £'000**	**Delémont Freehold £'000**	**total £'000**
at 1 January and 31 December 2013	**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 2013 is shown below and represents approximately 67% (2012: 54%) 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 little material impact on exchange gain or losses.

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 £3,691k (2012: £3,996k), cash and cash equivalents of £9,917k (2012: £7,495k) and financial instruments of £137k (2012: £47k). 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 in the following year and liability is the sterling value of those dollar contracts converted at the forward spot rate prevailing at the end of the financial year.

2013 – value of outstanding forward foreign exchange contracts – US$3.0m (2012: US$3.0m)

all current	**2013 £'000**	**2012 £'000**
assets	1,951	1,893
liabilities	(1,814)	(1,846)
net	**137**	47

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 2013:

maturity date	**dollar value $'000**	**exchange rate**	**sterling value £'000**
31.03.2014	1,000	1.5028	666
30.06.2014	1,000	1.5104	662
30.09.2014	1,000	1.6044	623
Total	**3,000**		**1,951**

These forward exchange contracts and corresponding foreign currency receipts will mature within twelve months of the year end. Movements in the fair value of these forward exchange contracts are recognised as cash flow hedges in the hedging reserve within equity. These amounts are then transferred to operating surplus/deficit when the forecast amounts are received at various dates between one and twelve 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 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**

as at 31 December 2012	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)	-	3,024	-	**3,024**	**3,024**
derivative financial instruments (note 14)	47	-	-	**47**	**47**
cash and equivalents (note 15)	-	7,495	-	**7,495**	**7,495**
financial liabilities					
trade and other payables	-	-	(2,216)	**(2,216)**	**(2,216)**
total	**47**	**10,519**	**(2,216)**	**8,350**	**8,350**

All financial instruments are current and the remaining contractual maturities are within one year.

15. cash and cash equivalents

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

	2013	2012
	£'000	£'000
CABI	2,784	2,597
CABI Development Fund (CDF) and Plantwise	7,133	4,898
	9,917	7,495

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 £3,989k (2012: £3,259k).

17. other payables

	2013	2012
	£'000	£'000
accruals	1,338	954
tax and social securities	164	162
other creditors	255	555
total	**1,757**	**1,671**

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

18. 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 2013, the balance of the funds amounting to £7,133k (2012: £4,898k) had been consolidated into CABI's statement of financial position as cash at bank. This cash balance includes amounts received from donors at the end of 2013 for Plantwise programme work to be performed in 2014. 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 2013

	CDF £'000	Plantwise £'000	Total £'000
balance brought forward from 2012	364	3,922	**4,286**
income:			
donor income received during 2013			
Department for International Development (UK)(£6,306k)	1,382	4,924	6,306
Swiss Agency for Development and Co-operation (CHF1,650k)	-	1,131	1,131
Irish Aid *		292	292
Directorate General for International Co-operation (Netherlands) (€370k)	-	305	305
Australian Centre for International Agricultural Research (AUS$500k)	143	156	299
The International Fund for Agricultural Development (US$340k)	-	224	224
Ministry of Agriculture, China (US$250k)	125	31	156
CABI Contribution (Designated Fund)	102	-	102
DOW Agriculture (US$50k)	-	31	31
Deutsche Welthungerhilfe (€6k)	-	5	5
total income	1,752	7,099	**8,851**
expenditure 2013:			
plantwise knowledge bank	-	977	
plantwise clinics and systems	-	4,975	
knowledge for development projects	94	-	
commodity projects: principally coffee, cocoa and oil palm	539	-	
invasive species projects	497	-	
knowledge management projects	305	-	
other	55	-	
total expenditure	1,490	5,952	**7,442**
balance carried forward			**5,695**
represented by:			
cash at bank			7,133
less amounts due to CABI			(1,438)
			5,695

*Irish Aid contributed total funding of €700k in 2013, of which €350k was used for the Plantwise programme (as above) and €350k for the Good Seed Initiative Project (included in project and sales income –see note 3)

19. 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 2013, CABI made total contributions to the defined contribution section of £328k (including £44k of expenses) (2012: £270k including £28k 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 terms 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.

For the purpose of CABI's financial statements, the Scheme's 31 December 2011 valuation results were rolled forward to 31 December 2013 by the Scheme actuary. The pension liabilities were recalculated on the IAS19 basis using the projected unit method.

CABI have 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

The International Accounting Standard Board (IASB) has published an amendment to IAS19 which came in force from 1 January 2013. The main changes are as follows:

- removal of the corridor method
- removal of the Expected Return on Assets and replacing it with "Interest Income" calculated using the discount rate assumption
- non-investment expenses moved to the service cost area, but separated from the current service cost.

The IAS19 amendment is effective for periods commencing on or after 1 January 2013. As stated in note 2, accounting convention, CABI has chosen to record the actual pension contributions within staff costs and all other movements within other losses on defined benefit scheme in other comprehensive income. The 2012 disclosure has also been restated under this new approach as follows:

	As previously stated 2012 £'000	restatement £'000	2012 restated £'000
statement of comprehensive income:			
staff costs	7,372	-	7,372
other losses on defined benefit scheme	(2,820)	387	(3,207)
statement of financial position:			
accumulated fund	(3,675)	42,505	38,830
post-employment benefits	(4,989)	(42,505)	(47,494)

As for the previous year's accounting disclosures, we have included an estimate of expenses (death in service cost and administration expenses) within the service cost. An estimate of 6.0% of capped pensionable salaries has been used. We believe that this estimate of expenses accurately reflects the cost of running the scheme.

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

i. assumptions

	2013		2012
discount rate	4.40%		4.30%
rpi inflation	3.30%		3.10%
cpi inflation	2.30%		2.30%
salary increase	4.30%		4.10%
future LPI pension increases	3.30%		3.10%
revaluation in deferment:			
pre 1 August 2007	3.30%		3.10%
post 31 July 2007	2.30%		2.30%
mortality (base table)	SAPS	*	SAPS
mortality (future improvements)	CMI1.0%	*	CMI1.0%
commutation at retirement	25.00%		25.00%

* 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 2013 year end liabilities by around £1.8m.
- increasing/decreasing the inflation assumption by 0.1% per annum would increase/decrease the service cost by around £15k and would similarly increase/decrease the 2013 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 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:

	2013 SAPS CMI 1.0%	2012 SAPS CMI 1.0%
life expectancy of a male currently aged 60	86.7	86.6
life expectancy of a male aged 60 in 20 years	88.2	88.2
life expectancy of a female currently aged 60	89.1	89.1
life expectancy of a female aged 60 in 20 years	90.8	90.8

The expected return for cash holdings has been based on the long-term gilt yields of 3.6%. For the targeted return funds, each investment manager has an objective to outperform cash by a fixed amount each year. For the overall expected return assumption, we have taken a weighted average of these objectives (net of expenses) and incorporated the long-term cash assumption of 3.6% per annum.

ii. assets

	expected rate of return 2013	**asset split 2013**	**market value 2013 £'000**	**expected rate of return 2012**	**asset split 2012**	**market value 2012 £'000**
targeted return	7.1%	99.4%	56,360	6.4%	99.3%	55,419
cash and other	3.6%	0.6%	335	3.0%	0.7%	382
total market value of scheme assets	**7.1%**	**100.0%**	**56,695**	**6.4%**	**100.0%**	**55,801**

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

iii. results

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

	2013 £'000	2012 (restated) £'000
current service cost	285	306
administration expenses	200	233
net interest expense	2,029	2,070
actuarial losses	1,131	1,631
total	**3,645**	4,240

Of the total of £3,645k (2012: £4,240k), total cash contributions of £1,295k (2012: £1,033k) were recorded as staff costs, with £2,350k (2012: £3,207k) non-cash contributions 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:

	2013	2012 (restated)
	£'000	£'000
opening defined benefit obligation	**(103,295)**	(98,689)
current service cost	(285)	(306)
interest cost	(4,378)	(4,575)
actuarial losses	(1,840)	(2,728)
contributions by plan participants	(424)	(452)
benefits paid	3,683	3,455
closing defined benefit obligation	**(106,539)**	(103,295)

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

	2013	2012 (restated)
	£'000	£'000
opening fair value of plan assets	**55,801**	54,402
expected return	2,349	2,505
actuarial gains	709	1,097
administration expenses	(200)	(233)
contributions by plan participants	424	452
contributions by employer	1,295	1,033
benefits paid	(3,683)	(3,455)
closing fair value of plan assets	**56,695**	55,801

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

	2013	2012 (restated)
	£'000	£'000
present value of funded obligation	**(106,539)**	**(103,295)**
fair value of plan assets	56,695	55,801
net pension (liability)	**(49,844)**	**(47,494)**

The cumulative actuarial losses recognised in the statement of comprehensive income since the adoption of IAS19 are £7,082k (2012:£4,345k).

CABI expects to contribute approximately £1.2m to its defined benefit plan in 2014. This includes an allowance for estimated expenses and insurance premiums during the year.

iv. history of gains / losses

	2013 £'000	**2012 (restated) £'000**	**2011 £'000**	**2010 £'000**	**2009 £'000**
defined benefit obligation	(106,539)	(103,295)	(98,689)	(88,504)	(83,631)
scheme assets	56,695	55,801	54,402	55,465	53,992
Deficit	(49,844)	(47,494)	(44,287)	(33,039)	(29,639)
experience adjustments on liabilities	-	(3,901)	-	-	(4,320)
experience adjustments on assets	709	1,097	(3,638)	(1,689)	4,914

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 are 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.

20. future commitments

Capital expenditure commitments outstanding at 31 December 2013 amount to £130k (2012: £nil).

Operating lease commitments as at 31 December 2013 are as follows:

	2013	2012
	£'000	£'000
no later than 1 year	64	39
later than 1 year and no later than 5 years	71	26
Total	**135**	**65**

21. controlling party

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

CABI Head office
Nosworthy Way, Wallingford, Oxfordshire, OX10 8DE, UK
T: +44 (0) 1491 832111, **F:** +44 (0) 1491 833508, **E:** corporate@cabi.org

www.cabi.org

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