

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2013

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

FINANCIAL STATEMENTS

For the year ended 31 December 2013

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THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

REPORT OF THE COUNCIL

For the year ended 31 December 2013

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 £1,526,238. 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 2013 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.

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 2013 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Friendly Societies Act 1974.

**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
Date:

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2013

	Note	Unrestricted funds		Restricted funds	2013	2012
		General	Designated			
		£	£	£	£	£
Incoming resources						
Donations, sponsorship and gifts	2	82,766	15,000	-	97,766	126,786
Grants	3	-	-	71,784	71,784	60,954
Membership levy		225,085	-	-	225,085	222,265
Investment income - HOPS	4	125,000	-	-	125,000	319,000
Investment income - other	4	50,117	-	336	50,453	50,542
Membership convention		259,235	-	-	259,235	217,048
Events		-	-	-	-	20,334
Other income	5	39,768	-	-	39,768	38,445
TOTAL INCOMING RESOURCES		781,971	15,000	72,120	869,091	1,055,374
Resources expended						
Direct programme expenditure						
Membership convention		148,475	-	-	148,475	161,812
Club supplies		23,655	-	-	23,655	19,971
Youthwork		55,383	-	-	55,383)
Training		5,151	-	49,560	54,711)
Travel		26,410	-	26,020	52,430)
Competitions		68,005	-	-	68,005	66,891
Agriculture and rural affairs		82,010	-	-	82,010	108,369
		409,089	-	75,580	484,669	498,052
Other expenditure						
Central		148,647	-	4,542	153,189)
Management		92,774	-	-	92,774)
Governance		113,263	-	-	113,263)
Fundraising and marketing		183,705	-	625	184,330	132,930
Events		-	-	-	-	29,383
Information technology		43,428	-	-	43,428	31,913
		581,817	-	5,167	586,984	457,122
TOTAL RESOURCES EXPENDED	6	990,906	-	80,747	1,071,653	955,174
NET (OUTGOING)/INCOMING RESOURCES		(208,935)	15,000	(8,627)	(202,562)	100,200
Realised gain on sale of investments		4,465	-	-	4,465	11,295
Unrealised gain on revaluation of investments		146,838	-	90,189	237,027	112,287
Transfer between funds		5,553	-	(5,553)	-	-
NET MOVEMENTS IN FUNDS		(52,079)	15,000	76,009	38,930	223,782
Fund balances at 1 January 2013		1,381,773	181,544	778,395	2,341,712	2,117,930
FUND BALANCES AT 31 DECEMBER 2013		1,329,694	196,544	854,404	2,380,642	2,341,712

The notes on pages 6 to 13 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 2013

	Note	2013 £	2012 £
ASSETS EMPLOYED			
Tangible fixed assets	7	16,942	15,931
Investments – Listed	8	2,065,384	1,781,292
Investments – Unlisted	8	3	3
		<u>2,082,329</u>	<u>1,797,226</u>
CURRENT ASSETS			
Stock – Club supplies		8,000	8,000
Debtors and prepayments	9	165,944	374,680
Cash at bank and in hand		389,451	435,756
		<u>563,395</u>	<u>818,436</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year			
Creditors and accruals	10	265,082	273,950
		<u>265,082</u>	<u>273,950</u>
NET CURRENT ASSETS			
		<u>298,313</u>	<u>544,486</u>
NET ASSETS			
		<u>2,380,642</u>	<u>2,341,712</u>
FUNDED BY			
Restricted funds	11	854,404	778,395
Unrestricted funds	12	1,526,238	1,563,317
		<u>2,380,642</u>	<u>2,341,712</u>

The notes on pages 6 to 13 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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 2013

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 2013 amounted to £2,133 (2012: £1,355).

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.

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.

Events Cost of organising dinners and ad-hoc events.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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

	2013 £	2012 £
Donations	15,000	56,533
Other	82,766	70,253
	<u>97,766</u>	<u>126,786</u>

3 GRANTS

	2013 £	2012 £
DEFRA	47,560	58,954
Natural England	-	2,000
British Council	24,224	-
	<u>71,784</u>	<u>60,954</u>

4 INVESTMENT INCOME

	2013 £	2012 £
Donation from HOPS Labour Solutions Limited	125,000	319,000
Investment income	50,117	49,930
Bank interest	336	612
	<u>175,453</u>	<u>369,542</u>

5 OTHER INCOME

	2013 £	2012 £
Club supplies	16,244	14,259
Miscellaneous receipts	23,524	24,186
	<u>39,768</u>	<u>38,445</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 2013

6 TOTAL RESOURCES EXPENDED

	Salary costs £	Other costs £	Depreciation £	2013 Total £	2012 Total £
Membership convention	36,847	111,628	-	148,475	161,812
Club supplies	5,777	17,878	-	23,655	19,971
Youthwork	44,698	10,685	-	55,383)
Training	35,901	18,810	-	54,711) 141,009
Travel	15,452	36,978	-	52,430)
Competitions	38,093	29,912	-	68,005	66,891
Agriculture and rural affairs	31,128	50,882	-	82,010	108,369
Central	92,897	55,750	4,542	153,189)
Management	63,134	29,640	-	92,774) 262,896
Governance	73,075	40,188	-	113,263)
Fundraising and marketing	100,842	83,488	-	184,330	132,930
Events	-	-	-	-	29,383
Information technology	18,586	24,842	-	43,428	31,913
	<u>556,430</u>	<u>510,681</u>	<u>4,542</u>	<u>1,071,653</u>	<u>955,174</u>

Included in the above

	2013 £	2012 £
Staff costs	556,430	453,245
Audit	11,651	11,275
Operating lease rentals	<u>17,612</u>	<u>14,558</u>

Management staff costs include £14,081 (2012: £nil) in respect of additional shortfall pension contributions for Federation employees who have retired during the year.

7 TANGIBLE FIXED ASSETS

	Leasehold building (short lease) £	Furniture and equipment £	Total £
Cost			
At 1 January 2013	67,144	139,384	206,528
Additions	-	5,553	5,553
At 31 December 2013	<u>67,144</u>	<u>144,937</u>	<u>212,081</u>
Depreciation			
At 1 January 2013	54,086	136,511	190,597
Charge for the year	1,193	3,349	4,542
At 31 December 2013	<u>55,279</u>	<u>139,860</u>	<u>195,139</u>
Net book value at 31 December 2013	<u>11,865</u>	<u>5,077</u>	<u>16,942</u>
Net book value at 31 December 2012	<u>13,058</u>	<u>2,873</u>	<u>15,931</u>

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

8 INVESTMENTS

	2013 £	2012 £
Investment portfolio		
Market value of listed investments at 1 January 2013	1,740,743	1,603,750
Acquisitions at cost for year	328,447	228,863
Market value of disposals	(245,360)	(204,157)
	<u>1,823,830</u>	<u>1,628,456</u>
Revaluation gains	237,027	112,287
Market value of listed investments at 31 December 2013	<u>2,060,857</u>	1,740,743
Deposit with broker	4,527	40,549
Market value at 31 December 2013	<u>2,065,384</u>	<u>1,781,292</u>
Cost at 31 December 2013	<u>1,518,633</u>	<u>1,414,311</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.

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	427,404	214,452
HOPS (Polska) sp. zo. o	Recruitment of seasonal workers for HOPS Labour Solutions Limited	29,849	7,108

9 DEBTORS

	2013 £	2012 £
Trade debtors	15,169	49,993
Amounts owed by subsidiary undertakings	119,857	317,880
Prepayments and accrued income	30,918	6,807
	<u>165,944</u>	<u>374,680</u>

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

10 CREDITORS

(a) Amounts falling due within one year	2013	2012
	£	£
Trade creditors	21,149	45,347
Amounts received in advance	150,391	149,890
Deferred income	28,133	26,675
Taxation and social security	21,473	19,540
Other creditors and accruals	43,936	32,498
	<u>265,082</u>	<u>273,950</u>
(b) Council Members Fares Pool	2013	2012
	£	£
Balance 1 January 2013	-	-
Receipts	11,468	10,880
Payments	(11,468)	(10,880)
Balance at 31 December 2013	<u>-</u>	<u>-</u>

11 MOVEMENT ON RESTRICTED FUNDS

	Balance at 1 January 2013 £	Income £	Expenditure £	Transfer between funds £	Gain on revaluation of investments £	Balance at 31 December 2013 £
YFC Centre endowment fund	312,689	-	(4,542)	(5,553)	43,949	346,543
King George VI development fund	328,980	-	-	-	46,240	375,220
Investment reserve	52,049	-	-	-	-	52,049
International fund	34,004	166	-	-	-	34,170
Cotterell fund	2,754	14	-	-	-	2,768
Australia fund	31,900	156	(1,796)	-	-	30,260
DEFRA grant	-	47,560	(47,560)	-	-	-
British Council	-	24,224	(24,224)	-	-	-
Royal Bank of Scotland Sponsorship	2,000	-	(2,000)	-	-	-
Wheatland Memorial Trust	14,019	-	(625)	-	-	13,394
	<u>778,395</u>	<u>72,120</u>	<u>(80,747)</u>	<u>(5,553)</u>	<u>90,189</u>	<u>854,404</u>

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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.

Wheatland Memorial Trust Fund

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

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

12 MOVEMENT ON UNRESTRICTED FUNDS

	Balance at 1 January 2013 £	Income £	Expenditure £	Transfer between funds £	Gain on revaluation/ disposal of investments £	Balance at 31 December 2013 £
Designated funds						
Fieldwork fund	35,539	-	-	-	-	35,539
International fund	35,000	-	-	-	-	35,000
Building fund	41,491	-	-	-	-	41,491
Reinvestment fund	27,000	-	-	-	-	27,000
J Billing fund	42,514	15,000	-	-	-	57,514
General funds	<u>1,381,773</u>	<u>781,971</u>	<u>(990,906)</u>	<u>5,553</u>	<u>151,303</u>	<u>1,329,694</u>
TOTAL FUNDS	<u>1,563,317</u>	<u>796,971</u>	<u>(990,906)</u>	<u>5,553</u>	<u>151,303</u>	<u>1,526,238</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.

13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed Assets £	Investments £	Net current assets £	2013 Total £
Restricted funds	16,942	773,812	63,650	854,404
Unrestricted funds	-	1,291,575	234,663	1,526,238
	<u>16,942</u>	<u>2,065,387</u>	<u>298,313</u>	<u>2,380,642</u>

14 OPERATING LEASE COMMITMENTS

At 31 December 2013 the Federation had annual commitments under non-cancellable operating leases as follows:

	2013 £	2012 £
Land and buildings:		
Expiring in more than five years	4,467	8,934
Furniture and equipment		
Expiring between one and five years	7,468	12,020

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

There were no capital commitments at 31 December 2013 or 31 December 2012.