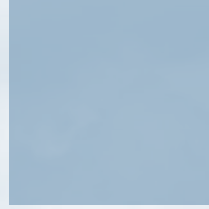
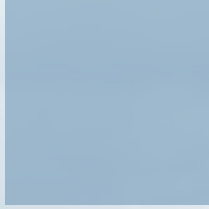


# 2011



# Directors' Report and Financial Statements for the year ended 31 October 2011

The directors present their report and financial statements for the year ended 31 October 2011.

## 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 2010:

George Templeton Lawrie	
James McLaren	(Resigned 15 February 2011)
Nigel Alexander Miller	
John Picken	
James Robert Alan Withers	(Resigned 31 August 2011)
John Millar Smith	
Jane Anderson	
William Morgan Wilson	
Scott Alexander Walker	(Appointed 31 August 2011)
Ian Malcolm MacDonald	
Hugh Maclean Fraser	
Walter Allan Bowie	
Charles Robert Adam	(Appointed 15 February 2011)
Kenneth Alan Campbell	
Russell Brown	
Michael David Robert Cursiter	(Resigned 15 February 2011)
Kevan William Harvey	(Appointed 15 February 2011)
Alan Stewart Crichton	
Robert Alexander Leitch	(Resigned 15 February 2011)
Alastair Campbell Martin	(Appointed 15 February 2011)
James Hastings Ireland	
Thomas Charles Johnston	(Resigned 15 February 2011)
Robert Neil Livesey	
Andrew Moir	(Appointed 15 February 2011)
Philip John Manson Sleigh	
James Mitchell	(Resigned 15 February 2011)
John Semple	(Appointed 15 February 2011)
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 Directors' Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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

## Scott Alexander Walker

Director

6 December 2011

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

We have audited the financial statements of NFU Scotland for the year ended 31 October 2011 set out on pages 3 to 6. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report on page 1, the directors 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

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

Accountants  
Dunfermline  
6 December 2011

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2011

	Notes	2011 £	2010 £
<b>Turnover</b>		2,470,765	2,422,938
Administrative expenses		(2,448,805)	(2,412,949)
Other operating income		5,469	4,666
<b>Operating profit</b>	<b>2</b>	27,429	14,655
Other interest receivable and similar income	<b>3</b>	62,386	69,812
Interest payable and similar charges		(1,256)	(30)
<b>Profit on ordinary activities before taxation</b>		88,559	84,437
Tax on profit on ordinary activities	<b>4</b>	(1,263)	(2,044)
<b>Profit for the year</b>	<b>10</b>	87,296	82,393

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 2011

	Notes	2011 £		2010 £	
<b>Fixed assets</b>					
Tangible assets	<b>5</b>	402,345		419,412	
Investments	<b>6</b>	1,215,200		1,157,055	
		1,617,545		1,576,467	
<b>Current assets</b>					
Debtors	<b>7</b>	140,638		189,997	
Cash at bank and in hand		602,904		525,742	
		743,542		715,739	
<b>Creditors: amounts falling due within one year</b>	<b>8</b>	(562,002)		(580,417)	
<b>Net current assets</b>		181,540		135,322	
<b>Total assets less current liabilities</b>		1,799,085		1,711,789	
<b>Capital and reserves</b>					
Revaluation reserve		228,103		228,103	
Profit and loss account	<b>10</b>	1,570,982		1,483,686	
<b>Members' funds</b>	<b>11</b>	1,799,085		1,711,789	

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 6 December 2011.

George Templeton Lawrie      Scott Alexander Walker  
**Director**                              **Director**

Company Registration No. SC214564

## Notes to the Financial Statements for the year ended 31 October 2011

### 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 comprises subscriptions receivable from members, donations received, and other sundry income, and is recognised when receivable.

#### 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

NFU Scotland 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 Operating profit

	2011 £	2010 £
Operating profit is stated after charging:		
Depreciation of tangible assets	46,187	45,831
Auditors' remuneration	9,500	9,200
Directors' emoluments	224,975	198,350
and after crediting:		
Profit on disposal of tangible assets	(4,469)	(2,178)
Profit on disposal of investments	(8,799)	(3,618)

### 3 Investment income

	2011 £	2010 £
Bank interest and dividends	62,386	69,812

### 4 Taxation

	2011 £	2010 £
<b>Domestic current year tax</b>		
U.K. corporation tax	1,263	2,057
Adjustment for prior years	-	(13)
<b>Total current tax</b>	1,263	2,044
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	88,559	84,437
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2010 - 21.00%)	17,712	17,732
Effects of:		
Adjustments to previous periods	-	(13)
Non-assessable income	(17,041)	(15,058)
Other tax adjustments	592	(617)
	(16,449)	(15,688)
<b>Current tax charge for the year</b>	1,263	2,044

## Notes to the Financial Statements for the year ended 31 October 2011 (continued)

<b>5</b>	<b>Tangible fixed assets</b>	<b>Land &amp; buildings</b>	<b>Plant &amp; machinery etc</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>
	<b>Cost or valuation</b>			
	At 1 November 2010	277,422	199,767	477,189
	Additions	-	29,120	29,120
	Disposals	-	(23,750)	(23,750)
	At 31 October 2011	277,422	205,137	482,559
	<b>Depreciation</b>			
	At 1 November 2010	-	57,777	57,777
	On disposals	-	(23,750)	(23,750)
	Charge for the year	-	46,187	46,187
	At 31 October 2011	-	80,214	80,214
	<b>Net book value</b>			
	At 31 October 2011	277,422	124,923	402,345
	At 31 October 2010	277,422	141,990	419,412
<b>6</b>	<b>Fixed asset investments</b>	<b>Listed investments</b>	<b>Unlisted investments</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>
	<b>Cost or valuation</b>			
	At 1 November 2010	706,665	450,390	1,157,055
	Additions	157,782	-	157,782
	Disposals	(99,637)	-	(99,637)
	At 31 October 2011	764,810	450,390	1,215,200
	<b>Net book value</b>			
	At 31 October 2011	764,810	450,390	1,215,200
	At 31 October 2010	706,665	450,390	1,157,055
		<b>Market value</b>	<b>Directors' valuation</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>
	At 31 October 2011	1,039,393	450,390	1,489,783
	At 31 October 2010	914,227	450,390	1,364,617
<b>Holdings of more than 20%</b> - The company holds more than 20% of the share capital of the following companies:				
<b>Company</b>	<b>Country of registration or incorporation</b>	<b>Shares held Class</b>	<b>Shares held %</b>	
<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:				
	<b>Capital and reserves</b>	<b>Profit for the year</b>		
	<b>2011</b>	<b>2011</b>		
	<b>£</b>	<b>£</b>		
The Scottish Agricultural & Rural Development Centre Limited	2,066,703	101,996		
The historical cost of unlisted investments amounts to £222,287 (2010 : £222,287).				
<b>7</b>	<b>Debtors</b>	<b>2011</b>	<b>2010</b>	
		<b>£</b>	<b>£</b>	
	Trade debtors	14,471	37,618	
	Other debtors	126,167	152,379	
		140,638	189,997	
<b>8</b>	<b>Creditors: amounts falling due within one year</b>	<b>2011</b>	<b>2010</b>	
		<b>£</b>	<b>£</b>	
	Trade creditors	64,277	53,233	
	Taxation and social security	40,544	37,537	
	Other creditors	457,181	489,647	
		562,002	580,417	

## Notes to the Financial Statements for the year ended 31 October 2011 (continued)

### 9 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 (2010 - 1).

<b>Defined contribution</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	<u>88,560</u>	<u>84,360</u>

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

	<b>Profit and loss account</b>
	<b>£</b>
Balance at 1 November 2010	1,483,686
Profit for the year	<u>87,296</u>
Balance at 31 October 2011	<u>1,570,982</u>

### 11 Reconciliation of movements in reserves

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	87,296	82,393
Opening members' funds	<u>1,711,789</u>	<u>1,629,396</u>
Closing members' funds	<u>1,799,085</u>	<u>1,711,789</u>

### 12 Financial commitments

At 31 October 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 October 2012:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire:				
Between two and five years	-	-	4,516	4,471
In over five years	<u>64,970</u>	<u>64,970</u>	<u>-</u>	<u>-</u>
	<u>64,970</u>	<u>64,970</u>	<u>4,516</u>	<u>4,471</u>

### 13 Employees

#### Number of employees

The average monthly number of employees during the year was:

	<b>2011</b>	<b>2010</b>
	<b>Number</b>	<b>Number</b>
Head office staff	<u>28</u>	<u>30</u>

#### Employment costs

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,055,309	1,028,846
Social security costs	118,835	113,945
Other pension costs	<u>88,560</u>	<u>84,360</u>
	<u>1,262,704</u>	<u>1,227,151</u>

### 14 Related party relationships and transactions

Listed below are transactions between the company and The Scottish Agricultural & Rural Development Centre Limited, a company in which George Lawrie, James Withers (up to 26 August 2011), and Scott Walker (from 26 August 2011) are also directors.

Purchases £96,570 (2010 - £63,422).

Sales £88,513 (2010 - £45,936).

Included in Trade Creditors is £198 (2010 - £nil).

Included in Trade Debtors is £8,002 (2010 - £2,926).

The company paid rent and service charges to The Scottish Agricultural & Rural Development Centre Limited in the year amounting to £71,960 (2010 - £73,019).

## Detailed trading and profit & loss account for the year ended 31 October 2011

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

	2011		2010	
	£	£	£	£
<b>Turnover</b>				
Subscriptions		2,000,020		1,969,755
Donations		413,000		398,000
Sponsorship and services		53,650		53,019
Other income		4,095		2,164
		<u>2,470,765</u>		<u>2,422,938</u>
<b>Administrative expenses</b>		<u>(2,448,805)</u>		<u>(2,412,949)</u>
		21,960		9,989
<b>Other operating income</b>				
Rent receivable		5,469		4,666
		<u>27,429</u>		<u>14,655</u>
<b>Operating profit</b>				
<b>Other interest receivable and similar income</b>				
Investment income	56,054		63,907	
Bank interest	6,332		5,904	
Other interest received	-		1	
		<u>62,386</u>		<u>69,812</u>
<b>Interest payable</b>				
Bank interest paid		(1,256)		(30)
		<u>88,559</u>		<u>84,437</u>
<b>Profit before taxation</b>				

## Schedule of Administrative Expenses for the year ended 31 October 2011

	2011	2010
	£	£
<b>Administrative expenses</b>		
Wages and salaries	830,946	831,103
Office bearers remuneration	224,363	197,743
Employer's N.I. contributions	118,835	113,945
Pension contributions	88,560	84,360
Staff recruitment and training	43,094	28,057
Commission and incentives	149,823	176,379
Expenses and representation	302,188	291,013
Branch costs and regional support	205,939	191,451
Promotional costs	114,573	115,175
Administration costs	315,719	319,973
Property expenses	6,522	7,684
Bank charges	5,824	6,831
Audit fees	9,500	9,200
Depreciation on computers and equipment	6,721	8,115
Depreciation on fixtures and fittings	1,117	907
Depreciation on motor vehicles	38,349	36,809
(Profit)/Loss on disposal of investments	(8,799)	(3,618)
(Profit)/Loss on disposal of fixed assets	(4,469)	(2,178)
	<u>2,448,805</u>	<u>2,412,949</u>