

12 FEB 2019

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## Employers' Association's details

Name of Employers' Association:

The National Farmers' Union

Year ended:

31 October 2018

List number:

245E

Head or Main Office:

Agriculture House  
Stoneleigh Park  
Kenilworth  
Warwickshire  
CV8 2TZ

Has the address changed during the year to which the return relates?

Yes

No

(Tick as appropriate)

Website address (if available)

www.nfuonline.co.uk

General Secretary:

Ken Sutherland

Contact name for queries regarding the completion of this return:

Tamsin Richards

Telephone Number:

02476 858500

E-mail:

Tamsin.Richards@nfu.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: 0330 109 3602.

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, Lower Ground Floor, Fleetbank House, 2-6 Salisbury Square, London, EC4Y 8JX.

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

CERTIFICATION OFFICE  
FOR TRADE UNIONS  
& EMPLOYERS' ASSOCIATIONS  
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## 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
<b>80,168</b>				<b>80,168</b>

## Change of officers

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

Position held	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change
President	Meurig Raymond	Minette Batters	21 February 2018
Deputy President	Minette Batters	Guy Smith	21 February 2018
Vice President	Guy Smith	Stuart Roberts	21 February 2018
President NFU Wales	Stephen James	John Davies	21 February 2018
Member of the Governance Board	Thomas Binns	David Exwood	23 April 2018
Member of the Governance Board	Charles Sercombe	Michael Oakes	23 April 2018

## Officers in post

(see note 10)

Please insert a complete list of all officers in post at the end of the year to which this form relates.

Name of Officer	Position held
Minette Batters	President
John Davies	President NFU Wales
David Exwood	Member of the Governance Board
Terry Jones	Director General
Michael Oakes	Member of the Governance Board
Stuart Roberts	Vice President
Angela Sargent	Member of the Governance Board
Michael Sly	Member of the Governance Board
James Small	Member of the Governance Board
Guy Smith	Deputy President
Ken Sutherland	NFU Secretary

## Revenue account/General Fund

(see notes 11 to 16)

Previous Year			£	£
	<b>Income</b>			
30,114,728	From Members	Subscriptions, levies, etc		31,992,026
1,993,342	Investment income	Interest and dividends (gross)	1,694,414	
34,818		Bank interest (gross)	42,473	
2,370,106		Investment Property rental income	2,235,115	
				3,972,002
7,726,018	Other income	FV movement in listed investments	-	
760,000		FV movement on investment property	-	
1,662,950		Private Medical Insurance Scheme: actuarial gain	804,849	
12,201,643		Defined benefit pension scheme: actuarial gain	-	
-		Profit from the sale of fixed assets	30,457	
				835,306
56,863,605	<b>Total income</b>			36,799,334
	<b>Expenditure</b>			
	Administrative expenses			
18,516,456		Remuneration and expenses of staff	20,620,131	
2,294,814		Occupancy costs	2,865,233	
271,458		Printing, Stationery, Post	304,339	
340,089		Telephones	347,120	
1,489,458		Legal and Professional fees	1,343,916	
65,119		Investment property rental costs	41,536	
188,916		Investment management fees	194,007	
2,445,718		Cost of Sales	2,665,681	
175,229		Miscellaneous expenses	272,588	
				28,654,551

-	Other charges	Bank charges	-	
528,929		Depreciation	595,610	
90,786		Amortisation of Goodwill	544,717	
3,533,239		Members' representation	3,458,699	
1,389,899		Promotional activities	1,645,763	
1,414,528		Grants – legal assistance scheme	1,354,180	
-		Interest Payable	40	
687,119		Notional finance costs on retirement benefit schemes	216,744	
-		Defined benefit pension scheme actuarial loss	1,448,095	
-		Fair value deficit on revaluation of investment property	4,339,000	
-		Fair value deficit on revaluation of listed investments	1,346,229	
				14,949,077
4,332,118	Taxation (credit)/charge			(1,538,759)
37,763,875		<b>Total expenditure</b>		42,064,869
19,099,730		Surplus/(Deficit) for year		(5,265,535)
109,654,092		Amount of fund at beginning of year		128,753,822
128,753,822		Amount of fund at end of year		123,488,287

(See notes 11 to 16)

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

<b>Account 3</b>		<b>Fund Account</b>	
<b>Name of account:</b>		<b>£</b>	<b>£</b>
<b>Income</b>	From members		
	Investment income		
	Other income (specify)		
		<b>Total Income</b>	
<b>Expenditure</b>	Administrative expenses		
	Other expenditure (specify)		
		<b>Total Expenditure</b>	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	

Amount of fund at the end of year (as Balance Sheet)

(See notes 11 to 16)

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

<b>Account 5</b>		<b>Fund Account</b>	
<b>Name of account:</b>		<b>£</b>	<b>£</b>
<b>Income</b>	From members		
	Investment income		
	Other income (specify)		
		<b>Total Income</b>	
<b>Expenditure</b>	Administrative expenses		
	Other expenditure (specify)		
		<b>Total Expenditure</b>	
		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)

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

<b>Account 7</b>		<b>Fund Account</b>	
<b>Name of account:</b>		<b>£</b>	<b>£</b>
<b>Income</b>			
	From members		
	Investment income		
	Other income (specify)		
		<b>Total Income</b>	
<b>Expenditure</b>			
	Administrative expenses		
	Other expenditure (specify)		
		<b>Total Expenditure</b>	
		Surplus (Deficit) for the year	



Amount of fund at beginning of year  
Amount of fund at the end of year (as Balance Sheet)

### Balance sheet as at 31 October 2018

(see notes 19 and 20)

Previous Year		£		£
2,632,801	<b>Intangible Assets</b>			2,102,627
	<b>Fixed Assets</b> (as at page 8)			
17,145,364	Tangible fixed assets			17,761,363
	<b>Investments</b> (as per analysis on page 9)			
76,929,213	Quoted (Market value £)	75,512,999		
57,390,000	Investment property	53,051,000		
	<b>Total Investments</b>			128,563,999
	<b>Other Assets</b>			
5,186,639	Sundry debtors	5,454,474		
4,416,503	Cash at bank and in hand	2,059,944		
	<b>Total of other assets</b>			7,514,418
163,700,520		<b>Total assets</b>		155,942,407
27,733,099	Revaluation of listed investments			25,324,568
39,673,930	Revaluation of investment property			35,334,930
61,346,793	Accumulated fund			62,828,789
	<b>Liabilities</b>			
10,466,942	Retirement benefit obligations	10,106,645		
1,447,250	Tax payable	954,047		
1,769,997	Sundry creditors	1,853,548		
3,654,651	Deferred income	3,166,614		
3,673,014	Accrued expenses	3,812,392		
13,934,844	Provisions	12,560,874		
34,946,698		<b>Total liabilities</b>		32,454,120
163,700,520		<b>Total assets</b>		155,942,407



## Fixed Assets Account

(see note 21)

	Freehold Property	Leasehold Property	Furniture, Equipment and Vehicles	Total
	£	£	£	£
<b>Cost or valuation</b>				
At start of period	7,339,022	13,466,631	4,547,175	25,352,828
Additions during period	139,738	645,509	477,582	1,262,829
Less: Disposals during period	-	73,720	78,116	151,836
Less: DEPRECIATION:				
Total to end of period	1,978,659	2,597,570	4,126,229	8,702,458
<b>Book amount at end of period</b>	5,500,101	11,440,850	820,412	17,761,363
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
As balance sheet				

## Analysis of investments

(see note 22)

		Other Funds £
<b>Quoted</b>	British Government & British Government Guaranteed Securities	-
	British Municipal and County Securities	-
	Other quoted securities (to be specified) Listed Investments	75,512,999
	Total quoted (as Balance Sheet)	75,512,999
	*Market Value of Quoted Investments	
<b>Unquoted</b>	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified)	
	Total unquoted (as Balance Sheet)	-
	*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)

<b>Does the association, or any constituent part of the association, have a controlling interest in any limited company?</b>		YES	
If YES name the relevant companies:			
Company name <b>NFU Services Limited</b> <b>FEC Energy Limited</b>	Company registration number (if not registered in England & Wales, state where registered) <b>03687910</b> <b>04056474</b>		
<b>Incorporated Employers' Associations</b>			
<b>Are the shares which are controlled by the association registered in the association's name</b>		N/A	
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
Company name	Names of shareholders		
<b>Unincorporated Employers' Associations</b>			
<b>Are the shares which are controlled by the association registered in the names of the association's trustees?</b>			NO
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
Company name <b>NFU Services Limited</b> <b>FEC Energy Limited</b>	Names of shareholders <b>National Farmers Union Trust Company Limited</b> <b>NFU Services Limited</b>		

## Summary sheet

(see notes 24 to 33)

	All funds except Political Funds £	Political Funds £	Total Funds £
<b>Income</b>			
From Members	31,992,026		31,992,026
From Investments	3,972,002		3,972,002
Other Income (including increases by revaluation of assets)	835,306		835,306
<b>Total Income</b>	36,799,334		36,799,334
<b>Expenditure</b> (including decreases by revaluation of assets)			
<b>Total Expenditure</b>	42,064,869		42,064,869
<b>Funds at beginning of year</b> (including reserves)	128,753,822		128,753,822
<b>Funds at end of year</b> (including reserves)	123,488,287		123,488,287
<b>Assets</b>			
Fixed Assets			19,863,990
Investment Assets			128,563,999
Other Assets			7,514,418
		<b>Total Assets</b>	155,942,407
<b>Liabilities</b>		<b>Total Liabilities</b>	32,454,120
<b>Net assets (Total Assets less Total Liabilities)</b>			123,488,287

## **Notes to the accounts**

(see note 34)

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

Please refer to the attached Financial Statements for the year ended 31 October 2018.

## Accounting policies

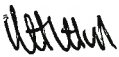

[\(see notes 35 and 36\)](#)

Please refer to the attached Financial Statements for the year ended 31 October 2018.  
Accounting policies are provided in Note 2 to the financial statements.

## Signatures to the annual return

including the accounts and balance sheet contained in the return.

[\(see notes 37 and 38\)](#)

Secretary's Signature: 	Chairman's Signature: (or other official whose position should be stated) 
Name: Ken Sutherland	Name: Minette Batters
Date: 29/1/19	Date: 29/1/19

## Checklist

[\(see note 39\)](#)

(please tick as appropriate)

Has the return of change of officers been completed? (see Page 2)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has the list of officers been completed? (see page 2a)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has the return been signed? (see Note 38)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has the auditor's report been completed? (see Note 39)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Is the rule book enclosed? (see Note 40)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has the summary sheet been completed? (see Notes 6 and 25 to 34)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>



## Checklist for auditor's report

(see notes 40 to 44)


The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

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)  
  
Please explain in your report overleaf or attached.
  
2. 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)  
  
Please explain in your report overleaf or attached.
  
3. Your auditors or auditor must include in their report the following wording:  
**In our opinion the financial statements:**
  - give a true and fair view of the matters to which they relate to.
  - have been prepared in accordance with the requirements of the section 28 to 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

### Auditor's report (continued)

Please refer to the attached Financial Statements for the year ended 31 October 2018.

The audit report to the members of the National Farmers' Union is provided on pages 5 to 6.

Signature(s) of auditor or auditors:		
Name(s):	<b>Nicholas Farrant</b> PKF Francis Clark	
Profession(s) or Calling(s):	Statutory auditor	
Address(es):	Ground Floor Blackbrook Gate 1 Blackbrook Business Park Taunton Somerset, TA1 2PX	
Date:	06 FEBRUARY 2019	
Contact name for enquiries and telephone number:	Nicholas Farrant 01823 275925	

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

CERTIFICATION OFFICE  
FOR TRADE UNIONS  
& EMPLOYERS' ASSOCIATIONS  
12 FEB 2019  
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**THE NATIONAL FARMERS' UNION**

**FINANCIAL STATEMENTS**

**31 OCTOBER 2018**

# THE NATIONAL FARMERS' UNION

## OFFICERS AND PROFESSIONAL ADVISERS

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### OFFICERS

M B Batters	President
G H Smith	Deputy President
S F Roberts	Vice President
J R Davies	President of NFU Cymru

### NFU GOVERNANCE BOARD

M B Batters	President
G H Smith	Deputy President
S F Roberts	Vice President
J R Davies	President of NFU Cymru
T J Jones	Director General
D Exwood	Chairman, South East Region
M H S Sly	Chairman, Sugar
M A Oakes	Chairman, Dairy
J E Small	Chairman, South West Region
A Sargent	Chairman, East Midlands Region

### NFU POLICY BOARD

M B Batters	President
G H Smith	Deputy President
S F Roberts	Vice President
J R Davies	President of NFU Cymru
T J Jones	Director General
M H S Sly	Chairman, Sugar
R G Findlay	Chairman, Livestock
T W Bradshaw	Chairman, Combinable Crops
M A Oakes	Chairman, Dairy
D N Priestner	Chairman, Poultry
R W Lister	National Pig Association
A M Capper	Chairman, Horticulture & Potatoes
H A J Clark	Director, Policy

### SECRETARY OF THE NFU

K Sutherland MA, FCA

### BANKERS

HSBC Bank plc  
Penman Way  
Grove Park, Enderby  
Leicester  
LE19 1SY

### AUDITOR

PKF Francis Clark  
Ground Floor  
Blackbrook Gate 1  
Blackbrook Business Park  
Taunton  
Somerset  
TA1 2PX

### REGISTERED OFFICE

Agriculture House  
Stoneleigh Park  
Warwickshire  
CV8 2TZ  
Tel: 024 7685 8500

Email: [nfu@nfu.org.uk](mailto:nfu@nfu.org.uk)

## THE NATIONAL FARMERS' UNION

### FINANCIAL REPORT (continued)

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Our Knightsbridge investment properties have decreased in value by £4.3 million to £53.1 million (2017: £57.4 million). These were valued by Hutchinson Morrison Childs as at 31 October 2018 apart from 1 & 2 Old Barrack Yard, which was valued separately by Chestertons. The Central London offices market has been remarkably resilient over the last two years, but is not immune to the wider economic uncertainties. It is likely that the investment market could be on the cusp of a correction due to the UK's economic performance worsening and downward pressure on office rental values.

The NFU also holds operational properties in order to fulfil its commercial and representational needs.

#### Post retirement benefits

The defined benefit pension scheme, which is valued and accounted for in accordance with FRS 102, is disclosed in detail in note 13 to the accounts as a deficit of £2.5 million (2017: £2.0 million). The NFU paid £1.0 million of pension deficit recovery payments (2017: £1.0 million) during October 2018. The main reason for the change over the period is worse than expected investment returns. The increase in deficit has been partially offset by the small increase in the discount rate.

During the year the PMI provision fell to £7.6 million (2017: £8.4 million). The main reason for this is that the actual premium inflation has been significantly lower than the 12% per annum assumed. The PMI provision is also disclosed in detail in note 13.

Consolidated balance sheet reserves have decreased by £5.3 million to £123.5 million (2017: £128.8 million).

#### Risk Management

The NFU's activities expose it to many types of business risk and risks to the farming economy as a whole. The NFU's financial, investment and other strategies seek to mitigate risk wherever practical and possible. A risk register, including Brexit related risk, has been approved by the Governance Board and is reviewed regularly by the Audit Committee.

The principal risks to the NFU are to its income, which is largely made up from subscriptions from farmer and grower members and contributions from the NFU Mutual. The main current uncertainty as to the ongoing level of subscription income surrounds the nature of any Brexit deal and the shape of a future domestic agricultural policy as indicated by the Agriculture Bill. The NFU has actively consulted members, including an Extraordinary Council meeting in December 2018, and led on food industry initiatives while engaging with other stakeholders and Government at the highest level to make the case for farming and highlight the potential impacts of the likely outcomes. We have also increased the scope of our London office in anticipation of policy setting moving from Brussels and set up an EU Exit and International Trade Unit headed up by a dedicated director.

The NFU's property and investment portfolio is well diversified between real estate and listed investments. The risk to property income has been mitigated by having a blue chip tenant on a long term lease. Our investment portfolio is split between two fund managers with very different styles. Another key growth measure is to further diversify our sources of income. The first step to achieving this was made with the acquisition of FEC Energy Limited in August 2017 and the NFU will continue to investigate appropriate opportunities as they arise.



K. Sutherland  
Secretary

9<sup>th</sup> January 2019

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL FARMERS' UNION**

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### **Opinion**

We have audited the financial statements of the National Farmers' Union (NFU) for the year ended 31 October 2018, which comprise the Consolidated Statement of Comprehensive Income, the Group and NFU Balance Sheet, the Group and NFU Statement of Changes in Reserves, the Group and NFU Cash Flow Statement, 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 FRS 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 Group's and NFU's affairs as at 31 October 2018 and of the Group's income and expenditure 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 Trade Union and Labour Relations (Consolidated) Act 1992.

### **Basis for opinion**

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 company 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.

### **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 officers' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the officers have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- proper accounting records have not been kept in accordance with the requirements of section 28 of the Act; or
- a satisfactory system of control over transactions has not been maintained in accordance with the requirements of that Section; or
- the accounts to which the report relates do not agree with the accounting records.

**THE NATIONAL FARMERS' UNION**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED 31 OCTOBER 2018**

	Note	2018 £	2017 £
<b>MEMBERS' SUBSCRIPTION AND RELATED INCOME</b>	5	31,992,026	30,114,728
<b>OPERATING COSTS</b>			
Cost of sales		2,665,681	2,445,718
Members' representation	6	3,458,699	3,533,239
Promotional activities	7	1,645,763	1,389,899
Staff costs	8	20,620,131	18,516,456
Legal assistance scheme	9	1,354,180	1,414,528
Administrative costs	10	2,267,963	2,276,234
Establishment costs	11	3,430,386	2,823,743
		<u>(35,442,803)</u>	<u>(32,399,817)</u>
<b>OPERATING DEFICIT</b>		<b>(3,450,777)</b>	<b>(2,285,089)</b>
<b>INVESTMENT ACTIVITIES</b>			
Investment property rental income		2,235,115	2,370,106
Investment property rental costs		(41,536)	(65,119)
Interest on term deposits		42,473	34,818
Dividends and other investment income		1,694,414	1,993,342
Investment management costs		(194,007)	(188,916)
Amortisation of goodwill		(544,717)	(90,786)
		<u>3,191,742</u>	<u>4,053,445</u>
<b>SURPLUS ON INVESTMENT ACTIVITIES</b>		<b>3,191,742</b>	<b>4,053,445</b>
<b>INTEREST</b>			
Interest payable		(40)	-
Notional finance costs of defined benefit pension and private medical insurance schemes	13	(216,744)	(687,119)
		<u>(216,784)</u>	<u>(687,119)</u>
<b>(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE FAIR VALUE MOVEMENTS AND TAXATION (carried forward)</b>		<b>(475,819)</b>	<b>1,081,237</b>


**THE NATIONAL FARMERS' UNION**

**CONSOLIDATED BALANCE SHEET**

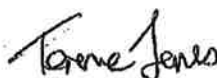
**31 OCTOBER 2018**

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Intangible assets	16	2,102,627	2,632,801
Tangible fixed assets	17	17,761,363	17,145,364
Investments			
Property	18	53,051,000	57,390,000
Other	18	75,512,999	76,929,213
		<u>148,427,989</u>	<u>154,097,378</u>
<b>CURRENT ASSETS</b>			
Debtors	19	5,454,474	5,186,639
Cash at bank and in hand		2,059,944	4,416,503
		<u>7,514,418</u>	<u>9,603,142</u>
<b>CREDITORS: amounts falling due within one year</b>	20	<u>(6,619,987)</u>	<u>(6,890,261)</u>
<b>NET CURRENT ASSETS</b>		<u>894,431</u>	<u>2,712,881</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>149,322,420</u>	<u>156,810,259</u>
<b>DEFERRED INCOME</b>	22	(3,166,614)	(3,654,651)
<b>PROVISIONS FOR LIABILITIES</b>	23	<u>(12,560,874)</u>	<u>(13,934,844)</u>
<b>NET ASSETS EXCLUDING RETIREMENT BENEFIT OBLIGATIONS</b>		<u>133,594,932</u>	<u>139,220,764</u>
<b>RETIREMENT BENEFIT OBLIGATIONS</b>	13	<u>(10,106,645)</u>	<u>(10,466,942)</u>
<b>NET ASSETS INCLUDING RETIREMENT BENEFIT OBLIGATIONS</b>		<u>123,488,287</u>	<u>128,753,822</u>
<b>RESERVES</b>		<u>123,488,287</u>	<u>128,753,822</u>

The accounts on pages 7 to 43 were approved and authorised for issue by the Board of Officers on 9<sup>th</sup> January 2019 and are signed on its behalf by:



M B Batters  
President



T J Jones  
Director General



**THE NATIONAL FARMERS' UNION**

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES  
YEAR ENDED 31 OCTOBER 2018**

	Revaluation reserve - listed investments £	Revaluation reserve - investment property £	Accumulated fund £	Total reserves £
<b>AT 31 OCTOBER 2016</b>	<b>22,007,577</b>	<b>39,061,446</b>	<b>48,585,069</b>	<b>109,654,092</b>
Surplus/(deficit) for the year	6,226,398	612,484	793,146	7,632,028
Other comprehensive income:				
Defined benefit pension scheme:				
- Actuarial gain	-	-	12,201,643	12,201,643
- Deferred tax on actuarial gain	-	-	(2,074,279)	(2,074,279)
Private Medical Insurance Scheme:				
- Actuarial gain	-	-	1,662,950	1,662,950
- Current tax on actuarial gain	-	-	(322,612)	(322,612)
Transfer of realised gains on investments	(500,876)	-	500,876	-
	<b>5,725,522</b>	<b>612,484</b>	<b>12,761,724</b>	<b>19,099,730</b>
<b>AT 31 OCTOBER 2017</b>	<b>27,733,099</b>	<b>39,673,930</b>	<b>61,346,793</b>	<b>128,753,822</b>
Surplus/(deficit) for the year	(1,346,229)	(4,339,000)	816,763	(4,868,466)
Other comprehensive income:				
Defined benefit pension scheme:				
- Actuarial gain	-	-	(1,448,095)	(1,448,095)
- Deferred tax on actuarial gain	-	-	246,177	246,177
Private Medical Insurance Scheme:				
- Actuarial gain	-	-	804,849	804,849
Transfer of realised gains on investments	(1,062,302)	-	1,062,302	-
	<b>(2,408,531)</b>	<b>(4,339,000)</b>	<b>1,481,996</b>	<b>(5,265,535)</b>
<b>AT 31 OCTOBER 2018</b>	<b>25,324,568</b>	<b>35,334,930</b>	<b>62,828,789</b>	<b>123,488,287</b>
NFU – General Fund	21,228,304	35,334,930	53,633,346	110,196,580
NFU – Legal Assistance Scheme	4,096,264	-	6,640,341	10,736,605
NFU Services Limited	-	-	2,331,762	2,331,762
FEC Energy Limited	-	-	223,340	223,340
<b>AT 31 OCTOBER 2018</b>	<b>25,324,568</b>	<b>35,334,930</b>	<b>62,828,789</b>	<b>123,488,287</b>

A description of these reserves is provided in note 25.

**THE NATIONAL FARMERS' UNION**

**CONSOLIDATED CASH FLOW STATEMENT  
YEAR ENDED 31 OCTOBER 2018**

	Note	2018 £	2017 £
<b>OPERATING ACTIVITIES</b>			
Cash used in operations	26	(4,665,372)	(3,373,645)
Investment income		3,736,419	4,144,231
Tax repaid		114,900	-
Tax paid		(208,759)	(140,918)
		<u>                    </u>	<u>                    </u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(1,022,812)</b>	<b>629,668</b>
		<u>                    </u>	<u>                    </u>
<b>INVESTING ACTIVITIES</b>			
Purchase of business (net of cash acquired)	4	-	(1,684,494)
Purchase of intangible fixed assets		(14,543)	-
Proceeds on tangible fixed assets		59,060	-
Purchase of tangible fixed assets		(1,262,829)	(675,011)
Purchase of investments		(2,881,471)	(4,873,473)
Proceeds on disposal of investments		2,766,036	4,804,508
		<u>                    </u>	<u>                    </u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(1,333,747)</b>	<b>(2,428,470)</b>
		<u>                    </u>	<u>                    </u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,356,559)</b>	<b>(1,798,802)</b>
		<u>                    </u>	<u>                    </u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>4,416,503</b>	<b>6,215,305</b>
		<u>                    </u>	<u>                    </u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>2,059,944</b>	<b>4,416,503</b>
		<u>                    </u>	<u>                    </u>
<b>Relating to:</b>			
Bank balances and short term deposits included in cash at bank and in hand		2,059,944	4,416,503
		<u>                    </u>	<u>                    </u>

# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2018

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### 1. BASIS OF ACCOUNTS

The financial statements include the income and expenditure, assets and liabilities of the National Farmers' Union (NFU).

The principal activities of the NFU are to champion British farming and provide representation and professional services to its farmer and grower members. The NFU is a public benefit entity.

The NFU is an unincorporated employers' association. As such, the NFU is not permitted to hold property and investments in its own name. Such assets are required to be held in the name of the trustees in trust for it. The NFU's properties and investments are therefore held in the name of the NFU Trust Co Limited acting as bare trustee for the NFU. These assets are nevertheless fully accounted for in these accounts.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Trade Union and Labour Relations (Consolidation) Act 1992.

The accounts are prepared under the historical cost convention, with the exception that fixed asset listed investments and investment property are included at fair value.

#### **Basis of consolidation**

The Group financial statements consolidate the accounts of the NFU and its subsidiaries, NFU Services Limited and FEC Energy Limited, made up to 31 October 2018. All intra-group transactions, balances and unrealised gains on transactions between group undertakings are eliminated on consolidation.

Subsidiaries are included using the acquisition method of accounting. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Details of subsidiary and related undertakings are summarised in note 18 and 27.

### 2. ACCOUNTING POLICIES

#### **Revenue recognition**

##### *Subscription income*

Subscription income receivable is allocated as income to the periods to which the subscriptions relate.

##### *Contributions from the NFU Mutual Insurance Society Limited*

Contributions from the NFU Mutual Insurance Society Limited are recognised as income in the period to which the contributions relate.

##### *Other income*

Sales are recognised at the fair value of the consideration received or receivable for the sale of goods and services when the risks and rewards of the transaction have been transferred to the customer.

## THE NATIONAL FARMERS' UNION

### NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2018

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#### 2. ACCOUNTING POLICIES (Continued)

##### **Impairments**

Fixed assets are reviewed for impairment at each balance sheet date if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards in which case the NFU estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment losses are recognised within the surplus or deficit for the year in the Statement of Comprehensive Income.

##### **Investment property**

Investment property is shown at fair value and is revalued annually by chartered surveyors. The aggregate surplus or deficit on revaluation is recognised within the surplus or deficit for the year in the Statement of Comprehensive Income.

##### **Investments**

Investments listed on a recognised stock exchange are classified as financial instruments and stated at their fair value at the balance sheet date. Gains or losses are recognised within the surplus or deficit for the year in the Statement of Comprehensive Income. Although the investments are actively traded within the portfolio, the portfolio is not expected to be realised in the foreseeable future and is therefore classified as a fixed asset investment.

In the accounts of the NFU as an entity, the interest in subsidiaries is initially measured at cost and subsequently at cost less impairment losses. These investments are assessed for impairment at each reporting date and any such loss is recognised within the surplus or deficit for the year in the Statement of Comprehensive Income.

##### **Operating leases**

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease. Rent free periods are recognised on a straight line basis over the lease term.

##### **Rent receivable**

Rental income from investment properties leased out under operating leases is recognised within the surplus or deficit in the Statement of Comprehensive Income on a straight line basis over the term of the lease. Rent free periods or other lease incentives are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

## THE NATIONAL FARMERS' UNION

### NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2018

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#### 2. ACCOUNTING POLICIES (Continued)

##### Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the balance sheet date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allowed for tax in a future period except where the NFU is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value, deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited within the surplus or deficit in the Statement of Comprehensive Income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or reserves.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### Provisions

Provisions are recognised when the NFU has a present obligation as a result of a past event and it is probable it will result in an outflow of economic benefits that can be reliably estimated.

## THE NATIONAL FARMERS' UNION

### NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2018

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#### 3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

In the application of the NFU's accounting policies management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

#### Investment Properties

The Knightsbridge investment property was valued on a fair value basis at £53,051,000 (2017: £57,390,000) on 31 October 2018 by Hutchinson Morrison Childs, Chartered Surveyors using the income and investment method of valuation. The historical cost of this property at 31 October 2018 was £11,705,554 (2017: £11,705,554).

25 Knightsbridge, London SW1 was let to Emirates National Bank of Dubai in July 2016, for a term of 20 years without break options, at a rent of £2,050,000 per annum. The lease is subject to rent free during the eleventh year of the term. The freehold interest in the building, subject to the lease, has been valued by external valuers having regard to current rental values and investment yields for central London offices.

27/31 Knightsbridge, London SW1 is leased to Bbay (Knightsbridge) Ltd under a lease expiring in 2142, subject to a rent gearing amounting to 10% of rents received from subleases. At the present time, a large proportion of the building is vacant, and some refurbishment by Bbay (Knightsbridge) is underway. The freehold interest in the building, subject to the long lease, has been valued by external valuers, who have had regard to current open market rental values and investment yields, and who have made assumptions as to a number of factors including rental voids.

#### Goodwill

Goodwill arising on the acquisition of FEC Energy Limited is capitalised and amortised over its estimated useful economic life which is considered to be five years. The carrying value of goodwill at the balance sheet date is £2,088,084 (2017: £2,632,801). The carrying value is included on the judgement that this will be recovered, based upon an assessment of impairment indicators which are reviewed by management on an annual basis.

#### Contingent consideration

Included in provisions for liabilities are amounts payable to the former shareholders of FEC Energy Limited following the acquisition made by the group during the prior year (see note 4). The carrying amount is £1,200,000 (2017: £1,200,000). These amounts are contingent on the trading results of FEC Energy Limited in each of the 12 month periods ending 31 October 2018 and 31 October 2019.

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2018**

**5. MEMBERS' SUBSCRIPTIONS AND RELATED INCOME**

	2018 £	2017 £
Income from members:		
Subscriptions	18,989,239	18,909,415
Legal assistance scheme subscriptions	1,260,832	1,247,151
	<u>20,250,071</u>	<u>20,156,566</u>
Other income:		
Sales	4,562,132	2,614,025
Rental income	552,425	470,712
Contributions and other income from the NFU Mutual Insurance Society	6,202,500	6,331,833
Contributions from other organisations	223,473	363,813
Other income	201,425	177,779
	<u>11,741,955</u>	<u>9,958,162</u>
	<u>31,992,026</u>	<u>30,114,728</u>

**6. MEMBERS' REPRESENTATION**

	2018 £	2017 £
Meetings and associated expenses	2,042,018	1,881,256
Elected officers' remuneration	292,411	309,666
Overseas visits	63,925	82,531
COPA and other subscriptions	569,444	633,296
Membership retention and recruitment	420,928	342,386
Animal Health and Welfare	69,973	284,104
	<u>3,458,699</u>	<u>3,533,239</u>

**7. PROMOTIONAL ACTIVITIES**

	2018 £	2017 £
Advertising campaigns	346,300	229,936
National shows and events	201,028	150,291
Regional shows and events	559,053	523,991
Public affairs	240,145	292,450
Production costs – publications	259,650	156,296
Information services	39,587	36,935
	<u>1,645,763</u>	<u>1,389,899</u>

# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2018

### 11. ESTABLISHMENT COSTS

	2018	2017
	£	£
Repairs and maintenance:		
Property	394,759	142,994
Other	619,890	569,716
Depreciation	595,610	518,947
(Surplus)/deficit on disposal of fixed assets	(30,457)	9,982
Accommodation costs:		
Net rent	516,644	395,011
Rates	463,065	395,728
Light and heat	172,701	157,791
Health and safety	4,676	1,716
Other	405,623	340,175
General insurance costs	287,875	291,683
	<hr/>	<hr/>
	3,430,386	2,823,743
	<hr/>	<hr/>

### 12. STAFF NUMBERS

The average number of persons employed by the NFU group during the year was:

	2018	2017
	No.	No.
Headquarters	296	278
Regions	117	100
Group secretaries	384	379
	<hr/>	<hr/>
	797	757
	<hr/>	<hr/>



# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2018

### 13. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Under FRS 102, the 'expected return on assets' is no longer used. The finance cost has been replaced by a 'net interest' entry, calculated using the discount rate applying at the start of the accounting period (ie the returns available on high quality corporate bonds) with no allowance made for any out-performance expected from the scheme's actual assets holding.

The revaluation in deferment assumption is based on Consumer Price Index (CPI) inflation rather than RPI inflation. Unlike RPI, there is currently a limited market implied measure of CPI inflation. Historically, CPI has increased at a slower rate than RPI and it is generally accepted that differences in the make-up and calculation method used for the two indices mean that this is likely to continue in future. The assumption for CPI is set by deducting 1% pa from the RPI assumption, which is the same approach as was adopted last year.

The discount rate assumption of 2.80% pa adopted is based on the yield on the Merrill Lynch Nominal AA Corporate spot curve with a duration of 18 years, which broadly matches the duration of the Scheme's liabilities. This is the same basis that was adopted last year.

The average life expectancy for a pensioner retiring at 65 at the balance sheet date is:

	2018 Years	2017 Years
Male	23.6	23.8
Female	25.6	25.7

The average life expectancy for an employee retiring at 65 that is aged 45 at the balance sheet date is:

	2018 Years	2017 Years
Male	25.3	25.5
Female	27.4	27.5

Amounts recognised within surplus or deficit in the Statement of Comprehensive Income in respect of the defined benefit scheme are as follows:

	2018 £	2017 £
Net interest on the net defined benefit pension liability	<u>42,084</u>	<u>412,031</u>

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2018**

**13. RETIREMENT BENEFIT OBLIGATIONS (Continued)**

	2018 £	2017 £
Scheme assets	100,772,808	104,067,463
Scheme liabilities	(103,268,013)	(106,112,489)
	<hr/>	<hr/>
Amount recognised in the balance sheet	(2,495,205)	(2,045,026)
	<hr/>	<hr/>

**b) Private medical insurance scheme**

The NFU operates a scheme which provides medical insurance for certain senior staff and office-holders, in employment and subsequently in retirement. As at 31 October 2018, 56 (2017: 56) retired individuals currently benefit and no others (2017: none) will be eligible upon retirement. As a result of changes in personnel policy and staff contracts, this benefit will not extend into retirement for new staff appointments made since 1994 and office-holder appointments made since 1996.

The valuation has been undertaken by Barnett Waddingham LLP to take account of the requirements of FRS 102 in order to assess the liability of the scheme at 31 October 2018.

The principal assumptions used to calculate the liability at the balance sheet date were:

	2018	2017
Discount rate	2.70%	2.60%
Increase in healthcare premiums	12.00%	12.00%

**Movement in the private medical insurance scheme obligation:**

	2018 £	2017 £
At beginning of the year	(8,421,916)	(10,003,185)
Notional finance cost of private medical insurance scheme	(174,660)	(275,088)
Benefits paid	180,287	193,407
Actuarial gain	804,849	1,662,950
	<hr/>	<hr/>
Amount recognised in the balance sheet	(7,611,440)	(8,421,916)
	<hr/>	<hr/>

**c) Notional finance costs of defined benefit pension and private medical insurance schemes**

	2018 £	2017 £
Net interest on the net defined benefit pension liability	42,084	412,031
Notional finance costs of private medical insurance scheme	174,660	275,088
	<hr/>	<hr/>
	216,744	687,119
	<hr/>	<hr/>

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2018

15. TAXATION

The taxation (credit)/charge is made up as follows:

	2018 £	2017 £
UK Corporation tax	-	149,553
Adjustments in respect of prior year	(93,873)	-
	<hr/>	<hr/>
Current tax (credit)/charge	(93,873)	149,553
Deferred tax:		
Timing differences, origination and reversal	300	86,985
Pension scheme liability	166,896	106,755
Fair value (losses)/gains	(1,365,577)	1,591,934
Other timing differences	(328)	-
	<hr/>	<hr/>
	(1,198,709)	1,785,674
	<hr/>	<hr/>
Total tax (credit)/charge	(1,292,582)	1,935,227

Factors affecting the tax (credit)/charge for the year:

	2018 £	2017 £
(Deficit)/surplus on ordinary activities before taxation (and after fair value gains)	(6,161,048)	9,567,255
	<hr/>	<hr/>
Tax at 19% (2017: 19.41%) thereon	(1,170,599)	1,857,004
<i>Effects of:</i>		
Chargeable disposals	150,366	103,997
Expenses not deductible for tax purposes	123,488	87,864
Capital allowances in excess of depreciation	17,771	3,294
Dividend income	(357,168)	(274,971)
Retirement benefit schemes	169,646	106,755
Other tax adjustments	(302,200)	51,284
Adjustments in respect of prior year	(93,873)	-
Effects of changes in tax rates	169,987	-
	<hr/>	<hr/>
Total tax (credit)/charge	(1,292,582)	1,935,227

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2018

17. TANGIBLE FIXED ASSETS (Continued)

NFU	Freehold	Leasehold	Furniture Equipment and Vehicles	Total
	Property £	Property £	£	£
<i>Cost</i>				
At 1 November 2017	7,339,022	13,475,527	4,511,298	25,325,847
Additions	139,738	622,659	458,942	1,221,339
Disposals	-	(73,028)	(13,173)	(86,201)
At 31 October 2018	7,478,760	14,025,158	4,957,067	26,460,985
<i>Accumulated depreciation</i>				
At 1 November 2017	1,887,425	2,382,374	3,957,505	8,227,304
Charge for the year	91,234	256,663	234,584	582,481
Disposals	-	(30,633)	(8,095)	(38,728)
At 31 October 2018	1,978,659	2,608,404	4,183,994	8,771,057
<i>Net book value</i>				
At 31 October 2018	5,500,101	11,416,754	773,073	17,689,928
At 31 October 2017	5,451,597	11,093,153	553,793	17,098,543

18. FIXED ASSET INVESTMENTS

GROUP AND NFU

Investment property	£
Fair value at 1 November 2017	57,390,000
Revaluation	(4,339,000)
Fair value at 31 October 2018	53,051,000

The Knightsbridge investment properties were valued on a fair value basis at £53,051,000 (2017: £57,390,000) on 31 October 2018 by independent chartered surveyors. The historical cost of these properties at 31 October 2018 was £11,705,554 (2017: £11,705,554).

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2018**

**19. DEBTORS**

<b>GROUP</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Amounts paid in advance	2,303,413	2,168,262
Trade debtors	1,228,392	862,711
Amounts due from affiliated entities	102,460	59,519
VAT refund	-	26,703
Other debtors	1,634,241	1,768,576
Corporation tax	185,968	300,868
	<hr/>	<hr/>
	5,454,474	5,186,639
	<hr/>	<hr/>

<b>NFU</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Amounts paid in advance	2,244,668	2,134,799
Trade debtors	717,478	567,066
Amounts due from subsidiaries	15,642	31,543
Amounts due from affiliated entities	102,460	59,519
Other debtors	1,523,830	1,556,353
Corporation tax	185,968	300,868
	<hr/>	<hr/>
	4,790,046	4,650,148
	<hr/>	<hr/>

**20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

<b>GROUP</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,630,664	1,525,890
Amounts due to branches	17,256	17,256
Amounts due to affiliated entities	205,628	226,851
Corporation tax	307,466	610,096
Other taxes and social security	646,581	837,154
Other creditors and accruals	3,812,392	3,673,014
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	6,619,987	6,890,261
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**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2018**

**22. DEFERRED INCOME**

<b>GROUP</b>	<b>Subscriptions received in advance £</b>	<b>Contributions from NFU Mutual £</b>	<b>Total £</b>
At 1 November 2017	2,601,318	1,053,333	3,654,651
Received during the year	2,136,781	1,029,833	(3,166,614)
Released to profit during the year	(2,601,318)	(1,053,333)	3,654,651
	<u>2,136,781</u>	<u>1,029,833</u>	<u>3,166,614</u>
At 31 October 2018	2,136,781	1,029,833	3,166,614

<b>NFU</b>	<b>Subscriptions received in advance £</b>	<b>Contributions from NFU Mutual £</b>	<b>Total £</b>
At 1 November 2017	2,419,122	1,053,333	3,472,455
Received during the year	1,964,500	1,029,833	2,994,333
Released to profit during the year	(2,419,122)	(1,053,333)	(3,472,455)
	<u>1,964,500</u>	<u>1,029,833</u>	<u>2,994,333</u>
At 31 October 2018	1,964,500	1,029,833	2,994,333

**23. PROVISIONS FOR LIABILITIES**

<b>GROUP</b>	<b>Legal assistance scheme grants £</b>	<b>Contingent consideration £</b>	<b>Deferred tax £</b>	<b>Total £</b>
At 1 November 2017	1,611,079	1,200,000	11,123,765	13,934,844
Provisions made during the year	577,233	-	-	577,233
Utilised in the year	(506,314)	-	-	(506,314)
Transfer from Statement of Comprehensive Income	-	-	(1,444,889)	(1,444,889)
	<u>1,681,998</u>	<u>1,200,000</u>	<u>9,678,876</u>	<u>12,560,874</u>
At 31 October 2018	1,681,998	1,200,000	9,678,876	12,560,874

<b>NFU</b>	<b>Legal assistance scheme grants £</b>	<b>Deferred tax £</b>	<b>Total £</b>
At 1 November 2017	1,611,079	11,115,961	12,727,040
Provisions made during the year	577,233	-	577,233
Utilised in the year	(506,314)	-	(506,314)
Transfer from Statement of Comprehensive Income	-	(1,437,597)	(1,437,597)
	<u>1,681,998</u>	<u>9,678,364</u>	<u>11,360,362</u>
At 31 October 2018	1,681,998	9,678,364	11,360,362

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
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25. **RESERVES**

**Accumulated fund**

The accumulated fund represents the cumulative surplus excluding revaluation reserves.

**Revaluation reserve – listed investments**

The reserves represent the unrealised fair value gain on the investments other than investment properties.

**Revaluation reserve – investment property**

The revaluation reserve represents the cumulative fair value gain in respect of the investment properties.

26. **RECONCILIATION OF SURPLUS ON ORDINARY ACTIVITIES  
TO NET CASH GENERATED USED IN OPERATIONS**

<b>GROUP</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Surplus on ordinary activities after tax	(4,868,466)	7,632,028
Depreciation of tangible fixed assets	592,128	518,947
(Surplus)/deficit on sale of tangible fixed assets	(4,358)	8,633
Amortisation of intangible assets	544,717	90,786
Deficit/(surplus) on disposal of investments	185,420	(181,996)
Fair value losses/(gains) on fixed asset investments	5,685,229	(8,486,018)
(Increase)/decrease in retirement benefit obligations	(5,627)	81,681
Increase in pension liabilities	(997,916)	(627,969)
Property rental income (net)	(2,193,579)	(2,304,987)
Interest on term deposits	(42,433)	(34,818)
Dividends and other investment income	(1,694,414)	(1,993,342)
Investment fees	194,007	188,916
Taxation	(1,292,583)	2,020,246
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(3,897,875)	(3,087,893)
Increase in trade and other debtors	(382,735)	(1,074,257)
Increase/(decrease) in trade and other creditors	103,275	739,494
(Decrease)/increase in deferred income	(488,037)	49,011
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Cash used in operations	(4,665,372)	(3,373,645)
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## THE NATIONAL FARMERS' UNION

### NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2018

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#### 27. RELATED UNDERTAKINGS (continued)

The Pig Disease Eradication Fund has not been consolidated because it is a quasi statutory body for which the NFU provides management services but in which the NFU has no financial interest except on a winding up. Also there are severe restrictions on the use of the funds.

Cornwall NFU Company Limited, in which the NFU has no financial interest, was incorporated to administer funds on behalf of NFU members in Cornwall.

- (iv) Companies incorporated in England, limited by guarantee, control exercised by membership, membership by nominees and/or the appointment of directors:

NFU Trust Co Ltd	Non-trading trust Company	100%
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#### 28. RELATED PARTY TRANSACTIONS

Related party transactions which have taken place during the financial year are noted below. Details of the related parties and the relevant interests of the NFU are shown in note 27.

Administration fees charged to related parties in the year were:

	2018 £	2017 £
(i) NFU Beet Growers Account		
Administration fees and salaries charged to Beet Growers	503,698	404,136
(ii) Pig Disease Eradication Fund Ltd		
Administration fees charged to Pig Disease Eradication Fund Ltd	2,000	4,116

In November 2017 the NFU loaned an amount of £593,809 to NFU Beet-Growers. The loan was repaid in full in December 2017.

At 31 October 2018, the following balances were due to and from related parties:

	2018 £	2017 £
(i) NFU Beet Growers Account		
Amounts Owed to the NFU	86,038	12,528
(ii) Pig Disease Eradication Fund Ltd		
Amounts owed to the NFU	-	8,232

At the 31 October 2018, £696 (2017: £1,494) was being held on behalf of The Cornwall NFU Company Limited by the NFU.

In accordance with FRS 102, transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group, do not require to be disclosed.

Remuneration paid to key management personnel during the year amounted to £855,856 (2017: £720,872). Key Management Personnel are defined as the Officers of the NFU and members of the NFU Governance and NFU Policy Boards.



**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2018**

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**29. LEGAL ASSISTANCE SCHEME (Continued)**

	2018	2017
	£	£
<b>Represented by:</b>		
<b>Fixed assets:</b>		
Listed investments at market value (cost: £7,789,955; 2017: £7,572,674)	12,823,660	13,712,569
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<b>Current assets:</b>		
Amount due from NFU General Fund	70,251	115,568
Cash and cash equivalents	267,406	52,917
Other debtors	10,295	45,548
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	347,952	214,033
	<hr/>	<hr/>
<b>Current liabilities:</b>		
Other creditors	(122,167)	(221,494)
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	(122,167)	(221,494)
	<hr/>	<hr/>
<b>Provisions:</b>		
Grants payable	(1,681,998)	(1,611,079)
Deferred taxation	(630,842)	(966,418)
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<b>Total reserves</b>	<b>10,736,605</b>	<b>11,127,611</b>
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