

**Agriculture and
Horticulture
Development
Board**

Horticulture Sector

Horticultural Return Guide

Levy for the period

1 April 2008 to 31 March 2009

HORTICULTURAL RETURN GUIDE

These guidance notes have been drawn up to help you complete your 2008/09 Horticultural Return, which has been issued under the Agriculture and Horticulture Development Board Order 2008 for the assessment of Levy for the period 1 April 2008 to 31 March 2009.

OVERVIEW

The enclosed AHDB Horticultural Return form comprises the following Parts:-

- Part 1: General Details relating to your business to be completed by ALL growers of horticultural crops.
- Part 2: Confirmation of Sales and related information - to be completed by ALL growers of horticultural crops in respect of sales of their own produce (including, where specified, your accountant's certification of your figures).
- Part 3: Declaration – to be completed by ALL recipients of the Return

The Return should be completed, CLEARLY AND IN INK, and returned by 30 June 2009 at the latest.

The following notes cover in greater detail completion of the Horticultural Return

AHDB HORTICULTURAL RETURN (Difficulties? – please see page 8 of this Guide)

Part 1: ALL GROWERS

Q1 Are you a grower of horticultural crops (including apples and pears)?

A list of horticultural crops coming within the scope of the Order is included at the end of these Guidance Notes. If you grow any crops coming within the scope of the Order you should tick this box. You will also need to complete *'Part 2(a): - Confirmation of Sales'* of the form.

Q2 Business details (Business name and address)

To enable the Board to maintain accurate records for the purpose of administering the Order, please confirm whether the business name and address details printed in the address box on the front of the form (based on previous information provided by you) are still correct.

Please detail the names of owner(s), partners, directors or trustees of the business.

Q3 Contact details

To enable the Board to keep its contact records up to date, you are requested to complete the appropriate contacts within your business to whom technical communications or administrative correspondence should be sent.

The technical contact will receive information relating to the Board's research programme (i.e. publications, fact sheets, invites etc). The administration contact will receive levy related correspondence and other information relating to the administration of the Order.

Q4 Payment (Difficulties? – Please see page 8 of this Guide)

Please tick the appropriate box indicating one of the following payment options:-

1. To pay by direct debit instalments

Provided you have completed and returned the enclosed Horticultural Return by 30 June 2009 and the Board holds a valid direct debit mandate, payments will be collected over 4 direct debit instalments on 31 July 2009, 30 September 2009, 31 December 2009 and 15 March 2010.

If we do not currently hold a valid mandate we will send you a Direct Debit Mandate Form seeking your authority to debit your bank account. Before the first payment we will write to you confirming your bank details and the schedule of payments in accordance with the Direct Debit regulations.

If the mandate is cancelled or not honoured any levy outstanding becomes due immediately.

2. Single payment in full by 31 July 2009

If you fail to return the Sales Declaration Form by 30 June 2009 or do not wish to pay by direct debit instalments the full amount of levy becomes legally due on 31 July 2009.

Either a valid direct debit mandate must be in force or payment in full must be received by 31 July 2009 failing which enforcement procedures may be implemented.

Q5 Voluntary membership (£150 plus VAT per annum)

If you are a grower of horticultural produce and your net sales value (Box 8 on *Part 2: Confirmation of Sales*) is LESS THAN £60,000 you may gain access to ALL AHDB-Horticulture information provided you tick the box on the Horticultural Return (Page 3) to apply for voluntary membership.

Please tick the box even if you have been a voluntary member in the previous year and wish to renew your membership - an invoice will be sent to you. Where you are applying for the first time an information pack will be sent to you.

Additional information

This section should be used to record other information not requested elsewhere on the form including, for example, advising the Board that the business does not grow or sell its' own horticultural produce (for addressees who have received the form for the first time) or sites that have ceased growing and selling due to business closure (retirement, sale, liquidation etc) giving the date of closure.

Declaration - Signed declaration of completed forms you are submitting

The purpose of this section is for you to confirm which Parts you have completed and are returning.

Part 2(a): HORTICULTURAL RETURN - CONFIRMATION OF SALES

Important notes:

All figures completed in Boxes 1-8 should be extracted from your FINANCIAL ACCOUNTS ENDING DURING THE PERIOD APRIL 1 2008 and MARCH 31 2009.

For example - if your accounting period ends in June then you would extract your figures from your accounts ending on 30 June 2008 (your accounting date which falls between April 1 2008 and March 31 2009,

BOX 1: SALES

What produce is covered by the Order?

Please see Appendix 1 on page 7 of these guidance notes 'Horticultural produce subject to coverage by the Agriculture and Horticulture Development Board Order 2008 to ascertain whether your produce is covered.

What do sales include or exclude?

The definition of sales is the value of sales of your own production. The figure should be net of any commissions you pay and VAT, and should exclude any produce you bought in for immediate resale. Sales of produce bought in for growing on should therefore be included.

Internal transfers between growing and retailing divisions within the business are not sales.

Your sales should be separated into those in the Wholesale Market (Box 1a) and those to the Retail Market (Box 1b).

Wholesale (Box 1a)

Sales of your own produce to retailers, markets and other traders

Retail (Box 1b)

Sales of small quantities or individual items of your own produce to consumers from premises approved for retail use by the local Authority and subject to National Non-Domestic Rates

Please note

If your business has subsidiaries or associated enterprises that are also engaged in horticultural crop production, their sales and allowable deductions (see below) should be included on this return. The only exceptions would be if they are operationally independent and complete their own Horticultural Return Form.

BOXES 2-6: DEDUCTIONS

For the purpose of calculating the levy the Order allows certain items to be deducted from the value of your sales. Boxes 2- 6 make provision for you to declare these: -

Box 2: Retail adjustment (50% of Box1b)

This deduction makes an allowance for the added cost of operating retail premises (e.g. rates) reflected in the higher sales price of items sold

Box 3: Packing materials

The cost of packing materials used in preparing the produce for SALE.

1. Protecting the product during transportation to market (e.g. cardboard, polystyrene, plastic cartons, boxes, punnets).

2. Presentation packaging (e.g. plastic wrap, sleeving for cut flowers, labels, plant care labels and ornamental outer pots).

Excluded are pots, growing trays or growing media.

Box 4: Haulage costs

The cost of transporting your horticultural produce to MARKET from your point of production, using a vehicle insured for commercial operations. This can include either:

1. Commercial transportation supplied by third parties, and/or
2. Your own commercial vehicle(s).

Box 5: Purchases of produce for growing on

The cost of produce bought in with the intention of growing on prior to re-sale. Please note that you may include in this deduction the net cost (see below) to you of purchases of produce grown on to fruit or vegetables which will be sold (e.g. apple trees, strawberry plants, raspberry canes, cucumber plants etc).

The "net cost" is the amount it has cost you after the deduction of any subsidies or grants received (e.g. any matching subsidies from EEC/ producer organisations)

Please note that the sales value of such produce should be included in Box 1. The cost of seed is not deductible.

Box 6: The costs of the following certain processing procedures.

Processing includes:

1. Canning
2. Freezing
3. Drying (does not include drying onions)
4. Juicing
5. Any other similar process that substantially alters the raw product.

Processing does not include topping vegetables, washing, grading or packing or any process following which the produce is subject to further cultivation.

This box does not relate to the majority of growers. If, however, you think you are entitled to claim a Processing Procedure Claim you must complete Part 2(b) "Details of Processing Procedure Claimed" in support of your claim.

Failure to complete Part 2b will result in any Box 6 entry you have made being disallowed and the net sales in Box 8 being re-calculated by AHDB Horticulture staff.

If you are in any doubt, please contact Ian Bewick, Levy Controller, AHDB.

Box 7: Total deductions

Add together the figures in Boxes 2-6 to give a total value of deductions.

Box 8: Net sales value

Subtract the total deductions (in Box 7) from the total sales (Box 1) to give you your net sales value.

ACCOUNTANT'S CERTIFICATION
(where this is required on the Confirmation of Sales)

Each year the Board, as part of its systematic levy audit procedure, selects 20% of growers in order to verify their sales figures. In this way all growers are likely to be covered in each 5 year cycle. Therefore, if selected, please ensure that a qualified accountant completes the certificate before returning your form to the Board's office.

It is not the Board's intention that growers incur considerable extra expense in having the certificate completed and, in our experience, most accountants will provide this service as part of the annual audit/accountancy work or charge just a small additional fee. As an alternative, please attach a copy of your annual accounts subject to these providing verification of the SALES and DEDUCTIONS values entered by you on the return. (i.e. they should include profit and loss account and any supporting schedules). The Board reserves the right to seek further verification of any information provided in lieu of an Accountant's Certificate.

If you or your accountant have any further queries regarding certification please contact the Board's office by telephone using Freephone 0800 917 0237.

Part 2(c):-PROPAGATION

If your business is solely engaged in propagation please tick the box.

Part 2(d): ALLOCATION OF LEVY

Following the concern expressed by a number of growers and grower organisations prior to the Levy Board restructuring, the new Board will continue the policy of its predecessor body, the HDC, and provide detailed information on the source and application of levies.

Naturally, to be able to supply this information the Board needs to collect it from the growers initially. Consequently, in consultation with the Sector Panels, each sector has been broken down into the major crop categories. This information will then be used to allocate research funds to the sector crop areas indicated.

Therefore, please specify the percentage of your levy you would like to be allocated to each sector or crop category. Then, if applicable, indicate the percentage of that value relating to organic production.

Finally, if your business is solely engaged in propagation please tick the box.

Where no preference is indicated the levy will be utilised to fund research projects at the Board's discretion.

Contacting the Board:

AHDB - Horticulture
Stoneleigh Park
Kenilworth
Warwickshire, CV8 2TL

Tel: 0247 6692051
Levy Team (Freephone) 0800 917 0237
Email levy@ahdb.org.uk
Website www.hdc.org.uk

Appendix 1

Horticultural produce subject to coverage by the Agriculture and Horticulture Development Board Order 2008

Vegetables grown in the open

1. All vegetables grown in the open and sold for human consumption, including watercress, but excluding potatoes.

Fruit

2. All soft fruit and orchard fruit ,including nuts but excluding:
 - a. varieties of apples certified as cider apples, and varieties of pears certified as perry pears, by the Agriculture and Horticulture Development Board; (if required a full list can be obtained from the AHDB-Horticulture office or website).
 - b. hops
 - c. grapes

Flowers and Bulbs

3. All flowers (whether cut or in pot), foliage, flower, bulbs, corms, tubers and rhizomes.

Hardy and Other Nursery Stock

- 4.1 All hardy nursery stock including: -

Fruit trees, bushes and canes, strawberries for runner production and other fruit stock for transplanting
Roses (including stock for budding)
Shrubs and hedging plants
Ornamental trees and trees for sale for amenity purposes
Perennial herbaceous plants
Aquatic plants

- 4.2 All other nursery stock, seedlings and cuttings for propagation.

Protected Crops

- 5 All crops grown in glasshouses and other forms of protection including pot plants, bedding plants and plants being propagated for growing elsewhere.

Herbs

- 6 All species of herbs

Difficulties completing the return or paying the levy

Each year, the Board, in implementing the Order fairly and consistently, has to take legal action against a very small minority of growers who fail to complete the return (a criminal offence) or pay the levy invoice (a civil offence). Unfortunately, the grower will often incur any legal costs arising from each of these offences in addition to any levy due. The administration required in these circumstances also diverts funds away from essential research work to the detriment of the majority of growers.

If you do find that you are having difficulties in either completing the form or in paying the levy (even taking into consideration the direct debit instalment facility), please keep us informed (please see page 6). Regrettably, in the absence of any such information the Board has to act on the assumption that the grower is attempting to avoid the statutory requirements under the above Order.

Please note that to minimise administration cost the following will not be accepted:-

- a) Post dated cheques
- b) Credit/Debit card payments