

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2015

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

FINANCIAL STATEMENTS

For the year ended 31 December 2015

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THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 December 2015

STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

The Friendly Societies Act 1974 requires the Board of Management 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 Board of Management 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 Board of Management 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 Board of Management 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 Board of Management is also responsible for safeguarding the assets of the Federation and hence, for taking reasonable steps for the prevention and detection of fraud.

Board of Management members recognise these responsibilities and have ensured that the necessary safeguards are in place.

So far as the members of the Board 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 Board of Management has taken all the steps that he ought to have taken as a member of the Board 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 £1,411,608. The Federation's Reserves Policy is to maintain freely available reserves equivalent to between six and twelve months of budgeted operating expenditure.

RISK REVIEW

The Board of Management 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 Board of Management 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 Board of Management 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 2015 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 BOARD OF MANAGEMENT AND AUDITORS

As explained more fully in the Statement of Board of Management's Responsibilities set out on page 1, the Board of Management 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 2015 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.

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 2015

	Note	Unrestricted funds		Restricted	2015	2014
		General	Designated	funds		
		£	£	£	£	£
Incoming resources						
Donations, sponsorship and gifts	2	121,489	14,500	-	135,989	127,352
Grants	3	11,995	-	34,000	45,995	84,346
Membership levy		288,158	-	-	288,158	240,900
Investment income - HOPS	4	10,000	-	-	10,000	-
Investment income - other	4	35,971	-	20,561	56,532	48,715
Membership convention		295,096	-	-	295,096	265,952
Other income	5	55,490	-	-	55,490	52,770
TOTAL INCOMING RESOURCES		818,199	14,500	54,561	887,260	820,035
Resources expended						
Direct programme expenditure						
Membership convention		162,896	-	-	162,896	146,907
Club supplies		21,257	-	-	21,257	22,207
Youthwork and training		89,609	1,892	13,520	105,021	102,384
Travel		24,586	954	2,114	27,654	30,890
Competitions		56,703	-	3,949	60,652	72,827
South East Area Project		4,900	5,626	-	10,526	-
Agriculture and rural issues		33,610	-	26,047	59,657	98,570
		393,561	8,472	45,630	447,663	473,785
Other expenditure						
Central		97,528	321	9,722	107,571	123,552
Management		63,208	2,462	-	65,670	57,941
Governance		71,838	-	-	71,838	70,977
Fundraising and marketing		181,272	-	-	181,272	161,984
Information technology		36,972	-	-	36,972	37,961
		450,818	2,783	9,722	463,323	452,415
TOTAL RESOURCES EXPENDED	6	844,379	11,255	55,352	910,986	926,200
NET (OUTGOING)/INCOMING RESOURCES		(26,180)	3,245	(791)	(23,726)	(106,165)
Realised loss on sale of investments		(14,302)	-	-	(14,302)	(1,075)
Unrealised (loss)/gain on revaluation of investments		(493)	-	(280)	(773)	48,230
Transfer between funds		-	-	-	-	-
NET MOVEMENTS IN FUNDS		(40,975)	3,245	(1,071)	(38,801)	(59,010)
Fund balances at 1 January 2015		1,276,224	173,114	872,294	2,321,632	2,380,642
FUND BALANCES AT 31 DECEMBER 2015		1,235,249	176,359	871,223	2,282,831	2,321,632

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 2015

	Note	2015 £	2014 £
ASSETS EMPLOYED			
Tangible fixed assets	7	19,749	13,117
Investments – Listed	8	2,182,302	2,150,912
Investments – Unlisted	8	3	3
		<u>2,202,054</u>	<u>2,164,032</u>
CURRENT ASSETS			
Stock – Club supplies		8,000	8,000
Debtors and prepayments	9	58,221	43,050
Cash at bank and in hand		358,945	376,142
		<u>425,166</u>	<u>427,192</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year			
Creditors and accruals	10	344,389	269,592
		<u>344,389</u>	<u>269,592</u>
NET CURRENT ASSETS			
		<u>80,777</u>	<u>157,600</u>
NET ASSETS			
		<u>2,282,831</u>	<u>2,321,632</u>
FUNDED BY			
Restricted funds	11	871,223	872,294
Unrestricted funds	12	1,411,608	1,449,338
		<u>2,282,831</u>	<u>2,321,632</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 .

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 2015

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 Board of Management, 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 - 7 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. Contributions payable to a defined contribution pension scheme as at 31 December 2015 amounted to £3,244 (2014: £2,283).

Operating leases

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

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 and training: 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. 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 issues: 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.

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.

South East Area Project: A pilot project in the South East region of England designed to strengthen the YFC membership base and improve YFC member and YFC County Federation participation and engagement with programmers of work.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

2 DONATIONS, SPONSORSHIP AND GIFTS

	2015 £	2014 £
Donations	75,366	73,533
Sponsorship	60,623	53,819
	<u>135,989</u>	<u>127,352</u>

3 GRANTS

	2015 £	2014 £
DEFRA	34,000	56,646
Rural Youth Trust	3,720	2,000
National Council for Voluntary Youth Services	8,275	25,700
	<u>45,995</u>	<u>84,346</u>

4 INVESTMENT INCOME

	2015 £	2014 £
Donation from HOPS Labour Solutions Limited	10,000	-
Investment income	55,926	48,454
Bank interest	606	261
	<u>66,532</u>	<u>48,715</u>

5 OTHER INCOME

	2015 £	2014 £
Club supplies	17,377	18,455
Competition income	5,437	8,064
South East Area Project	4,900	-
Other receipts	27,776	26,251
	<u>55,490</u>	<u>52,770</u>

Income from shared services, within other receipts, is shown net of expenditure of £11,468 in respect of Council Members Fares Pool.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

6 TOTAL RESOURCES EXPENDED

	Salary costs £	Other costs £	Depreciation £	2015 Total £	2014 £
			-		
Membership convention	27,943	134,954	-	162,897	146,907
Club supplies	5,961	15,296	-	21,257	22,207
Youthwork and training	71,271	33,749	-	105,020	102,384
Travel	16,691	10,963	-	27,654	30,890
Competitions	36,741	23,911	-	60,652	72,827
Agriculture and rural issues	29,872	29,785	-	59,657	98,570
Central	63,111	39,937	4,523	107,571	123,552
Management	37,592	28,078	-	65,670	57,941
Governance	44,365	27,473	-	71,838	70,977
Fundraising and marketing	102,298	78,974	-	181,272	161,984
Information technology	23,594	13,378	-	36,972	37,961
South East Aea project	8,550	1,976	-	10,526	-
	467,989	438,474	4,523	910,986	926,200

Included in the above

	2015 £	2014 £
Staff costs	467,989	440,356
Audit	12,300	11,950
Operating lease rentals	12,118	12,710

Management staff costs include £19,725 (2014: £18,936) 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 2015	67,144	144,937	212,081
Additions	-	11,155	11,155
At 31 December 2015	67,144	156,092	223,236
Depreciation			
At 1 January 2015	56,472	142,492	198,964
Charge for the year	1,193	3,330	4,523
At 31 December 2015	57,665	145,822	203,487
Net book value at 31 December 2015	9,479	10,270	19,749
Net book value at 31 December 2014	10,672	2,445	13,117

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

8 INVESTMENTS

	2015 £	2014 £
Investment portfolio		
Market value of listed investments at 1 January 2015	2,128,522	2,060,857
Acquisitions at cost for year	281,313	339,827
Market value of disposals	(347,232)	(310,000)
	<u>2,062,603</u>	<u>2,090,684</u>
Revaluation (losses)/gains	(773)	37,838
Market value of listed investments at 31 December 2015	<u>2,061,830</u>	2,128,522
Deposit with broker	120,472	22,390
Market value at 31 December 2015	<u>2,182,302</u>	<u>2,150,912</u>
Cost at 31 December 2015	<u>1,605,922</u>	<u>1,632,962</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.

Name of subsidiary	Principal activity	Share Capital and Reserves £	Profit for the financial year £
HOPS Labour Solutions Limited	Recruitment of seasonal workers	350,614	2,982

9 DEBTORS

	2015 £	2014 £
Trade debtors	27,375	8,914
Amount due from subsidiary undertakings	8,057	-
Prepayments and accrued income	23,459	34,136
	<u>58,891</u>	<u>43,050</u>

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

10 CREDITORS

(a) amounts falling due within one year

	2015 £	2014 £
Trade creditors	12,501	13,429
Amount due to subsidiary undertakings	-	1,113
Amounts received in advance	215,956	181,020
Deferred income	67,654	25,450
Taxation and social security	22,373	16,958
Other creditors and accruals	26,575	31,622
	<u>345,059</u>	<u>269,592</u>

11 MOVEMENT ON RESTRICTED FUNDS

	Balance at 1 January 2015 £	Income £	Expenditure £	Transfer between funds £	Gain on revaluation of investments £	Balance at 31 December 2015 £
YFC Centre endowment fund	355,219	9,722	(9,722)	-	(135)	355,084
King George VI development fund	384,614	10,527	(10,527)	-	(145)	384,469
Investment reserve	52,049	-	-	-	-	52,049
International fund	34,315	155	-	-	-	34,470
Cotterell fund	2,780	12	-	-	-	2,792
Australia fund	30,364	145	(600)	-	-	29,909
DEFRA grant	-	34,000	(34,000)	-	-	-
Wheatland Memorial Trust	12,953	-	(503)	-	-	12,450
	<u>872,294</u>	<u>54,561</u>	<u>(55,352)</u>	<u>-</u>	<u>(280)</u>	<u>871,223</u>

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.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

11 MOVEMENT ON RESTRICTED FUNDS (CONTINUED)

Nature and purpose of funds (continued)

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 2015 £	Income £	Expenditure £	Transfer between funds £	Gain on revaluation/ disposal of investments £	Balance at 31 December 2015 £
Designated funds						
Fieldwork fund	31,318	-	(10,151)	-	-	21,167
International fund	32,790	-	(954)	-	-	31,836
Building fund	38,992	-	(150)	-	-	38,842
J Billing fund	70,014	14,500	-	-	-	84,514
General funds	<u>1,276,224</u>	<u>818,199</u>	<u>(844,379)</u>	-	(14,795)	1,235,249
TOTAL FUNDS	<u>1,449,338</u>	<u>822,699</u>	<u>(855,634)</u>	-	(14,795)	1,411,608

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 £	2015 Total £
Restricted funds	19,749	771,852	79,622	871,223
Unrestricted funds	-	1,410,453	1,155	1,411,608
	<u>19,749</u>	<u>2,182,305</u>	<u>80,777</u>	2,282,831

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

14 OPERATING LEASE COMMITMENTS

At 31 December 2015 the Federation had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Land and buildings:		
Expiring between one and five years	4,467	4,467
Furniture and equipment		
Expiring within one year	4,504	-
Expiring between one and five years	<u>2,278</u>	<u>8,965</u>

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 2015 the Federation had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in the financial statements	<u>-</u>	<u>2,507</u>

17 RELATED PARTY TRANSACTIONS

During the year the Federation charged £59,314 (2014: £70,401) to HOPS Labour Solutions Limited for management services and office facilities provided during the year, and was charged £20,058 (2014: £25,872) in respect of management recharges from HOPS Labour Solutions Limited. The company also received a charitable donation of £10,000 (2014: £nil) from HOPS Labour Solutions Limited.

At the year end the company was owed £8,057 (2014: owed £1,113) by HOPS Labour Solutions Limited.