

# 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 2020		
List No:	245E		
Head or Main Office:	Agriculture House		
	Stoneleigh Park		
	Warwickshire		
Postcode	CV8 2TZ		
Website address (if available)	<a href="http://www.nfuonline.com">www.nfuonline.com</a>		
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:	<a href="mailto:tamsin.richards@nfu.org.uk">tamsin.richards@nfu.org.uk</a>		

**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](mailto:returns@certoffice.org)

For Employers' Associations based in Scotland: [ymw@tcyoung.co.uk](mailto: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
77,762				77,762

## 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
Deputy President	Guy Smith	Stuart Roberts	26 February 2020
Vice President	Stuart Roberts	Tom Bradshaw	26 February 2020
Member of Governance Board	n/a	Anthony Bambridge	21 October 2020
Member of Governance Board	n/a	Mark Weekes	21 October 2020
Member of Governance Board	Angela Sargent	n/a	21 October 2020

# Officers in post

(see note 10)

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

Name of Officer	Position held
Minette Batters	President
Stuart Roberts	Deputy President
Tom Bradshaw	Vice President
John Davies	Predisent of NFU Cymru
Terry Jones	Director General
David Exwood	Member of the Governance Board
Michael Sly	Member of the Governance Board
Michael Oakes	Member of the Governance Board
Mark Weekes	Member of the Governance Board
Anthony Bambridge	Member of the Governance Board
Ken Sutherland	Secretary



## Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	<b>Income</b>			
33,091,208	From Members	Subscriptions, levies, etc	33,276,050	33,276,050
	Investment income	Interest and dividends (gross)		
52,091		Bank interest (gross)	59,484	59,484
		Other (specify)		
1,855,487		Dividends and other investment income	952,340	952,340
		<b>Total Investment Income</b>	<b>1,011,824</b>	<b>1,011,824</b>
1,907,578				
	Other Income	Rents received	2,490,873	2,490,873
2,433,940		Insurance commission		
		Consultancy fees		
		Publications/Seminars		
		Miscellaneous receipts (specify)		
583,246		Revaluation of tangible fixed assets		
264,919		Actuarial gain on PMI scheme	161,014	161,014
		Actuarial gain on DB pension scheme	956,655	956,655
		<b>Total of other income</b>		<b>3,608,542</b>
3,282,105				
38,280,891		<b>Total income</b>		<b>37,896,416</b>
		<b>Interfund Transfers IN</b>		<b>6,237,252</b>
	<b>Expenditure</b>			
21,592,047	Administrative expenses	Remuneration and expenses of staff	22,326,923	22,326,923
3,138,081		Occupancy costs	3,809,709	3,809,709
285,924		Printing, Stationery, Post	202,714	202,714
339,394		Telephones	315,272	315,272
1,100,586		Legal and Professional fees	1,385,395	1,385,395
		Miscellaneous (specify)		
45,238		Investment property rental costs	70,897	70,897
191,545		Investment management fees	334,465	334,465
2,793,339		Cost of sales	2,363,371	2,363,371
253,732		Other expenses	254,798	254,798
		<b>Total of Admin expenses</b>		<b>31,063,544</b>
	Other Charges	Bank charges		
1,248,319		Depreciation	1,282,651	1,282,651
6,915		Sums written off		
		Affiliation fees		
		Donations		
		Conference and meeting fees		
1,507,470		Expenses	1,120,775	1,120,775
		Miscellaneous (specify)		
3,721,039		Members' representation	2,831,982	2,831,982
1,530,063		Grants - Legal assistance scheme	1,016,460	1,016,460
219,276		Finance costs	141,238	141,238
2,542,104		Actuarial loss on DB pension scheme		
		<b>Total of other charges</b>		<b>6,393,106</b>
921,228		Taxation	3,005,970	3,005,970
		<b>Total expenditure</b>		<b>40,462,620</b>
		<b>Interfund Transfers OUT</b>		
		Surplus/Deficit for year		-2,566,204
		Amount of fund at beginning of year		63,417,042
		Amount of fund at end of year		67,088,090

**Accounts other than Revenue Account/General Fund**

(see notes 17 to 18)

Account 2		Fund Account	
Name of account:	Revaluation reserve - listed investments	£	£
<b>Income</b>			
	From members		
	Investment income		
	Other Income (specify)		
	Fair value gains on revaluation of listed investments	12,089,953	
		12,089,953	12,089,953
		<b>Total Income</b>	12,089,953
	<b>Interfund Transfers IN</b>		
<b>Expenditure</b>			
	Administrative expenses		
	Other expenditure (specify)		
		<b>Total Expenditure</b>	
	<b>Interfund Transfers OUT</b>		6,237,252
		Surplus (Deficit) for the year	12,089,953
		Amount of fund at beginning of year	26,854,241
		Amount of fund at the end of year (as Balance Sheet)	32,706,942

Account 3		Fund Account	
Name of account:	Revaluation reserve - investment property	£	£
<b>Income</b>			
	From members		
	Investment income		
	Other income (specify)		
		<b>Total Income</b>	
	<b>Interfund Transfers IN</b>		
<b>Expenditure</b>			
	Administrative expenses		
	Other expenditure (specify)		
	Fair value losses on revaluation of investment property	2,750,000	
		2,750,000	2,750,000
		<b>Total Expenditure</b>	2,750,000
	<b>Interfund Transfers OUT</b>		
		Surplus (Deficit) for the year	-2,750,000
		Amount of fund at beginning of year	38,921,268
		Amount of fund at the end of year (as Balance Sheet)	36,171,268

**Accounts other than Revenue Account/General Fund**

(see notes 17 to 18)

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

Account 5		Fund Account	
Name of account:		£	£
<b>Income</b>	From members		
	Investment income		
	Other income (specify)		
		<b>Total Income</b>	
	<b>Interfund Transfers IN</b>		
<b>Expenditure</b>	Administrative expenses		
	Other expenditure (specify)		
		<b>Total Expenditure</b>	
	<b>Interfund Transfers OUT</b>		
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

**Accounts other than Revenue Account/General Fund**

(see notes 17 to 18)

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

**Balance Sheet as at [ 31 October 2020 ]**

(see notes 19 and 20)

Previous Year		£	£
16,313,113	<b>Fixed Assets</b> (as at Page 8)	15,759,846	15,759,846
	<b>Investments</b> (as per analysis on page 9)		
79,186,578	Quoted (Market value £ ) as at Page 9		92,155,848
	Unquoted (Market value £ ) as at Page 9		
	<b>Total Investments</b>	92,155,848	92,155,848
	<b>Other Assets</b>		
4,949,579	Sundry debtors	4,893,078	4,893,078
2,387,554	Cash at bank and in hand	2,048,262	2,048,262
	Stocks of goods		
	Others (specify)		
58,205,404	Investment property	55,455,404	
1,543,367	Goodwill	998,650	
21,961	Intangible assets	35,518	
	<b>Total of other assets</b>	63,430,912	63,430,912
	<b>Total Assets</b>		171,346,606
63,417,042	Revenue Account/ General Fund	67,088,090	
26,854,241	Revaluation reserve - listed investments	32,706,942	
38,921,268	Revaluation reserve - investment property	36,171,268	
	<b>Revaluation Reserve</b>		
	<b>Liabilities</b>		
10,333,376	Retirement benefit obligations	7,098,943	
	Bank overdraft	2,133,128	
962,844	Tax payable	1,696,433	
1,505,527	Sundry creditors	1,535,746	
3,957,028	Accrued expenses	4,266,989	
3,492,398	Deferred income	3,192,228	
13,163,832	Provisions	15,456,839	
	<b>Total Liabilities</b>		35,380,306
	<b>Total Assets</b>		171,346,606

## Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
<b>Cost or Valuation</b>				
At start of period	19,229,771		3,588,077	22,817,848
Additions during period			173,199	173,199
Less: Disposals				
Less: Depreciation	-4,177,332		-3,053,869	-7,231,201
Total to end of period	15,052,439		707,407	15,759,846
<b>Book Amount</b> at end of period	15,052,439		707,407	15,759,846
Freehold	4,056,018			4,056,018
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)	10,996,421			10,996,421
<b>Total of Fixed Assets</b>	15,052,439		707,407	15,759,846

# 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	92,155,848
	Total Quoted (as Balance Sheet)	92,155,848
	Market Value of Quoted Investments	
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

## Analysis of investment income (Controlling interests)

(see note 23)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?

Yes	<b>X</b>	No	
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If Yes name the relevant companies:

Company name	Company registration number (if not registered in England & Wales, state where registered)
NFU Services Limited	3687910
NFU Energy Limited	4056474
NFU EnZero Limited	12753449
FEC Energy Limited	11780105

### Incorporated Employers' Associations

Are the shares which are controlled by the association registered in the association's name

Yes		No	
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If NO, please state the names of the persons in whom the shares controlled by the association are registered.

Company name	Names of shareholders

### Unincorporated Employers' Associations

Are the shares which are controlled by the association registered in the names of the association's trustees?

Yes		No	<b>X</b>
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If NO, state the names of the persons in whom the shares controlled by the association are registered.

Company name	Names of shareholders
NFU Services Limited	National Farmers Union Trust Company Limited
NFU Energy Limited	NFU Services Limited
NFU EnZero Limited	NFU Services Limited
FEC Energy Limited	NFU Services Limited



# Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
		£
<b>Income</b>		
From Members	33,276,050	33,276,050
From Investments	1,011,824	1,011,824
Other Income (including increases by revaluation of assets)	15,698,495	15,698,495
<b>Total Income</b>	49,986,369	49,986,369
<b>Expenditure</b> (including decreases by revaluation of assets)		
<b>Total Expenditure</b>	43,212,620	43,212,620
<b>Funds at beginning of year</b> (including reserves)	129,192,551	129,192,551
<b>Funds at end of year</b> (including reserves)	135,966,300	135,966,300
<b>ASSETS</b>		
Fixed Assets		15,759,846
Investment Assets		92,155,848
Other Assets		63,430,912
<b>Total Assets</b>		171,346,606
<b>Liabilities</b>		
<b>Total Liabilities</b>		35,380,306
<b>Net Assets (Total Assets less Total Liabilities)</b>		135,966,300

# Summary Sheet

(see notes 24 to 33)

		All Funds	Total Funds
		£	£
<b>Income</b>			
	From Members		
	From Investments		
	Other Income (including increases by revaluation of assets)		
	<b>Total Income</b>		
<b>Expenditure</b> (including decreases by revaluation of assets)			
	<b>Total Expenditure</b>		
<b>Funds at beginning of year</b> (including reserves)			
<b>Funds at end of year</b> (including reserves)			
<b>ASSETS</b>			
	Fixed Assets		
	Investment Assets		
	Other Assets		
	<b>Total Assets</b>		
<b>Liabilities</b>			
	<b>Total Liabilities</b>		
<b>Net Assets (Total Assets less Total Liabilities)</b>			

# 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 2020.

# Accounting policies

(see notes 35 & 36)



Please refer to the attached Financial Statements for the year ended 31 October 2020. 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.**

**Please copy and paste your electronic signature here**

Secretary's Signature:			Chairman's Signature:	
				(or other official whose position should be stated)
Name:	Ken Sutherland		Name:	Minette Batters
Date:	15 March 2021		Date:	15 March 2021

## Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes	<b>X</b>	No	
Has the list of officers been completed? (see Page 2A)	Yes	<b>X</b>	No	
Has the return been signed? (see Note 37)	Yes	<b>X</b>	No	
Has the auditor's report been completed? (see Note 41)	Yes	<b>X</b>	No	
Is the rule book enclosed? (see Note 39)	Yes	<b>X</b>	No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes	<b>X</b>	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 2020.

The audit report to the members of the NFU is provided on pages 6 and 7.

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:

16 March 2021

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 2020**

# THE NATIONAL FARMERS' UNION

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# THE NATIONAL FARMERS' UNION

## OFFICERS AND PROFESSIONAL ADVISERS

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### OFFICERS

M B Batters	President
S F Roberts	Deputy President
T W Bradshaw	Vice President
J R Davies	President of NFU Cymru

### NFU GOVERNANCE BOARD

M B Batters	President
S F Roberts	Deputy President
T W Bradshaw	Vice President
J R Davies	President of NFU Cymru
T J Jones	Director General
D J Exwood	Chair, South East Region
M H S Sly	Chair, Sugar
M A Oakes	Chair, Dairy
M J Weekes	Chair, South West Region
A W J Bambridge	Chair, East Anglia Region

### NFU POLICY BOARD

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

### SECRETARY OF THE NFU

K Sutherland MA, FCA

### BANKERS

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

### AUDITOR

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

### REGISTERED OFFICE

Agriculture House  
Stoneleigh Park  
Warwickshire  
CV8 2TZ  
Tel 024 7685 8500  
Email: [nfu@nfu.org.uk](mailto:nfu@nfu.org.uk)

# THE NATIONAL FARMERS' UNION

## FINANCIAL REPORT

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The officers present their annual report on the affairs of the NFU, together with the accounts for the year ended 31 October 2020.

The NFU's financial performance has been very strong this year despite the effects of COVID-19 and the continuing uncertainty in the wake of the decision for the UK to leave the EU. Membership income has remained steady and our investments have outperformed the market. Our financial strength remains robust.

Consolidated balance sheet reserves have increased by £6.8 million to £136.0 million (2019: £129.2 million).

### 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 £3,089,283 (2019: deficit of £3,880,984) 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 £677,903 (2019: deficit of £540,242) for the year.

The total comprehensive income for the year is £6,773,749 (2019: £5,208,394). This year on year variance is primarily due to gains on listed investments.

Members' subscriptions and related income has increased by £0.2 million to £33.3 million (2019: £33.1 million). Within this, the actual subscription income has increased by £0.4m to £19.6 million (2019: £19.2 million). As at 31 October 2020, NFU core membership stood at 52,669 (2019: 52,709).

Income also included contributions from the NFU Mutual of £6,304,167 (2019: £6,125,667). 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 £0.6 million lower than the previous year at £36.4 million (2019: £37.0 million). This is mainly due to reduced activity as a result of the Covid-19 crisis and resultant lock downs.

### Investments and Property

The value of our listed investments has increased over the year to £92.2 million (2019: £79.2 million). The fair value gain for the year of £12,089,953 (2019: £5,243,803 gain) is reflected in the Statement of Comprehensive Income.

The yield from our quoted investment portfolios decreased during the year as expected as a result of our move to a total return strategy rather than a targeted yield. Dividends and other investment income amounted to £952,340 (2019: £1,855,487). Rental income from our investment properties continued to perform strongly in the year at £2.5 million (2019: £2.4 million).

Our Knightsbridge investment properties have decreased in value by £2.8 million to £53.4 million (2019: £56.2 million). These were valued by Hutchinson Morrison Childs as at 31 October 2020 apart from 1 & 2 Old Barrack Yard, which was at officers' valuation.

The NFU also holds operational properties in order to fulfil its commercial and representational needs. As in the prior year, where the NFU does not, in whole or in part, use the office for its own operational purposes, a proportion of that property is recognised as investment property and held at fair value. These were valued at 31 October 2020 at officers' valuation. Further details are provided in note 17 to these financial statements.

# THE NATIONAL FARMERS' UNION

## FINANCIAL REPORT

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### Post retirement benefits

The Valuation of 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.

At the Review Date there was a surplus in the NFU Staff Pension Scheme of £4,427,614. This compares to a deficit of £2,998,355 at the previous review date. The improvement in the position over the period is due to the following main factors: better than expected investment returns, contributions paid by the NFU, changes to the assumptions – in particular changes to the mortality assumptions to reflect the latest mortality analysis carried out for the Scheme and changes to the derivation of the discount rate and RPI inflation (i.e. heavier mortality expectations).

This improvement has been partially offset by changes in market conditions, in particular falls in corporate bond yields resulting in a lower discount rate which places a higher value on the Scheme's liabilities.

The NFU is only allowed to recognise this asset in its balance sheet if it can use the surplus to generate a future economic benefit for itself. We have therefore assumed that the surplus cannot be recognised on the balance sheet and applied an asset ceiling restricting the surplus to £nil.

Preliminary results from the triennial valuation as at 30 June 2020 show that the Scheme's funding level was 89%, corresponding to a deficit of £13,096,000 on a Technical Provisions basis.

During the year the PMI provision fell to £7.1 million (2019: £7.3 million). The main reason for this is that the actual premium inflation has been significantly lower than that assumed. The change in the mortality assumption has also acted to reduce the provision. The reduction in the provision has been partly offset by the fall in discount rate over the year, due to changes in market conditions, which acts to increase the provision. The PMI provision is also disclosed in detail in note 12.

### COVID-19

The advent of COVID-19 impacted NFU operations as our offices closed on 23 March 2020. However staff adapted well and the vast majority were able to work effectively from home, staying in touch with members thanks to an efficient roll out of new technology by our IT team. The need to maintain service for members means that very few staff have been furloughed to date and there have been no redundancies.

Most of the NFU's main subscription income had arrived before lockdown and has remained in excess of budget since then. Other income is mainly from secure sources such as NFU Mutual or investments and our trading subsidiaries both remained profitable. Some areas such as advertising sales and vehicle affinities dipped during the lockdown but costs were also well down – particularly building refurbishment costs and travel and meeting costs due the cancellation of most events. In the year ended 31 October 2020 the purely financial impact of COVID-19 on the NFU was actually net positive. However the outlook remains uncertain into 2021 and staff continue to work from home. The NFU will continue to monitor developments closely and take the appropriate action when necessary, and in accordance with government advice.

### 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 NATIONAL FARMERS' UNION

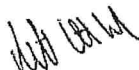
## FINANCIAL REPORT

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The principal risks to the NFU are to its income, which is largely made up from subscriptions from farmer and grower members and contributions from the NFU Mutual. The successful conclusion of a deal between the UK and EU is a very positive step forward and should provide comfort to both farmers and to the public. It forms the start of a new and different trading relationship with the EU and countries across the world. There will undoubtedly be challenges to overcome, with images of disruption at the border due to COVID-19 restrictions still fresh in our minds. The new year also sees the government implement its own agriculture policy for the first time in 70 years. It will see a seismic shift in the way farming is supported, with renewed focus on sustainable farming. Looking ahead to 2021 and beyond, one of the biggest challenges we will continue to face is climate change. With the international climate change summit, COP26, being hosted in the UK, now is the time to put our stamp on the world and truly demonstrate that we are committed to being global leaders in climate-friendly food.

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 risk is spread over three fund managers who employ different strategies to achieve their targeted total return through varied asset allocation and fund structures.

Another means of risk mitigation undertaken by the NFU is the further diversification of our sources of income. The first step to achieving this was made with the acquisition of FEC Energy Limited in August 2017, now branded NFU Energy, and the NFU will continue to investigate appropriate opportunities as they arise. NFU EnZero Limited was incorporated in July 2020 and will commence to trade in 2021. Subsequent to the balance sheet date, the NFU group completed the acquisition of 100% of the share capital of CT Planning Limited, a small planning consultancy in Lichfield, on 4 December 2020, as disclosed in note 30.



K Sutherland  
Secretary  
13 January 2021



# THE NATIONAL FARMERS' UNION

## STATEMENT OF OFFICERS' RESPONSIBILITIES

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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**

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## **Opinion**

We have audited the financial statements of the National Farmers' Union (NFU) for the year ended 31 October 2020, 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 2020 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 NFU 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 NFU'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.

## **Other information**

The officers are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **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

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## 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 NFU'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 NFU or to cease operations, or have no realistic alternative but to do so.

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

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

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

## Use of our report

This report is made solely to the NFU'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 NFU'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 NFU and the NFU'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

31<sup>st</sup> JANUARY 2021

**THE NATIONAL FARMERS' UNION**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED 31 OCTOBER 2020**

	Note	£	2020 £	£	2019 £
<b>MEMBERS' SUBSCRIPTION AND RELATED INCOME</b>	4		33,276,050		33,091,208
<b>OPERATING COSTS</b>					
Cost of sales		2,363,371		2,793,339	
Members' representation	5	2,831,982		3,721,039	
Promotional activities	6	1,120,775		1,507,470	
Staff costs	7	22,326,923		21,592,047	
Legal assistance scheme	8	1,016,460		1,530,063	
Administrative costs	9	2,158,179		1,979,636	
Establishment costs	10	4,547,643		3,848,598	
			(36,365,333)		(36,972,192)
<b>OPERATING DEFICIT</b>			<b>(3,089,283)</b>		<b>(3,880,984)</b>
<b>INVESTMENT ACTIVITIES</b>					
Investment property rental income		2,490,873		2,433,940	
Investment property rental costs		(70,897)		(45,238)	
Interest on term deposits		59,484		52,091	
Dividends and other investment income		952,340		1,855,487	
Investment management costs		(334,465)		(191,545)	
Amortisation of goodwill		(544,717)		(544,717)	
<b>SURPLUS ON INVESTMENT ACTIVITIES</b>			2,552,618		3,560,018
<b>INTEREST</b>					
Interest payable		(1,312)		(88)	
Notional finance costs of defined benefit pension and private medical insurance schemes	12	(139,926)		(219,188)	
			(141,238)		(219,276)
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE FAIR VALUE MOVEMENTS AND TAXATION (carried forward)</b>			<b>(677,903)</b>		<b>(540,242)</b>



**THE NATIONAL FARMERS' UNION**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**  
**YEAR ENDED 31 OCTOBER 2020**

	Note	£	2020 £	£	2019 £
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE FAIR VALUE MOVEMENTS AND TAXATION (brought forward)</b>			<b>(677,903)</b>		<b>(540,242)</b>
<b>FAIR VALUE MOVEMENTS</b>					
Fair value (deficit)/gains on revaluation of investment property	17	(2,750,000)		3,120,000	
Fair value gains on revaluation of listed investments	17	12,089,953		5,243,803	
			<u>9,339,953</u>		<u>8,363,803</u>
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER FAIR VALUE MOVEMENTS AND BEFORE TAXATION</b>			<b>8,662,050</b>		<b>7,823,561</b>
Taxation	14		(2,824,206)		(1,353,386)
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>			<b>5,837,844</b>		<b>6,470,175</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Private Medical Insurance Scheme:					
Actuarial gain	12		161,014		264,919
Current tax on actuarial gain			-		-
Defined benefit pension scheme:					
Actuarial gain/(loss)	12		956,655		(2,542,104)
Deferred tax on actuarial gain/(loss)			(181,764)		432,158
Revaluation of tangible fixed assets:					
Revaluation gain	16		-		583,246
			<u>935,905</u>		<u>(1,261,781)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<b>6,773,749</b>		<b>5,208,394</b>

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

**THE NATIONAL FARMERS' UNION**

**CONSOLIDATED BALANCE SHEET  
31 OCTOBER 2020**

	Note	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible assets			
Tangible fixed assets	15	1,034,168	1,565,328
Investments	16	15,759,846	16,313,113
Property	17	55,455,404	58,205,404
Other	17	92,155,848	79,186,578
		<u>164,405,266</u>	<u>155,270,423</u>
<b>CURRENT ASSETS</b>			
Debtors	18	4,893,078	4,949,579
Cash at bank and in hand	19	2,048,262	2,387,554
		<u>6,941,340</u>	<u>7,337,133</u>
<b>CREDITORS: amounts falling due within one year</b>	20	(9,632,296)	(6,425,399)
		<u>(2,690,956)</u>	<u>911,734</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		161,714,310	156,182,157
<b>DEFERRED INCOME</b>	22	(3,192,228)	(3,492,398)
<b>PROVISIONS FOR LIABILITIES</b>	23	(15,456,839)	(13,163,832)
		<u>143,065,243</u>	<u>139,525,927</u>
<b>NET ASSETS EXCLUDING RETIREMENT BENEFIT OBLIGATIONS</b>			
<b>RETIREMENT BENEFIT OBLIGATIONS</b>	12	(7,098,943)	(10,333,376)
		<u>135,966,300</u>	<u>129,192,551</u>
<b>NET ASSETS INCLUDING RETIREMENT BENEFIT OBLIGATIONS</b>			
<b>RESERVES</b>		135,966,300	129,192,551

The accounts on pages 8 to 44 were approved and authorised for issue by the Board of Officers on 13 January 2021 and are signed on its behalf by:



M B Batters  
President




T J Jones  
Director General


**THE NATIONAL FARMERS' UNION**

**NFU BALANCE SHEET  
31 OCTOBER 2020**

	Note	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible fixed assets			
Investments	16	15,701,324	16,243,753
Property	17	55,455,404	58,205,404
Other	17	92,905,848	79,936,578
		<u>                    </u>	<u>                    </u>
		164,062,576	154,385,735
<b>CURRENT ASSETS</b>			
Debtors			
Cash at bank and in hand	18	4,251,956	4,403,728
	19	1,259,985	1,471,851
		<u>                    </u>	<u>                    </u>
		5,511,941	5,875,579
<b>CREDITORS: amounts falling due within one year</b>	20	(10,488,470)	(7,045,363)
		<u>                    </u>	<u>                    </u>
<b>NET CURRENT (LIABILITIES)</b>		(4,976,529)	(1,169,784)
		<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		159,086,047	153,215,951
<b>DEFERRED INCOME</b>	22	(2,980,500)	(3,266,215)
<b>PROVISIONS FOR LIABILITIES</b>	23	(15,444,789)	(12,554,192)
		<u>                    </u>	<u>                    </u>
<b>NET ASSETS EXCLUDING RETIREMENT BENEFIT OBLIGATIONS</b>		140,660,758	137,395,544
<b>RETIREMENT BENEFIT OBLIGATIONS</b>	12	(7,098,943)	(10,333,376)
		<u>                    </u>	<u>                    </u>
<b>NET ASSETS INCLUDING RETIREMENT BENEFIT OBLIGATIONS</b>		133,561,815	127,062,168
		<u>                    </u>	<u>                    </u>
<b>RESERVES</b>		133,561,815	127,062,168
		<u>                    </u>	<u>                    </u>

The accounts on pages 8 to 44 were approved and authorised for issue by the Board of Officers on 13 January 2021 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  
31 OCTOBER 2020

	Revaluation reserve - listed investments £	Revaluation reserve - investment property £	Accumulated fund £	Total reserves £
<b>AT 31 OCTOBER 2018</b>	<b>25,324,568</b>	<b>35,801,268</b>	<b>62,858,321</b>	<b>123,984,157</b>
Surplus/(deficit) for the year	5,243,803	3,120,000	(1,893,628)	6,470,175
<b>Other comprehensive income:</b>				
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
<b>AT 31 OCTOBER 2019</b>	<b>26,854,241</b>	<b>38,921,268</b>	<b>63,417,042</b>	<b>129,192,551</b>
Surplus/(deficit) for the year	12,089,953	(2,750,000)	(3,502,109)	5,837,844
<b>Other comprehensive income:</b>				
Private Medical Insurance Scheme:				
Actuarial gain	-	-	161,014	161,014
Current tax on actuarial gain	-	-	-	-
Defined benefit pension scheme:				
Actuarial gain	-	-	956,655	956,655
Deferred tax on actuarial gain	-	-	(181,764)	(181,764)
Transfer of realised gains on investments	(6,237,252)	-	6,237,252	-
	5,852,701	(2,750,000)	3,671,048	6,773,749
<b>AT 31 OCTOBER 2020</b>	<b>32,706,942</b>	<b>36,171,268</b>	<b>67,088,090</b>	<b>135,966,300</b>
NFU – General Fund	29,201,010	36,171,268	54,891,155	110,263,433
NFU – Legal Assistance Scheme	3,505,932	-	7,818,839	11,324,771
NFU Services	-	-	3,637,389	3,637,389
NFU Energy	-	-	740,707	740,707
<b>AT 31 OCTOBER 2020</b>	<b>32,706,942</b>	<b>36,171,268</b>	<b>67,088,090</b>	<b>135,966,300</b>

A description of these reserves is provided in note 25.

THE NATIONAL FARMERS' UNION

NFU STATEMENT OF CHANGES IN RESERVES  
YEAR ENDED 31 OCTOBER 2020

	Revaluation reserve - listed investments £	Revaluation reserve - investment property £	Accumulated fund £	Total reserves £
<b>AT 31 OCTOBER 2018</b>	<b>25,324,568</b>	<b>35,801,268</b>	<b>60,921,098</b>	<b>122,046,934</b>
Surplus/(deficit) for the year	5,243,803	3,120,000	(2,086,788)	6,277,015
<b>Other comprehensive income:</b>				
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
<b>AT 31 OCTOBER 2019</b>	<b>26,854,241</b>	<b>38,921,268</b>	<b>61,286,659</b>	<b>127,062,168</b>
Surplus/(deficit) for the year	12,089,953	(2,750,000)	(3,776,211)	5,563,742
<b>Other comprehensive income:</b>				
Private Medical Insurance Scheme:				
Actuarial gain	-	-	161,014	161,014
Current tax on actuarial gain	-	-	-	-
Defined benefit pension scheme:				
Actuarial gain	-	-	956,655	956,655
Deferred tax on actuarial gain	-	-	(181,764)	(181,764)
Transfer of realised gains on investments	(6,237,252)	-	6,237,252	-
	5,852,701	(2,750,000)	3,396,946	6,499,647
<b>AT 31 OCTOBER 2020</b>	<b>32,706,942</b>	<b>36,171,268</b>	<b>64,683,605</b>	<b>133,561,815</b>
NFU – General Fund	29,201,010	36,171,268	56,864,766	122,237,044
NFU – Legal Assistance Scheme	3,505,932	-	7,818,839	11,324,771
<b>AT 31 OCTOBER 2020</b>	<b>32,706,942</b>	<b>36,171,268</b>	<b>64,683,605</b>	<b>133,561,815</b>

A description of these reserves is provided in note 25.

**THE NATIONAL FARMERS' UNION**

**CONSOLIDATED CASH FLOW STATEMENT  
YEAR ENDED 31 OCTOBER 2020**

	Note	2020 £	2019 £
<b>OPERATING ACTIVITIES</b>			
<b>Cash used in operations</b>	26	(3,557,371)	(4,254,782)
Investment income		3,096,023	4,104,647
Tax repaid		-	71,200
		<u>                    </u>	<u>                    </u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		(461,348)	(78,935)
		<u>                    </u>	<u>                    </u>
<b>INVESTING ACTIVITIES</b>			
Purchase of business (deferred consideration)		(600,055)	(599,945)
Purchase of intangible fixed assets		(25,025)	(13,383)
Purchase of tangible fixed assets		(173,199)	(352,816)
Purchase of investments		(19,460,717)	(14,635,908)
Proceeds on disposal of investments		18,427,924	16,008,597
		<u>                    </u>	<u>                    </u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(1,781,022)	406,545
		<u>                    </u>	<u>                    </u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(2,472,420)	327,610
		<u>                    </u>	<u>                    </u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		2,387,554	2,059,944
		<u>                    </u>	<u>                    </u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		(84,866)	2,387,554
		<u>                    </u>	<u>                    </u>
<b>Relating to:</b>			
Bank balances and short term deposits included in cash at bank and in hand		2,048,262	2,387,554
Bank overdrafts		(2,133,128)	-
		<u>                    </u>	<u>                    </u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	17	<b>(84,866)</b>	<b>2,387,554</b>
		<u>                    </u>	<u>                    </u>

**THE NATIONAL FARMERS' UNION**

**NFU CASH FLOW STATEMENT  
YEAR ENDED 31 OCTOBER 2020**

	Note	2020 £	2019 £
<b>OPERATING ACTIVITIES</b>			
<b>Cash used in operations</b>	26	(4,059,338)	(4,673,106)
Investment income		3,096,023	4,104,647
Tax repaid		-	72,809
		<u>                    </u>	<u>                    </u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		(963,315)	(495,650)
		<u>                    </u>	<u>                    </u>
<b>INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(168,886)	(328,050)
Purchase of investments		(19,640,717)	(14,635,908)
Proceeds on disposal of investments		18,427,924	16,008,597
		<u>                    </u>	<u>                    </u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(1,381,679)	1,044,639
		<u>                    </u>	<u>                    </u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(2,344,994)	548,989
		<u>                    </u>	<u>                    </u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		1,471,851	922,862
		<u>                    </u>	<u>                    </u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		(873,143)	1,471,851
		<u>                    </u>	<u>                    </u>
<b>Relating to:</b>			
Bank balances and short term deposits included in cash at bank and in hand		1,259,985	1,471,851
Bank overdrafts		(2,133,128)	-
		<u>                    </u>	<u>                    </u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	17	<u>(873,143)</u>	<u>1,471,851</u>



# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

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### 1. BASIS OF ACCOUNTS

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

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

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

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

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

#### **Basis of consolidation**

The Group financial statements consolidate the accounts of the NFU and its subsidiaries, made up to 31 October 2020. 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 27.

### 2. ACCOUNTING POLICIES

#### **Going concern**

In the light of the ongoing COVID-19 pandemic, and as described in the Financial Report, the officers have given consideration to the impact of the coronavirus on the operations and financial position of the NFU and of its wider group, as well as upon its members and suppliers. Whilst recognising that there can be no certainty, the officers are satisfied that the pandemic does not present a significant risk to the operations and financial performance of the NFU and group, and that the going concern basis of preparation remains appropriate.

The net current liabilities position as at 31 October 2020 was driven by the decision of the officers to make a voluntary £2.0m contribution to the NFU Staff Pension Scheme immediately prior to the year-end, thereby utilising overdraft facilities agreed during the year. Subsequent to the year-end cash generated through operations and investment management has ensured a return to a positive net current position and the group continues to meet all liabilities as they fall due.

#### **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.



# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

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### 2. ACCOUNTING POLICIES (Continued)

#### *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
----------	---------

#### **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.

# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

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### 2. ACCOUNTING POLICIES (Continued)

#### **Impairments**

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

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

#### **Investment property**

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

#### **Investments**

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

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

#### **Operating leases**

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

#### **Rent receivable**

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

#### **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.

# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

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### 2. ACCOUNTING POLICIES (Continued)

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.

#### **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.



# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

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### 2. ACCOUNTING POLICIES (Continued)

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.

#### **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 2020

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

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

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

The key judgement that has a significant impact on the financial statements is in respect of going concern, as described in note 2 above.

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

#### **Investment Properties**

Investment properties are carried at fair value, which requires estimation as to the current market value of the properties. Valuations are obtained by management on a periodic basis from independent chartered surveyors, with an officers' valuation performed at each financial year end based upon those valuations. As described in note 17, an independent valuation has been obtained as at 31 October 2020 for the commercial Knightsbridge properties; officers' valuations have been undertaken for all other properties. While recognising that there can be no certainty, the officers have considered the impact of the ongoing coronavirus pandemic on these valuations. The carrying value of investment properties at the balance sheet date is £55,455,404 (2019: £58,205,404).

The NFU also holds certain freehold properties in order to fulfil its commercial and representational needs. 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 and is included in the carrying value above. This proportion requires estimation by management on an annual basis. Further details are provided in note 17.

#### **Goodwill**

Goodwill arising on the acquisition of 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 £998,650 (2019: £1,543,367). 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.

#### **Defined Benefit Pension Scheme**

The scheme deficit included in the balance sheet is £nil (2019: £2,998,355). The key sensitivity is to the discount rate assumption. The rate used is based on the yield on the iBoxx AA rated corporate bond yield 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.

Where scheme assets are greater than scheme liabilities, the resulting surplus may only be recognised on the NFU's balance sheet where the NFU has the right to use the surplus to generate a future economic benefit. Where future utilisation is uncertain, an 'asset ceiling' is applied and the carrying value of the surplus is reduced to £nil.

#### **Private Medical Insurance scheme**

The principal assumptions used to calculate the liability at the balance sheet date of £7,098,943 (2019: £7,335,021) are given in note 12. If the assumed annual healthcare premium increase is varied down by 1% percent to 11% (2019: 11%), the liability would be £6,184,297 (2019: £6,351,628).

# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

### 4. MEMBERS' SUBSCRIPTIONS AND RELATED INCOME

	2020 £	2019 £
Income from members:		
Subscriptions	19,610,063	19,243,437
Legal assistance scheme subscriptions	1,367,910	1,359,403
	<hr/>	<hr/>
	20,977,973	20,602,840
Other income:		
Sales	4,953,371	5,186,948
Rental income	510,026	537,154
Contributions and other income from the NFU Mutual Insurance Society	6,304,167	6,125,667
Contributions from other organisations	268,040	211,934
Other income	262,473	426,665
	<hr/>	<hr/>
	12,298,077	12,488,368
	<hr/>	<hr/>
	33,276,050	33,091,208
	<hr/> <hr/>	<hr/> <hr/>

### 5. MEMBERS' REPRESENTATION

	2020 £	2019 £
Meetings and associated expenses	1,506,868	2,256,840
Elected officers' remuneration	360,375	336,215
Overseas visits	21,917	91,310
COPA and other subscriptions	594,803	583,122
Membership retention and recruitment	334,841	398,697
Animal Health and Welfare	13,178	54,855
	<hr/>	<hr/>
	2,831,982	3,721,039
	<hr/> <hr/>	<hr/> <hr/>

### 6. PROMOTIONAL ACTIVITIES

	2020 £	2019 £
Advertising campaigns	330,909	344,257
National shows and events	77,846	171,589
Regional shows and events	219,537	444,274
Public affairs	326,479	354,835
Marketing and research	137,403	163,160
Digital services	28,601	29,355
	<hr/>	<hr/>
	1,120,775	1,507,470
	<hr/> <hr/>	<hr/> <hr/>

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2020**

**7. STAFF COSTS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Staff remuneration	17,146,043	15,977,689
Personnel costs (NIC, pension contributions, voluntary pensions and welfare, etc)	3,837,551	3,505,652
Staff recruitment and training	317,008	481,025
Staff expenses	531,598	1,142,520
Group secretary expenses	494,723	485,161
	<u>22,326,923</u>	<u>21,592,047</u>

**8. LEGAL ASSISTANCE SCHEME**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Grants to members	1,016,460	1,530,063
	<u>1,016,460</u>	<u>1,530,063</u>

**9. ADMINISTRATIVE COSTS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Audit fees:		
NFU	23,250	23,250
NFU Services Limited	4,000	4,000
NFU Energy Limited	6,000	6,000
Professional fees:		
Property	188,297	125,839
Pension administrative costs	149,376	133,269
Other	1,014,472	808,228
Printing and stationery	105,050	167,713
Telephone	315,272	339,394
Postage and carriage	97,664	118,211
Other	254,798	253,732
	<u>2,158,179</u>	<u>1,979,636</u>

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2020**

10. **ESTABLISHMENT COSTS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Repairs and maintenance:		
Property	655,293	237,864
Other	825,748	675,321
Depreciation	737,934	703,602
Deficit/(surplus) on disposal of fixed assets	-	6,915
Accommodation costs:		
Net rent	858,642	767,008
Rates	548,390	534,290
Light and heat	152,856	169,254
Health and safety	175,000	141,653
Other	288,891	320,746
General insurance costs	304,889	291,945
	<u>4,547,643</u>	<u>3,848,598</u>

11. **STAFF NUMBERS**

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Headquarters	297	308
Regions	124	122
Group secretaries	381	388
	<u>802</u>	<u>818</u>



# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

### 12. RETIREMENT BENEFIT OBLIGATIONS

GROUP & NFU		2020	2019
		£	£
<b>Amounts recognised in the balance sheet</b>			
Defined benefit pension scheme	a)	-	2,998,355
Private medical insurance scheme	b)	7,098,943	7,335,021
		7,098,943	10,333,376
		7,098,943	10,333,376

#### 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 2020 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 2020. Scheme assets are stated at their fair value at 31 October 2020.

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

	2020	2019
Discount rate	1.70%	1.95%
Inflation rate RPI	3.25%	3.35%
Inflation rate CPI	2.45%	2.35%
Salary increases	3.25%	3.35%
Revaluation in deferment	2.45%	2.35%
RPI pension increases	3.25%	3.35%

	2020	2019
Post retirement mortality assumption	S3MNA adjusted by 95% / S3NFA adjusted by 100% with CMI 2019 projections using a long term rate of improvement of 1.5% p.a.	S2NA adjusted by 85% with CMI 2018 projections using a long term rate of improvement of 1.5% p.a.

# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

### 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 0.8% pa from the RPI assumption (2019: 1.0% pa).

The discount rate assumption of 1.70% pa adopted is based on the yield on the iBoxx AA rated corporate bond yield curve with a duration of 18 years, which broadly matches the duration of the Scheme's liabilities, plus an allowance of 0.1% (2019: 1.95% pa based on the yield on the Merrill Lynch Nominal AA Corporate spot curve with a duration of 18 years).

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

	<b>2020</b>	<b>2019</b>
	<b>Years</b>	<b>Years</b>
Male	23.0	23.7
Female	25.0	25.7

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

	<b>2020</b>	<b>2019</b>
	<b>Years</b>	<b>Years</b>
Male	24.6	25.4
Female	26.7	27.5

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Net interest on the net defined benefit pension liability	<u>38,300</u>	<u>41,046</u>

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2020**

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

Changes in the present value of the defined benefit obligation:

	<b>2020</b>
	<b>£</b>
Defined benefit obligation at 1 November 2019	112,218,736
Interest cost	2,140,863
Change due to settlements and curtailments	(170,312)
Experience loss on liabilities	439,823
Changes to demographic assumptions	(5,792,213)
Changes to financial assumptions	3,195,083
Benefits paid	(4,888,751)
	<hr/>
Defined benefit obligation at 31 October 2020	107,143,229
	<hr/> <hr/>

Changes in the fair value of scheme assets:

	<b>2020</b>
	<b>£</b>
Scheme assets at 1 November 2019	109,220,381
Interest income	2,102,563
Employer contributions	2,080,000
Return on plan assets (excluding net interest on the net defined benefit liability)	3,226,962
Changes in value of annuity asset	(170,312)
Benefits paid	(4,888,751)
	<hr/>
Scheme assets at 31 October 2020	111,570,843
	<hr/> <hr/>

The actual return on scheme assets was £5,159,213, including change in value of annuities – 5% (2019: £10,089,819 – 12%).

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

	<b>2020</b>	<b>2019</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£</b>	<b>£</b>
Equity	8,485,596	9,034,128
Bonds	96,906,732	92,469,547
Other	3,652,465	4,980,274
Cash	2,526,050	2,736,432
	<hr/>	<hr/>
	111,570,843	109,220,381
	<hr/> <hr/>	<hr/> <hr/>

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2020**

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

	2020 £	2019 £
Scheme assets	111,570,843	109,220,381
Scheme liabilities	(107,143,229)	(112,218,736)
	4,427,614	(2,998,355)
Asset ceiling restriction	(4,427,614)	-
	-	(2,998,355)
Amount recognised in the balance sheet	-	(2,998,355)

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 2020, 56 (2019: 56) retired individuals currently benefit and no others (2019: 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 2020.

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

	2020	2019
Discount rate	1.30%	1.60%
Increase in healthcare premiums	12.0%	12.00%

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

	2020 £	2019 £
At beginning of the year	(7,335,021)	(7,611,440)
Notional finance cost of private medical insurance scheme	(101,626)	(178,142)
Benefits paid	176,690	189,642
Actuarial gain	161,014	264,919
	(7,098,943)	(7,335,021)
Amount recognised in the balance sheet	(7,098,943)	(7,335,021)

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

	2020 £	2019 £
Net interest on the net defined benefit pension liability	38,300	41,046
Notional finance costs of private medical insurance scheme	112,592	178,142
	150,892	219,188

# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

### 13. LEASING AGREEMENTS

As lessee:

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

	2020	2019
	£	£
Motor vehicles, office equipment, computer hardware and software	511,294	480,221
Land and buildings	713,401	664,228
	<u>1,224,695</u>	<u>1,144,449</u>

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

	2020	2019
	£	£
Motor vehicles, office equipment, computer hardware and software:		
Expiring within 1 year	341,308	356,092
Expiring between 2 and 5 years	424,942	412,083
Land and buildings:		
Expiring within 1 year	651,760	656,552
Expiring between 2 and 5 years	1,457,100	1,780,050
Expiring after 5 years	829,779	1,114,573
	<u>3,704,889</u>	<u>4,319,350</u>

As lessor:

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

	2020	2019
	£	£
Amounts receivable:		
In less than one year	2,426,093	2,349,781
In one to five years	8,664,280	8,549,932
After five years	19,475,000	22,720,833
	<u>30,565,373</u>	<u>33,620,546</u>

The operating leases represent rental of properties to third parties. These are negotiated over terms of 1 to 20 years (2019: 1 to 20 years) and rentals are fixed for 1 to 20 years (2019: 1 to 20 years).

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2020**

14. **TAXATION**

The taxation charge is made up as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
UK Corporation tax	195,250	-
Adjustments in respect of prior year	(209,456)	-
	<hr/>	<hr/>
Current tax (credit)	(14,206)	-
Deferred tax:		
Timing differences, origination and reversal	140,554	(136,453)
Pension scheme liability	499,098	346,623
Fair value gains	2,096,403	1,143,216
Other timing differences	102,357	-
	<hr/>	<hr/>
	2,838,412	1,353,386
	<hr/>	<hr/>
Total tax charge	2,824,206	1,353,386
	<hr/> <hr/>	<hr/> <hr/>

**Factors affecting the tax charge for the year:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Surplus/(deficit) on ordinary activities before taxation (and after fair value gains)	8,662,050	7,823,561
	<hr/>	<hr/>
Tax at 19% (2019: 19%) thereon	1,645,790	1,486,477
<i>Effects of:</i>		
Chargeable disposals	(32,767)	144,767
Expenses not deductible for tax purposes	299,345	282,887
Capital allowances in excess of depreciation	32,896	18,179
Dividend income	(211,428)	(330,650)
Other tax adjustments	49,454	2,698
Adjustments in respect of prior year	(209,456)	(134,457)
Effects of changes in tax rates	1,250,372	(116,515)
	<hr/>	<hr/>
Total tax charge/(credit)	2,824,206	1,353,386
	<hr/> <hr/>	<hr/> <hr/>

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2020**

15. **INTANGIBLE ASSETS**

**GROUP**

	<b>Goodwill</b>	<b>Software</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<i>Cost</i>			
At 1 November 2019	2,723,587	27,926	2,751,513
Additions	-	25,025	25,025
	<hr/>	<hr/>	<hr/>
At 31 October 2020	2,723,587	52,951	2,776,538
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Amortisation</i>			
At 1 November 2019	1,180,220	5,965	1,186,185
Charge for the year	544,717	11,468	556,185
	<hr/>	<hr/>	<hr/>
At 31 October 2020	1,724,937	17,433	1,742,370
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>			
At 31 October 2020	998,650	35,518	1,034,168
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 October 2019	1,543,367	21,961	1,565,328
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

16. **TANGIBLE FIXED ASSETS**

**GROUP**

	<b>Freehold</b>	<b>Leasehold</b>	<b>Furniture</b>	<b>Total</b>
	<b>Property</b>	<b>Property</b>	<b>Equipment</b>	<b></b>
	<b>£</b>	<b>£</b>	<b>and</b>	<b>£</b>
	<b>£</b>	<b>£</b>	<b>Vehicles</b>	<b>£</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Cost</i>				
At 1 November 2019	4,936,232	14,293,539	3,588,077	22,817,848
Additions	-	-	173,199	173,199
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2020	4,936,232	14,293,539	3,761,276	22,991,047
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Accumulated depreciation</i>				
At 1 November 2019	764,632	2,989,290	2,750,813	6,504,735
Charge for the year	115,582	307,828	303,056	726,466
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2020	880,214	3,297,118	3,053,869	7,231,201
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>				
At 31 October 2020	4,056,018	10,996,421	707,407	15,759,846
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 October 2019	4,171,600	11,304,249	837,264	16,313,113
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2020**

16. **TANGIBLE FIXED ASSETS (Continued)**

**NFU**

	<b>Freehold Property £</b>	<b>Leasehold Property £</b>	<b>Furniture Equipment and Vehicles £</b>	<b>Total £</b>
<i>Cost</i>				
At 1 November 2019	4,936,232	14,272,976	3,621,576	22,830,784
Additions	-	-	168,886	168,886
At 31 October 2020	4,936,232	14,272,976	3,790,462	22,999,670
<i>Accumulated depreciation</i>				
At 1 November 2019	764,632	2,996,123	2,826,276	6,587,031
Charge for the year	115,582	303,040	292,693	711,315
At 31 October 2020	880,214	3,299,163	3,118,969	7,298,346
<i>Net book value</i>				
At 31 October 2020	4,056,018	10,973,813	671,493	15,701,324
At 31 October 2019	4,171,600	11,276,853	795,300	16,243,753

17. **FIXED ASSET INVESTMENTS**

**GROUP AND NFU**

**Investment property**

	<b>£</b>
Fair value at 1 November 2019	58,205,404
Revaluation	(2,750,000)
Fair value at 31 October 2020	55,455,404

The commercial Knightsbridge investment properties were valued on a fair value basis at £50,550,000 (2019: £53,300,000) on 31 October 2020 by Hutchinson Morrison Childs, Chartered Surveyors, using the income and investment method of valuation. The carrying value of non-commercial Knightsbridge properties is £2,871,000 (2019: £2,871,000), based upon an officers' valuation as at 31 October 2020 (following an independent valuation by Chestertons, Chartered Surveyors, as at 31 October 2018). The historical cost of all Knightsbridge properties at 31 October 2020 was £11,705,554 (2019: £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.



# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

### 17. FIXED ASSET INVESTMENTS (Continued)

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 (2019: £2,034,404), based upon an officers' valuation as at 31 October 2020 (following an independent valuation by Knight Frank as at 31 December 2018). The historical cost of these properties at 31 October 2020 was £2,232,930 (2018: £2,232,930).

#### GROUP

Other fixed asset investments	Listed investments £
<i>Fair value</i>	
At 1 November 2019	79,186,578
Purchases	19,640,717
Revaluation	12,089,953
Disposals	(18,761,400)
<i>Carrying amount</i>	
At 31 October 2020	<u>92,155,848</u>

#### NFU

Other fixed asset investments	Listed investments £	Investment in subsidiary £	Total £
<i>Fair value/cost</i>			
At 1 November 2019	79,186,578	750,000	79,936,578
Purchases	19,640,717	-	19,640,717
Revaluation	12,089,953	-	12,089,953
Disposals	(18,761,400)	-	(18,761,400)
<i>Carrying amount</i>			
At 31 October 2020	<u>92,155,848</u>	<u>750,000</u>	<u>92,905,848</u>

The listed investments at fair value have an historical cost of £55,221,256 (2019: £47,824,139).

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

- 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.

# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

### 17. FIXED ASSET INVESTMENTS (Continued)

- 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 10<sup>th</sup> Street, Stoneleigh, Kenilworth, Warwickshire, CV8 2LS.
- NFU EnZero Limited. 100% interest in the ordinary share capital (and voting rights) of that company, held indirectly. The company was incorporated on 19 July 2020 and was dormant in the period to 31 October 2020. Its principal place of business is Agriculture House, Stoneleigh Park, Kenilworth, Warwickshire, CV8 2TZ.
- FEC Energy Limited. 100% interest in the ordinary share capital (and voting rights) of that company, held indirectly. The company was incorporated on 22 January 2019 and remains dormant. Its principal place of business is Agriculture House, Stoneleigh Park, Kenilworth, Warwickshire, CV8 2TZ.

### 18. DEBTORS

#### GROUP

	2020	2019
	£	£
Amounts paid in advance		
Trade debtors	2,744,671	2,609,366
Amounts due from affiliated entities	777,834	914,451
Other debtors	1,233	5,327
Corporation tax	1,369,340	1,308,141
	-	112,294
	<u>4,893,078</u>	<u>4,949,579</u>

#### NFU

	2020	2019
	£	£
Amounts paid in advance		
Trade debtors	2,673,525	2,548,380
Amounts due from subsidiaries	327,805	411,028
Amounts due from affiliated entities	9,529	108,389
Other debtors	1,233	5,327
Corporation tax	1,239,864	1,217,446
	-	113,158
	<u>4,251,956</u>	<u>4,403,728</u>

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2020**

19. **CASH AND CASH EQUIVALENTS**

**GROUP**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	2,048,262	2,387,554
Bank overdrafts	(2,133,128)	-
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents in statement of cash flows	(84,866)	2,387,554
	<u>                    </u>	<u>                    </u>

**NFU**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	1,259,985	1,471,851
Bank overdrafts	(2,133,128)	-
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents in statement of cash flows	(873,143)	1,471,851
	<u>                    </u>	<u>                    </u>

**ANALYSIS OF NET DEBT:**

**GROUP**

	<b>At 1 November 2019</b>	<b>Cash flow</b>	<b>Transfers</b>	<b>At 31 October 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Net cash:</i>				
Cash at bank and in hand	2,387,554	(339,292)	-	2,048,262
Bank overdrafts	-	(2,133,128)	-	(2,133,128)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	2,387,554	(2,472,420)	-	(84,866)
<i>Debt:</i>				
Debt due within 1 year	-	-	-	-
Debt due after 1 year	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net funds / (debt)	2,387,554	(2,472,420)	-	(84,866)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

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

<b>GROUP</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank overdraft	2,133,128	-
Trade creditors	1,282,356	1,241,615
Amounts due to branches	17,256	17,256
Amounts due to affiliated entities	236,134	246,656
Corporation tax	178,492	304,992
Other taxes and social security	1,517,941	657,852
Other creditors and accruals	4,266,989	3,957,028
	<u>9,632,296</u>	<u>6,425,399</u>
	<u><u>9,632,296</u></u>	<u><u>6,425,399</u></u>
<b>NFU</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank overdraft	2,133,128	-
Trade creditors	1,192,985	1,191,542
Amounts due to subsidiaries	1,583,702	981,837
Amounts due to branches	17,256	17,256
Amounts due to affiliated entities	236,134	246,657
Corporation tax	4,272	322,614
Other taxes and social security	1,228,101	489,062
Other creditors and accruals	4,092,892	3,796,395
	<u>10,488,470</u>	<u>7,045,363</u>
	<u><u>10,488,470</u></u>	<u><u>7,045,363</u></u>

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

### 21. FINANCIAL INSTRUMENTS

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

<b>GROUP</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Financial assets:		
Debt instruments measured at amortised cost	2,148,405	2,227,919
Listed investments measured at fair value through surplus or deficit in the Statement of Comprehensive Income	92,155,848	79,186,578
	<u>94,304,253</u>	<u>81,414,497</u>
	<u><u>94,304,253</u></u>	<u><u>81,414,497</u></u>
Financial liabilities:		
Measured at amortised cost	7,935,863	5,462,553
	<u>7,935,863</u>	<u>5,462,553</u>
	<u><u>7,935,863</u></u>	<u><u>5,462,553</u></u>

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2020**

**21. FINANCIAL INSTRUMENTS (Continued)**

NFU	2020 £	2019 £
Financial assets:		
Debt instruments measured at amortised cost	1,578,431	1,742,190
Listed investments measured at fair value through surplus or deficit in the Statement of Comprehensive Income	92,155,848	79,186,578
	<u>93,734,279</u>	<u>80,928,768</u>
Financial liabilities:		
Measured at amortised cost	9,256,097	6,233,687
	<u>9,256,097</u>	<u>6,233,687</u>

**22. DEFERRED INCOME**

GROUP	Subscriptions received in advance £	Contributions from NFU Mutual £	Total £
At 1 November 2019	2,473,231	1,019,167	3,492,398
Received during the year	2,135,228	1,057,000	3,192,228
Released to profit during the year	(2,473,231)	(1,019,167)	(3,492,398)
	<u>2,135,228</u>	<u>1,057,000</u>	<u>3,192,228</u>
At 31 October 2020	<u>2,135,228</u>	<u>1,057,000</u>	<u>3,192,228</u>
	<u>2,135,228</u>	<u>1,057,000</u>	<u>3,192,228</u>
NFU	Subscriptions received in advance £	Contributions from NFU Mutual £	Total £
At 1 November 2019	2,247,048	1,019,167	3,266,215
Received during the year	1,923,500	1,057,000	2,980,500
Released to profit during the year	(2,247,048)	(1,019,167)	(3,266,215)
	<u>1,923,500</u>	<u>1,057,000</u>	<u>2,980,500</u>
At 31 October 2020	<u>1,923,500</u>	<u>1,057,000</u>	<u>2,980,500</u>
	<u>1,923,500</u>	<u>1,057,000</u>	<u>2,980,500</u>

**THE NATIONAL FARMERS' UNION**

**NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2020**

23. **PROVISIONS FOR LIABILITIES**

<b>GROUP</b>	<b>Legal assistance scheme grants £</b>	<b>Contingent consideration £</b>	<b>Deferred tax £</b>	<b>Total £</b>
At 1 November 2019	1,963,673	600,055	10,600,104	13,163,832
Provisions made during the year	257,609	-	-	257,609
Utilised in the year	(384,722)	(600,055)	-	(984,777)
Transfer from Statement of Comprehensive Income	-	-	3,020,175	3,020,175
	<u>1,836,560</u>	<u>-</u>	<u>13,620,279</u>	<u>15,456,839</u>
At 31 October 2020	<u>1,836,560</u>	<u>-</u>	<u>13,620,279</u>	<u>15,456,839</u>

<b>NFU</b>	<b>Legal assistance scheme grants £</b>	<b>Deferred tax £</b>	<b>Total £</b>
At 1 November 2019	1,963,673	10,590,519	12,554,192
Provisions made during the year	257,609	-	257,609
Utilised in the year	(384,722)	-	(384,722)
Transfer from Statement of Comprehensive Income	-	3,017,710	3,017,710
	<u>1,836,560</u>	<u>13,608,229</u>	<u>15,444,789</u>
At 31 October 2020	<u>1,836,560</u>	<u>13,608,229</u>	<u>15,444,789</u>

**Legal assistance scheme grants**

These represent outstanding awards at the balance sheet date made under the national legal assistance scheme (see note 29).

**Contingent consideration**

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

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2020

24. DEFERRED TAX

GROUP

	Defined benefit pension scheme £	Fair value gains £	Accelerated capital allowances £	Other timing differences £	Total £
At 1 November 2019	(509,720)	10,330,574	1,081,431	(302,181)	10,600,104
Transfer from Statement of Comprehensive Income	509,720	2,096,403	162,235	251,817	3,020,175
At 31 October 2020	-	12,426,977	1,243,666	(50,364)	13,620,279

Included within other timing differences is £Nil (2019: £259,285) of unutilised trading losses carried forward.

NFU

	Defined benefit pension scheme £	Fair value gains £	Accelerated capital allowances £	Other timing differences £	Total £
At 1 November 2019	(509,720)	10,330,574	1,069,987	(300,322)	10,590,519
Transfer from Statement of Comprehensive Income	509,720	2,096,403	159,551	252,036	3,017,710
At 31 October 2020	-	12,426,977	1,229,538	(48,286)	13,608,229

Included within other timing differences is £Nil (2019: £259,285) of unutilised trading losses carried forward.

# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

### 25. RESERVES

#### Accumulated fund

The accumulated fund represents the cumulative surplus excluding revaluation reserves.

#### Revaluation reserve – listed investments

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

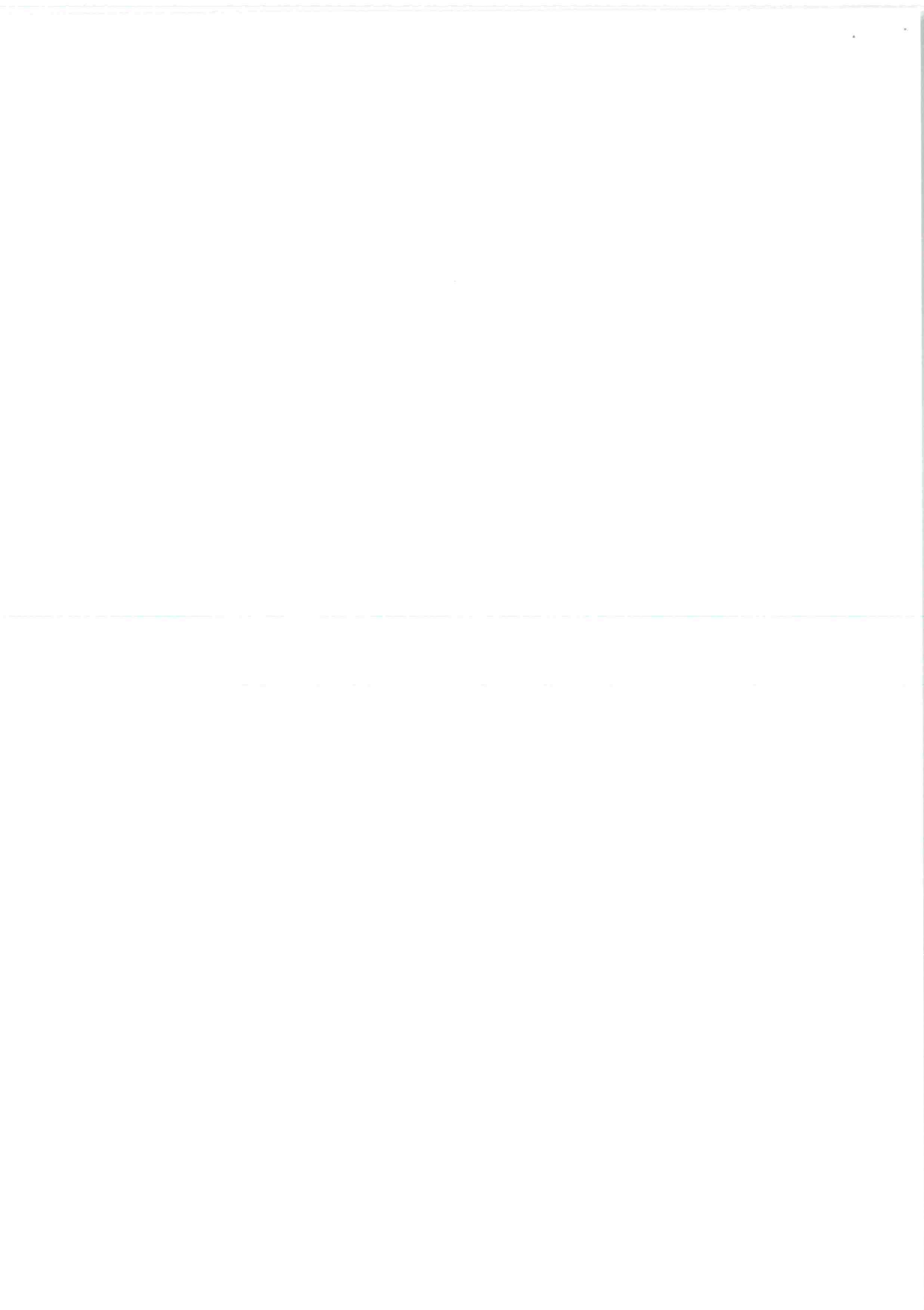
#### Revaluation reserve – investment property

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

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

GROUP	2020 £	2019 £
Surplus on ordinary activities after tax	5,837,844	6,470,175
Depreciation of tangible fixed assets	726,466	697,636
Deficit/(surplus) on sale of tangible fixed assets	-	148,142
Amortisation of intangible assets	556,185	550,682
Deficit on disposal of investments	333,476	197,535
Fair value gains on fixed asset investments	(9,339,953)	(8,363,803)
Decrease in retirement benefit obligations	(75,064)	(11,500)
Decrease in pension liabilities	(2,041,700)	(2,038,954)
Property rental income (net)	(2,419,976)	(2,388,702)
Interest on term deposits	(59,484)	(52,003)
Dividends and other investment income	(952,340)	(1,855,487)
Investment fees	335,777	191,545
Taxation	2,824,205	1,353,386
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(4,274,564)	(5,101,348)
(Increase)/decrease in trade and other debtors	(55,793)	431,221
Increase in trade and other creditors	1,073,156	89,561
(Decrease)/increase in deferred income	(300,170)	325,784
	<hr/>	<hr/>
Cash used in operations	(3,557,371)	(4,254,782)
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THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS  
YEAR ENDED 31 OCTOBER 2020

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

NFU	2020 £	2019 £
Surplus on ordinary activities after tax	5,563,742	6,277,015
Depreciation of tangible fixed assets	711,315	679,560
Deficit on sale of tangible fixed assets	-	139,377
Deficit on disposal of investments	333,476	197,535
Fair value gains on fixed asset investments	(9,339,953)	(8,363,803)
Decrease in retirement benefit obligations	(75,064)	(11,500)
Decrease in pension liabilities	(2,041,700)	(2,038,954)
Property rental income (net)	(2,419,976)	(2,388,702)
Interest on term deposits	(59,484)	(52,003)
Dividends and other investment income	(952,340)	(1,855,487)
Investment fees	335,777	191,545
Taxation	2,630,762	1,344,313
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(5,313,445)	(5,881,104)
Decrease in trade and other debtors	38,614	313,508
Increase in trade and other creditors	1,501,208	622,608
(Decrease)/increase in deferred income	(285,715)	271,882
	<hr/>	<hr/>
Cash used in operations	(4,059,338)	(4,673,106)
	<hr/> <hr/>	<hr/> <hr/>

27. RELATED UNDERTAKINGS

The related undertakings of the NFU are as follows:

<i>Related undertakings not consolidated:</i>	Activity	Ownership
(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 2020

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#### 27. RELATED UNDERTAKINGS (continued)

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

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

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

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

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

Administration fees charged to related parties in the year were:

	2020 £	2019 £
(i) NFU Beet Growers Account		
Administration fees and salaries charged to Beet Growers	637,199	634,625
(ii) Pig Disease Eradication Fund Ltd		
Administration fees charged to Pig Disease Eradication Fund Ltd	2,000	2,000

In November 2019 the NFU loaned an amount of £340,000 (2019: £150,000) to NFU Beet-Growers. The loan was repaid in full in November 2019 (2019: November 2018).

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

	2020 £	2019 £
(i) NFU Beet Growers Account		
Amounts owed to the NFU	2,214	5,759
(ii) Pig Disease Eradication Fund Ltd		
Amounts owed to the NFU	-	-

At the 31 October 2020, £335,517 (2019: £336,037) 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 £967,589 (2019: £857,509). 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 2020

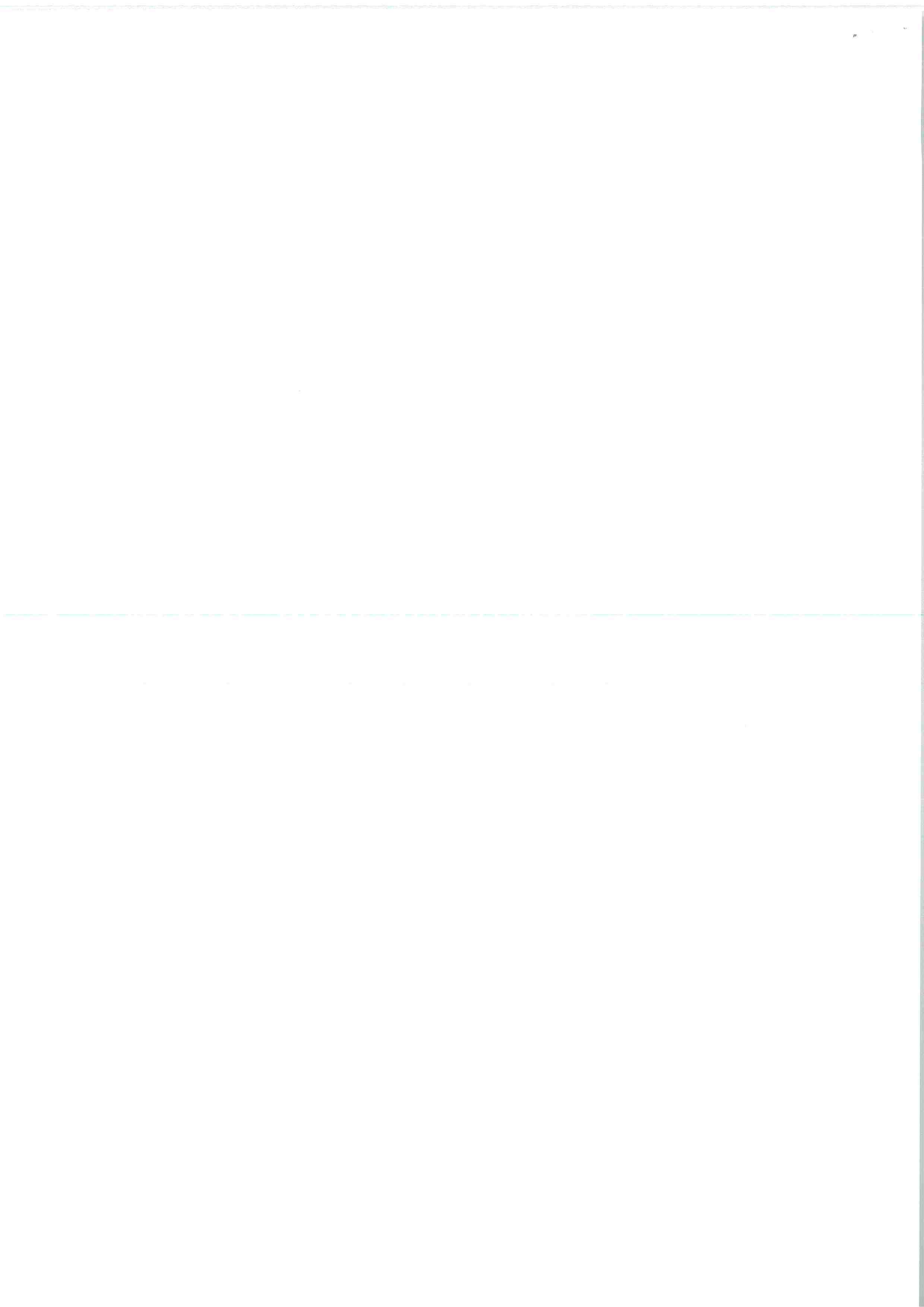
### 29. LEGAL ASSISTANCE SCHEME

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 2020 were as follows:

	£	2020 £	£	2019 £
<b>Income and expenditure account:</b>				
Income				
Members' subscriptions		1,367,910		1,359,403
Operating costs				
Grants to members	1,016,460		1,530,063	
Administration costs	357,819		350,402	
		<u>(1,374,279)</u>		<u>(1,880,465)</u>
Operating deficit		(6,369)		(521,062)
Investment activities				
Interest on term deposits	43,079		15,815	
Dividend and other investment income	202,140		499,022	
Investment fees	(46,011)		(46,895)	
Surplus on investment activities		<u>199,208</u>		<u>467,942</u>
Surplus/(deficit) on ordinary activities before fair value movements and taxation		192,839		(53,120)
Fair value (losses)/gains on revaluation of listed investments		<u>(86,962)</u>		<u>579,432</u>
Surplus on ordinary activities after fair value movements and before taxation		105,877		526,312
Taxation credit/(charge)		<u>18,081</u>		<u>(62,104)</u>
Surplus on ordinary activities after taxation		123,958		464,208
Total reserves brought forward		<u>11,200,813</u>		<u>10,736,605</u>
Total reserves carried forward		<u>11,324,771</u>		<u>11,200,813</u>



# THE NATIONAL FARMERS' UNION

## NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2020

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### 29. LEGAL ASSISTANCE SCHEME (Continued)

	2020 £	2019 £
<b>Represented by:</b>		
Fixed assets:		
Listed investments at market value (cost: £9,179,291; 2019: £8,622,387)	13,343,261	13,608,761
	<hr/>	<hr/>
Current assets:		
Amount due from NFU General Fund	74,662	92,850
Other debtors	10,295	10,295
Cash and cash equivalents	520,902	265,053
	<hr/>	<hr/>
	605,859	368,198
	<hr/>	<hr/>
Current liabilities:		
Other creditors	(27,629)	(19,901)
	<hr/>	<hr/>
Deferred income:		
Deferred income	(85,295)	(99,626)
	<hr/>	<hr/>
Provisions:		
Grants payable	(1,836,560)	(1,963,673)
Deferred taxation	(674,865)	(692,946)
	<hr/>	<hr/>
Total reserves	11,324,771	11,200,813
	<hr/> <hr/>	<hr/> <hr/>

### 30. NON ADJUSTING EVENTS AFTER THE FINANCIAL PERIOD

On 4 December 2020, NFU Services Limited acquired 100% of the issued share capital of C T Planning Limited for a total consideration of £747,717.

