

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

### 13 MOVEMENT ON UNRESTRICTED FUNDS

	Balance at 1 January 2011 £	Loss on revaluation/ disposal of investments £	Income £	Expenditure £	Balance at 31 December 2011 £
<b>Designated funds</b>					<b>35,539</b>
Fieldwork fund	35,539	-	-	-	35,000
International fund	35,000	-	-	-	41,491
Building fund	41,491	-	-	-	27,000
Reinvestment fund	27,000	-	-	-	
<b>General funds</b>	<b>1,259,723</b>	<b>(29,616)</b>	<b>769,934</b>	<b>(742,638)</b>	<b>1,257,403</b>
<b>TOTAL FUNDS</b>	<b>1,398,753</b>	<b>(29,616)</b>	<b>769,934</b>	<b>(742,638)</b>	<b>1,396,433</b>

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.

### 14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Investments £	Net Current Assets £	2011 Total £
Restricted funds	14,251	630,200	77,046	721,497
Unrestricted funds	4,972	987,942	403,519	1,396,433
	<u>19,223</u>	<u>1,618,142</u>	<u>480,565</u>	<u>2,117,930</u>

### 15 OPERATING LEASE COMMITMENTS

At 31 December 2011 the federation had annual commitments under non-cancellable operating leases as follows:

	2011 £	2010 £
<b>Land and buildings:</b>		
Expiring in more than five years	8,934	7,052
<b>Furniture and equipment</b>		
Expiring between one and five years	<u>12,111</u>	<u>7,116</u>

### 16 CONTINGENT LIABILITIES

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

### 17 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2011 or 31 December 2010.

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

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### **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.

#### **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.

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

### 11 CREDITORS

#### (a) Amounts falling due within one year

	2011 £	2010 £
Trade creditors	32,057	40,240
Amounts received in advance	147,320	140,572
Taxation and social security	9,322	105,179
Other creditors and accruals	34,192	49,484
	<u>222,891</u>	<u>335,475</u>

#### (b) Council Members Fares Pool

	2011 £	2010 £
Balance 1 January 2011	-	-
Receipts	10,707	6,361
Payments	(10,707)	(6,361)
Balance at 31 December 2011	<u>-</u>	<u>-</u>

The above is available to pay Council Members and Honorary Officers expenses and includes £Nil (2010: £Nil) written off in respect of the shortfall on these expenses.

### 12 MOVEMENT ON RESTRICTED FUNDS

	Balance at 1 January 2011 £	Income £	Expenditure £	Loss on revaluation of investments £	Balance at 31 December 2011 £
YFC Centre endowment fund	295,285	-	-	(3,906)	291,379
King George VI development fund	310,669	-	-	(4,110)	306,559
International fund	42,345	271	(3,176)	-	39,440
Cotterell fund	2,657	19	-	-	2,676
Australia fund	37,896	230	(1,109)	-	37,017
Investment reserve	42,426	-	-	-	42,426
DEFRA grant	-	39,756	(39,756)	-	-
Rural Youth Trust	-	16,100	(16,100)	-	-
Royal Bank of Scotland Sponsorship	2,000	-	-	-	2,000
	<u>733,278</u>	<u>56,376</u>	<u>(60,141)</u>	<u>(8,016)</u>	<u>721,497</u>

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

### 9 INVESTMENTS

	2011 £	2010 £
<b>Investment portfolio</b>		
Market value of listed investments at 1 January 2011	1,568,887	1,386,841
Acquisitions at cost for year	291,313	295,472
Market value of disposals	<u>(236,189)</u>	<u>(259,669)</u>
	1,624,011	1,422,644
Revaluation (losses)/gains	<u>(20,261)</u>	<u>146,243</u>
Market value of listed investments at 31 December 2011	1,603,750	1,568,887
Deposit with broker	14,389	44,338
Market value at 31 December 2011	<u>1,618,139</u>	<u>1,613,225</u>
Cost at 31 December 2011	<u>1,387,072</u>	<u>1,332,743</u>

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

#### Unlisted Investments

Shares in HOPS Labour Solutions Limited

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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.

Name of subsidiary	Principal activity	Share Capital and Reserves £	Profit/(loss) for the financial year £
HOPS Labour Solutions Limited	Operator of Seasonal Agricultural Workers Scheme	3	143,531
HOPS (Polska) sp. zo. o	Operator of Seasonal Agricultural Workers Scheme	3	(32,674)

### 10 DEBTORS

	2011 £	2010 £
Trade debtors	13,834	72,321
Loans to HOPS Poland	-	35,437
Amounts owed by subsidiary undertakings	365,239	-
Prepayments and deferred expenditure	14,936	13,617
Other debtors	<u>12,555</u>	<u>-</u>
	<u>406,564</u>	<u>121,375</u>

Amounts owed by subsidiary undertakings include a loan to HOPS Labour Solutions Limited of £165,239 which attracts interest at 4.5% above the Lloyds TSB base rate.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

**8 TANGIBLE FIXED ASSETS**

	Leasehold building (short lease) £	Furniture and equipment £	Total £
<b>Cost</b>			
At 1 January 2011	67,144	179,408	246,552
Additions	-	3,244	3,244
Transfer to subsidiary undertaking	-	(43,268)	(43,268)
At 31 December 2011	67,144	139,384	206,528
<b>Depreciation</b>			
At 1 January 2011	45,740	179,408	225,148
Reclassification	5,960	(5,960)	-
Charge	1,193	1,993	3,186
Transfer to subsidiary undertaking	-	(41,029)	(41,029)
At 31 December 2011	52,893	134,412	187,305
<b>Net book value at 31 December 2011</b>	<b>14,251</b>	<b>4,972</b>	<b>19,223</b>
Net book value at 31 December 2010	21,404	-	21,404

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2011

**6 TOTAL RESOURCES EXPENDED**

	Salary costs £	Other costs £	Depreciation £	2011 Total £	2010 Total £
Membership convention	39,418	94,636	-	134,054	149,145
Club supplies	-	-	-	-	4,972
HOPS	-	-	-	-	505,467
Development and training	104,459	47,979	-	152,438	178,703
Competitions	41,679	23,763	-	65,442	83,126
Agriculture and rural affairs	41,442	25,065	-	66,507	55,483
Fundraising and marketing	33,899	54,558	-	88,457	48,634
Events	-	7,166	-	7,166	-
Federation administration	130,913	94,045	3,186	228,144	298,263
Information technology	36,991	23,580	-	60,571	40,706
	<u>428,801</u>	<u>370,792</u>	<u>3,186</u>	<u>802,779</u>	<u>1,364,499</u>

Included in the above

	2011 £	2010 £
Staff costs	428,801	674,779
Audit	11,000	8,925
Operating lease rentals	<u>13,137</u>	<u>18,487</u>

**7 FEDERATION ADMINISTRATION**

	2011 £	2010 £
Staff costs	130,913	129,329
Recruitment	770	582
Rent and insurance	4,467	2,911
Heat, light and cleaning	7,599	8,390
Postage, printing and stationery	9,066	12,041
Repairs and maintenance	11,730	1,060
AGM and annual reports	4,280	2,765
Audit and accountancy	31,409	56,055
Professional fees	14,299	21,582
Depreciation	3,186	3,309
Irrecoverable VAT	7,569	5,075
Other expenses including Council and honorary officers' expenses	65,230	55,164
Amounts recharged to HOPS Labour Solutions Limited	<u>(62,374)</u>	<u>-</u>
	<u>228,144</u>	<u>298,263</u>

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

### 3 GRANTS

	2011 £	2010 £
DEFRA	39,756	22,134
Rural Youth Trust	16,100	3,000
	<u>55,856</u>	<u>25,134</u>

### 4 INVESTMENT INCOME

	2011 £	2010 £
Investment income	40,291	41,786
Interest on amounts owed by HOPS Labour Solutions Limited	6,771	-
Bank interest	520	384
	<u>47,582</u>	<u>42,170</u>

### 5 OTHER INCOME

	2011 £	2010 £
10/26 Advertising	-	35,000
Club supplies (net)	1,519	-
Miscellaneous receipts	25,345	2,200
VAT recovered in year	17,775	23,326
	<u>44,639</u>	<u>60,526</u>

Income from shared services, within other income, is shown net of expenditure of £10,707 in respect of Council Members Fares Pool as detailed in note 11(b) to the financial statements.

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

### 1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 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 12 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.

**HOPS:** The operation of HOPS Labour Solutions in 2010. With effect from 1 January 2011 the trading activity of HOPS has been carried out by HOPS Labour Solutions Limited, a wholly owned subsidiary of the Federation.

**Development and Training:** Provision of learning opportunities through delivery of practical programmes and fieldwork support to members together with the provision of training programmes for members and associated accreditation.

**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.

**Federation Administration:** Cost of maintenance of the Federation's national headquarters and supporting the counties and clubs

**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

	2011 £	2010 £
HOPS Labour Solutions Limited	200,000	-
10/26 Advertising	34,360	-
Other	11,371	9,669
	<u>245,731</u>	<u>9,669</u>

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

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### 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.

#### **Pension costs**

Pension costs are charged to the income and expenditure accounts as they become due.

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

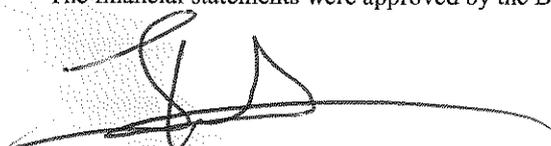
## BALANCE SHEET

For the year ended 31 December 2011

	Note	2011 £	2010 £
<b>ASSETS EMPLOYED</b>			
Tangible fixed assets	8	19,223	21,404
Investments – Listed	9	1,618,139	1,613,225
Investments – Unlisted	9	3	3
		<u>1,637,365</u>	<u>1,634,632</u>
<b>CURRENT ASSETS</b>			
Stock – Club supplies		8,000	8,000
Debtors and prepayments	10	406,564	121,375
Cash at bank and in hand		288,892	703,499
		<u>703,456</u>	<u>832,874</u>
<b>CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year			
Creditors and accruals	11	222,891	335,475
		<u>222,891</u>	<u>335,475</u>
<b>NET CURRENT ASSETS</b>		<u>480,565</u>	<u>497,399</u>
<b>NET ASSETS</b>		<u>2,117,930</u>	<u>2,132,031</u>
<b>FUNDED BY</b>			
Restricted funds	12	721,497	733,278
General funds	13	1,396,433	1,398,753
		<u>2,117,930</u>	<u>2,132,031</u>

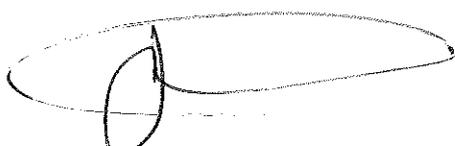
The notes on pages 6 to 14 form part of these financial statements.

The financial statements were approved by the Board of Management on

  
Chairman of Council

  
Chairman of Board of Management

  
Chairman of Trustees

  
Treasurer

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT**

For the year ended 31 December 2011

	Note	Unrestricted funds £	Restricted funds £	2011 £	2010 £
<b>Incoming resources</b>					
Donations, sponsorship and gifts	2	245,731	-	245,731	9,669
Grants	3	-	55,856	55,856	25,134
Membership levy		214,786	-	214,786	206,732
Investment income	4	47,062	520	47,582	42,170
Membership convention		209,578	-	209,578	204,416
HOPS income		-	-	-	933,612
Events		8,138	-	8,138	-
Other income	5	44,639	-	44,639	60,526
<b>TOTAL INCOMING RESOURCES</b>		<b>769,934</b>	<b>56,376</b>	<b>826,310</b>	<b>1,482,259</b>
<b>Resources expended</b>					
<b>Direct programme expenditure</b>					
Membership convention		134,054	-	134,054	149,145
Club supplies		-	-	-	4,972
HOPS expenditure		-	-	-	505,467
Development and training		92,297	60,141	152,438	178,703
Competitions		65,442	-	65,442	83,126
Agriculture		66,507	-	66,507	55,483
		358,300	60,141	418,441	976,896
<b>Other expenditure</b>					
Federation administration	7	228,144	-	228,144	298,263
Fundraising and marketing		88,457	-	88,457	48,634
Events		7,166	-	7,166	-
Information technology		60,571	-	60,571	40,706
		384,338	-	384,338	387,603
<b>TOTAL RESOURCES EXPENDED</b>	6	<b>742,638</b>	<b>60,141</b>	<b>802,779</b>	<b>1,364,499</b>
<b>NET INCOMING RESOURCES/(OUTGOINGS)</b>					
		27,296	(3,765)	23,531	117,760
Realised loss on sale of investments		(17,371)	-	(17,371)	(2,042)
Unrealised (loss)/gain on revaluation of investments		(12,245)	(8,016)	(20,261)	146,243
<b>NET MOVEMENTS IN FUNDS</b>		<b>(2,320)</b>	<b>(11,781)</b>	<b>(14,101)</b>	<b>261,961</b>
Fund balances at 1 January 2011		1,398,753	733,278	2,132,031	1,870,070
<b>FUND BALANCES AT 31 DECEMBER 2011</b>		<b>1,396,433</b>	<b>721,497</b>	<b>2,117,930</b>	<b>2,132,031</b>

The notes on pages 6 to 14 form part of these financial statements.

The net incoming resources for the year arise from the Federation's continuing operations.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE NATIONAL  
FEDERATION OF YOUNG FARMERS' CLUBS (CONTINUED)**

**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.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham

2012



## **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 2011 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 APB's website 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 Federation's affairs as at 31 December 2011 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Friendly Societies Act 1974.

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

## **REPORT OF THE COUNCIL**

For the year ended 31 December 2011

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### **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 £1,396,433. 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.

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

**FINANCIAL STATEMENTS**

For the year ended 31 December 2011

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2011