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FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:	NFU Scotland
Year ended:	31 October 2016
List No:	5036E
Head or Main Office:	Rural Centre West Mains Ingliston EH28 8LT
Website address (if available)	www.nfus.org.uk
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Tick as appropriate)
General Secretary:	Scott Walker (Chief Executive)
Contact name for queries regarding the completion of this return:	Colin Gordon
Telephone Number:	0131 472 4011
e-mail:	c.gordon@nfus.org.uk

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Employers' Associations based in England and Wales:
Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Employers' Associations based in Scotland:
Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG



(Revised February 2011)

RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
8,297	-	-	-	8,297

OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office. (see annual accounts p1)

CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change
Director	George Lawrie	John Livingstone Dickson	11 February 2016
Director	John Wildman	James Hastings Ireland	11 February 2016
Director	John Semple	Angus MacFadyen	11 February 2016

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	INCOME			
2,067,018	From Members	Subscriptions, levies, etc	2,069,503	
67,349	Investment income	Interest and dividends (gross)	60,261	
4,394		Bank interest (gross)	3,809	
18,287	Other income	Rents received	16,924	
558,000		Miscellaneous Receipts (Donation)	568,000	
8,473		Gain/(Loss) on sale of fixed assets	4,401	
11,443		Unrealised Gains on investments	187,860	
203,941		Other	82,975	
2,938,905		TOTAL INCOME		2,993,733
	EXPENDITURE			
	Administrative expenses			
1,531,864		Remuneration and expenses of staff	1,572,263	
128,245		Commission	124,445	
321,829		Expenses and Representation	322,756	
236,010		Regional Costs	186,033	
262,687		Promotional Costs	125,059	
310,632		Other Administration and property expenses	292,710	
2,791,267				2,623,266
6,578	Other charges	Bank charges	6,940	
66,294		Depreciation	61,612	
9,750		Audit Fees	12,650	
(5,224)		Taxation	30,888	
2,868,665	TOTAL EXPENDITURE			2,735,356
70,240		Surplus/Deficit for year		258,377
2,339,698		*Amount of fund at beginning of year		2,409,938
2,409,938		Amount of fund at end of year		2,668,315
*Re Guidance Note 15 Opening Balances have been restated to Account for FRS102 revaluation				

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND
(see notes 17 to 18)

ACCOUNT 2		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 3		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 4		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 5		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND
(see notes 17 to 18)

ACCOUNT 6		Fund Account	
Name of account:		£	£
Income			
From members			
Investment income			
Other income (specify)			
	Total Income		
Expenditure			
Administrative expenses			
Other expenditure (specify)			
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 7		Fund Account	
Name of account:		£	£
Income			
From members			
Investment income			
Other income (specify)			
	Total Income		
Expenditure			
Administrative expenses			
Other expenditure (specify)			
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

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Previous Year		£	£
164,347	Fixed Assets (as at page 11)		178,772
	Investments (as per analysis on page 13)		
1,400,188	Quoted at Market Value	1,534,825	
516,845	Unquoted	539,738	
418,675	Investment Properties	430,000	
2,335,708	Total Investments		2,504,563
	Other Assets		
120,951	Sundry debtors		60,275
513,220	Cash at bank and in hand		691,878
634,171	Total of other assets		752,153
3,134,226	TOTAL ASSETS		3,435,488
	Fund (Account)		
	Fund (Account)		
	Fund (Account)		
	Revaluation Reserve		
	Liabilities		
649,645	Sundry creditors		668,973
74,643	Deferred Taxation		98,200
724,288	TOTAL LIABILITIES		767,173
3,134,226	TOTAL ASSETS		3,435,488

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
COST OR VALUATION				
At start of period	418,675	1,787	162,560	583,022
Additions during period		605	91,971	92,576
Revaluation	11,325			11,325
Less: Disposals during period			(16,539)	(16,539)
Less: DEPRECIATION:		(1,095)	(60,517)	(61,612)
Total to end of period	430,000	1,297	177,475	608,772
BOOK AMOUNT at end of period	430,000	1,297	177,475	608,772
Freehold	430,000			430,000
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
AS BALANCE SHEET	430,000	1,297	177,475	608,772

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £
QUOTED	British Government & British Government Guaranteed Securities	
	Treasury 2.5% Index linked 2024	52,706
	Other quoted securities (to be specified)	1,482,119
	TOTAL QUOTED (as Balance Sheet)	1,534,825
	*Market Value of Quoted Investments	
UNQUOTED	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified) SARDC	539,738
	TOTAL UNQUOTED (as Balance Sheet)	539,738
	*Market Value of Unquoted Investments	

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		YES	NO ✓
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
INCORPORATED EMPLOYERS' ASSOCIATIONS			
Are the shares which are controlled by the association registered in the association's name		YES ✓	NO
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		
UNINCORPORATED EMPLOYERS ASSOCIATIONS			
Are the shares which are controlled by the association registered in the names of the association's trustees?		YES	NO
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	2,069,503		2,069,503
From Investments	64,070		64,070
Other Income (including increases by revaluation of assets)	860,160		860,160
Total Income	2,993,733		2,993,733
EXPENDITURE (including decreases by revaluation of assets)			
Total Expenditure	2,735,356		2,735,356
Funds at beginning of year (including reserves)	2,409,938		2,409,938
Funds at end of year (including reserves)	2,668,315		2,668,315
ASSETS			
Fixed Assets			178,772
Investment Assets			2,504,563
Other Assets			752,153
Total Assets			3,435,488
LIABILITIES			
Total Liabilities			767,173
NET ASSETS (Total Assets less Total Liabilities)			2,668,315

NOTES TO THE ACCOUNTS

(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.


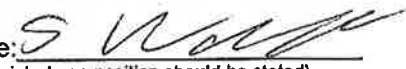
ACCOUNTING POLICIES

(see notes 37 and 38)

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Finance Directors's	Chief Executive's
Signature: <u></u>	Signature: <u></u>
(or other official whose position should be stated)	(or other official whose position should be stated)
Name: <u>Colin Gordon</u>	Name: <u>Scott Walker</u>
Date: <u>27/3/17</u>	Date: <u>27/3/17</u>

CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES	<input checked="" type="checkbox"/>	NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES	<input type="checkbox"/>	NO	<input checked="" type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES	<input checked="" type="checkbox"/>	NO	

AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

☒ YES ☐ NO

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
 - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
 - (c) whether the accounts to which the report relates agree with the accounting records?
- (See section 36(3) of the 1992 Act, set out in note 43)

☒ YES ☐ NO

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
- (See section 36(4) of the 1992 Act set out in note 43)

☒ YES ☐ NO

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.
(See note 45)

AUDITOR'S REPORT (continued)

Signature(s) of auditor or auditors:	Johnston Carmichael LLP	
Name(s):	JOHNSTON CARMICHAEL LLP	
Profession(s) or Calling(s):	CA	
Address(es):	7-11 MELVILLE ST EDINBURGH EH3 7PE	
Date:	28/3/17	
Contact name and telephone number:	SCOTT HOLMES 0131 220 2203	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.



FINANCIAL REPORT

CERTIFICATION OFFICE
FOR TRADE UNIONS
& EMPLOYERS' ASSOCIATIONS
- 9 MAY 2017

SHAPING THE FUTURE OF SCOTTISH AGRICULTURE

1

Directors' Report and Financial Statements for the year ended 31 October 2016

The directors present their report and financial statements for the year ended 31 October 2016.

Principal activities

The principal activity of the company continued to be that of a member body for farmers and other related rural businesses in Scotland.

Members

Each member is liable to contribute an amount (not exceeding £1) to the assets of the company in the event of it being wound up.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

George Templeton Lawrie	(Resigned 11 February 2016)
Gerald Peter Banks	
Scott Alexander Walker	
Charles Robert Adam	
John Henry Wildman	(Resigned 11 February 2016)
Walter Allan Bowie	
Andrew McCornick	
Gary Leslie Dixon Mitchell	
Robert Neil Livesey	
John Semple	(Resigned 11 February 2016)
Thomas Aitken French	
Kevin John Gilbert	
Roderick Catto	
Stuart Wilson McNicol	
James Johnston Whiteford	
Jamie Brown Smart	
Martin Colin Kennedy	
Ian Kerr Sands	
Roderick Kennedy	
William Graeme Kilpatrick	
Paul Henry Ross	
Angus MacFadyen	(Appointed 11 February 2016)
James Hastings Ireland	(Appointed 11 February 2016)
John Livingstone Dickson	(Appointed 11 February 2016)

Auditors

In accordance with the company's articles, a resolution proposing that Johnston Carmichael LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Scott Alexander Walker

Director

1st December 2016

Independent Auditors' Report to the Members of NFU Scotland

We have audited the financial statements of NFU Scotland for the year ended 31 October 2016 which comprise the Profit And Loss Account, the Balance Sheet, the Statement of Changes in Members' Funds, the Statement of Cash Flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Chapter 1A Small Entities.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material misstatements and material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2016 and of its profit 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

David Holmes (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

1 December 2016

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	2016 £	2015 £
Turnover		2,720,478	2,828,959
Administrative expenses		(2,700,067)	(2,865,413)
Other operating income		16,924	18,287
Operating profit/(loss)	2	37,335	(18,167)
Interest receivable and similar income		64,070	71,743
Interest payable and similar expenses			(3)
Unrealised fair value gains and losses on investments		176,535	11,443
Unrealised fair value gains and losses on investment properties		11,325	-
		289,265	65,016
Profit before taxation			
Taxation	4	(30,888)	5,224
Profit for the financial year		258,377	70,240
Total comprehensive income for the year		258,377	70,240

Taxation comprises of current and deferred taxation. More details are in note 4.

BALANCE SHEET AS AT 31 OCTOBER 2016

	Notes	£	2016 £	£	2015 £
Fixed assets			178,772		164,347
Tangible assets	5		430,000		418,675
Investment properties	6		2,074,563		1,917,033
Investments	7		2,683,335		2,500,055
Current assets				120,951	
Debtors	9	60,275		513,220	
Cash at bank and in hand		691,878		634,171	
		752,153		(649,645)	
Creditors: amounts falling due within one year	10	(668,973)			
Net current assets /(liabilities)			83,180		(15,474)
Total assets less current liabilities			2,766,515		2,484,581
Provisions for liabilities	11		(98,200)		(74,643)
Net assets			2,668,315		2,409,938
Capital and reserves					
Revaluation reserve	12		1,022,043		847,740
Profit and loss reserves			1,646,272		1,562,198
Members' funds			2,668,315		2,409,938

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 1 December 2016 and are signed on its behalf by:

Scott Alexander Walker
Director

Andrew McCornick
Director

Company Registration No. SC214564

STATEMENT OF CHANGES IN MEMBERS' FUNDS FOR THE YEAR ENDED 31 OCTOBER 2016

	Revaluation reserve	Profit and loss reserves	Total
	£	£	£
Balance at 1 November 2014	369,356	1,561,368	1,930,724
Effect of transition to FRS 102	457,372	(48,398)	408,974
As restated	826,728	1,512,970	2,339,698
Year ended 31 October 2015:			
Profit and total comprehensive income for the year	-	70,240	70,240
Transfer of unrealised gains	21,012	(21,012)	-
Balance at 31 October 2015	847,740	1,562,198	2,409,938
Year ended 31 October 2016:			
Profit and total comprehensive income for the year	-	258,377	258,377
Transfer of unrealised gains	174,303	(174,303)	-
Balance at 31 October 2016	1,022,043	1,646,272	2,668,315

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	£	2016 £	2015 £
Cash flows from operating activities				
Cash generated from/(absorbed by) operations	14		171,805	(7,771)
Interest paid			-	(3)
Income taxes paid			(4,586)	(6,196)
Net cash inflow/(outflow) from operating activities			167,219	(13,970)
Investing activities				
Purchase of tangible fixed assets		(92,576)		(107,959)
Proceeds on disposal of tangible fixed assets		20,940		14,838
Purchase of fixed asset investments		(23,962)		(60,639)
Proceeds on disposal of fixed asset investments		42,967		60,046
Interest received		3,809		4,394
Dividends received		60,261		67,349
Net cash generated from/(used in) investing activities			11,439	(21,971)
Net cash used in financing activities			-	-
Net increase/(decrease) in cash and cash equivalents			178,658	(35,941)
Cash and cash equivalents at beginning of year			513,220	549,161
Cash and cash equivalents at end of year			691,878	513,220

Notes to the Financial Statements for the year ended 31 October 2016

1 Accounting policies

Company information

NFU Scotland is a private company limited by guarantee incorporated in Scotland. The registered office is Rural Centre - West Mains, Ingliston, Newbridge, Midlothian, EH28 8LT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 October 2016 are the first financial statements of NFU Scotland prepared in accordance with FRS 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 November 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 15.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover comprises subscriptions received from members, donations received, and other sundry income.

Subscriptions received from members are recognised when received. Subscriptions relate to a calendar year, so at the financial year end, an adjustment to defer a portion of this income relating to November and December is made.

Donations and other sundry income is recognised when received.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets include investment properties professionally valued by Chartered Surveyors on an existing use open market value basis. Investment properties are not depreciated. Other tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% Straight Line
Computer equipment	33% Straight Line
Motor vehicles	25% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit and loss account.

1.5 Investment properties

Investment property, which is property held to earn rentals and for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

1.6 Fixed asset investments

Interests in associates are initially measured at transaction price, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in the profit and loss account.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks.

Notes to the Financial Statements for the year ended 31 October 2016 (continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in associates and listed investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit and loss account. Fair value of listed investments is the market price of these investments at the reporting date. Fair value of investments in associates is based on the fair value of net assets of the associate and the percentage holding the company has in the associate.

Impairment of financial assets

Financial assets, other than those held at fair value through the profit and loss account, are assessed for indicators of impairment at each reporting end date. Any impairment loss is recognised in the profit and loss account.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities, and includes the revaluation reserve and the profit and loss reserves.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Notes to the Financial Statements for the year ended 31 October 2016 (continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.14 Legal status

NFU Scotland is a company limited by guarantee which has been granted exemption, under Section 60 of the Companies Act 2006, from including 'Limited' in its name. There is no share capital. The liability of each member of the company, in the event of winding up, is limited to £1.

2 Operating profit/(loss)

Operating profit/(loss) for the year is stated after charging/(crediting):

	2016 £	2015 £
Fees payable to the company's auditor for the audit of the company's financial statements	12,650	9,750

3 Employees

The average monthly number of persons (including salaried directors) employed by the company during the year was 34 (2015 - 34).

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,275,329	1,233,292
Social security costs	134,113	126,814
Pension costs	114,415	110,269
	<u>1,523,857</u>	<u>1,470,375</u>

Notes to the Financial Statements for the year ended 31 October 2016 (continued)

4 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	8,250	4,488
Adjustments in respect of prior periods	(919)	(144)
Total current tax	<u>7,331</u>	<u>4,344</u>
Deferred tax		
On unrealised gains or losses on investments	<u>23,557</u>	<u>(9,568)</u>
Total tax charge	<u>30,888</u>	<u>(5,224)</u>

Current taxation arises on realised gains or losses from investments.

Deferred taxation relates to unrealised gains or losses on investments.

5 Tangible fixed assets

	Plant & machinery etc £
Cost	
At 1 November 2015	345,905
Additions	92,576
Disposals	(53,400)
At 31 October 2016	<u>385,081</u>
Depreciation and impairment	
At 1 November 2015	181,558
Depreciation charged in the year	61,612
Eliminated in respect of disposals	(36,861)
At 31 October 2016	<u>206,309</u>
Carrying amount	
At 31 October 2016	<u>178,772</u>
At 31 October 2015	<u>164,347</u>

6 Investment property

	2016 £
Fair value	
At 1 November 2015	418,675
Revaluations	11,325
At 31 October 2016	<u>430,000</u>

Investment property comprises four properties. A fair value of £205,000 was obtained for three of these properties in 2014, the directors believe there has been no change in this fair value since then. For the fourth property, a market value of £225,000 was obtained during the year by the directors from Davidson Robertson Chartered Surveyors.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2016 £	2015 £
Cost	277,422	277,422
Accumulated depreciation		
Carrying amount	<u>277,422</u>	<u>277,422</u>

Notes to the Financial Statements for the year ended 31 October 2016 (continued)

7 Fixed asset investments

	2016 £	2015 £
Investments	<u>2,074,563</u>	<u>1,917,033</u>

The historic cost of unlisted investments amounts to £222,287 (2015: £222,287).

Movements in fixed asset investments

	Unlisted investments £	Listed investments £	Total £
Cost or valuation			
At 1 November 2015	516,845	1,400,188	1,917,033
Additions	-	23,962	23,962
Valuation changes	22,893	153,642	176,535
Disposals	-	(42,967)	(42,967)
At 31 October 2016	<u>539,738</u>	<u>1,534,825</u>	<u>2,074,563</u>
Carrying amount			
At 31 October 2016	<u>539,738</u>	<u>1,534,825</u>	<u>2,074,563</u>
At 31 October 2015	<u>516,845</u>	<u>1,400,188</u>	<u>1,917,033</u>

8 Associates

Details of the company's associates at 31 October 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct Indirect
Scottish Agricultural & Rural Scotland Development Centre Limited	Management of office property occupied by organisations mainly operating in the Agricultural and Rural sector	Ordinary	43.00

9 Debtors: amounts falling due within one year

	2016 £	2015 £
Trade debtors	30,152	24,369
Other debtors	<u>30,123</u>	<u>96,582</u>
	<u>60,275</u>	<u>120,951</u>

10 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	59,933	46,185
Corporation tax	7,233	4,488
Other taxation and social security	62,070	41,488
Other creditors	<u>539,737</u>	<u>557,484</u>
	<u>668,973</u>	<u>649,645</u>

11 Provisions for liabilities

	2016 £	2015 £
Deferred tax liabilities	98,200	74,643
	<u>98,200</u>	<u>74,643</u>

Deferred tax liabilities arise on unrealised gains on investment properties and investments.

Notes to the Financial Statements for the year ended 31 October 2016 (continued)

12 Revaluation reserve

	2016 €	2015 €
At beginning of year	847,740	826,728
Other movements	174,303	21,012
At end of year	<u>1,022,043</u>	<u>847,740</u>

Where assets are included at fair value, the unrealised uplift in their value is transferred from the profit and loss reserve to the revaluation reserve. Deferred tax movements on these unrealised gains are also transferred from the profit and loss reserve to the revaluation reserve.

13 Related party transactions

Listed below are the transactions between the company and The Scottish Agricultural & Rural Development Centre Limited, a company in which Gerald Banks and Scott Walker are also directors and in which the company has a 43% interest.

Purchases £77,014 (2015 - £94,164).

Sales £81,463 (2015 - £64,404).

Included in debtors is £5,863 (2015 - £23,690).

The company paid rent and service charges to the Scottish Agricultural & Rural Development Centre Limited in the year amounting to £65,557 (2015 - £75,784).

14 Cash generated from/(absorbed by) operations

	2016 €	2015 €
Profit for the year after tax	258,377	70,240
Adjustments for:		
Taxation charged /(credited)	30,888	(5,224)
Finance costs	-	3
Investment income	(64,070)	(71,743)
Gain on disposal of tangible fixed assets	(4,401)	(8,473)
Fair value gains and losses on investment properties	(11,325)	-
Depreciation and impairment of tangible fixed assets	61,612	66,294
Fair value gains and losses on investments	(176,535)	(11,443)
Movements in working capital:		
Decrease/(increase) in debtors	60,676	(24,823)
Increase/(decrease) in creditors	16,583	(22,602)
Cash generated from/(absorbed by) operations	<u>171,805</u>	<u>(7,771)</u>

Notes to the Financial Statements for the year ended 31 October 2016 (continued)

15 Reconciliations on adoption of FRS 102

Reconciliation of members' funds

	1 November 2014 £	31 October 2015 £
Members' funds as reported under previous UK GAAP	1,930,724	1,980,921
Adjustments arising from transition to FRS 102:		
Movement in market value of investments	541,583	553,026
Holiday pay accrual	[48,398]	[49,366]
Deferred tax liability	[84,211]	[74,643]
Members' funds reported under FRS 102	<u>2,339,698</u>	<u>2,409,938</u>

Reconciliation of profit for the financial period

	2015 £
Profit as reported under previous UK GAAP	50,197
Adjustments arising from transition to FRS 102:	
Movement in market value of investments	11,443
Holiday pay accrual	[968]
Deferred tax liability	9,568
Profit reported under FRS 102	<u>70,240</u>

Notes to reconciliations on adoption of FRS 102

Listed investments

Listed investments were previously included in the balance sheet at cost less provision for permanent diminution in value. These are now included in the balance sheet at their fair value as at the reporting date.

Investment in SARDC

The investment in Scottish Agricultural & Rural Development Centre Limited was previously included in the balance sheet at the directors' valuation. This is now included in the balance sheet at its fair value.

Deferred taxation

Accounting standards now require the company to recognise a deferred tax liability on unrealised revaluation gains and fair value uplifts. Previous accounting standards did not require this to be recognised.

Holiday pay accrual

The company is now required by accounting standards to include the cost of its staff members' holidays earned, but not yet taken as at the year end date. Therefore the value of this unpaid holiday pay has been retrospectively accrued into the accounts at each respective year end date.

MANAGEMENT INFORMATION

Detailed trading and profit & loss account for the year ended 31 October 2016

	2016	2015
£	£	£
Turnover		
Subscriptions	2,069,503	2,067,018
Donation from NFU Mutual	568,000	558,000
Sponsorship and services	51,000	42,987
Government Grants	-	115,848
Other income	31,975	45,106
	<u>2,720,478</u>	<u>2,828,959</u>
Other operating income		
Rent receivable	16,924	18,287
Administrative expenses	<u>(2,700,067)</u>	<u>(2,865,413)</u>
Operating profit/(loss)	37,335	(18,167)
Investment revenues		
Bank interest	3,809	4,394
Investment income	<u>60,261</u>	<u>67,349</u>
	64,070	71,743
Interest payable and similar expenses		
Other interest - paid		(3)
Other gains and losses		
Unrealised fair value movements in investments	176,535	11,443
Unrealised fair value gains and losses on investment properties	<u>11,325</u>	<u>-</u>
Profit before taxation	<u>289,265</u>	<u>65,016</u>

Schedule of Administrative Expenses for the year ended 31 October 2016

	2016 £	2015 £
Administrative expenses		
Wages and salaries	1,045,194	1,005,524
Social security costs	134,113	126,814
Staff training	17,433	26,015
Staff pension costs defined contribution	114,415	110,269
Directors' remuneration	261,108	263,242
Expenses and representation	322,756	321,829
Commission and incentives	124,445	128,245
Property costs	4,277	2,998
Administration costs	288,433	307,631
Audit fees	12,650	9,750
Bank charges	6,940	6,578
Branch costs and regional support	186,033	236,010
Promotional costs	125,059	262,687
Depreciation	61,612	66,294
Profit or loss on sale of tangible assets (non exceptional)	(4,401)	(8,473)
Total Administration Expenses	2,700,067	2,865,413

Review of Holdings and Values at 31 October 2016

The following represents assets held within the accounts of NFU Scotland.

Group 1: Centrally Held, Centrally Controlled Investments at Speirs and Jeffrey.

Name	Market Value £	Bank £	2016 Total £	2015 Total £
NFUS Head Office Consolidated Fund	1,195,498	66,172	1,261,670	1,125,588

Group 2: Centrally Held, Local and Central Control Investments held at Speirs and Jeffrey.

Name	Market Value £	Bank £	2016 £	2015 £
Arran	4,631	259	4,890	4,173
Balfron & Menteith (B)	2,273	127	2,400	2,048
Banff	41,581	3,882	45,463	36,016
Black Isle & Mid Ross	4,669	261	4,930	4,207
Caithness	21,673	1,210	22,883	19,528
Easter Ross	7,302	408	7,710	6,579
Fife & Kinross	1,144	64	1,208	1,031
Kintyre	3,664	205	3,869	3,301
Lanark	32,690	1,826	34,516	29,906
Lochaber (B)	459	26	485	414
Lothians	7,732	432	8,164	6,967
Mid Argyll	3,059	171	3,230	2,756
Moray, Nairn and Strathspey	2,908	162	3,070	2,620
North Argyll	3,141	175	3,316	2,830
Borders	12,610	704	13,314	11,362
Mid and East Berwick	9,773	546	10,319	-
Total	159,309	10,458	169,767	133,738

Group 3: Investments and bank accounts held locally and administered by local committee

Name	Market Value £	Cash £	2016 £	2015 £
Angus	76,380	75	76,455	75,852
Ayr	63,115	5,979	69,094	61,069
Bute	-	2,184	2,184	2,184
Dumfries	40,523	12,918	53,441	49,873
Forth Valley	-	1,998	1,998	1,998
Islay and Jura	-	1,085	1,085	1,085
Orkney (shares at cost)	8,000	63,468	71,468	68,058
Wigtownshire	-	3,352	3,352	3,349
Total	188,018	91,059	279,077	263,468

Grand Total 1,542,825 167,689 1,710,514 1,522,794

Property at market values

	£	In the Name of;
Roseburn Maltings	225,000	NFU Scotland
6 King Street, Castle Douglas	82,500	Dumfries and Stewartry Former Area Fund
83 North Street, Forfar	27,500	Angus Area Executive
60 Junction Road, Kirkwall	95,000	Orkney Area Executive