

Form AR27

Trade Union and Labour Relations (Consolidation) Act 1992

Annual Return for an Employers' Association

Name of Employers' Association:	The National Farmers' Union				
Year ended:	31 October 2019				
List No:	245E				
Head or Main Office:	Agriculture House				
	Stoneleigh Park				
	Warwickshire				
Postcode	CV8 2TZ				
Website address (if available)	www.nfuonline.com				
Has the address changed during the year to which the return relates?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	('X' in appropriate box)
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 1093602

You should sent the annual return to the following address stating the name of the union in subject:

For Employers' Associations based in England and Wales: returns@certoffice.org

For Employers' Associations based in Scotland: ymw@tcyoung.co.uk

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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
79,312				79,312

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
Member of the Governance Board	James Small	Tom Bradshaw	08 May 2019

Revenue Account / General Fund

(see notes 11 to 16)

Previous Year		£	£
	Income		
	From Members		
	Subscriptions, levies, etc	33,091,208	33,091,208
	Investment income		
	Interest and dividends (gross)		
	Bank interest (gross)	52,091	52,091
	Other (specify)		
	Dividends and other investment income	1,855,487	1,855,487
	Total Investment Income	1,907,578	1,907,578
	Other Income		
	Rents received	2,433,940	2,433,940
	Insurance commission		
	Consultancy fees		
	Publications/Seminars		
	Miscellaneous receipts (specify)		
	Revaluation of tangible fixed assets	583,246	583,246
	Actuarial gain on PMI scheme	264,919	264,919
	Total of other income		3,282,105
	Total income		38,280,891
	Interfund Transfers IN		3,714,130
	Expenditure		
	Administrative expenses		
	Remuneration and expenses of staff	21,592,047	21,592,047
	Occupancy costs	3,138,081	3,138,081
	Printing, Stationery, Post	285,924	285,924
	Telephones	339,394	339,394
	Legal and Professional fees	1,100,586	1,100,586
	Miscellaneous (specify)		
	Investment property rental costs	45,238	45,238
	Investment management fees	191,545	191,545
	Cost of sales	2,793,339	2,793,339
	Other expenses	253,732	253,732
	Total of Admin expenses		29,739,886
	Other Charges		
	Bank charges		
	Depreciation	1,248,319	1,248,319
	Sums written off	6,915	6,915
	Affiliation fees		
	Donations		
	Conference and meeting fees		
	Expenses	1,507,470	1,507,470
	Miscellaneous (specify)		
	Members' representation	3,721,039	3,721,039
	Grants - legal assistance scheme	1,530,063	1,530,063
	Finance costs	219,276	219,276
	Actuarial loss on DB pension scheme	2,542,104	2,542,104
	Total of other charges		10,775,186
	Taxation	921,228	921,228
	Total expenditure		41,436,300
	Interfund Transfers OUT		
	Surplus/Deficit for year		-3,155,409
	Amount of fund at beginning of year		62,858,321
	Amount of fund at end of year		63,417,042

Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

Account 2		Fund Account	
Name of account:	Revaluation reserve - listed investments	£	£
Income			
	From members		
	Investment income		
	Other Income (specify)		
	Fair value gains on revaluation of listed investments	5,243,803	
		5,243,803	5,243,803
		Total Income	5,243,803
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		3,714,130
		Surplus (Deficit) for the year	5,243,803
		Amount of fund at beginning of year	25,324,568
		Amount of fund at the end of year (as Balance Sheet)	26,854,241

Account 3		Fund Account	
Name of account:	Revaluation reserve - investment property	£	£
Income			
	From members		
	Investment income		
	Other income (specify)		
	Fair value gains on revaluation of investment property	3,120,000	
		3,120,000	3,120,000
		Total Income	3,120,000
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		Surplus (Deficit) for the year	3,120,000
		Amount of fund at beginning of year	35,801,268
		Amount of fund at the end of year (as Balance Sheet)	38,921,268

Accounts other than 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	
Interfund Transfers IN			
Expenditure			
Administrative expenses			
Other expenditure (specify)			
		Total Expenditure	
Interfund Transfers OUT			
		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	
Interfund Transfers IN			
Expenditure			
Administrative expenses			
Other expenditure (specify)			
		Total Expenditure	
Interfund Transfers OUT			
		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 2019]

(see notes 19 and 20)

Previous Year		£	£
	Fixed Assets (as at Page 8)	16,313,113	16,313,113
	Investments (as per analysis on page 9)		
	Quoted (Market value £ 79,186,578) as at Page 9		79,186,578
	Unquoted (Market value £) as at Page 9		
	Total Investments	79,186,578	79,186,578
	Other Assets		
	Sundry debtors	4,949,579	4,949,579
	Cash at bank and in hand	2,387,554	2,387,554
	Stocks of goods		
	Others (specify)		
	Investment property	58,205,404	
	Goodwill	1,543,367	
	Intangible assets	21,961	
	Total of other assets	67,107,865	67,107,865
	Total Assets		162,607,556
62,858,321	Revenue Account/ General Fund	63,417,042	
25,324,568	Revaluation reserve - listed investments	26,854,241	
35,801,268	Revaluation reserve - investment property	38,921,268	
	Revaluation Reserve		
	Liabilities		
	Retirement benefit obligations	10,333,376	
	Tax payable	962,844	
	Sundry creditors	1,505,527	
	Accrued expenses	3,957,028	
	Deferred income	3,492,398	
	Provisions	13,163,832	
	Total Liabilities		33,415,005
	Total Assets		162,607,556

Fixed Assets account

(see note 21)

	Land and Buildings £	Fixtures & Fittings £	Motor Vehicles & Equipment £	Total £
Cost or Valuation				
At start of period	15,402,416		820,412	16,222,828
Additions during period	579,427		352,217	931,644
Less: Disposals	-135,500		-8,223	-143,723
Less: Depreciation	-370,494		-327,142	-697,636
Total to end of period	15,475,849		837,264	16,313,113
Book Amount at end of period	15,475,849		837,264	16,313,113
Freehold	4,171,600			4,171,600
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)	11,304,249			11,304,249
Total of Fixed Assets	15,475,849		837,264	16,313,113

Analysis of Investments

(see note 22)

Quoted		Other Funds
		£
	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	Listed investments	79,186,578
	Total Quoted (as Balance Sheet)	79,186,578
	Market Value of Quoted Investments	79,186,578
Unquoted	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted investments (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

Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
	£	£
Income		
From Members	33,091,208	33,091,208
From Investments	1,907,578	1,907,578
Other Income (including increases by revaluation of assets)	11,645,908	11,645,908
Total Income	46,644,694	46,644,694
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	41,436,300	41,436,300
Funds at beginning of year (including reserves)	123,984,157	123,984,157
Funds at end of year (including reserves)	129,192,551	129,192,551
ASSETS		
Fixed Assets		16,313,113
Investment Assets		79,186,578
Other Assets		67,107,865
Total Assets		162,607,556
Liabilities		
Total Liabilities		33,415,005
Net Assets (Total Assets less Total Liabilities)		129,192,551

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 2019.

Change in accounting policy:

The NFU has made a voluntary change in accounting policy in respect of its freehold property portfolio.

Comparative financial information for the year ended 31 October 2018 has, where necessary, been restated in accordance with the requirements of FRS 102.

Full details of the change in policy, together with the financial impact of the change in policy on the comparative information presented for the year ended 31 October 2018, is provided in Note 2 on page 15 of the financial statements.

Accounting policies

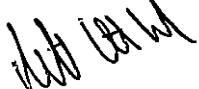

(see notes 35 & 36)

Please refer to the attached Financial Statements for the year ended 31 October 2019.
Accounting policies are provided in Note 2 to the financial statements.

Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

Secretary's Signature: 	Chairman's Signature: 
Name: Ken Sutherland	Name: Minette Batters <small>(or other official whose position should be stated)</small>
Date: 20 March 2020	Date: 20 March 2020

Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes	X	No	
Has the list of officers been completed? (see Page 2A)	Yes	X	No	
Has the return been signed? (see Note 37)	Yes	X	No	
Has the auditor's report been completed? (see Note 41)	Yes	X	No	
Is the rule book enclosed? (see Note 39)	Yes	X	No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes	X	No	

Checklist for auditor's report

(see notes 41 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 sections 28, 32 and 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 2019.
 The audit report to the members of the NFU is provided on pages 5 to 6.

Signature(s) of auditor or auditors:		
Name(s):	Nicholas Farrant	
	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:	20 March 2020	
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.

THE NATIONAL FARMERS' UNION
FINANCIAL STATEMENTS
31 OCTOBER 2019

THE NATIONAL FARMERS' UNION

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THE NATIONAL FARMERS' UNION

OFFICERS AND PROFESSIONAL ADVISERS

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
T W Bradshaw	Chairman, Combinable Crops
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
T Wornham	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

THE NATIONAL FARMERS' UNION

FINANCIAL REPORT

The officers present their annual report on the affairs of the NFU, together with the accounts for the year ended 31 October 2019.

The NFU's financial performance has been good again this year despite continuing uncertainty in the wake of the decision for the UK to leave the EU. Membership income has remained steady and our investments have recovered somewhat from a market correction in October 2018. Our financial position remains strong.

Principal Activities

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

Business Review

Consolidated results have been produced for the year. These results include the NFU General Fund, the NFU Legal Fund, NFU Services Limited and NFU Energy Limited.

During the year, the NFU Group showed an operating deficit of £3,880,984 (2018 restated: deficit of £3,486,827) on consolidation. Coupled with the surplus on investment activities, this resulted in the audited accounts showing a deficit on ordinary activities before fair value movements and taxation of £540,242 (2018 restated: deficit of £446,288) for the year.

The total comprehensive income for the year is £5,208,394 (2018 restated: total expenditure of £5,236,004). This year on year variance is primarily due gains on listed investments and investment property.

Members' subscriptions and related income has increased by £1.3 million to £33.1 million (2018 restated: £31.8 million). Within this, the actual subscription income has remained constant at £19.2 million (2018: £19.0 million). As at 31 October 2019, NFU membership excluding Countryside and Professional stood at 52,709 (2018: 52,450).

Income also included contributions from the NFU Mutual of £6,125,667 (2018: £6,202,500). The NFU's long standing relationship with the NFU Mutual remains extremely important to us and we place immense value on their support.

Total operating costs are £1.7 million higher than the previous year at £37.0 million (2018 restated: £35.3 million). This is mainly due to increased staff costs to fill vacancies and meet demand in key areas such as Brexit and the future shape of agricultural and trade policy.

Investments and Property

The value of our listed investments has increased over the year to £79.2 million (2018: £75.5 million). The fair value gain for the year of £5,243,803 (2018: £1,346,229 loss) is reflected in the Statement of Comprehensive Income. These increases were in part due to a recovery from the market correction near the end of our 2018 financial year.

During the year the NFU Governance Board undertook a review of its attitude to investment risk and as a result appointed Veritas Investment Management to manage the investments in the General Fund formerly managed by Rathbones. This process was almost complete by 31 October 2019 and has resulted in a one-off and unusually high level of cash in the portfolio as Veritas carry out the reinvestment process. The NFU Legal Board has kept their investments with Rathbones.

The yield from our quoted investment portfolios increased during the year despite volatility. Dividends and other investment income amounted to £1,855,487 (2018: £1,694,414). Rental income from our investment properties continued to perform strongly in the year at £2.4 million (2018 restated: £2.4 million) due to the lease of 25 Knightsbridge to Emirates National Bank of Dubai and some new occupancy at number 27.

Our Knightsbridge investment properties have increased in value by £3.1 million to £56.2 million (2018: £53.1 million). These were valued by Hutchinson Morrison Childs as at 31 October 2019 apart from 1 & 2 Old Barrack Yard, which was at Officers' valuation.

The Central London investment market has experienced lean levels of activity throughout the whole of 2019. Buyers are willing to pay market prices, but vendors are reluctant sellers in the current climate, resulting in low sale volumes. UK Institutions have been the principal sellers in the London market, with overseas investors (in particular Asia) being a strong/active buyer group. London real estate appeals to overseas investors as it offers a transparent market, high quality stock and landlord friendly leases.

THE NATIONAL FARMERS' UNION

FINANCIAL REPORT (continued)

The NFU also holds operational properties in order to fulfil its commercial and representational needs. As a result of a review to FRS102 the NFU has revalued as investment properties those offices where it does not, in whole or in part, use the office for its own operational purposes. The NFU has also taken advantage of the transitional arrangements offered by the review of FRS102 to restate its operating properties at market value. The impact of this is disclosed in note 2 to the financial statements.

Post retirement benefits

The deficit on the defined benefit pension scheme, which is valued and accounted for in accordance with FRS 102, is disclosed in detail in note 12 to the accounts as £3.0 million (2018: £2.5 million). The NFU paid £2.0 million of pension deficit recovery payments (2018: £1.0 million) during October 2019.

The deterioration in the position over the period is due to the fall in corporate bond yields over the year, resulting in a lower discount rate which has placed a higher value on the Scheme's liabilities. This has been offset to a large extent by better than expected investment returns, contributions paid by the NFU and fall in long term inflation expectations.

During the year the Private Medical Insurance (PMI) provision fell to £7.3 million (2018: £7.6 million). The main reason for this is that the actual premium inflation has been significantly lower than had been assumed. The reserve has also reduced slightly due to fewer than expected deaths over the year. The reduction in reserve due to the reasons above has been largely offset by the significant fall in discount rate over the year, due to changes in market conditions, which acts to increase the reserve. The PMI provision is also disclosed in detail in note 12.

Reserves


Consolidated balance sheet reserves have increased by £5.2 million to £129.2 million (2018 restated: £124.0 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 principle 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 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 three 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 (now called NFU Energy Limited) in August 2017 and the NFU will continue to investigate appropriate opportunities as they arise.



K Sutherland
Secretary
14 January 2020

THE NATIONAL FARMERS' UNION

STATEMENT OF OFFICERS' RESPONSIBILITIES

The officers of the NFU acknowledge their responsibilities for preparing the Financial Report and the financial statements in accordance with applicable law and regulations.

The National Farmers' Union is an unincorporated employers' association registered under the Trade Union and Labour Relations (Consolidation) Act 1992. In accordance with that Act, the officers have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The officers of the NFU are required by the Act to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the NFU and of the income and expenditure of the NFU for that period. In preparing those accounts, the officers are required to:

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

The officers are responsible for keeping adequate accounting records that are sufficient to show and explain the NFU's transactions and disclose with reasonable accuracy at any time the financial position of the NFU and enable them to ensure that the accounts comply with the provisions of the Trade Union and Labour Relations (Consolidation) Act 1992. They are also responsible for safeguarding the assets of the NFU and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Opinion

We have audited the financial statements of the National Farmers' Union (NFU) for the year ended 31 October 2019, 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 2019 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.

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

Responsibilities of officers

As explained more fully in the Statement of Officers' Responsibilities set out on page 4, the officers are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992. 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.



.....
Nicholas Farrant BA MSc FCA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

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

28TH JANUARY 2020

THE NATIONAL FARMERS' UNION

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 OCTOBER 2019**

	Note	£	2019 £	(Restated) 2018 £
MEMBERS' SUBSCRIPTION AND RELATED INCOME	4		33,091,208	31,817,950
OPERATING COSTS				
Cost of sales		2,793,339	2,665,681	
Members' representation	5	3,721,039	3,458,699	
Promotional activities	6	1,507,470	1,645,763	
Staff costs	7	21,592,047	20,619,972	
Legal assistance scheme	8	1,530,063	1,354,180	
Administrative costs	9	1,979,636	2,247,388	
Establishment costs	10	3,848,598	3,313,095	
			(36,972,192)	(35,304,777)
OPERATING DEFICIT			(3,880,984)	(3,486,827)
INVESTMENT ACTIVITIES				
Investment property rental income		2,433,940	2,409,190	
Investment property rental costs		(45,238)	(150,030)	
Interest on term deposits		52,091	42,473	
Dividends and other investment income		1,855,487	1,694,414	
Investment management costs		(191,545)	(194,007)	
Amortisation of goodwill		(544,717)	(544,717)	
SURPLUS ON INVESTMENT ACTIVITIES			3,560,018	3,257,323
INTEREST				
Interest payable		(88)	(40)	
Notional finance costs of defined benefit pension and private medical insurance schemes	12	(219,188)	(216,744)	
			(219,276)	(216,784)
DEFICIT ON ORDINARY ACTIVITIES BEFORE FAIR VALUE MOVEMENTS AND TAXATION (carried forward)			(540,242)	(446,288)

THE NATIONAL FARMERS' UNION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
YEAR ENDED 31 OCTOBER 2019

	Note	£	2019 £	(Restated) 2018 £
DEFICIT ON ORDINARY ACTIVITIES BEFORE FAIR VALUE MOVEMENTS AND TAXATION (brought forward)			(540,242)	(446,288)
FAIR VALUE MOVEMENTS				
Fair value gains/(deficit) on revaluation of investment property	17	3,120,000	(4,339,000)	
Fair value gains/(deficit) on revaluation of listed investments	17	5,243,803	(1,346,229)	
			<u>8,363,803</u>	<u>(5,685,229)</u>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES AFTER FAIR VALUE MOVEMENTS AND BEFORE TAXATION			7,823,561	(6,131,517)
Taxation	14		(1,353,386)	1,292,582
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION			6,470,175	(4,838,935)
OTHER COMPREHENSIVE INCOME				
Private Medical Insurance Scheme:				
Actuarial gain	12		264,919	804,849
Current tax on actuarial gain			-	-
Defined benefit pension scheme:				
Actuarial loss	12		(2,542,104)	(1,448,095)
Deferred tax on actuarial loss			432,158	246,177
Revaluation of tangible fixed assets:				
Revaluation gain	16		583,246	-
			<u>(1,261,781)</u>	<u>(397,069)</u>
TOTAL COMPREHENSIVE INCOME/ (EXPENDITURE) FOR THE YEAR			5,208,394	(5,236,004)

The surplus for the year arises from the NFU's continuing operations.


THE NATIONAL FARMERS' UNION

**CONSOLIDATED BALANCE SHEET
31 OCTOBER 2019**


	Note	2019 £	(Restated) 2018 £
FIXED ASSETS			
Intangible assets	15	1,565,328	2,102,627
Tangible fixed assets	16	16,313,113	16,222,828
Investments			
Property	17	58,205,404	55,085,404
Other	17	79,186,578	75,512,999
		<u>155,270,423</u>	<u>148,923,858</u>
CURRENT ASSETS			
Debtors	18	4,949,579	5,454,474
Cash at bank and in hand		2,387,554	2,059,944
		<u>7,337,133</u>	<u>7,514,418</u>
CREDITORS: amounts falling due within one year	19	<u>(6,425,399)</u>	<u>(6,619,986)</u>
NET CURRENT ASSETS		<u>911,734</u>	<u>894,432</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>156,182,157</u>	<u>149,818,290</u>
DEFERRED INCOME	21	(3,492,398)	(3,166,614)
PROVISIONS FOR LIABILITIES	22	(13,163,832)	(12,560,874)
NET ASSETS EXCLUDING RETIREMENT BENEFIT OBLIGATIONS		<u>139,525,927</u>	<u>134,090,802</u>
RETIREMENT BENEFIT OBLIGATIONS	12	(10,333,376)	(10,106,645)
NET ASSETS INCLUDING RETIREMENT BENEFIT OBLIGATIONS		<u>129,192,551</u>	<u>123,984,157</u>
RESERVES		<u>129,192,551</u>	<u>123,984,157</u>

The accounts on pages 7 to 42 were approved and authorised for issue by the Board of Officers on 14 January 2020 and are signed on its behalf by:

MB Batters
President



T J Jones
Director General



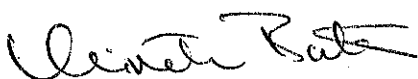
THE NATIONAL FARMERS' UNION

**NFU BALANCE SHEET
31 OCTOBER 2019**

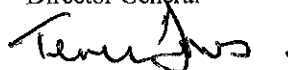
	Note	2019 £	(Restated) 2018 £
FIXED ASSETS			
Tangible fixed assets	16	16,243,753	16,151,393
Investments			
Property	17	58,205,404	55,085,404
Other	17	79,936,578	76,262,999
		<u>154,385,735</u>	<u>147,499,796</u>
CURRENT ASSETS			
Debtors	18	4,403,728	4,790,046
Cash at bank and in hand		1,471,851	922,862
		<u>5,875,579</u>	<u>5,712,908</u>
CREDITORS: amounts falling due within one year	19	<u>(7,045,363)</u>	<u>(6,704,430)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,169,784)</u>	<u>(991,522)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		153,215,951	146,508,274
DEFERRED INCOME	21	(3,266,215)	(2,994,333)
PROVISIONS FOR LIABILITIES	22	<u>(12,554,192)</u>	<u>(11,360,362)</u>
NET ASSETS EXCLUDING RETIREMENT BENEFIT OBLIGATIONS		137,395,544	132,153,579
RETIREMENT BENEFIT OBLIGATIONS	12	<u>(10,333,376)</u>	<u>(10,106,645)</u>
NET ASSETS INCLUDING RETIREMENT BENEFIT OBLIGATIONS		<u>127,062,168</u>	<u>122,046,934</u>
RESERVES		<u>127,062,168</u>	<u>122,046,934</u>

The accounts on pages 7 to 42 were approved and authorised for issue by the Board of Officers on 14 January 2020 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 2019**

	Revaluation reserve - listed investments £	(Restated) Revaluation reserve - investment property £	(Restated) Accumulated fund £	(Restated) Total reserves £
AT 31 OCTOBER 2017	27,733,099	40,140,268	61,346,794	129,220,161
Surplus/(deficit) for the year	(1,346,229)	(4,339,000)	846,294	(4,838,935)
Other comprehensive income:				
Private Medical Insurance Scheme:				
Actuarial gain	-	-	804,849	804,849
Current tax on actuarial gain	-	-	-	-
Defined benefit pension scheme:				
Actuarial gain	-	-	(1,448,095)	(1,448,095)
Deferred tax on actuarial gain	-	-	246,177	246,177
Transfer of realised gains on investments	(1,062,302)	-	1,062,302	-
	(2,408,531)	(4,339,000)	1,511,527	(5,236,004)
AT 31 OCTOBER 2018	25,324,568	35,801,268	62,858,321	123,984,157
Surplus/(deficit) for the year	5,243,803	3,120,000	(1,893,628)	6,470,175
Other comprehensive income:				
Private Medical Insurance Scheme:				
Actuarial gain	-	-	264,919	264,919
Current tax on actuarial gain	-	-	-	-
Defined benefit pension scheme:				
Actuarial gain	-	-	(2,542,104)	(2,542,104)
Deferred tax on actuarial gain	-	-	432,158	432,158
Revaluation of tangible fixed assets:				
Revaluation gain	-	-	583,246	583,246
Transfer of realised gains on investments	(3,714,130)	-	3,714,130	-
	1,529,673	3,120,000	558,721	5,208,394
AT 31 OCTOBER 2019	26,854,241	38,921,268	63,417,042	129,192,551
NFU – General Fund	22,804,345	38,921,268	52,973,146	114,698,759
NFU – Legal Assistance Scheme	4,049,896	-	7,150,917	11,200,813
NFU Services Limited	-	-	2,832,449	2,832,449
NFU Energy Limited	-	-	460,530	460,530
AT 31 OCTOBER 2019	26,854,241	38,921,268	63,417,042	129,192,551

A description of these reserves is provided in note 24.

THE NATIONAL FARMERS' UNION

**NFU STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 OCTOBER 2019**

	Revaluation reserve - listed investments £	(Restated) Revaluation reserve - investment property £	(Restated) Accumulated fund £	(Restated) Total reserves £
AT 31 OCTOBER 2017	27,733,099	40,140,268	59,507,083	127,380,450
Surplus/(deficit) for the year	(1,346,229)	(4,339,000)	748,782	(4,936,447)
Other comprehensive income:				
Private Medical Insurance Scheme:				
Actuarial gain	-	-	804,849	804,849
Current tax on actuarial gain	-	-	-	-
Defined benefit pension scheme:				
Actuarial gain	-	-	(1,448,095)	(1,448,095)
Deferred tax on actuarial gain	-	-	246,177	246,177
Transfer of realised gains on investments	(1,062,302)	-	1,062,302	-
	(2,408,531)	(4,339,000)	1,414,015	(5,333,516)
AT 31 OCTOBER 2018	25,324,568	35,801,268	60,921,098	122,046,934
Surplus/(deficit) for the year	5,243,803	3,120,000	(2,086,788)	6,277,015
Other comprehensive income:				
Private Medical Insurance Scheme:				
Actuarial gain	-	-	264,919	264,919
Current tax on actuarial gain	-	-	-	-
Defined benefit pension scheme:				
Actuarial gain	-	-	(2,542,104)	(2,542,104)
Deferred tax on actuarial gain	-	-	432,158	432,158
Revaluation of tangible fixed assets:				
Revaluation gain	-	-	583,246	583,246
Transfer of realised gains on investments	(3,714,130)	-	3,714,130	-
	1,529,673	3,120,000	365,561	5,015,234
AT 31 OCTOBER 2019	26,854,241	38,921,268	61,286,659	127,062,168
NFU – General Fund	22,804,345	38,921,268	54,135,742	115,861,355
NFU – Legal Assistance Scheme	4,049,896	-	7,150,917	11,200,813
AT 31 OCTOBER 2019	26,854,241	38,921,268	61,286,659	127,062,168

A description of these reserves is provided in note 24.

THE NATIONAL FARMERS' UNION

**CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 OCTOBER 2019**

	Note	2019 £	2018 £
OPERATING ACTIVITIES			
Cash used in operations	25	(4,254,782)	(4,665,372)
Investment income		4,104,647	3,736,419
Tax repaid		71,200	114,900
Tax paid		-	(208,759)
		<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES		(78,935)	(1,022,812)
		<hr/>	<hr/>
INVESTING ACTIVITIES			
Purchase of business (deferred consideration)		(599,945)	-
Purchase of intangible fixed assets		(13,383)	(14,543)
Proceeds on tangible fixed assets		-	59,060
Purchase of tangible fixed assets		(352,816)	(1,262,829)
Purchase of investments		(14,635,908)	(2,881,471)
Proceeds on disposal of investments		16,008,597	2,766,036
		<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES		406,545	(1,333,747)
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		327,610	(2,356,559)
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,059,944	4,416,503
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,387,554	2,059,944
		<hr/>	<hr/>
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		2,387,554	2,059,944
		<hr/>	<hr/>

THE NATIONAL FARMERS' UNION

NFU CASH FLOW STATEMENT YEAR ENDED 31 OCTOBER 2019

	Note	2019 £	2018 £
OPERATING ACTIVITIES			
Cash used in operations	25	(4,673,106)	(5,034,174)
Investment income		4,104,647	3,918,968
Tax repaid		72,809	114,900
Tax paid		-	-
		<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES		(495,650)	(1,000,306)
		<hr/>	<hr/>
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(328,050)	(1,221,339)
Purchase of investment property additions		-	-
Purchase of investments		(14,635,908)	(2,881,471)
Proceeds on disposal of investments		16,008,597	2,722,871
		<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES		1,044,639	(1,379,939)
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		548,989	(2,380,245)
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		922,862	3,303,107
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,471,851	922,862
		<hr/>	<hr/>
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		1,471,851	922,862
		<hr/>	<hr/>

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

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 NFU Energy Limited, made up to 31 October 2019. 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 17 and 26.

2. ACCOUNTING POLICIES

Change in accounting policy

A voluntary change in accounting policy has been made in respect of the following areas.

The NFU has considered its freehold property portfolio and has identified those assets where a proportion of the asset may be more appropriately recognised as investment property in accordance with the requirements of FRS 102 Section 16. This change in accounting policy has been applied retrospectively in these financial statements. The financial impact of this change is that freehold property of net book value of £1,538,533 at 31 October 2018 has been reclassified to Investment Property on the balance sheet and restated at its fair value £2,034,404. Similarly freehold property of net book value of £1,568,065 at 1 November 2017 has been reclassified and restated at its fair value £2,034,404.

Rental income of £174,076 relating to these investment properties has been reclassified within the Statement of Comprehensive Income from Members' subscription and related income to Investment Activities. Similarly, related costs of £108,498 have been reclassified from Operating costs to Investment Activities. The net impact on the Statement of Comprehensive Income for the year ended 31 October 2018 is a reduction in Operating costs of £29,531, and hence a reduction to the Total Comprehensive Expenditure for the year of £29,531.

The NFU has also adopted a policy of revaluation for the proportion of freehold property remaining as tangible fixed assets on the balance sheet. In accordance with FRS 102 Section 17, this policy has been applied prospectively from the date of implementation (being 31 October 2019) and consequently no prior year restatement has been necessary.

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

2. ACCOUNTING POLICIES (Continued)

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.

Foreign currencies

The consolidated accounts are presented in sterling, which is the functional currency. Transactions in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling at the balance sheet date, or if the asset or liability is measured at fair value the rate when that fair value was determined. All differences arising on the translation of such items are dealt with in the surplus or deficit for the year, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related transaction gains or loss is also recognised there.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Intangible assets

Intangible assets are stated in the balance sheet at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful economic life.

Amortisation is provided on all intangible assets, other than assets under construction, so as to write off the cost, less any estimated residual value, over their useful life, as follows:

Goodwill	5 years
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THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

2. ACCOUNTING POLICIES (Continued)

Tangible fixed assets

Tangible fixed assets (except for freehold property) are stated at cost, net of depreciation and any provision for impairment.

Freehold property is stated at fair value less any subsequent accumulated depreciation and impairment losses. Gains on revaluation are recognised in other comprehensive income and accumulated in the revaluation reserve. Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

Depreciation is provided on all tangible fixed assets, other than freehold land. The rates are calculated to write off the cost of each asset to its estimated residual value over its expected useful life, as follows:

Freehold property	66 years
Leasehold property	Lower of 66 years and the length of the lease
Fixtures and equipment	3-5 years
Vehicles	25% reducing balance

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and on the condition expected and the end of its useful life.

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.

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

2. ACCOUNTING POLICIES (Continued)

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.

Retirement benefits

Defined benefit pension schemes are funded, with the assets held separately from the group in separate trustee administered funds. Full actuarial valuations, by an independent qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability.

Obligations arising in respect of other post-retirement defined benefit schemes, such as the private medical insurance scheme, are valued annually by an independent qualified actuary. The expected costs of these benefits are accounted for using the same methodology as used for defined benefit pension schemes.

Gains or losses recognised within the surplus or deficit in the Statement of Comprehensive Income:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

For defined contribution schemes the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Legal opinion has been taken in respect of certain voluntary pensions paid by the NFU to past employees, which advised that a constructive obligation exists for the future related pension costs. Accordingly full provision for the estimated future costs has been made within the defined benefit pension scheme liability.

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

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 2019

2. ACCOUNTING POLICIES (Continued)

Financial instruments

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

Financial assets and financial liabilities are recognised when the NFU becomes a party to the contractual provisions of the instrument, and are offset only when the NFU currently has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

Trade and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Such debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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 NFU after deducting all of its liabilities.

Bank overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

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 £56,171,000 (2018: £53,051,000) on by Hutchinson Morrison Childs, Chartered Surveyors using the income and investment method of valuation. The historical cost of this property at 31 October 2019 was £11,705,554 (2018: £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 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.

The NFU also holds certain freehold properties in order to fulfil its commercial and representational needs. A proportion of those properties are held solely for the purposes of earning rental income. In accordance with FRS 102, the proportion of the properties' total fair value that is held for earning rental income is classified on the balance sheet as investment property. The carrying value of these properties at the balance sheet date is £2,034,404 (2018 restated: £2,034,404), based upon a valuation by Knight Frank as at 31 December 2018. The historical cost of these properties at 31 October 2019 was £2,232,930 (2018: £2,232,930).

Goodwill

Goodwill arising on the acquisition of FEC Energy Limited (now called NFU 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 £1,543,367 (2018: £2,088,084). 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.

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (Continued)

Contingent consideration

Included in provisions for liabilities are amounts payable to the former shareholders of NFU Energy Limited following the acquisition made by the group on 24 August 2017. The carrying amount is £600,055 (2018: £1,200,000). These amounts are contingent on the trading results of NFU Energy Limited in each of the 12 month periods ending 31 October 2019 and 31 October 2020.

Defined Benefit Pension Scheme

The scheme deficit included in the balance sheet is £2,998,355 (2018: £2,495,205). The key sensitivity is to the discount rate assumption. The rate used 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. Further details on the principal assumptions used to calculate scheme assets and liabilities at the balance sheet date are given in note 12.

Private Medical Insurance scheme

The principal assumptions used to calculate the liability at the balance sheet date of £7,335,021 (2018: £7,611,440) are given in note 12.

If the assumed annual healthcare premium increase is varied down by 1% percent to 11% (2018: 11%), the liability would be £6,351,628 (2018: £6,597,836).

4. MEMBERS' SUBSCRIPTIONS AND RELATED INCOME

	2019	(Restated) 2018
	£	£
Income from members:		
Subscriptions	19,243,437	18,989,239
Legal assistance scheme subscriptions	1,359,403	1,260,832
	<hr/>	<hr/>
	20,602,840	20,250,071
	<hr/>	<hr/>
Other income:		
Sales	5,186,948	4,562,132
Rental income	537,154	378,349
Contributions and other income from the NFU Mutual Insurance Society	6,125,667	6,202,500
Contributions from other organisations	211,934	223,473
Other income	426,665	201,425
	<hr/>	<hr/>
	12,488,368	11,567,879
	<hr/>	<hr/>
	33,091,208	31,817,950
	<hr/> <hr/>	<hr/> <hr/>

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2019**

5. MEMBERS' REPRESENTATION

	2019	2018
	£	£
Meetings and associated expenses	2,256,840	2,042,018
Elected officers' remuneration	336,215	292,411
Overseas visits	91,310	63,925
COPA and other subscriptions	583,122	569,444
Membership retention and recruitment	398,697	420,928
Animal Health and Welfare	54,855	69,973
	<u>3,721,039</u>	<u>3,458,699</u>

6. PROMOTIONAL ACTIVITIES

	2019	2018
	£	£
Advertising campaigns	344,257	346,300
National shows and events	171,589	201,028
Regional shows and events	444,274	559,053
Public affairs	354,835	240,145
Production costs – publications	163,160	259,650
Information services	29,355	39,587
	<u>1,507,470</u>	<u>1,645,763</u>

7. STAFF COSTS

	2019	(Restated) 2018
	£	£
Staff remuneration	15,977,689	15,260,637
Personnel costs (NIC, pension contributions, voluntary pensions and welfare)	3,505,652	3,384,459
Staff recruitment and training	481,025	406,753
Staff expenses	1,142,520	1,148,254
Group secretary expenses	485,161	419,869
	<u>21,592,047</u>	<u>20,619,972</u>

8. LEGAL ASSISTANCE SCHEME

	2019	2018
	£	£
Grants to members	1,530,063	1,354,180

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

9. ADMINISTRATIVE COSTS

	(Restated)	
	2019	2018
	£	£
Audit fees:		
NFU	23,250	23,250
NFU Services Limited	4,000	4,000
NFU Energy Limited	6,000	6,000
Professional fees:		
Property	125,839	281,287
Pension administrative costs	133,269	144,053
Other	808,228	864,751
Printing and stationery	167,713	183,910
Telephone	339,394	347,120
Postage and carriage	118,211	120,429
Other	253,732	272,588
	1,979,636	2,247,388
	1,979,636	2,247,388

10. ESTABLISHMENT COSTS

	(Restated)	
	2019	2018
	£	£
Repairs and maintenance:		
Property	237,864	301,583
Other	675,321	616,390
Depreciation	703,602	566,079
Deficit/(surplus) on disposal of fixed assets	6,915	(30,457)
Accommodation costs:		
Net rent	767,008	570,665
Rates	534,290	460,501
Light and heat	169,254	158,768
Health and safety	141,653	4,160
Other	320,746	377,531
General insurance costs	291,945	287,875
	3,848,598	3,313,095
	3,848,598	3,313,095

11. STAFF NUMBERS

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

	2019	2018
	No.	No.
Headquarters	308	296
Regions	122	117
Group secretaries	388	384
	818	797
	818	797

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

12. RETIREMENT BENEFIT OBLIGATIONS

GROUP & NFU		2019	2018
		£	£
Amounts recognised in the balance sheet			
Defined benefit pension scheme	a)	2,998,355	2,495,205
Private medical insurance scheme	b)	7,335,021	7,611,440
		10,333,376	10,106,645
		10,333,376	10,106,645

a) Defined benefit scheme

The NFU Staff Pension Scheme was an insured scheme until 30 June 1987, the insurer being the NFU Mutual Insurance Society. With effect from 1 July 1987, it became a self-administered scheme with a separately invested fund managed by the NFU Mutual Investment Services Ltd on behalf of the Trustee, NFU Staff Pension Trust Company Limited. It is a defined benefit scheme, funded by contributions from both members and employer. The contribution rates are determined by the NFU and the Trustee in accordance with the recommendations included in regular actuarial valuations by an independent professionally qualified actuary.

In addition to funded pensions, the NFU had, in the past, approved the payment of additional voluntary pensions to certain of its pensioners to alleviate the worst effects of inflation. These additional pensions are included within the direct pensions funded through the pension scheme.

The NFU Staff Pension Scheme was closed to new entrants with effect from 31 October 2000 and was closed to future accrual with effect from 30 June 2008.

The NFU has met its statutory obligation to identify a stakeholder pension provider for staff not eligible to join the occupational scheme.

The valuation has been based on the actuarial valuation at 30 June 2017 and updated by Barnett Waddingham LLP to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 October 2019. Scheme assets are stated at their fair value at 31 October 2019.

The principal assumptions used to calculate scheme assets and liabilities at the balance sheet date were:

	2019	2018
Discount rate	1.95%	2.80%
Inflation rate RPI	3.35%	3.60%
Inflation rate CPI	2.35%	2.60%
Salary increases	3.35%	3.60%
Revaluation in deferment	2.35%	2.60%
RPI pension increases	3.35%	3.60%

	2019	2018
Post retirement mortality assumption	S2NA adjusted by 85% with CMI 2018 projections with a long term rate of improvement of 1.5% p.a.	S2NA adjusted by 85% with CMI 2017 projections with a long term rate of improvement of 1.5% p.a.

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

12. 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 1.95% 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:

	2019	2018
	Years	Years
Male	23.7	23.6
Female	25.7	25.6

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

	2019	2018
	Years	Years
Male	25.4	25.3
Female	27.5	27.4

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

	2019	2018
	£	£
Net interest on the net defined benefit pension liability	<u>41,046</u>	<u>42,084</u>

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2019**

12. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Changes in the present value of the defined benefit obligation:

	2019
	£
Defined benefit obligation at 1 November 2018	103,268,013
Interest cost	2,839,931
Change in value of annuity asset	116,173
Changes to demographic assumptions	(30,607)
Changes to financial assumptions	9,747,472
Benefits paid	(3,722,246)
	<hr/>
Defined benefit obligation at 31 October 2019	112,218,736
	<hr/>

Changes in the fair value of scheme assets:

	2019
	£
Scheme assets at 1 November 2018	100,772,808
Interest income	2,798,885
Employer contributions	2,080,000
Return on plan assets (excluding net interest on the net defined benefit liability)	7,174,761
Changes in value of annuity asset	116,173
Benefits paid	(3,722,246)
	<hr/>
Scheme assets at 31 October 2019	109,220,381
	<hr/>

The actual return on scheme assets was £10,089,819, including change in value of annuities - 12% (2018: £618,229 - 0.6% net of fees).

The analysis of the scheme assets at the balance sheet date were as follows:

	2019	2018
	Fair value	Fair value
	£	£
Equity	9,034,128	7,775,084
Bonds	92,469,547	87,315,277
Other	4,980,274	4,132,932
Cash	2,736,432	1,549,515
	<hr/>	<hr/>
	109,220,381	100,772,808
	<hr/>	<hr/>

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

12. RETIREMENT BENEFIT OBLIGATIONS (Continued)

	2019 £	2018 £
Scheme assets	109,220,381	100,772,808
Scheme liabilities	(112,218,736)	(103,268,013)
	<hr/>	<hr/>
Amount recognised in the balance sheet	(2,998,355)	(2,495,205)
	<hr/> <hr/>	<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 2019, 56 (2018: 56) retired individuals currently benefit and no others (2018: 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 2019.

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

	2019	2018
Discount rate	1.60%	2.70%
Increase in healthcare premiums	12.00%	12.00%

Movement in the private medical insurance scheme obligation:

	2019 £	2018 £
At beginning of the year	(7,611,440)	(8,421,916)
Notional finance cost of private medical insurance scheme	(178,142)	(174,660)
Benefits paid	189,642	180,287
Actuarial gain	264,919	804,849
	<hr/>	<hr/>
Amount recognised in the balance sheet	(7,335,021)	(7,611,440)
	<hr/> <hr/>	<hr/> <hr/>

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

	2019 £	2018 £
Net interest on the net defined benefit pension liability	41,046	42,084
Notional finance costs of private medical insurance scheme	178,142	174,660
	<hr/>	<hr/>
	219,188	216,744
	<hr/> <hr/>	<hr/> <hr/>

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

13. LEASING AGREEMENTS

As lessee:

The NFU has entered into a number of operating leases. The lease rentals charged in the year were:

	2019	2018
	£	£
Motor vehicles, office equipment, computer hardware and software	480,221	476,695
Land and buildings	664,228	513,803
	<u> </u>	<u> </u>

The total future maximum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Motor vehicles, office equipment, computer hardware and software:		
Expiring within 1 year	356,092	344,512
Expiring between 2 and 5 years	412,083	460,298
Land and buildings:		
Expiring within 1 year	656,552	645,959
Expiring between 2 and 5 years	1,780,050	1,750,550
Expiring after 5 years	1,114,573	1,401,367
	<u> </u>	<u> </u>
	4,319,350	4,602,686
	<u> </u>	<u> </u>

As lessor:

At the year end the NFU has contracted with tenants under non-cancellable operating leases, for the following minimum lease payments:

	2019	2018
	£	£
Amounts receivable:		
In less than one year	2,349,781	2,323,302
In one to five years	8,549,932	8,632,972
After five years	22,720,833	24,869,683
	<u> </u>	<u> </u>
	33,620,546	35,825,957
	<u> </u>	<u> </u>

The operating leases represent rental of properties to third parties. These are negotiated over terms of 1 to 20 years (2018: 1 to 20 years) and rentals are fixed for 1 to 20 years (2018: 1 to 20 years).

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

14. TAXATION

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

	2019 £	2018 £
UK Corporation tax	-	-
Adjustments in respect of prior year	-	(93,873)
	<hr/>	<hr/>
Current tax (credit)/charge	-	(93,873)
Deferred tax:		
Timing differences, origination and reversal	(136,453)	300
Pension scheme liability	346,623	166,896
Fair value gains/(losses)	1,143,216	(1,365,577)
Other timing differences	-	(328)
	<hr/>	<hr/>
	1,353,386	(1,198,709)
	<hr/>	<hr/>
Total tax charge/(credit)	1,353,386	(1,292,582)
	<hr/> <hr/>	<hr/> <hr/>

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

	2019 £	(Restated) 2018 £
Surplus/(deficit) on ordinary activities before taxation (and after fair value gains)	7,823,561	(6,131,517)
	<hr/>	<hr/>
Tax at 19% (2018: 19%) thereon	1,486,477	(1,164,988)
Effects of:		
Chargeable disposals	144,767	150,366
Expenses not deductible for tax purposes	282,887	123,488
Capital allowances in excess of depreciation	18,179	12,160
Dividend income	(330,650)	(357,168)
Retirement benefit schemes	-	169,646
Other tax adjustments	2,698	(302,200)
Adjustments in respect of prior year	(134,457)	(93,873)
Effects of changes in tax rates	(116,515)	169,987
	<hr/>	<hr/>
Total tax charge/(credit)	1,353,386	(1,292,582)
	<hr/> <hr/>	<hr/> <hr/>

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2019**

15. INTANGIBLE ASSETS

GROUP	Goodwill	Software	Software Under Construction	Total
	£	£	£	£
<i>Cost</i>				
At 1 November 2018	2,723,587	-	14,543	2,738,130
Additions	-	-	13,383	13,383
Transfer	-	27,926	(27,926)	-
At 31 October 2019	2,723,587	27,926	-	2,751,513
<i>Amortisation</i>				
At 1 November 2018	635,503	-	-	635,503
Charge for the year	544,717	5,965	-	550,682
At 31 October 2019	1,180,220	5,965	-	1,186,185
<i>Net book value</i>				
At 31 October 2019	1,543,367	21,961	-	1,565,328
At 31 October 2018	2,088,084	-	14,543	2,102,627

16. TANGIBLE FIXED ASSETS

GROUP	Freehold Property	Leasehold Property	Furniture Equipment and Vehicles	Total
	£	£	£	£
<i>Cost</i>				
At 1 November 2018 (as restated)	5,245,830	14,038,420	4,946,641	24,230,891
Additions	-	8,442	344,374	352,816
Adjustments between categories	(309,598)	382,776	102,897	176,075
Disposals	-	(136,099)	(1,805,835)	(1,941,934)
At 31 October 2019	4,936,232	14,293,539	3,588,077	22,817,848
<i>Accumulated depreciation</i>				
At 1 November 2018 (as restated)	1,284,264	2,597,570	4,126,229	8,008,063
Charge for the year	63,615	306,879	327,142	697,636
Adjustments between categories	-	85,440	95,054	180,494
Revaluation	(583,247)	-	-	(583,247)
Disposals	-	(599)	(1,797,612)	(1,798,211)
At 31 October 2019	764,632	2,989,290	2,750,813	6,504,735
<i>Net book value</i>				
At 31 October 2019	4,171,600	11,304,249	837,264	16,313,113
At 31 October 2018 (as restated)	3,961,566	11,440,850	820,412	16,222,828

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2019**

16. TANGIBLE FIXED ASSETS (Continued)

NFU	Freehold	Leasehold	Furniture	Total
	Property	Property	Equipment and Vehicles	
	£	£	£	£
<i>Cost</i>				
At 1 November 2018 (as restated)	5,245,830	14,025,158	4,957,067	24,228,055
Additions	-	-	328,050	328,050
Adjustments between categories	(309,598)	382,776	102,897	176,075
Disposals	-	(134,958)	(1,766,438)	(1,901,396)
At 31 October 2019	4,936,232	14,272,976	3,621,576	22,830,784
<i>Accumulated depreciation</i>				
At 1 November 2018 (as restated)	1,284,264	2,608,404	4,183,994	8,076,662
Charge for the year	63,615	302,279	313,666	679,560
Adjustments between categories	-	85,440	95,054	180,494
Revaluation	(583,247)	-	-	(583,247)
Disposals	-	-	(1,766,438)	(1,766,438)
At 31 October 2019	764,632	2,996,123	2,826,276	6,587,031
<i>Net book value</i>				
At 31 October 2019	4,171,600	11,276,853	795,300	16,243,753
At 31 October 2018 (as restated)	3,961,566	11,416,754	773,073	16,151,393

17. FIXED ASSET INVESTMENTS

GROUP AND NFU

Investment property	£
Fair value at 1 November 2018 (as restated)	55,085,404
Revaluation	3,120,000
Fair value at 31 October 2019	58,205,404

The Knightsbridge investment properties were valued on a fair value basis at £56,171,000 (2018: £53,051,000) on 31 October 2019 by independent chartered surveyors. The historical cost of these properties at 31 October 2019 was £11,705,554 (2018: £11,705,554).

Freehold investment properties were valued on a fair value basis at £2,034,404 (2018 restated: £2,034,404) on 31 October 2019 by the Officers, based upon an independent chartered surveyor valuation as at 31 December 2018. The historical cost of these properties at 31 October 2019 was £2,232,930 (2018: £2,232,930).

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

17. FIXED ASSET INVESTMENTS (Continued)

GROUP

Other fixed asset investments	Listed investments £
<i>Fair value</i>	
At 1 November 2018	75,512,999
Purchases	14,635,908
Revaluation	5,243,803
Disposals	(16,206,132)
<i>Carrying amount</i>	
At 31 October 2019	79,186,578

NFU

Other fixed asset investments	Listed investments £	Investment in subsidiary £	Total £
<i>Fair value/cost</i>			
At 1 November 2018	75,512,999	750,000	76,262,999
Purchases	14,635,908	-	14,635,908
Revaluation	5,243,803	-	5,243,803
Disposals	(16,206,132)	-	(16,206,132)
<i>Carrying amount</i>			
At 31 October 2019	79,186,578	750,000	79,936,578

The listed investments at fair value have an historical cost of £47,824,139 (2018: £45,708,279).

Details of the investments in which the NFU holds 20% or more of the nominal value of any class of share capital are as follows:

- NFU Services Limited. 100% interest in the ordinary share capital (and voting rights) of that company, held directly. The company provides membership services. Its principal place of business is Agriculture House, Stoneleigh Park, Kenilworth, Warwickshire, CV8 2TZ.
- NFU Energy Limited. 100% interest in the ordinary share capital (and voting rights) of that company, held indirectly. The company provides energy consultancy services. Its principal place of business is 10th Street, Stoneleigh, Kenilworth, Warwickshire, CV8 2LS.

Each of the subsidiary undertakings is incorporated in England and Wales. The registered office of both companies is Agriculture House, Stoneleigh Park, Kenilworth, Warwickshire, CV8 2TZ.

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

18. DEBTORS

GROUP	2019	2018
	£	£
Amounts paid in advance	2,609,366	2,303,413
Trade debtors	914,451	1,228,392
Amounts due from affiliated entities	5,327	102,460
Other debtors	1,308,141	1,634,241
Corporation tax	112,294	185,968
	<hr/>	<hr/>
	4,949,579	5,454,474
	<hr/>	<hr/>

NFU	2019	2018
	£	£
Amounts paid in advance	2,548,380	2,244,668
Trade debtors	411,028	717,478
Amounts due from subsidiaries	108,389	15,642
Amounts due from affiliated entities	5,327	102,460
Other debtors	1,217,446	1,523,830
Corporation tax	113,158	185,968
	<hr/>	<hr/>
	4,403,728	4,790,046
	<hr/>	<hr/>

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2019	2018
	£	£
Trade creditors	1,241,615	1,630,664
Amounts due to branches	17,256	17,256
Amounts due to affiliated entities	246,656	205,628
Corporation tax	304,992	307,466
Other taxes and social security	657,852	646,581
Other creditors and accruals	3,957,028	3,812,391
	<hr/>	<hr/>
	6,425,399	6,619,986
	<hr/>	<hr/>

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (Continued)

NFU	2019	2018
	£	£
Trade creditors	1,191,542	1,561,518
Amounts due to subsidiaries	981,837	425,056
Amounts due to branches	17,256	17,256
Amounts due to affiliated entities	246,657	205,628
Corporation tax	322,614	322,614
Other taxes and social security	489,062	483,751
Other creditors and accruals	3,796,395	3,688,607
	<u>7,045,363</u>	<u>6,704,430</u>

The NFU's banker, HSBC Bank plc has the right of set off between all accounts held with them.

20. FINANCIAL INSTRUMENTS

The carrying amount of the Group's and NFU's financial instruments at 31 October were:

GROUP	2019	2018
	£	£
Financial assets:		
Debt instruments measured at amortised cost	2,227,919	2,847,075
Listed investments measured at fair value through surplus or deficit in the Statement of Comprehensive Income	79,186,578	75,512,999
	<u>81,414,497</u>	<u>78,360,074</u>
Financial liabilities:		
Measured at amortised cost	5,462,553	5,665,940
	<u>5,462,553</u>	<u>5,665,940</u>
NFU	2019	2018
	£	£
Financial assets:		
Debt instruments measured at amortised cost	1,742,190	2,241,392
Listed investments measured at fair value through surplus or deficit in the Statement of Comprehensive Income	79,186,578	75,512,999
	<u>80,928,768</u>	<u>77,754,391</u>
Financial liabilities:		
Measured at amortised cost	6,233,687	5,898,065
	<u>6,233,687</u>	<u>5,898,065</u>

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2019**

21. DEFERRED INCOME

GROUP	Subscriptions received in advance £	Contributions from NFU Mutual £	Total £
At 1 November 2018	2,136,781	1,029,833	3,166,614
Received during the year	2,473,231	1,019,167	3,492,398
Released to profit during the year	(2,136,781)	(1,029,833)	(3,166,614)
	<hr/>	<hr/>	<hr/>
At 31 October 2019	2,473,231	1,019,167	3,492,398
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
NFU	Subscriptions received in advance £	Contributions from NFU Mutual £	Total £
At 1 November 2018	1,964,500	1,029,833	2,994,333
Received during the year	2,247,048	1,019,167	3,266,215
Released to profit during the year	(1,964,500)	(1,029,833)	(2,994,333)
	<hr/>	<hr/>	<hr/>
At 31 October 2019	2,247,048	1,019,167	3,266,215
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

22. PROVISIONS FOR LIABILITIES

GROUP	Legal assistance scheme grants £	Contingent consideration £	Deferred tax £	Total £
At 1 November 2018	1,681,998	1,200,000	9,678,876	12,560,874
Provisions made during the year	772,991	-	-	772,991
Utilised in the year	(491,316)	(599,945)	-	(1,091,261)
Transfer from Statement of Comprehensive Income	-	-	921,228	921,228
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2019	1,963,673	600,055	10,600,104	13,163,832
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
NFU	Legal assistance scheme grants £	Deferred tax £	Total £	
At 1 November 2018	1,681,998	9,678,364	11,360,362	
Provisions made during the year	772,991	-	772,991	
Utilised in the year	(491,316)	-	(491,316)	
Transfer from Statement of Comprehensive Income	-	912,155	912,155	
	<hr/>	<hr/>	<hr/>	
At 31 October 2019	1,963,673	10,590,519	12,554,192	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

22. PROVISIONS FOR LIABILITIES (Continued)

Legal assistance scheme grants

These represent outstanding awards at the balance sheet date made under the national legal assistance scheme (see note 28).

Contingent consideration

This represents amounts due in respect of the acquisition of NFU Energy Limited on 24 August 2017. The amounts are payable in instalments in January 2019 and January 2020, and are dependent upon the trading results of NFU Energy Limited for the financial years ending 31 October 2018 and 31 October 2019.

23. DEFERRED TAX

GROUP

	Defined benefit pension scheme £	Fair value gains £	Accelerated capital allowances £	Other timing differences £	Total £
At 1 November 2018	(424,185)	9,187,357	928,369	(12,664)	9,678,876
Transfer from Statement of Comprehensive Income	(85,535)	1,143,217	153,062	(289,517)	921,228
	<u>(509,720)</u>	<u>10,330,574</u>	<u>1,081,431</u>	<u>(302,181)</u>	<u>10,600,104</u>

Included within other timing differences is £259,285 (2018: £nil) of unutilised trading losses carried forward.

NFU

	Defined benefit pension scheme £	Fair value gains £	Accelerated capital allowances £	Other timing differences £	Total £
At 1 November 2018	(424,185)	9,187,357	925,107	(9,915)	9,678,364
Transfer from Statement of Comprehensive Income	(85,535)	1,143,217	144,880	(290,407)	912,155
	<u>(509,720)</u>	<u>10,330,574</u>	<u>1,069,987</u>	<u>(300,322)</u>	<u>10,590,519</u>

Included within other timing differences is £259,285 (2018: £nil) of unutilised trading losses carried forward.

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

24. 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.

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

GROUP	(Restated)	
	2019	2018
	£	£
Surplus on ordinary activities after tax	6,470,175	(4,838,935)
Depreciation of tangible fixed assets	697,636	562,597
Deficit/(surplus) on sale of tangible fixed assets	148,142	(4,358)
Amortisation of intangible assets	550,682	544,717
Deficit on disposal of investments	197,535	185,420
Fair value (gains)/losses on fixed asset investments	(8,363,803)	5,685,229
Increase in retirement benefit obligations	(11,500)	(5,627)
Increase in pension liabilities	(2,038,954)	(997,916)
Property rental income (net)	(2,388,702)	(2,193,579)
Interest on term deposits	(52,003)	(42,433)
Dividends and other investment income	(1,855,487)	(1,694,414)
Investment fees	191,545	194,007
Taxation	1,353,386	(1,292,583)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(5,101,348)	(3,897,875)
(Decrease)/increase in trade and other debtors	431,221	(382,735)
Increase in trade and other creditors	89,561	103,275
Increase/(decrease) in deferred income	325,784	(488,037)
	<hr/>	<hr/>
Cash used in operations	(4,254,782)	(4,665,372)
	<hr/>	<hr/>

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2019**

**25. RECONCILIATION OF SURPLUS ON ORDINARY ACTIVITIES
TO NET CASH GENERATED USED IN OPERATIONS (Continued)**

NFU	(Restated)	
	2019	2018
	£	£
Surplus/(deficit) on ordinary activities after tax	6,277,015	(4,936,447)
Depreciation of tangible fixed assets	679,560	552,950
Deficit on sale of tangible fixed assets	139,377	47,473
Deficit on disposal of investments	197,535	185,420
Fair value (gains)/losses on fixed asset investments	(8,363,803)	5,728,394
Increase in retirement benefit obligations	(11,500)	(5,627)
Increase in pension liabilities	(2,038,954)	(997,916)
Property rental income (net)	(2,388,702)	(2,193,579)
Interest on term deposits	(52,003)	(39,562)
Dividends and other investment income	(1,855,487)	(1,879,834)
Investment fees	191,545	194,007
Taxation	1,344,313	(1,285,334)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(5,881,104)	(4,630,055)
Decrease/(increase) in trade and other debtors	313,508	(254,798)
Increase in trade and other creditors	622,608	328,801
Increase/(decrease) in deferred income	271,882	(478,122)
	<hr/>	<hr/>
Cash used in operations	(4,673,106)	(5,034,174)
	<hr/> <hr/>	<hr/> <hr/>

26. RELATED UNDERTAKINGS

The related undertakings of the NFU are as follows:

	Activity	Ownership
<i>Related undertakings not consolidated:</i>		
(i)	Unincorporated trust funds:	
	NFU Beet Growers Account	Control & use of voluntary industry levy 100%
	This fund has not been consolidated because the NFU national organisation has no rights in, or control over the assets.	
(ii)	Unincorporated specialist branch funds	Investment & property income 100%
	These accounts have not been consolidated because the NFU national organisation has no rights in, or control over, the locally owned assets of its specialist branches.	
(iii)	Companies incorporated in England, limited by guarantee, control exercised by membership, membership by nominees and/or the appointment of directors:	
	Pig Disease Eradication Fund Ltd	Administration of statutory levy 50%
	Cornwall NFU Company Limited	Administration of funds 100%

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

26. 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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27. 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 26.

Administration fees charged to related parties in the year were:

	2019	2018
	£	£
(i) NFU Beet Growers Account		
Administration fees and salaries charged to Beet Growers	634,625	503,698
(ii) Pig Disease Eradication Fund Ltd		
Administration fees charged to Pig Disease Eradication Fund Ltd	2,000	2,000

In November 2018 the NFU loaned an amount of £150,000 (2018: £593,809) to NFU Beet-Growers. The loan was repaid in full in November 2018 (2018: December 2017).

At 31 October 2019, the following balances were due to and from related parties:

	2019	2018
	£	£
(i) NFU Beet Growers Account		
Amounts owed to the NFU	5,759	86,038
(ii) Pig Disease Eradication Fund Ltd		
Amounts owed to the NFU	-	-

At the 31 October 2019, £336,037 (2018: £696) 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 £857,509 (2018: £855,856). 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 2019

28. LEGAL ASSISTANCE SCHEME

The NFU operates a national legal assistance scheme which was launched on 1 November 1987 to replace various local schemes previously operated by county branches. The scheme is funded by members' additional voluntary subscriptions.

The scheme is included with the General Fund of the NFU in these accounts.

Separate detailed accounts are provided to the Legal Board of the NFU which has responsibility for the administration of the scheme. In summary, the transactions of the scheme in the year ended 31 October 2019 were as follows:

	£	2019 £	£	2018 £
Income and expenditure account:				
Income				
Members' subscriptions		1,359,403		1,260,832
Operating costs				
Grants to members	1,530,063		1,354,180	
Administration costs	350,402		351,476	
		<u>(1,880,465)</u>		<u>(1,705,656)</u>
Operating deficit		(521,062)		(444,824)
Investment activities				
Interest on term deposits	15,815		16,143	
Dividend and other investment income	499,022		373,711	
Investment fees	(46,895)		(47,844)	
Surplus on investment activities		<u>467,942</u>		<u>342,010</u>
Deficit on ordinary activities before fair value movements and taxation		(53,120)		(102,814)
Fair value gains/(losses) on revaluation of listed investments		<u>579,432</u>		<u>(623,769)</u>
Surplus/(deficit) on ordinary activities after fair value movements and before taxation		526,312		(726,583)
Taxation		<u>(62,104)</u>		<u>335,577</u>
Surplus/(deficit) on ordinary activities after taxation		464,208		(391,006)
Total reserves brought forward		<u>10,736,605</u>		<u>11,127,611</u>
Total reserves carried forward		<u>11,200,813</u>		<u>10,736,605</u>

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2019

28. LEGAL ASSISTANCE SCHEME (Continued)

	2019	2018
	£	£
Represented by:		
Fixed assets:		
Listed investments at market value (cost: £8,622,387; 2018: £7,789,955)	13,608,761	12,823,660
	<hr/>	<hr/>
Current assets:		
Amount due from NFU General Fund	92,850	70,251
Other debtors	10,295	10,295
Cash and cash equivalents	265,053	267,406
	<hr/>	<hr/>
	368,198	347,952
	<hr/>	<hr/>
Current liabilities:		
Other creditors	(19,901)	(25,307)
	<hr/>	<hr/>
Deferred income:		
Deferred income	(99,626)	(96,860)
	<hr/>	<hr/>
Provisions:		
Grants payable	(1,963,673)	(1,681,998)
Deferred taxation	(692,946)	(630,842)
	<hr/>	<hr/>
Total reserves	11,200,813	10,736,605
	<hr/> <hr/>	<hr/> <hr/>