



NFU Scotland : **Financial Report** 2009

# Directors' Report and Financial Statements for the year ended 31 October 2009

The directors present their report and financial statements for the year ended 31 October 2009.

## Principal activities

The principal activity of the company continued to be that of a member body for farmers and other related rural businesses in Scotland.

## Members

Each member is liable to contribute an amount (not exceeding £1) to the assets of the company in the event of it being wound up.

## Directors

The following directors have held office since 1 November 2008:

William Fife Lamont	(Resigned 19 February 2009)
George Templeton Lawrie	
James McLaren	
Colin Manson	
Nigel Alexander Miller	
John Picken	
Jamie Brown Smart	
Robin Alan Spence	(Resigned 19 February 2009)
Robin James Traquair	(Resigned 19 February 2009)
James Robert Alan Withers	
Jane Anderson	(Appointed 12 March 2009)
William Morgan Wilson	
Michael Stevenson	(Resigned 19 February 2009)
Stewart Chalmers Wood	(Resigned 19 February 2009)
Walter Allan Bowie	
Kenneth Alan Campbell	(Appointed 19 February 2009)
Alan Stewart Crichton	
James John Logan	
Michael David Robert Cursiter	(Appointed 19 February 2009)
Robert Alexander Leitch	
James Hastings Ireland	
Thomas Charles Johnston	(Appointed 19 February 2009)
Robert Neil Livesey	(Appointed 19 February 2009)
Kelvin Logan Pate	(Resigned 19 February 2009)
James Mitchell	(Appointed 19 February 2009)
Phillip John Manson Sleight	
William Alexander Tulloch	

## Auditors

Thomson Cooper were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

## Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

## James Robert Alan Withers

Director

4 December 2009

## Independent Auditors' Report to the Members of NFU Scotland

We have audited the Profit and Loss Account, Balance Sheet and notes to the financial statements of NFU Scotland for the year ended 31 October 2009. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006;
- the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2009 and of its profit for the year then ended; and
- the information given in the directors' report is consistent with the financial statements.

**Andrew Croxford (Senior Statutory Auditor)  
for and on behalf of Thomson Cooper  
Statutory Auditor**

3 Castle Court  
Carnegie Campus  
Dunfermline  
Fife  
KY11 8PB  
4 December 2009

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2009

	Notes	2009 £	2008 £
<b>Turnover</b>		2,356,122	2,223,920
Administrative expenses		(2,371,558)	(2,297,248)
Other operating income		6,270	11,057
<b>Operating loss</b>	<b>3</b>	(9,166)	(62,271)
Other interest receivable and similar income	<b>4</b>	74,695	116,263
Interest payable and similar charges		-	(125)
<b>Profit on ordinary activities before taxation</b>		65,529	53,867
Tax on profit on ordinary activities	<b>5</b>	20,009	(7,566)
<b>Profit for the year</b>	<b>11</b>	85,538	46,301

The profit and loss account has been prepared on the basis that all operations are continuing operations. There are no recognised gains and losses other than those passing through the profit and loss account.

## BALANCE SHEET AS AT 31 OCTOBER 2009

	Notes	2009 £		2008 £	
<b>Fixed assets</b>					
Tangible assets	<b>6</b>	368,025		368,371	
Investments	<b>7</b>	1,097,545		961,687	
		1,465,570		1,330,058	
<b>Current assets</b>					
Debtors	<b>8</b>	185,674	168,278		
Cash at bank and in hand		588,107	638,244		
		773,781	806,522		
<b>Creditors: amounts falling due within one year</b>	<b>9</b>	(609,955)	(592,722)		
<b>Net current assets</b>			163,826		213,800
<b>Total assets less current liabilities</b>			1,629,396		1,543,858
<b>Capital and reserves</b>					
Revaluation reserve		228,103		228,103	
Profit and loss account	<b>11</b>	1,401,293		1,315,755	
<b>Members' funds</b>	<b>12</b>	1,629,396		1,543,858	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board and authorised for issue on 4 December 2009.

George Templeton Lawrie  
Director

James McLaren  
Director

# Notes to the Financial Statements for the year ended 31 October 2009

## 1 Accounting policies

### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Not depreciated
Computer equipment	33% Straight Line
Fixtures, fittings & equipment	20% Straight Line
Motor vehicles	33% Straight Line

It is the company's policy to maintain buildings to such a standard, and their residual values are such that depreciation is not significant, consequently buildings are not depreciated.

### 1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

### 1.5 Investments

Listed investments are stated at cost less provision for diminution in value. Unlisted investments are stated at directors' valuation.

### 1.6 Pensions

The company operates a defined contribution scheme for the benefit of the majority of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

### 1.7 Legal status

NFUS is a company limited by guarantee which has been granted exemption, under Section 60 of the Companies Act 2006, from including 'Limited' in its name. There is no share capital. The liability of each member of the company, in the event of winding up, is limited to £1.

## 2 Employees

### Number of employees

The average monthly number of employees during the year was:

	2009	2008
	Number	Number
Head office staff	28	26

### Employment costs

	2009	2008
	£	£
Wages and salaries	959,904	916,946
Social security costs	105,927	97,866
Other pension costs	79,078	71,811
	<u>1,144,909</u>	<u>1,086,623</u>

## 3 Operating loss

	2009	2008
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	42,362	44,463
Loss on disposal of tangible assets	81	-
Loss on disposal of investments	-	1,393
Operating lease rentals	-	1,118
Auditors' remuneration	9,000	8,300
Directors' emoluments	206,550	215,359
and after crediting:		
Profit on disposal of investments	<u>(2,030)</u>	<u>-</u>

## 4 Investment income

	2009	2008
	£	£
Bank interest and dividends	<u>74,695</u>	<u>116,263</u>

## Notes to the Financial Statements for the year ended 31 October 2009 (continued)

5	Taxation	2009 £	2008 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	4,400	9,800
	Adjustment for prior years	(24,409)	(2,234)
	<b>Current tax charge</b>	<u>(20,009)</u>	<u>7,566</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>65,529</u>	<u>53,867</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2008 - 20.00%)	<u>13,761</u>	<u>10,773</u>
	Effects of: Adjustments to previous periods	(24,409)	(2,234)
	Non-assessable income	(9,361)	(973)
		<u>(33,770)</u>	<u>(3,207)</u>
	<b>Current tax charge</b>	<u>(20,009)</u>	<u>7,566</u>

6	Tangible fixed assets	Land & buildings £	Plant & machinery etc £	Total £
	<b>Cost or valuation</b>			
	At 1 November 2008	277,422	221,354	498,776
	Additions	-	47,097	47,097
	Disposals	-	(69,998)	(69,998)
	At 31 October 2009	<u>277,422</u>	<u>198,453</u>	<u>475,875</u>
	<b>Depreciation</b>			
	At 1 November 2008	-	130,405	130,405
	On disposals	-	(64,917)	(64,917)
	Charge for the year	-	42,362	42,362
	At 31 October 2009	<u>-</u>	<u>107,850</u>	<u>107,850</u>
	<b>Net book value</b>			
	At 31 October 2009	<u>277,422</u>	<u>90,603</u>	<u>368,025</u>
	At 31 October 2008	<u>277,422</u>	<u>90,949</u>	<u>368,371</u>

7	Fixed asset investments	Listed investments £	Unlisted investments £	Total £
	<b>Cost or valuation</b>			
	At 1 November 2008	511,297	450,390	961,687
	Additions	227,904	-	227,904
	Disposals	(92,046)	-	(92,046)
	At 31 October 2009	<u>647,155</u>	<u>450,390</u>	<u>1,097,545</u>
		<b>Market value</b>	<b>Directors' valuation</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>
	At 31 October 2009	<u>773,620</u>	<u>450,390</u>	<u>1,224,010</u>
	At 31 October 2008	<u>574,367</u>	<u>450,390</u>	<u>1,024,757</u>

### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	Shares held %
<b>Participating interests</b>			
The Scottish Agricultural & Rural Development Centre Limited	Scotland	Ordinary	43.00

The aggregate amount of capital and reserves and the results of this undertaking (of which the management of office property is the principal activity) for the last relevant financial year were as follows:

	Capital and reserves 2009 £	Profit for the year 2009 £
The Scottish Agricultural & Rural Development Centre Limited	<u>1,982,537</u>	<u>97,311</u>

The historical cost of unlisted investments amounts to £222,287 (2008 : £222,287).

## Notes to the Financial Statements for the year ended 31 October 2009 (continued)

<b>8 Debtors</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Trade debtors	21,353	43,583
Other debtors	164,321	124,695
	<u>185,674</u>	<u>168,278</u>

<b>9 Creditors: amounts falling due within one year</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Trade creditors	89,986	68,291
Taxation and social security	36,486	42,185
Other creditors	483,483	482,246
	<u>609,955</u>	<u>592,722</u>

### 10 Pension costs

The company operates a defined contribution pension scheme for the benefit of the majority of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. Pension contributions were paid during the year in respect of 1 director (2008 - 1).

<b>Defined contribution</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	<u>79,078</u>	<u>71,811</u>

### 11 Statement of movements on profit and loss account

	<b>Profit and loss account</b>
	<b>£</b>
Balance at 1 November 2008	1,315,755
Profit for the year	85,538
	<u>1,401,293</u>
Balance at 31 October 2009	<u>1,401,293</u>

### 12 Reconciliation of movements in reserves

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	85,538	46,301
Opening members' funds	1,543,858	1,497,557
	<u>1,629,396</u>	<u>1,543,858</u>
Closing members' funds	<u>1,629,396</u>	<u>1,543,858</u>

### 13 Financial commitments

At 31 October 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 October 2010:

	<b>2009</b>	<b>Land and buildings</b>	<b>2008</b>
	<b>£</b>		<b>£</b>
Operating leases which expire:			
In over five years	<u>65,195</u>		<u>62,684</u>

### 14 Related party transactions

Listed below are transactions between the company and The Scottish Agricultural & Rural Development Centre Limited, a company in which George Lawrie and James Withers are also directors.

Purchases £98,289 (2008 - £60,377).

Sales £63,592 (2008 - £57,105).

Included in Trade Creditors is £20,339 (2008 - £nil).

Included in Trade Debtors is £1,337 (2008 - £15,539).

The company paid rent and services charges to The Scottish Agricultural & Rural Development Centre Limited in the year amounting to £64,439 (2008 - £57,855).

## Detailed trading and profit & loss account for the year ended 31 October 2009

This does not form part of the statutory accounts and is for information purposes only

	2009		2008	
	£	£	£	£
<b>Turnover</b>				
Subscriptions		1,930,502		1,830,193
Donations		368,000		332,000
Sponsorship and Services		55,842		60,087
Other Income		1,778		1,640
		<u>2,356,122</u>		<u>2,223,920</u>
<b>Administrative expenses</b>		<u>(2,371,558)</u>		<u>(2,297,248)</u>
		(15,436)		(73,328)
<b>Other operating income</b>				
Rent receivable		6,270		11,057
		<u>6,270</u>		<u>11,057</u>
<b>Operating loss</b>		<u>(9,166)</u>		<u>(62,271)</u>
<b>Other interest receivable and similar income</b>				
Investment income	56,959		70,287	
Bank interest	17,420		45,976	
Other interest received	316		-	
		<u>74,695</u>		<u>116,263</u>
<b>Interest payable</b>				
Bank interest paid		-		(125)
		<u>-</u>		<u>(125)</u>
<b>Profit before taxation</b>		<u><u>65,529</u></u>		<u><u>53,867</u></u>

## Schedule of Administrative Expenses for the year ended 31 October 2009

	2009	2008
	£	£
<b>Administrative expenses</b>		
Wages and salaries	753,969	702,110
Office bearers remuneration	205,935	214,836
Employer's N.I. contributions	105,927	97,866
Pension contributions	79,078	71,811
Staff training and development	26,788	50,971
Operating leases	-	1,118
Commission and incentives	196,825	187,161
Expenses and representation	281,638	322,394
Branch costs and regional support	163,996	155,896
Promotional costs	147,405	111,530
Administration costs	349,845	315,012
Property expenses	4,921	6,825
Bank charges	5,818	5,562
Audit fees	9,000	8,300
Depreciation on computers and equipment	11,487	17,592
Depreciation on fixtures and fittings	654	639
Depreciation on motor vehicles	30,221	26,232
(Profit)/Loss on disposal of investments	(2,030)	1,393
Loss on disposal of fixed assets	81	-
	<u><u>2,371,558</u></u>	<u><u>2,297,248</u></u>