

**THE NATIONAL FEDERATION
OF YOUNG FARMERS' CLUBS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2014

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

FINANCIAL STATEMENTS

For the year ended 31 December 2014

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THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

REPORT OF THE COUNCIL

For the year ended 31 December 2014

STATEMENT OF COUNCIL'S RESPONSIBILITIES

The Friendly Societies Act 1974 requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Federation and of the surplus or deficit of the Federation for that period. In preparing those financial statements the Council are required to:

- Select suitable accounting policies and then apply consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Federation will continue in business.

The Council is responsible for keeping proper accounting records with respect to its transactions and its assets and liabilities which disclose with reasonable accuracy at any time, the financial position of the Federation. The Council is also responsible for the establishment and maintenance of a satisfactory system of control of its books of account, its cash holdings and all its receipts and remittances to enable them to ensure that the financial statements comply with the Friendly Societies Act 1974.

The Council is also responsible for safeguarding the assets of the Federation and hence, for taking reasonable steps for the prevention and detection of fraud.

Council members recognise these responsibilities and have ensured that the necessary safeguards are in place.

So far as the members of the Council of Management are concerned, there is no relevant information (information needed by the Federation's auditors in connection with preparing their report) of which the Federation's auditors are unaware. Each member of the Council of Management has taken all the steps that he ought to have taken as a member of the Council of Management in order to make himself aware of any relevant audit information and to establish that the Federation's auditors are aware of that information.

RESERVES POLICY

General reserves at the year end stood at £1,449,338. Unrestricted funds not committed or invested should be maintained at a minimum of six months of resources expended.

RISK REVIEW

The Council has considered the risks to which the society is exposed and has established systems for mitigating those risks. External risks have been minimised by the adoption of procedures to ensure that the Federation implements all statutory requirements, particularly in respect of Health and Safety, Child Protection and other legislation. Annual budgets are prepared and reviewed every year and include strategies for securing funds from a wide range of sources. Internal risks are minimised by implementing procedures for authorising transactions, projects, etc., and to ensure consistent quality of delivery for all operational aspects of the society. The Council reviews these procedures periodically.

INVESTMENT POLICY

Funds have been invested in fixed interest government stocks and corporate bonds, UK equities and short-term deposits in the Charities Official Investments Fund. The Council considers that the returns on these funds are satisfactory.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

We have audited the financial statements of The National Federation of Young Farmers' Clubs for the year ended 31 December 2014 which comprise the statement of financial activities, the balance sheet and the related notes. 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 Federation's members, as a body, in accordance with section 38 of the Friendly Societies Act 1974. Our audit work has been undertaken so that we might state to the Federation's members those matters we are required to state to them in an auditor's 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 Federation and the Federation's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE COUNCIL AND AUDITORS

As explained more fully in the Statement of Council's Responsibilities set out on page 1, the Council is responsible for the preparation of financial statements which 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 (APB'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Federation's affairs as at 31 December 2014 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Friendly Societies Act 1974.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Friendly Societies Act 1974 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Federation has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2014

	Note	Unrestricted funds		Restricted funds	2014	2013
		General	Designated			
		£	£	£	£	£
Incoming resources						
Donations, sponsorship and gifts	2	114,852	12,500	-	127,352	97,766
Grants	3	27,700	-	56,646	84,346	71,784
Membership levy		240,900	-	-	240,900	225,085
Investment income - HOPS	4	-	-	-	-	125,000
Investment income - other	4	30,421	-	18,294	48,715	50,453
Membership convention		265,952	-	-	265,952	259,235
Other income	5	52,770	-	-	52,770	39,768
TOTAL INCOMING RESOURCES		732,595	12,500	74,940	820,035	869,091
Resources expended						
Direct programme expenditure						
Membership convention		146,907	-	-	146,907	148,475
Club supplies		22,207	-	-	22,207	23,655
Youthwork		44,020	356	862	45,238	55,383
Training		46,388	-	10,758	57,146	54,711
Travel		27,045	2,210	1,635	30,890	52,430
Competitions		67,532	-	5,295	72,827	68,005
Agriculture and rural affairs		50,658	-	47,912	98,570	82,010
		404,757	2,566	66,462	473,785	484,669
Other expenditure						
Central		112,187	2,707	8,658	123,552	153,189
Management		54,284	3,657	-	57,941	92,774
Governance		70,977	-	-	70,977	113,263
Fundraising and marketing		161,984	-	-	161,984	184,330
Information technology		37,961	-	-	37,961	43,428
		437,393	6,364	8,658	452,415	586,984
TOTAL RESOURCES EXPENDED	6	842,150	8,930	75,120	926,200	1,071,653
NET (OUTGOING)/INCOMING RESOURCES		(109,555)	3,570	(180)	(106,165)	(202,562)
Realised (loss)/gain on sale of investments		(1,075)	-	-	(1,075)	4,465
Unrealised gain on revaluation of investments		30,160	-	18,070	48,230	237,027
Transfer between funds		27,000	(27,000)	-	-	-
NET MOVEMENTS IN FUNDS		(53,470)	(23,430)	17,890	(59,010)	38,930
Fund balances at 1 January 2014		1,329,694	196,544	854,404	2,380,642	2,341,712
FUND BALANCES AT 31 DECEMBER 2014		1,276,224	173,114	872,294	2,321,632	2,380,642

The notes on pages 5 to 12 form part of these financial statements.

The net (outgoing)/incoming resources for the year arise from the Federation's continuing operations.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

BALANCE SHEET

For the year ended 31 December 2014

	Note	2014 £	2013 £
ASSETS EMPLOYED			
Tangible fixed assets	7	13,117	16,942
Investments – Listed	8	2,150,912	2,065,384
Investments – Unlisted	8	3	3
		<u>2,164,032</u>	<u>2,082,329</u>
CURRENT ASSETS			
Stock – Club supplies		8,000	8,000
Debtors and prepayments	9	43,050	165,944
Cash at bank and in hand		376,142	389,451
		<u>427,192</u>	<u>563,395</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year			
Creditors and accruals	10	269,592	265,082
		<u>269,592</u>	<u>265,082</u>
NET CURRENT ASSETS		<u>157,600</u>	<u>298,313</u>
NET ASSETS		<u>2,321,632</u>	<u>2,380,642</u>
FUNDED BY			
Restricted funds	11	872,294	854,404
Unrestricted funds	12	1,449,338	1,526,238
		<u>2,321,632</u>	<u>2,380,642</u>

The notes on pages 5 to 12 form part of these financial statements.

The financial statements were approved by the Board of Management on 21 February 2015

Chairman of Council

Chairman of Board of Management

Chairman of Trustees

Treasurer

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments and comply with all applicable accounting and financial reporting standards.

Consolidation

In the opinion of the Council, the Federation and its subsidiaries comprise a small group. These financial statements present information about the Federation as an individual undertaking and not about its group.

Incoming resources

General donations and subscriptions are brought into account when received.

Donations and grants given for specific purposes are treated as income in the year of receipt. Unspent restricted income is included under restricted funds as it is fully committed.

All other income is accounted for on an accruals basis.

Resources expended

The resources expended are classified under the Federation's functional categories of expenditure rather than the type of expense in order to provide more useful information.

Costs included within each functional category comprise direct expenditure including direct staff costs attributable to the activity.

Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with budgeted use of resources.

Depreciation

Depreciation is provided to write off the costs of fixed assets over their estimated useful lives on a straight line basis as detailed below.

Leasehold building	-	over the period of the lease
Furniture and equipment	-	3 years straight line basis

Stock

Stock is valued at the lower of cost and net realisable value. Provision is made for slow moving stock.

Investments

Listed investments are stated at market value.

The investment policy of the trustees is long term to ensure protection of the Federation's capital base as well as providing an annual income.

The effect of this policy is that the surplus arising on the annual revaluation of investments required by best practice is not regarded as available for distribution.

Investments in subsidiary undertakings are stated at cost.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Pension costs

Pension costs are charged to the income and expenditure accounts as they become due. Contributions payable to a defined contribution pension scheme as at 31 December 2014 amounted to £2,283 (2013: £2,133).

Operating leases

Operating lease rentals are charged to the income and expenditure account as they become due.

Fund accounting

General funds comprise the accumulated surplus or deficit on the income and expenditure account. They are available for use at the discretion of the board of management in furtherance of the objectives of the Federation.

Designated funds comprise funds which have been set aside at the discretion of the board of management for specific purposes. The purposes and use of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds subject to specific restricted conditions imposed by donors. The purposes and use of the restricted funds are set out in note 11 to the financial statements.

Expenditure categories

Membership

Convention: Staging of the annual convention for members.

Club supplies: Provision of merchandise to members for use at club and county levels.

Youthwork: Provision of learning opportunities through delivery of practical programmes and fieldwork support to members. Includes the Youth Forum, project based work such as anti-bullying support, providing guidance to the Clubs & County Federations on safeguarding and empowering young members to effectively manage their clubs.

Training: Provision of training programmes for members and associated accreditation.

Travel: Provision of opportunity to take part in overseas trips, home stays and working opportunities.

Competitions: Provision of a wide programme of activities, training members for life in personal and vocational skills.

Agriculture and rural affairs: Dealing with and responding to matters related to agricultural legislation and industry links.

Central: Running costs of the Federation's national headquarters including variable costs, audit and accountancy, equipment leases and irrecoverable VAT.

Management: Professional and legal fees (including the employment service for counties), recruitment costs and travel of the Federation's staff members to area meetings.

Governance: Costs associated with the strategic direction of the Federation, including Council meetings, Board of Management meetings and the AGM.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Fundraising and Marketing:	Cost of publicising the Federation's national headquarters and supporting the counties and clubs.
Information Technology:	Cost of provision and maintenance of membership database and associated information technology.

2 DONATIONS, SPONSORSHIP AND GIFTS

	2014 £	2013 £
Donations	73,533	15,000
Sponsorship	53,819	82,766
	<u>127,352</u>	<u>97,766</u>

3 GRANTS

	2014 £	2013 £
DEFRA	56,646	47,560
Rural Youth Trust	2,000	-
British Council	-	24,224
National Council for Voluntary Youth Services	25,700	-
	<u>84,346</u>	<u>71,784</u>

4 INVESTMENT INCOME

	2014 £	2013 £
Donation from HOPS Labour Solutions Limited	-	125,000
Investment income	48,454	50,117
Bank interest	261	336
	<u>48,715</u>	<u>175,453</u>

5 OTHER INCOME

	2014 £	2013 £
Club supplies	18,455	16,244
Miscellaneous receipts	34,315	23,524
	<u>52,770</u>	<u>39,768</u>

Income from shared services, within miscellaneous receipts, is shown net of expenditure of £11,468 in respect of Council Members Fares Pool as detailed in note 10(b) to the financial statements.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

6 TOTAL RESOURCES EXPENDED

	Salary costs £	Other costs £	Depreciation £	2014 Total £	2013 Total £
Membership convention	27,019	119,888	-	146,907	148,475
Club supplies	5,858	16,349	-	22,207	23,655
Youthwork	28,911	16,327	-	45,238	55,383
Training	40,916	16,230	-	57,146	54,711
Travel	15,774	15,116	-	30,890	52,430
Competitions	45,951	26,876	-	72,827	68,005
Agriculture and rural affairs	33,704	64,866	-	98,570	82,010
Central	61,349	58,378	3,825	123,552	153,189
Management	32,630	25,311	-	57,941	92,774
Governance	37,556	33,421	-	70,977	113,263
Fundraising and marketing	87,503	74,481	-	161,984	184,330
Information technology	23,185	14,776	-	37,961	43,428
	440,356	482,019	3,825	926,200	1,071,653

Included in the above

	2014 £	2013 £
Staff costs	440,356	556,430
Audit	11,950	11,651
Operating lease rentals	12,710	17,612

Management staff costs include £18,936 (2013: £14,081) in respect of additional shortfall pension contributions for Federation employees who have retired.

7 TANGIBLE FIXED ASSETS

	Leasehold building (short lease) £	Furniture and equipment £	Total £
Cost			
At 1 January 2014	67,144	144,937	212,081
Additions	-	-	-
At 31 December 2014	67,144	144,937	212,081
Depreciation			
At 1 January 2014	55,279	139,860	195,139
Charge for the year	1,193	2,632	3,825
At 31 December 2014	56,472	142,492	198,964
Net book value at 31 December 2014	10,672	2,445	13,117
Net book value at 31 December 2013	11,865	5,077	16,942

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

8 INVESTMENTS

	2014 £	2013 £
Investment portfolio		
Market value of listed investments at 1 January 2014	2,060,857	1,740,743
Acquisitions at cost for year	339,827	328,447
Market value of disposals	(310,000)	(245,360)
	<u>2,090,684</u>	<u>1,823,830</u>
Revaluation gains	37,838	237,027
Market value of listed investments at 31 December 2014	<u>2,128,522</u>	<u>2,060,857</u>
Deposit with broker	22,390	4,527
Market value at 31 December 2014	<u>2,150,912</u>	<u>2,065,384</u>
Cost at 31 December 2014	<u>1,632,962</u>	<u>1,518,633</u>

The federation's portfolio is managed by Smith & Williamson.

Unlisted Investments

Shares in HOPS Labour Solutions Limited	<u>3</u>	<u>3</u>
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Certain Trustees of the Federation own as nominees 100% of the issued share capital of HOPS Labour Solutions Limited, a company that is registered in England. HOPS Labour Solutions Limited itself owns 100% of the share capital of HOPS (Polska) sp. zo. o, a company incorporated in Poland. During the year, the decision was taken to close the Polish subsidiary and the company is now in the final stages of being formally struck off.

Name of subsidiary	Principal activity	Share Capital and Reserves £	Profit/(loss) for the financial year £
HOPS Labour Solutions Limited	Recruitment of seasonal workers	347,632	(£79,772)
HOPS (Polska) sp. zo. o	Dormant	2,298	25,779

9 DEBTORS

	2014 £	2013 £
Trade debtors	8,914	15,169
Amounts owed by subsidiary undertakings	-	119,857
Prepayments and accrued income	34,136	30,918
	<u>43,050</u>	<u>165,944</u>

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

10 CREDITORS

(a) Amounts falling due within one year	2014	2013
	£	£
Trade creditors	13,429	21,149
Amount due to subsidiary undertakings	1,113	-
Amounts received in advance	181,020	150,391
Deferred income	25,450	28,133
Taxation and social security	16,958	21,473
Other creditors and accruals	31,622	43,936
	269,592	265,082

(b) Council Members Fares Pool	2014	2013
	£	£
Balance 1 January 2014	-	-
Receipts	11,468	11,468
Payments	(11,468)	(11,468)
Balance at 31 December 2014	-	-

11 MOVEMENT ON RESTRICTED FUNDS

	Balance at 1 January 2014 £	Income £	Expenditure £	Transfer between funds £	Gain on revaluation of investments £	Balance at 31 December 2014 £
YFC Centre endowment fund	346,543	8,658	(8,658)	-	8,676	355,219
King George VI development fund	375,220	9,375	(9,375)	-	9,394	384,614
Investment reserve	52,049	-	-	-	-	52,049
International fund	34,170	145	-	-	-	34,315
Cotterell fund	2,768	12	-	-	-	2,780
Australia fund	30,260	104	-	-	-	30,364
DEFRA grant	-	56,646	(56,646)	-	-	-
Wheatland Memorial Trust	13,394	-	(441)	-	-	12,953
	854,404	74,940	(75,120)	-	18,070	872,294

Nature and purpose of funds

YFC Centre Endowment Fund

The fund comprises the premises and equipment of the Federation, together with investments earmarked to provide capital for additions to, or replacement of these assets. The income from the investments is used to support the annual running costs of the premises and equipment.

King George VI Development Fund

The fund comprises earmarked investments from which the income is used to meet the costs of development work.

International Fund

To enable the Federation to enhance its international work, particularly through exchange visits.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

11 MOVEMENT ON RESTRICTED FUNDS (CONTINUED)

Nature and purpose of funds (continued)

Cotterell Fund

This fund will be used to support the cost of the attendance of a YFC delegate at the Oxford Farming Conference.

Australia Fund

This fund represents money collected by people in the Midlands. It is to be used for permanent scholarships to Australia for members resident in the Midlands.

Specific Project Fund

This fund reflects restricted monies received from government departments and donors and the application of these monies to specific projects during the year. Any such income not utilised in the year is carried forward at the year end.

Investment Reserve Fund

This fund reflects the portfolio income from the investments held which is to be reinvested in accordance with the Trustees' wishes.

Wheatland Memorial Trust Fund

This fund is for the promotion of farm safety and the ongoing costs of the National Efficiency with Safety competition.

12 MOVEMENT ON UNRESTRICTED FUNDS

	Balance at 1 January 2014 £	Income £	Expenditure £	Transfer between funds £	Gain on revaluation/ disposal of investments £	Balance at 31 December 2014 £
Designated funds						
Fieldwork fund	35,539	-	(4,221)	-	-	31,318
International fund	35,000	-	(2,210)	-	-	32,790
Building fund	41,491	-	(2,499)	-	-	38,992
Reinvestment fund	27,000	-	-	(27,000)	-	-
J Billing fund	57,514	12,500	-	-	-	70,014
General funds	<u>1,329,694</u>	<u>732,595</u>	<u>(842,150)</u>	<u>27,000</u>	<u>29,085</u>	<u>1,276,224</u>
TOTAL FUNDS	<u>1,526,238</u>	<u>745,095</u>	<u>(851,080)</u>	<u>-</u>	<u>29,085</u>	<u>1,449,338</u>

General funds are available for use at the discretion of the board of management in furtherance of the objectives of the Federation.

The above funds represent

1. Amounts held to meet the costs of specific programmes or future costs at the discretion of the trustees.
2. Amounts available to protect future operations from shortfalls in income.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed Assets	Investments	Net current assets	2014 Total
	£	£	£	£
Restricted funds	13,117	778,765	80,412	872,294
Unrestricted funds	-	1,372,150	77,188	1,449,338
	<u>13,117</u>	<u>2,150,915</u>	<u>157,600</u>	<u>2,321,632</u>

14 OPERATING LEASE COMMITMENTS

At 31 December 2014 the Federation had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£	£
Land and buildings:		
Expiring between one and five years	4,467	4,467
Furniture and equipment		
Expiring between one and five years	8,965	7,468

15 CONTINGENT LIABILITIES

The Federation could be contingently liable for certain losses arising from its activities. The amount of such losses is not quantifiable.

16 CAPITAL COMMITMENTS

At 31 December 2014 the Federation had capital commitments as follows:

	2014	2013
	£	£
Contracted for but not provided in the financial statements	2,507	-

17 RELATED PARTY TRANSACTIONS

During the year the Federation charged £70,401 (2013: £54,730) to HOPS Labour Solutions Limited for management services and office facilities provided during the year, and was charged £25,872 (2013: £8,796) in respect of management recharges from HOPS Labour Solutions Limited. The company also received a charitable donation of £nil (2013: £125,000) from HOPS Labour Solutions Limited.

At the year end the company owed £1,113 (2013: was owed £119,857) to HOPS Labour Solutions Limited.