

THE NATIONAL FEDERATION OF  
YOUNG FARMERS' CLUBS

FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2018

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## FINANCIAL STATEMENTS

For the year ended 31 December 2018

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

## **REPORT OF THE BOARD OF MANAGEMENT**

For the year ended 31 December 2018

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### **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 auditor in connection with preparing their report) of which the Federation's auditor is 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 auditor is aware of that information.

### **RESERVES POLICY**

General reserves at the year end stood at £1,433,103. The Federation's Reserves Policy is to maintain freely available reserves equivalent to between six and twelve months of budgeted operating expenditure. Given the expected decrease in 2019 income, and the risk of a significant change in the value of the Federation's investments, the Board of Management is satisfied that the current level of reserves is appropriate.

### **RISK REVIEW**

The Board of Management has considered the risks to which the Federation 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 Federation. 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.

### **ANNUAL MEMBERS' CONVENTION**

Following deliberation by the Board of Management, a decision was taken to discontinue the annual members convention from 2019 onwards.

## **Independent auditor's report to the members of the National Federation of Young Farmers' Clubs**

### **Opinion**

We have audited the financial statements of the National Federation of Young Farmers' Clubs (the 'friendly society') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements:

- give a true and fair view of the state of the friendly society's affairs as at 31 December 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Friendly Societies Act 1974.

### **Basis for opinion**

We have been appointed as auditor under section 36 of the Friendly Societies Act 1974 and report in accordance with regulations made under section 38 of that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the friendly society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Who we are reporting to**

This report is made solely to the members of the Board of Management of the friendly society, 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 members of the Board 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 friendly society and its Board as a body, for our audit work, for this report, or for the opinions we have formed.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the friendly society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **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 friendly society has not kept sufficient accounting records; or

## **Independent auditor's report to the members of the National Federation of Young Farmers' Clubs (continued)**

- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Board of Management for the financial statements**

As explained more fully in the Board of Management's Responsibilities Statement set out on page 1, the Board are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the friendly society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the friendly society or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants

### **Birmingham**

*27 March 2019*

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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

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

For the year ended 31 December 2018

	Note	Unrestricted funds		Restricted funds	2018	2017
		General	Designated			Restated
		£	£	£	£	£
<b>Incoming resources</b>						
Donations, sponsorship and gifts	2	78,983	-	-	<b>78,983</b>	46,862
Grants	3	-	109,970	3,500	<b>113,470</b>	80,095
Membership levy		351,443	-	-	<b>351,443</b>	340,649
Investment income - HOPS		35,000	-	-	<b>35,000</b>	30,000
Investment income - other	4	36,478	-	20,623	<b>57,101</b>	60,324
Membership convention		421,172	-	-	<b>421,172</b>	333,588
Other income	5	56,715	-	-	<b>56,715</b>	57,273
<b>TOTAL INCOMING RESOURCES</b>		<u>979,791</u>	<u>109,970</u>	<u>24,123</u>	<u><b>1,113,884</b></u>	<u>948,791</u>
<b>Resources expended</b>						
<b>Direct programme expenditure</b>						
Membership convention		218,762	-	-	<b>218,762</b>	190,026
Club supplies		17,613	-	-	<b>17,613</b>	19,908
Youth work and training		91,258	54,016	5,616	<b>150,890</b>	121,403
Travel		20,611	-	2,898	<b>23,509</b>	24,934
Competitions		59,675	17,703	4,483	<b>81,861</b>	72,930
Youth Social Action		899	-	11,607	<b>12,506</b>	15,311
Agriculture and rural issues		58,864	40,319	-	<b>99,183</b>	92,060
		<u>467,682</u>	<u>112,038</u>	<u>24,604</u>	<u><b>604,324</b></u>	<u>536,572</u>
<b>Other expenditure</b>						
Central		100,732	1,553	9,749	<b>112,034</b>	98,963
Management		53,474	2,453	-	<b>55,927</b>	72,130
Governance		72,567	150	-	<b>72,717</b>	74,980
Fundraising and marketing		181,934	-	-	<b>181,934</b>	153,724
Information technology		41,969	-	-	<b>41,969</b>	39,121
		<u>450,676</u>	<u>4,156</u>	<u>9,749</u>	<u><b>464,581</b></u>	<u>438,918</u>
<b>TOTAL RESOURCES EXPENDED</b>	6	<u>918,358</u>	<u>116,194</u>	<u>34,353</u>	<u><b>1,068,905</b></u>	<u>975,490</u>
<b>NET (OUTGOING)/INCOMING RESOURCES</b>		61,433	(6,224)	(10,230)	44,979	(26,699)
Realised gain on sale of investments		(795)	-	-	(795)	7,625
Unrealised gain/(loss) on revaluation of investments		(101,112)	-	(56,163)	(157,275)	221,180
<b>NET MOVEMENTS IN FUNDS</b>		<u>(40,474)</u>	<u>(6,224)</u>	<u>(66,393)</u>	<u>(113,091)</u>	<u>202,106</u>
Fund balances at 1 January 2018		1,473,577	183,746	1,054,728	2,712,051	2,509,945
<b>FUND BALANCES AT 31 DECEMBER 2018</b>		<u>1,433,103</u>	<u>177,522</u>	<u>988,335</u>	<u>2,598,960</u>	<u>2,712,051</u>

The notes on pages 6 to 18 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 2018

	Note	2018 £	2017 Restated £
<b>ASSETS EMPLOYED</b>			
Tangible fixed assets	7	8,428	10,483
Intangible fixed assets	8	4,524	-
Investments – Listed	9	2,711,752	2,825,377
Investments – Unlisted	9	3	3
		<u>2,724,707</u>	<u>2,835,863</u>
<b>CURRENT ASSETS</b>			
Stock – Club supplies		5,748	6,822
Stock – Youthwork and training		585	1,819
Debtors and prepayments	10	32,149	58,154
Cash at bank and in hand		<u>390,108</u>	<u>318,443</u>
		<u>428,590</u>	<u>385,238</u>
<b>CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year			
Pensions provision	17	25,000	23,000
Creditors and accruals	11	385,336	317,050
		<u>410,336</u>	<u>340,050</u>
<b>NET CURRENT ASSETS</b>		<u>18,254</u>	<u>45,188</u>
<b>NON-CURRENT LIABILITIES</b>			
Creditors: Amounts falling due after one year			
Pensions provision	17	144,000	169,000
		<u>144,000</u>	<u>169,000</u>
<b>NET ASSETS</b>		<u>2,598,960</u>	<u>2,712,051</u>
<b>FUNDED BY</b>			
Restricted funds	12	988,335	1,054,728
Unrestricted funds	13	1,610,625	1,657,323
		<u>2,598,960</u>	<u>2,712,051</u>

The notes on pages 6 to 18 form part of these financial statements.

The financial statements were approved by the Board of Management on 21 March 2019



Chairman of Council



Chairman of Trustees



Chief Officer



Chairman of Board of Management

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

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### 1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Friendly Societies Act 1974. The National Federation of Young Farmers' Clubs meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

#### **Preparation of the accounts on a going concern basis**

The Board are of the view that the friendly society holds sufficient current assets to meet its obligations for the foreseeable future and the accounts are therefore prepared on a going concern basis.

#### **Consolidation**

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

#### **Incoming resources**

Donations, sponsorship and grants receivable for specific purposes are recognised as restricted income when the amount receivable can be reliably measured, receipt is probable and the Federation is entitled to the income. Unspent restricted income is carried forward in the balance sheet within restricted reserves.

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.

#### **Tangible fixed assets**

Tangible fixed assets are capitalised at their cost on acquisition. 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

#### **Intangible fixed assets**

Intangible fixed assets are capitalised at their cost on acquisition. Amortisation is provided to write off the costs of intangible fixed assets over the useful lives on a straight line basis as detailed below.

Software	-	5 years straight line basis
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#### **Stock**

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

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

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### **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 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 2018 amounted to £3,142 (2017: £2,934).

### **Operating leases**

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

### **Financial Instruments**

The Federation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value (in the case of creditors) or market value (in the case of investment assets).

### **Provisions**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the Statement of Financial Activities in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

### **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.

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

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<b>Youthwork and training:</b>	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.
<b>Travel:</b>	Provision of opportunity to take part in overseas trips, home stays and working opportunities.
<b>Competitions:</b>	Provision of a wide programme of activities, training members for life in personal and vocational skills.
<b>Agriculture and rural issues:</b>	Dealing with and responding to matters related to agricultural legislation and industry links.
<b>Central:</b>	Running costs of the Federation's national headquarters including variable costs, equipment leases and irrecoverable VAT.
<b>Management:</b>	Professional and legal fees (including the employment service for counties), audit and accountancy, recruitment costs and travel of the Federation's staff members to area meetings.
<b>Governance:</b>	Costs associated with the strategic direction of the Federation, including Council meetings, Board of Management meetings and the AGM.
<b>Fundraising and Marketing:</b>	Cost of publicising the Federation's national headquarters and supporting the counties and clubs.
<b>Information Technology:</b>	Cost of provision and maintenance of membership database and associated information technology.
<b>Youth Social Action:</b>	Administration of the Countryside Challenge, a project to encourage and enable members to organise and undertake social action projects in their community.

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

### 2 DONATIONS, SPONSORSHIP AND GIFTS

	2018	2017
	£	£
Donations	3,362	8,487
Sponsorship	75,621	38,375
	<u>78,983</u>	<u>46,862</u>

### 3 GRANTS

	2018	2017
	£	£
DEFRA	35,970	29,585
Rural Youth Trust	4,000	4,260
NFU Mutual Charitable Trust	30,000	30,000
J Billing Fund	40,000	-
Youth Social Action	3,500	12,500
Prince's Countryside Fund	-	3,750
	<u>113,470</u>	<u>80,095</u>

### 4 INVESTMENT INCOME

	2018	2017
	£	£
Investment income	56,690	60,136
Bank interest	411	188
	<u>57,101</u>	<u>60,324</u>

### 5 OTHER INCOME

	2018	2017
	£	£
Club supplies	4,361	14,509
Competition income	6,005	9,262
Other receipts	46,349	33,234
	<u>56,715</u>	<u>57,273</u>

Income from shared services, within other receipts, is shown net of expenditure of £11,718 (2017: £9,610) in respect of Council Members Fares Pool.

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

**NOTES TO THE ACCOUNTS**

For the year ended 31 December 2018

**6 TOTAL RESOURCES EXPENDED**

	Salary costs	Other costs	Depreciation & Amortisation	2018 Total	2017 Restated
	£	£	£	£	£
Membership convention	51,758	167,004	-	<b>218,762</b>	190,026
Club supplies	4,980	12,633	-	<b>17,613</b>	19,908
Youth work and training	116,267	34,623	-	<b>150,890</b>	121,403
Travel	15,392	8,117	-	<b>23,509</b>	24,934
Competitions	56,026	25,835	-	<b>81,861</b>	72,929
Agriculture and rural issues	46,917	52,266	-	<b>99,183</b>	92,060
Central	64,397	46,543	1,094	<b>112,034</b>	98,963
Management	4,010	51,917	-	<b>55,927</b>	72,130
Governance	38,539	34,178	-	<b>72,717</b>	74,980
Fundraising and marketing	69,852	112,082	-	<b>181,934</b>	153,724
Information technology	25,729	14,337	1,903	<b>41,969</b>	39,121
Youth Social Action	9,006	3,500	-	<b>12,506</b>	15,311
	<b>502,873</b>	<b>563,035</b>	<b>2,997</b>	<b>1,068,905</b>	<b>975,490</b>
				<b>2018</b>	<b>2017</b>
				<b>£</b>	<b>£</b>
Staff costs				<b>502,873</b>	464,558
Audit				<b>13,300</b>	12,900
Operating lease rentals				<b>18,815</b>	13,127

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

**NOTES TO THE ACCOUNTS**

For the year ended 31 December 2018

**7 TANGIBLE FIXED ASSETS**

	<b>Leasehold building (short lease) £</b>	<b>Furniture and equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2018	67,144	28,775	95,919
Additions	-	785	785
Disposals	-	-	-
At 31 December 2018	<u>67,144</u>	<u>29,560</u>	<u>96,704</u>
<b>Depreciation</b>			
At 1 January 2018	67,144	18,292	85,436
Charge for the year	-	2,841	2,841
Disposals	-	-	-
At 31 December 2018	<u>67,144</u>	<u>21,133</u>	<u>88,277</u>
<b>Net book value at 31 December 2018</b>	<u>-</u>	<u><b>8,428</b></u>	<u><b>8,428</b></u>
Net book value at 31 December 2017	<u>-</u>	<u>10,483</u>	<u>10,483</u>

**8 INTANGIBLE FIXED ASSETS**

	<b>Software £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 January 2018	-	-
Additions	4,680	4,680
At 31 December 2018	<u>4,680</u>	<u>4,680</u>
<b>Amortisation</b>		
At 1 January 2018	-	-
Charge for the year	156	156
At 31 December 2018	<u>156</u>	<u>156</u>
<b>Net book value at 31 December 2018</b>	<u><b>4,524</b></u>	<u><b>4,524</b></u>
Net book value at 31 December 2017	<u>-</u>	<u>-</u>

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

NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

**9 INVESTMENTS**

	<b>2018</b>	2017
	£	£
<b>Investment portfolio</b>		
Market value of listed investments at 1 January 2018	2,780,674	2,515,749
Acquisitions at cost for year	485,145	246,742
Market value of disposals	(430,650)	(202,997)
	<u>2,835,169</u>	<u>2,559,484</u>
Revaluation gains/(losses)	(157,275)	221,180
Market value of listed investments at 31 December 2018	<u>2,677,894</u>	<u>2,780,674</u>
Deposit with broker	33,858	44,703
<b>Total investment assets at 31 December 2018</b>	<u><b>2,711,752</b></u>	<u><b>2,825,377</b></u>
Cost at 31 December 2018	<u>2,179,422</u>	<u>1,987,223</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/(Loss) for the financial year £
HOPS Labour Solutions Limited	Recruitment of seasonal workers	422,650	56,573

**10 DEBTORS**

	<b>2018</b>	2017
	£	Restated £
Trade debtors	<b>12,192</b>	23,040
Amount due from subsidiary undertaking	-	31,902
Prepayments and accrued income	<u>19,557</u>	<u>3,211</u>
	<u><b>32,149</b></u>	<u>58,154</u>

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

### 11 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	33,979	13,975
Amounts received in advance	249,520	226,716
Deferred income	28,305	28,004
Taxation and social security	19,934	24,124
Amounts due to subsidiary undertaking	10,194	-
Other creditors and accruals	43,404	24,231
	<u>385,336</u>	<u>317,050</u>

### 12 MOVEMENT ON RESTRICTED FUNDS

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfer between funds £	(Loss) on revaluation of investments £	Balance at 31 December 2018 £
YFC Centre endowment fund	441,236	9,749	(9,749)	-	(26,966)	414,270
King George VI development fund	477,751	10,556	(10,556)	-	(29,197)	448,554
Investment reserve	52,049	-	-	-	-	52,049
International fund	32,485	158	(1,477)	-	-	31,166
Cotterell fund	2,811	13	-	-	-	2,824
Australia fund	29,466	148	(153)	-	-	29,461
Youth Social Action grant	8,107	3,500	(11,607)	-	-	-
Wheatland Memorial Trust	10,823	-	(811)	-	-	10,012
	<u>1,054,728</u>	<u>24,123</u>	<u>(34,353)</u>	<u>-</u>	<u>(56,163)</u>	<u>988,335</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.

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

### MOVEMENT ON RESTRICTED 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. Income from the fund is to be used to fund NFYFC Scholarships to Australia for YFC members resident in certain counties in England, and to meet the costs of travel inside the UK for Australian visitors while on NFYFC's official travel exchange programme.

#### Youth Social Action Fund

This fund will be used for administration of the Countryside Challenge, a project to encourage and enable members to organise and undertake social action projects in their community.

#### 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.

### 13 MOVEMENT ON UNRESTRICTED FUNDS

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfer between funds £	Gain on revaluation/ disposal of investments £	Balance at 31 December 2018 £
<b>Designated funds</b>						
Fieldwork fund	12,904	-	(5,251)	-	-	7,653
International fund	29,432	-	-	-	-	29,432
Building fund	36,896	-	(973)	-	-	35,923
J Billing fund	104,514	40,000	(40,000)	-	-	104,514
DEFRA grant	-	35,970	(35,970)	-	-	-
NFU Mutual Trust	-	30,000	(30,000)	-	-	-
Rural Youth Trust	-	4,000	(4,000)	-	-	-
<b>General funds</b>	<u>1,473,577</u>	<u>979,791</u>	<u>(918,358)</u>	-	<u>(101,907)</u>	<u>1,433,103</u>
<b>TOTAL FUNDS</b>	<u>1,657,323</u>	<u>1,089,761</u>	<u>(1,034,552)</u>	-	<u>(101,907)</u>	<u>1,610,625</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 ACCOUNTS

For the year ended 31 December 2018

### 14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<b>Tangible fixed assets</b>	<b>Investments</b>	<b>Other net assets</b>	<b>2018 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Restricted funds	12,952	975,383	-	<b>988,335</b>
Unrestricted funds	-	1,736,372	(125,747)	<b>1,610,625</b>
	<u>12,952</u>	<u>2,711,755</u>	<u>(125,747)</u>	<u><b>2,598,960</b></u>

### 15 OPERATING LEASE COMMITMENTS

At 31 December 2018 the Federation had annual commitments under non-cancellable operating leases as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Furniture and equipment</b>		
Expiring within one year	<b>3,816</b>	6,634
Expiring between one and five years	<b>1,498</b>	2,026

### 16 CONTINGENT LIABILITIES

When an employer withdraws from a multi-employer defined benefit (DB) pension scheme such as the scheme in which the Federation participates, and the scheme is in deficit, the employer must by law pay its share of the deficit, calculated on a statutory basis known as the buy-out basis. The estimated debt on withdrawal for the Federation, based on the most recent triennial valuation with an effective date of 30 September 2017, has been calculated to be £230,871.

### 17 DEFINED BENEFIT PENSIONS PROVISION

The company participates in the Growth Plan (administered by TPT Retirement Solutions), a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

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### **Deficit contributions**

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £795m, liabilities of £926m and a deficit of £131m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme. Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. Where the scheme is in deficit and where a member employer has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

The contributions required and share of liabilities attributable to the Federation are set out in the table overleaf.

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

**NOTES TO THE ACCOUNTS**

For the year ended 31 December 2018

**DEFINED BENEFIT PENSIONS PROVISION (continued)**

	31 December 2018 £000s	31 December 2017 £000s	31 December 2016 £000s
Present value of provision	169	192	211

**PRESENT VALUES OF PROVISION**

**RECONCILIATION OF OPENING AND CLOSING PROVISIONS**

	<b>Period Ending</b> 31 December 2018 £000s	<b>Period Ending</b> 31 December 2017 £000s
Provision at start of period	192	211
Unwinding of the discount factor (interest expense)	3	4
Deficit contribution paid	(24)	(23)
Remeasurements - impact of any change in assumptions	(2)	0
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	169	192

**INCOME AND EXPENDITURE IMPACT**

	<b>Period Ending</b> 31 December 2018 £000s	<b>Period Ending</b> 31 December 2017 £000s
Interest expense	3	4
Remeasurements – impact of any change in assumptions	(2)	0
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service	-	-
Costs recognised in income and expenditure account	1	4

**ASSUMPTIONS**

	31 December 2018 % per annum	31 December 2017 % per annum	31 December 2016 % per annum
Rate of discount	1.75	1.39	1.44

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

# THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2018

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### 18 FINANCIAL INSTRUMENTS

	2018	2017
	£	£
<i>Financial assets at fair value through profit or loss</i>		
Listed investments	2,677,894	2,780,674
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Cash & cash equivalents	423,966	363,147
Other debtors	12,192	54,942
<i>Financial liabilities measured at amortised cost</i>		
Creditors	87,577	58,210

### 19 PAYMENT FROM SUBSIDIARY UNDER GIFT AID

An amount of £52,000 will be distributed by HOPS Labour Solutions to the National Federation of Young Farmers Club under gift aid before 30 September 2019. In 2018 the Federation received a gift aid donation of £35,000 (2017 £30,000) from HOPS Labour Solutions Limited, which is recognised as income in the Statement of Financial Activities in the year of receipt.

### 20 PRIOR PERIOD ADJUSTMENTS

*Gift aid donations received from subsidiary undertaking*

In prior year accounts, the Federation would accrue for the gift aid donation it anticipated receiving from HOPS Labour Solutions Limited in the following year. In line with the requirements of FRS 102, such donations are now only recognised as income in the year of receipt. This represents a change in accounting policy which has been reflected in these accounts as a prior period adjustment.

*Pension scheme deficit contributions*

As explained in note 17, the Federation is legally obliged to make future payments to reduce the deficit in the pension scheme in which it participates. In previous years these payments were treated as an expense in the year in which they were paid. However, in accordance with the requirements of FRS 102, a provision has now been recognised in the accounts for all future payments due. This represents a change in accounting policy which has been reflected in these accounts as a prior period adjustment.

### 21 RELATED PARTY TRANSACTIONS

During the year the Federation charged £51,660 (2017: £51,660) to HOPS Labour Solutions Limited for management services and office facilities provided during the year, and was charged £8,544 (2017: £8,512) in respect of management recharges from HOPS Labour Solutions Limited. The company also received a charitable donation of £35,000 (2017: £30,000) from HOPS Labour Solutions Limited.

At the year end the company owed £10,194 (2017: was owed £31,902 by) to HOPS Labour Solutions Limited.