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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 2021 | | | | |
| List No: | 245E | | | | |
| Head or Main Office: | Agriculture House | | | | |
| | Stoneleigh Park | | | | |
| | Warwickshire | | | | |
| | | | | | |
| | | | | | |
| Postcode | CV8 2TZ | | | | |
| Website address (if available) | www.nfuonline.com | | | | |
| Has the address changed during the year to which the return relates? | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> | ('X' in appropriate box) |
| General Secretary: | Ken Sutherland | | | | |
| Contact name for queries regarding the completion of this return: | Tamsin Richards | | | | |
| Telephone Number: | 02476 858500 | | | | |
| E-mail: | tamsin.richards@nfu.org.uk | | | | |

Please follow the guidance notes in the completion of this return

Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 0330 1093602

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

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

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

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Return of Members

(see note 9)

| Number of members at the end of the year | | | | |
|--|------------------|----------------|---|--------|
| Great Britain | Northern Ireland | Irish Republic | Elsewhere Abroad (Including Channel Islands) | Totals |
| 77,186 | | | | 77,186 |

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 |
|---------------|---|------------------------------|----------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Revenue Account / General Fund

(see notes 11 to 16)

| Previous Year | | | £ | £ |
|---------------|-------------------------|---------------------------------------|------------------|-------------------|
| | Income | | | |
| 33,276,050 | From Members | Subscriptions, levies, etc | 34,280,540 | 34,280,540 |
| 59,484 | Investment income | Interest and dividends (gross) | | |
| | | Bank interest (gross) | 32,045 | 32,045 |
| | | Other (specify) | | |
| 952,340 | | Dividends and other investment income | 2,372,770 | 2,372,770 |
| | | Total Investment Income | 2,404,815 | 2,404,815 |
| 2,490,873 | Other Income | Rents received | 2,366,080 | 2,366,080 |
| | | Insurance commission | | |
| | | Consultancy fees | | |
| | | Publications/Seminars | | |
| | | Miscellaneous receipts (specify) | | |
| 161,014 | | Actuarial gain on PMI scheme | 1,471,549 | 1,471,549 |
| 956,655 | | Actuarial gain on DB pension scheme | | |
| | | Total of other income | | 3,837,629 |
| | | Total income | | 40,522,984 |
| | | Interfund Transfers IN | | 7,126,035 |
| | Expenditure | | | |
| 22,326,923 | Administrative expenses | Remuneration and expenses of staff | 22,997,468 | 22,997,468 |
| 3,809,709 | | Occupancy costs | 5,243,032 | 5,243,032 |
| 202,714 | | Printing, Stationery, Post | 182,143 | 182,143 |
| 315,272 | | Telephones | 300,648 | 300,648 |
| 1,385,395 | | Legal and Professional fees | 1,243,656 | 1,243,656 |
| | | Miscellaneous (specify) | | |
| 70,897 | | Investment property rental costs | 38,467 | 38,467 |
| 334,465 | | Investment management fees | 379,886 | 379,886 |
| 2,363,371 | | Cost of sales | 2,852,589 | 2,852,589 |
| 254,798 | | Other expenses | 231,307 | 231,307 |
| | | Total of Admin expenses | | 33,469,196 |
| 1,282,651 | Other Charges | Bank charges | 1,403,133 | 1,403,133 |
| | | Depreciation | | |
| | | Sums written off | | |
| | | Affiliation fees | | |
| | | Donations | | |
| | | Conference and meeting fees | | |
| 1,120,775 | | Expenses | 1,183,269 | 1,183,269 |
| | | Miscellaneous (specify) | | |
| 2,831,982 | | Members' representation | 2,275,816 | 2,275,816 |
| 1,016,460 | | Grants - Legal assistance scheme | 1,338,421 | 1,338,421 |
| 141,238 | | Finance costs | 45,407 | 45,407 |
| | | Actuarial loss on DB pension scheme | 4,195,090 | 4,195,090 |
| | | Total of other charges | | 10,441,136 |
| 3,005,970 | | Taxation | 7,412,544 | 7,412,544 |
| | | Total expenditure | | 51,322,876 |
| | | Interfund Transfers OUT | | |
| | | Surplus/Deficit for year | | -10,799,892 |
| | | Amount of fund at beginning of year | | 67,088,090 |
| | | Amount of fund at end of year | | 63,414,233 |

Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

| Account 2 | | Fund Account | |
|--------------------|---|--|------------|
| Name of account: | Revaluation reserve - listed investments | £ | £ |
| Income | | | |
| | From members | | |
| | Investment income | | |
| | Other Income (specify) | | |
| | Fair value gains on revaluation of listed investments | 15,588,109 | |
| | | 15,588,109 | 15,588,109 |
| | | Total Income | 15,588,109 |
| | Interfund Transfers IN | | |
| Expenditure | | | |
| | Administrative expenses | | |
| | Other expenditure (specify) | | |
| | | | |
| | | | |
| | | | |
| | | Total Expenditure | |
| | Interfund Transfers OUT | | 7,126,035 |
| | | Surplus (Deficit) for the year | 15,588,109 |
| | | Amount of fund at beginning of year | 32,706,942 |
| | | Amount of fund at the end of year (as Balance Sheet) | 41,169,016 |

| Account 3 | | Fund Account | |
|--------------------|---|--|------------|
| Name of account: | Revaluation reserve - investment property | £ | £ |
| Income | | | |
| | From members | | |
| | Investment income | | |
| | Other income (specify) | | |
| | | | |
| | | | |
| | | | |
| | | Total Income | |
| | Interfund Transfers IN | | |
| Expenditure | | | |
| | Administrative expenses | | |
| | Other expenditure (specify) | | |
| | Fair value losses on revaluation of investment property | 600,000 | |
| | | 600,000 | 600,000 |
| | | Total Expenditure | 600,000 |
| | Interfund Transfers OUT | | |
| | | Surplus (Deficit) for the year | -600,000 |
| | | Amount of fund at beginning of year | 36,171,268 |
| | | Amount of fund at the end of year (as Balance Sheet) | 35,571,268 |

Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

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

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

Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

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

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

Balance Sheet as at [31 October 2021]

(see notes 19 and 20)

| Previous Year | | £ | £ |
|---------------|--|------------|-------------|
| 15,759,846 | Fixed Assets (as at Page 8) | 15,381,411 | 15,381,411 |
| | Investments (as per analysis on page 9) | | |
| 92,155,848 | Quoted (Market value £ 98,657,000) as at Page 9 | | 98,657,000 |
| | Unquoted (Market value £) as at Page 9 | | |
| | Total Investments | 98,657,000 | 98,657,000 |
| | Other Assets | | |
| 4,893,078 | Sundry debtors | 4,606,723 | 4,606,723 |
| 2,048,262 | Cash at bank and in hand | 5,180,598 | 5,180,598 |
| | Stocks of goods | | |
| | Others (specify) | | |
| 55,455,404 | Investment property | 54,855,404 | |
| 998,650 | Goodwill | 835,641 | |
| 35,518 | Intangible assets | 33,910 | |
| | Total of other assets | 65,512,276 | 65,512,276 |
| | Total Assets | | 179,550,687 |
| | | | |
| 67,088,090 | Revenue Account/ General Fund | 63,414,233 | |
| 32,706,942 | Revaluation reserve - listed investments | 41,169,016 | |
| 36,171,268 | Revaluation reserve - investment property | 35,571,268 | |
| | Revaluation Reserve | | |
| | | | |
| | Liabilities | | |
| 7,098,943 | Retirement benefit obligations | 5,524,728 | |
| 2,133,128 | Bank overdraft | | |
| 1,696,433 | Tax payable | 1,267,713 | |
| 1,535,746 | Sundry creditors | 1,763,292 | |
| 4,266,989 | Accrued expenses | 4,214,764 | |
| 3,192,228 | Deferred income | 3,550,656 | |
| 15,456,839 | Provisions | 23,075,017 | |
| | Total Liabilities | | 39,396,170 |
| | Total Assets | | 179,550,687 |

Fixed Assets account

(see note 21)

| | Land and Buildings £ | Fixtures & Fittings £ | Motor Vehicles & Equipment £ | Total £ |
|--|----------------------------|-----------------------------|------------------------------------|------------|
| Cost or Valuation | | | | |
| At start of period | 19,229,771 | | 3,761,276 | 22,991,047 |
| Additions during period | | | 384,151 | 384,151 |
| Less: Disposals | | | -52,712 | -52,712 |
| Less: Depreciation | -4,600,740 | | -3,340,335 | -7,941,075 |
| Total to end of period | 14,629,031 | | 752,380 | 15,381,411 |
| Book Amount at end of period | 14,629,031 | | 752,380 | 15,381,411 |
| Freehold | 3,940,436 | | | 3,940,436 |
| Leasehold (50 or more years unexpired) | | | | |
| Leasehold (less than 50 years unexpired) | 10,688,595 | | | 10,688,595 |
| Total of Fixed Assets | 14,629,031 | | 752,380 | 15,381,411 |

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 | 98,657,000 |
| | | |
| | Total Quoted (as Balance Sheet) | 98,657,000 |
| | Market Value of Quoted Investments | 98,657,000 |
| | | |
| 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 | X | No | |
|-----|----------|----|--|

If Yes name the relevant companies:

| Company name | Company registration number (if not registered in England & Wales, state where registered) |
|----------------------|--|
| NFU Services Limited | 03687910 |
| NFU Energy Limited | 04056474 |
| NFU Enzero Limited | 12753449 |
| FEC Energy Limited | 11780105 |
| C T Planning Limited | 04110624 |

Incorporated Employers' Associations

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

| | | | |
|-----|--|----|--|
| Yes | | No | |
|-----|--|----|--|

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

| Company name | Names of shareholders |
|--------------|-----------------------|
| | |

Unincorporated Employers' Associations

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

| | | | |
|-----|--|----|----------|
| Yes | | No | X |
|-----|--|----|----------|

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 |
| C T Planning Limited | NFU Services Limited |
| | |
| | |
| | |
| | |

Summary Sheet

(see notes 24 to 33)

| | All Funds | Total Funds |
|--|-------------------|--------------------|
| | £ | £ |
| Income | | |
| From Members | 34,280,540 | 34,280,540 |
| From Investments | 2,404,815 | 2,404,815 |
| Other Income (including increases by revaluation of assets) | 19,425,738 | 19,425,738 |
| Total Income | 56,111,093 | 56,111,093 |
| Expenditure (including decreases by revaluation of assets) | | |
| Total Expenditure | 51,922,876 | 51,922,876 |
| Funds at beginning of year (including reserves) | 135,966,300 | 135,966,300 |
| Funds at end of year (including reserves) | 140,154,517 | 140,154,517 |
| ASSETS | | |
| Fixed Assets | | 15,381,411 |
| Investment Assets | | 98,657,000 |
| Other Assets | | 65,512,276 |
| Total Assets | | 179,550,687 |
| Liabilities | | |
| Total Liabilities | | 39,396,170 |
| Net Assets (Total Assets less Total Liabilities) | | 140,154,517 |

Summary Sheet

(see notes 24 to 33)

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

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 2021.

Accounting policies

(see notes 35 & 36)

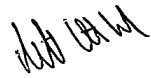

Please refer to the attached Financial Statements for the year ended 31 October 2021. Accounting policies are provided in Note 2 to the financial statements.

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: |  |
| | | | | <small>(or other official whose position should be stated)</small> |
| Name: | Ken Sutherland | | Name: | Minette Batters |
| Date: | 09 March 2022 | | Date: | 09 March 2022 |

Checklist

(see note 39)

(please enter 'X' as appropriate)

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

Checklist for auditor's report

(see notes 41 to 44)

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

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

Please explain in your report overleaf or attached.

2. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:

- a. kept proper accounting records with respect to its transactions and its assets and liabilities; and
- b. established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.

(See section 36(4) of the 1992 Act set out in note 43)

Please explain in your report overleaf or attached.

3. Your auditors or auditor must include in their report the following wording:


In our opinion the financial statements:

- give a true and fair view of the matters to which they relate to.
- have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

Auditor's report (continued)

Please refer to the attached Financial Statements for the year ended 31 October 2021.

The audit report to the members of the NFU is provided on pages 7 to 9.

| | | |
|--|---|--|
| 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: | 09 March 2022 | |
| 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 2021

THE NATIONAL FARMERS' UNION

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THE NATIONAL FARMERS' UNION

OFFICERS AND PROFESSIONAL ADVISERS

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 |
| G T R Mutimer | 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

THE NATIONAL FARMERS' UNION

FINANCIAL REPORT

The officers present their annual report on the affairs of the NFU, together with the accounts for the year ended 31 October 2021.

The NFU's financial performance has been very strong this year despite the continuing effects of COVID-19, and economic uncertainty including international trade, energy prices and inflation. Membership income has remained steady, and our investments have outperformed their respective benchmarks. Our financial strength remains robust.

Consolidated balance sheet reserves have increased by £4.2 million to £140.2 million (2020: £136.0 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, and the NFU Services Limited group. In December 2020, NFU Services Limited bought 100% of the share capital of CT Planning Limited – a small planning consultancy in Lichfield – in order to dovetail with our energy strategy and provide services to members. NFU EnZero Limited also commenced trading in December 2020 and is developing its strategy in renewable energy and carbon offsetting.

During the year, the NFU Group showed an operating deficit of £4.3 million (2020: deficit of £3.1 million) 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 £663,807 for the year (2020: deficit of £677,903).

The total comprehensive income for the year is £4.2 million (2020: £6.8 million). This year-on-year variance is primarily due to increased deferred tax and actuarial movements on the pension scheme, offset to some extent by gains on listed investments.

Members' subscriptions and related income has increased by £1.0 million to £34.3 million (2020: £33.3 million). Within this, the actual subscription income has remained constant at £19.6 million. As at 31 October 2021, NFU core membership stood at 52,474 (2020: 52,669).

Income also included contributions from the NFU Mutual of £6.5 million (2020: £6.3 million). 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 remain low by historic levels at £38.6 million (2020: £36.4 million) but have increased on last year, which was heavily affected by Covid. This is mainly due to increased property costs, including dilapidations and readying the offices for hybrid working, and increased grants made from the Legal Assistance Scheme.

Investments and Property

The value of our listed investments has increased over the year to £98.7 million (2020: £92.2 million). The fair value gain for the year of £15.6 million (2020: gain of £12.1 million) is reflected in the Statement of Comprehensive Income.

Dividends and other investment income amounted to £2.4 million (2020: £1.0 million). Rental income from our investment properties continued to perform strongly in the year at £2.4 million (2020: £2.5 million).

Our Knightsbridge investment properties have decreased in value by £0.6 million to £52.8 million (2020: £53.4 million), which recognises the effluxion of time on the main lease. These were valued by Hutchinson Morrison Childs as at 31 October 2021, apart from 1 & 2 Old Barrack Yard which was at officers' valuation. Number 25 Knightsbridge is let in its entirety to Emirates National Bank of Dubai PJSC on a twenty-year lease.

THE NATIONAL FARMERS' UNION

FINANCIAL REPORT

The West End investment market has rebounded from low levels of activity during 2020, but there is increased polarisation between the very best properties and the rest. Investors are paying record prices for the best quality building stock offered to the market and for “value add” opportunities indicating a “fight to quality” by tenants. The office investment market has proven to be resilient but looking to the future the market could suffer the consequences of higher inflation and increases in interest rates. However, measured over the long-term London has always emerged as a safe haven for property investment.

The NFU also holds operational properties in order to fulfil its commercial and representational needs. In accordance with FRS 102 the NFU recognises as investment properties those offices where it does not, in whole or in part, use the office for its own operational purposes.

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 13 to the accounts.

As at 31 October 2021 there was a surplus in the NFU Staff Pension Scheme of £9.0 million. This compares to a surplus of £4.4 million at the previous year end. The improvement in the position over the year is due to better-than-expected investment returns, and contributions paid by the NFU over the financial year of £4.2 million. These factors have been slightly offset by changes to assumptions increasing the value placed on the 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 (2020: £nil).

During the year the PMI provision fell to £5.5 million (2020: £7.1 million). The main reasons for this are that the change in financial and demographic assumptions have reduced the value placed on the liabilities and the average actual premium inflation was lower than assumed. At this stage, the future impact of Covid-19 on premiums remains uncertain and is likely to vary for different populations. Therefore, no specific adjustment to the future premium inflation assumption in respect of this. The PMI provision is also disclosed in detail in note 13.

COVID-19

The NFU has coped well with the COVID-19 and lockdowns. After more than a year of working from home, staff gradually began to return to our offices in September 2021 and in November 2021 we began a 12-month trial of hybrid working. In December 2021 we once again followed government advice regarding the Omicron variant and staff are working from home where practical. The health and safety of our members and staff remains our top priority and we will continue to monitor the developing pandemic through our business continuity group.

The NFU's main subscription income was not adversely affected by Covid-19. Other income is mainly from secure sources such as NFU Mutual or investments and our main trading subsidiaries remained profitable despite difficult trading conditions. Costs have remained down – particularly building refurbishment costs and travel and meeting costs due the cancellation of most events. In the year ended 31 October 2021 the purely financial impact of COVID-19 on the NFU was again actually net positive.

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 has been approved by the Governance Board and is reviewed regularly by the Audit Committee.

The principal risks to the NFU are to its income, which is largely made up from subscriptions from farmer and grower members and contributions from the NFU Mutual. Amongst our biggest risks are changes to farm incomes. Volatile commodity prices, potentially fuelled by recent trade deals with Australia and New Zealand, combined with unprecedented agricultural cost inflation, including fertiliser and energy, mean that the short-term future for many farm businesses can look uncertain.

THE NATIONAL FARMERS' UNION

FINANCIAL REPORT

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 at 25 Knightsbridge. Our investment portfolio is split between three fund managers with very different styles and asset allocations.

Energy and Carbon Reporting

The NFU Group has decided to report its carbon emissions voluntarily to demonstrate its commitment to carbon reduction. The following information summarises the NFU Group's energy and carbon emissions in the reporting year. The Covid-19 pandemic and resultant lockdowns has affected 'normal' business operations, particularly lower usage of our buildings and reduced travel, both of which contribute the most to our carbon emissions. As activity increases to pre-pandemic levels, carbon emissions may increase and distort comparisons in the future against earlier years.

Methodology

Greenhouse Gas emissions are quantified and reported according to the Greenhouse Gas Protocol. Energy consumption data has been collated and converted into CO₂ equivalent using UK Government GHG Conversion Factors for Company Reporting 2021, published annually by DBEIS to facilitate calculation of greenhouse gas emissions from corresponding activities.

Acting on our instructions to carry out the assessment, NFU Energy Limited reviewed our utility invoices and mileage in all vehicles on NFU business. This information has been prepared in accordance with the GHG Protocol's Scope 2 Guidance on both location-based and market-based Scope 2 emissions figures. Data collected relates to the reporting year, with estimation where actual data was not available. Comparative information has not been disclosed as this is the first year of voluntary reporting.

Intensity Ratio

We have calculated emissions intensity using membership numbers, which is considered to best represent the scale of the business.

Reporting boundaries and limitations

The GHG sources that constitute our operational boundary for the reporting period are:

- Scope 1, representing direct emissions of CO₂ released at the point of consumption
- Scope 2, representing indirect emissions of CO₂ from imported energy

We are not required to report Scope 3 emissions, representing indirect emissions from transport, from the products we use and their associated emissions, and from other sources.

Assumptions and estimations

Various assumptions have been made in our calculations and in some instances, data was not available for the relevant period, including:

- Petersfield office has a separate metered electricity supply to the communal areas. Billing arrangements assume that the two building users are each responsible for 50% of this consumption.
- Oil storage tanks are maintained at similar levels – this assumption allows delivered volume to equate to consumption, which in actual fact will not always be the case. Only the installation of flow meters, or recording of tank levels at start of Financial Year, would obviate this assumption.
- Official vehicle emissions data, in gCO₂/km, has been uplifted by the industry's recommended figure of 24%, to represent real-world conditions as opposed to lab conditions
- In the case of hybrid electric vehicles, the published CO₂ emissions factor necessarily assumes a certain proportion of operation in electric and fuel modes. We are unable to improve on this with actual data based on the style of usage.

Many of this year's estimates will be compensated by actual meter readings in the future, although this will slightly skew the comparison of future years with this initial reporting year.

THE NATIONAL FARMERS' UNION

FINANCIAL REPORT

Energy Consumption and CO₂ Emissions

NFU's largest single source of energy is grid imported electricity, followed by natural gas. Energy usage and carbon emissions are shown in Table 1.

| Scope | Energy Type | Energy kWh | Emissions tCO ₂ e |
|------------------------|---------------------------------|------------------|---------------------------------|
| Scope 1 | Natural Gas | 497,063 | 91.0 |
| | Heating and Burning Oil | 511,147 | 126.8 |
| | Diesel, Petrol and UK Road Fuel | 363,438 | 85.2 |
| Scope 2 | Electricity (Grid Import) | 732,831 | 155.6 |
| | Electricity (Solar Gen) | 32,624 | 0.0 |
| Total emissions | | 2,137,102 | 458.8 |
| Intensity ratio | Membership numbers | 52,474 | 0.0087 |

Table 1: Energy Consumption and CO₂ Emissions

Energy Efficiency Improvements

During the reporting year, the NFU has implemented the following energy efficiency improvements:

- Refurbishment of Exeter, Newmarket, and York offices, including LED lighting, presence sensors in WCs, and argon-filled double-glazed window units.
- Car Park lighting upgraded to LED, timeswitches reset.
- Installation of solar PV at Builth Wells (11.2kWpk) and Exeter (20kWpk) offices.

In addition, cableways have been laid in preparation for installation of electric vehicle charge points at Exeter, Newmarket, and York, these should assist in reducing the carbon intensity of vehicle usage in future years.



K Sutherland
Secretary

12/1/2022

THE NATIONAL FARMERS' UNION

STATEMENT OF OFFICERS' RESPONSIBILITIES

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

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

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

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

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

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

Opinion

We have audited the financial statements of the National Farmers' Union (NFU) for the year ended 31 October 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and NFU Balance Sheet, the Consolidated and NFU Statement of Changes in Reserves, the Consolidated 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 2021 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

In auditing the financial statements, we have concluded that the officers' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the NFU's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issued.

Our responsibilities and the responsibilities of the officers with respect to going concern are described in the relevant sections of this report.

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

Responsibilities of officers

As explained more fully in the Statement of Officers' Responsibilities set out on page 6, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our audit planning, we obtained an understanding of the legal and regulatory framework that is applicable to the NFU. We gained an understanding of the industry in which the NFU operates as part of this assessment to identify the key laws and regulations affecting the NFU. As part of this, we reviewed the NFU's website for indication of any regulations and certification in place and discussed these with the relevant individuals responsible for compliance. The key regulations we identified were tax legislation, employment law and breaches of The General Data Protection Regulation ("GDPR"). We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Trade Union and Labour Relations (Consolidation) Act 1992.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the NFU's ability to continue operating and the risk of material misstatement to the accounts. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements.
- Review of the NFU's GDPR policy and enquiries of the group's compliance officer as to the occurrence and outcome of any reportable breaches.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.

As part of our enquiries, we discussed with management whether there had been any instances of known or alleged fraud, of which management confirmed there were none.

We assessed the susceptibility of the financial statements to material misstatement through management override or fraud and obtained an understanding of the controls in place to mitigate the risk of fraud. We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. The key risks we identified were the reduction of tax liabilities and the overstatement of the financial position of the NFU for commercial purposes. Based upon our understanding we designed and conducted audit procedures including:

- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the 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

Date: 19th JANUARY 2022

THE NATIONAL FARMERS' UNION

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 OCTOBER 2021**

| | Note | £ | 2021 £ | £ | 2020 £ |
|--|------|------------|--------------------|------------|--------------------|
| MEMBERS' SUBSCRIPTION AND RELATED INCOME | 4 | | 34,280,540 | | 33,276,050 |
| OPERATING COSTS | | | | | |
| Cost of sales | | 2,852,589 | | 2,363,371 | |
| Members' representation | 5 | 2,275,816 | | 2,831,982 | |
| Promotional activities | 6 | 1,183,269 | | 1,120,775 | |
| Staff costs | 7 | 22,997,468 | | 22,326,923 | |
| Legal assistance scheme | 8 | 1,338,421 | | 1,016,460 | |
| Administrative costs | 9 | 1,957,754 | | 2,158,179 | |
| Establishment costs | 10 | 6,015,766 | | 4,547,643 | |
| | | | (38,621,083) | | (36,365,333) |
| OPERATING DEFICIT | | | (4,340,543) | | (3,089,283) |
| INVESTMENT ACTIVITIES | | | | | |
| Investment property rental income | | 2,366,080 | | 2,490,873 | |
| Investment property rental costs | | (38,467) | | (70,897) | |
| Interest on term deposits | | 32,045 | | 59,484 | |
| Dividends and other investment income | | 2,372,770 | | 952,340 | |
| Investment management costs | | (379,886) | | (334,465) | |
| Amortisation of goodwill | | (630,399) | | (544,717) | |
| SURPLUS ON INVESTMENT ACTIVITIES | | | 3,722,143 | | 2,552,618 |
| INTEREST | | | | | |
| Interest payable | | (101) | | (1,312) | |
| Notional finance costs of defined benefit pension and private medical insurance schemes | 12 | (45,306) | | (139,926) | |
| | | | (45,407) | | (141,238) |
| DEFICIT ON ORDINARY ACTIVITIES BEFORE FAIR VALUE MOVEMENTS AND TAXATION (carried forward) | | | (663,807) | | (677,903) |

THE NATIONAL FARMERS' UNION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
YEAR ENDED 31 OCTOBER 2021

| | Note | £ | 2021 £ | £ | 2020 £ |
|--|------|------------|--------------------|------------------|------------------|
| DEFICIT ON ORDINARY ACTIVITIES BEFORE FAIR VALUE MOVEMENTS AND TAXATION (brought forward) | | | (663,807) | | (677,903) |
| FAIR VALUE MOVEMENTS | | | | | |
| Fair value losses on revaluation of investment property | 17 | (600,000) | | (2,750,000) | |
| Fair value gains on revaluation of listed investments | 17 | 15,588,109 | | 12,089,953 | |
| | | | <u>14,988,109</u> | <u>9,339,953</u> | |
| SURPLUS ON ORDINARY ACTIVITIES AFTER FAIR VALUE MOVEMENTS AND BEFORE TAXATION | | | 14,324,302 | | 8,662,050 |
| Taxation | 14 | | (7,412,544) | | (2,824,206) |
| SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION | | | 6,911,758 | | 5,837,844 |
| OTHER COMPREHENSIVE INCOME | | | | | |
| Private Medical Insurance Scheme: | | | | | |
| Actuarial gain | 12 | | 1,471,549 | | 161,014 |
| Current tax on actuarial gain | | | - | | - |
| Defined benefit pension scheme: | | | | | |
| Actuarial (loss)/gain | 12 | | (4,195,090) | | 956,655 |
| Deferred tax on actuarial (loss)/gain | | | - | | (181,764) |
| | | | <u>(2,723,541)</u> | <u>935,905</u> | |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | | 4,188,217 | | 6,773,749 |

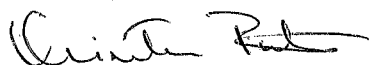
The surplus for the year arises from the NFU's continuing operations.

THE NATIONAL FARMERS' UNION

CONSOLIDATED BALANCE SHEET
31 OCTOBER 2021

| | Note | 2021 £ | 2020 £ |
|--|------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Intangible assets | 15 | 869,551 | 1,034,168 |
| Tangible fixed assets | 16 | 15,381,411 | 15,759,846 |
| Investments | | | |
| Property | 17 | 54,855,404 | 55,455,404 |
| Other | 17 | 98,657,000 | 92,155,848 |
| | | <u>169,763,366</u> | <u>164,405,266</u> |
| CURRENT ASSETS | | | |
| Debtors | 18 | 4,606,723 | 4,893,078 |
| Cash at bank and in hand | 19 | 5,180,598 | 2,048,262 |
| | | <u>9,787,321</u> | <u>6,941,340</u> |
| CREDITORS: amounts falling due within one year | 20 | <u>(7,245,769)</u> | <u>(9,632,296)</u> |
| NET CURRENT ASSETS/(LIABILITIES) | | <u>2,541,552</u> | <u>(2,690,956)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 172,304,918 | 161,714,310 |
| DEFERRED INCOME | 22 | (3,550,656) | (3,192,228) |
| PROVISIONS FOR LIABILITIES | 23 | (23,075,017) | (15,456,839) |
| NET ASSETS EXCLUDING RETIREMENT BENEFIT OBLIGATIONS | | 145,679,245 | 143,065,243 |
| RETIREMENT BENEFIT OBLIGATIONS | 12 | (5,524,728) | (7,098,943) |
| NET ASSETS INCLUDING RETIREMENT BENEFIT OBLIGATIONS | | <u>140,154,517</u> | <u>135,966,300</u> |
| RESERVES | | <u>140,154,517</u> | <u>135,966,300</u> |

The accounts on pages 10 to 47 were approved and authorised for issue by the Board of Officers on 12/10/2022 and are signed on its behalf by:



MB Batters
President



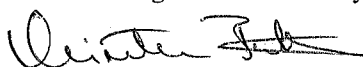
T J Jones
Director General

THE NATIONAL FARMERS' UNION

**NFU BALANCE SHEET
31 OCTOBER 2021**

| | Note | 2021 £ | 2020 £ |
|--|------|---------------------|---------------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 16 | 15,335,185 | 15,701,324 |
| Investments | | | |
| Property | 17 | 54,855,404 | 55,455,404 |
| Other | 17 | 99,407,000 | 92,905,848 |
| | | <u>169,597,589</u> | <u>164,062,576</u> |
| CURRENT ASSETS | | | |
| Debtors | 18 | 3,953,934 | 4,251,956 |
| Cash at bank and in hand | 19 | 3,711,703 | 1,259,985 |
| | | <u>7,665,637</u> | <u>5,511,941</u> |
| CREDITORS: amounts falling due within one year | 20 | <u>(7,684,748)</u> | <u>(10,488,470)</u> |
| NET CURRENT LIABILITIES | | <u>(19,111)</u> | <u>(4,976,529)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 169,578,478 | 159,086,047 |
| DEFERRED INCOME | 22 | (3,359,752) | (2,980,500) |
| PROVISIONS FOR LIABILITIES | 23 | <u>(22,912,873)</u> | <u>(15,444,789)</u> |
| NET ASSETS EXCLUDING RETIREMENT BENEFIT OBLIGATIONS | | 143,305,853 | 140,660,758 |
| RETIREMENT BENEFIT OBLIGATIONS | 12 | <u>(5,524,728)</u> | <u>(7,098,943)</u> |
| NET ASSETS INCLUDING RETIREMENT BENEFIT OBLIGATIONS | | <u>137,781,125</u> | <u>133,561,815</u> |
| RESERVES | | <u>137,781,125</u> | <u>133,561,815</u> |

The accounts on pages 10 to 47 were approved and authorised for issue by the Board of Officers on 12/01/2022 and are signed on its behalf by:



M B Batters
President



T J Jones
Director General

THE NATIONAL FARMERS' UNION

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 OCTOBER 2021

| | Revaluation reserve - listed investments £ | Revaluation reserve - investment property £ | Accumulated fund £ | Total reserves £ |
|---|--|---|--------------------------|------------------------|
| AT 31 OCTOBER 2019 | 26,854,241 | 38,921,268 | 63,417,042 | 129,192,551 |
| Surplus/(deficit) for the year | 12,089,953 | (2,750,000) | (3,502,109) | 5,837,844 |
| Other comprehensive income: | | | | |
| 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 |
| AT 31 OCTOBER 2020 | 32,706,942 | 36,171,268 | 67,088,090 | 135,966,300 |
| Surplus/(deficit) for the year | 15,588,109 | (600,000) | (8,076,351) | 6,911,758 |
| Other comprehensive income: | | | | |
| Private Medical Insurance Scheme: | | | | |
| Actuarial gain | - | - | 1,471,549 | 1,471,549 |
| Current tax on actuarial gain | - | - | - | - |
| Defined benefit pension scheme: | | | | |
| Actuarial loss | - | - | (4,195,090) | (4,195,090) |
| Deferred tax on actuarial loss | - | - | - | - |
| Transfer of realised gains on investments | (7,126,035) | - | 7,126,035 | - |
| | 8,462,074 | (600,000) | (3,673,857) | 4,188,217 |
| AT 31 OCTOBER 2021 | 41,169,016 | 35,571,268 | 63,414,233 | 140,154,517 |
| NFU – General Fund | 35,377,081 | 35,571,268 | 48,475,405 | 119,423,754 |
| NFU – Legal Fund | 5,791,935 | - | 7,949,464 | 13,741,399 |
| NFU Services | - | - | 5,838,883 | 5,838,883 |
| NFU Energy | - | - | 951,058 | 951,058 |
| C T Planning | - | - | 379,606 | 379,606 |
| NFU Enzero | - | - | (180,184) | (180,184) |
| AT 31 OCTOBER 2021 | 41,169,016 | 35,571,268 | 63,414,233 | 140,154,517 |

A description of these reserves is provided in note 25.

THE NATIONAL FARMERS' UNION

NFU STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 OCTOBER 2021

| | Revaluation reserve - listed investments £ | Revaluation reserve - investment property £ | Accumulated fund £ | Total reserves £ |
|---|--|---|--------------------------|------------------------|
| AT 31 OCTOBER 2019 | 26,854,241 | 38,921,268 | 61,286,659 | 127,062,168 |
| Surplus/(deficit) for the year | 12,089,953 | (2,750,000) | (3,776,211) | 5,563,742 |
| Other comprehensive income: | | | | |
| 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 |
| AT 31 OCTOBER 2020 | 32,706,942 | 36,171,268 | 64,683,605 | 133,561,815 |
| Surplus/(deficit) for the year | 15,588,109 | (600,000) | (8,045,258) | 6,942,851 |
| Other comprehensive income: | | | | |
| Private Medical Insurance Scheme: | | | | |
| Actuarial gain | - | - | 1,471,549 | 1,471,549 |
| Current tax on actuarial gain | - | - | - | - |
| Defined benefit pension scheme: | | | | |
| Actuarial loss | - | - | (4,195,090) | (4,195,090) |
| Deferred tax on actuarial loss | - | - | - | - |
| Transfer of realised gains on investments | (7,126,035) | - | 7,126,035 | - |
| | 8,462,074 | (600,000) | (3,642,764) | 4,219,310 |
| AT 31 OCTOBER 2021 | 41,169,016 | 35,571,268 | 61,040,841 | 137,781,125 |
| NFU – General Fund | 35,377,081 | 35,571,268 | 53,091,377 | 124,039,726 |
| NFU – Legal Fund | 5,791,935 | - | 7,949,464 | 13,741,399 |
| AT 31 OCTOBER 2021 | 41,169,016 | 35,571,268 | 61,040,841 | 137,781,125 |

A description of these reserves is provided in note 25.

THE NATIONAL FARMERS' UNION

**CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 OCTOBER 2021**

| | Note | 2021 £ | 2020 £ |
|--|------|------------------|-----------------|
| OPERATING ACTIVITIES | | | |
| Cash used in operations | 26 | (8,622,181) | (3,557,371) |
| Investment income | | 4,352,438 | 3,096,023 |
| Tax paid | | (242,552) | - |
| | | <hr/> | <hr/> |
| NET CASH FROM OPERATING ACTIVITIES | | (4,512,295) | (461,348) |
| | | <hr/> | <hr/> |
| INVESTING ACTIVITIES | | | |
| Purchase of businesses | | (168,823) | (600,055) |
| Purchase of intangible fixed assets | | (39,270) | (25,025) |
| Purchase of tangible fixed assets | | (370,921) | (173,199) |
| Purchase of investments | | (6,962,665) | (19,460,717) |
| Proceeds on disposal of investments | | 17,319,438 | 18,427,924 |
| | | <hr/> | <hr/> |
| NET CASH FROM/(USED IN) INVESTING ACTIVITIES | | 9,777,759 | (1,781,022) |
| | | <hr/> | <hr/> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 5,265,464 | (2,472,420) |
| | | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | (84,866) | 2,387,554 |
| | | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 5,180,598 | (84,866) |
| | | <hr/> | <hr/> |
| Relating to: | | | |
| Bank balances and short term deposits included in cash at bank and in hand | | 5,180,598 | 2,048,262 |
| Bank overdrafts | | - | (2,133,128) |
| | | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 17 | 5,180,598 | (84,866) |
| | | <hr/> | <hr/> |

THE NATIONAL FARMERS' UNION

**NFU CASH FLOW STATEMENT
YEAR ENDED 31 OCTOBER 2021**

| | Note | 2021 £ | 2020 £ |
|--|------|-----------------------------|-----------------------------|
| OPERATING ACTIVITIES | | | |
| Cash used in operations | 26 | (9,763,252) | (4,059,338) |
| Investment income | | 4,352,438 | 3,096,023 |
| Tax paid | | - | - |
| | | <u> </u> | <u> </u> |
| NET CASH FROM OPERATING ACTIVITIES | | <u>(5,410,814)</u> | <u>(963,315)</u> |
| INVESTING ACTIVITIES | | | |
| Purchase of tangible fixed assets | | (361,113) | (168,886) |
| Purchase of investments | | (6,962,665) | (19,640,717) |
| Proceeds on disposal of investments | | 17,319,438 | 18,427,924 |
| | | <u> </u> | <u> </u> |
| NET CASH FROM/(USED IN) INVESTING ACTIVITIES | | <u>9,995,660</u> | <u>(1,381,679)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | <u>4,584,846</u> | <u>(2,344,994)</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | <u>(873,143)</u> | <u>1,471,851</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | <u>3,711,703</u> | <u>(873,143)</u> |
| Relating to: | | | |
| Bank balances and short term deposits included in cash at bank and in hand | | 3,711,703 | 1,259,985 |
| Bank overdrafts | | - | (2,133,128) |
| | | <u> </u> | <u> </u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 17 | <u>3,711,703</u> | <u>(873,143)</u> |

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2021

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 2021. 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 impacts of the COVID-19 pandemic, Brexit, and the UK agricultural regulatory environment, and as described in the Financial Report, the officers have given consideration to the impact of these matters 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 these ongoing matters do 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.

Revenue recognition

Subscription income

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

Contributions from the NFU Mutual Insurance Society Limited

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

Other income

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

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2021

2. ACCOUNTING POLICIES (Continued)

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 2021

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 2021

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 2021

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 2021

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 2021 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 £54,855,404 (2020: £55,455,404).

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 acquisitions of NFU Energy Limited and C T Planning 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 £835,641 (2020: £998,650). 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 (2020: £nil). 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 £5,524,728 (2020: £7,098,943) are given in note 12. If the assumed annual healthcare premium increase is varied down by 1% percent to 11% (2020: 11%), the liability would be £4,846,333 (2020: £6,184,297).

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021**

4. MEMBERS' SUBSCRIPTIONS AND RELATED INCOME

| | 2021 | 2020 |
|---|--------------------------|--------------------------|
| | £ | £ |
| Income from members: | | |
| Subscriptions | 19,642,378 | 19,610,063 |
| Legal assistance scheme subscriptions | 1,372,175 | 1,367,910 |
| | <u>21,014,553</u> | <u>20,977,973</u> |
| Other income: | | |
| Sales | 5,735,646 | 4,953,371 |
| Rental income | 526,803 | 510,026 |
| Contributions and other income from the NFU Mutual Insurance Society | 6,512,000 | 6,304,167 |
| Contributions from other organisations | 109,892 | 268,040 |
| Other income | 381,646 | 262,473 |
| | <u>13,265,987</u> | <u>12,298,077</u> |
| | <u><u>34,280,540</u></u> | <u><u>33,276,050</u></u> |

5. MEMBERS' REPRESENTATION

| | 2021 | 2020 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Meetings and associated expenses | 1,065,279 | 1,506,868 |
| Elected officers' remuneration | 370,003 | 360,375 |
| Overseas visits | 3,280 | 21,917 |
| COPA and other subscriptions | 391,415 | 594,803 |
| Membership retention and recruitment | 392,644 | 334,841 |
| Animal Health and Welfare | 53,195 | 13,178 |
| | <u>2,275,816</u> | <u>2,831,982</u> |

6. PROMOTIONAL ACTIVITIES

| | 2021 | 2020 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Advertising campaigns | 341,017 | 330,909 |
| National shows and events | 52,771 | 77,846 |
| Regional shows and events | 191,070 | 219,537 |
| Public affairs | 400,673 | 326,479 |
| Marketing and research | 184,222 | 137,403 |
| Digital services | 13,516 | 28,601 |
| | <u>1,183,269</u> | <u>1,120,775</u> |

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021**

| | | |
|--|-------------|-------------|
| 7. STAFF COSTS | | |
| | 2021 | 2020 |
| | £ | £ |
| Staff remuneration | 17,900,164 | 17,146,043 |
| Personnel costs (NIC, pension contributions, voluntary pensions and welfare, etc) | 4,006,649 | 3,837,551 |
| Staff recruitment and training | 312,579 | 317,008 |
| Staff expenses | 342,646 | 531,598 |
| Group secretary expenses | 435,430 | 494,723 |
| | <hr/> | <hr/> |
| | 22,997,468 | 22,326,923 |
| | <hr/> <hr/> | <hr/> <hr/> |
| 8. LEGAL ASSISTANCE SCHEME | | |
| | 2021 | 2020 |
| | £ | £ |
| Grants to members | 1,338,421 | 1,016,460 |
| | <hr/> <hr/> | <hr/> <hr/> |
| 9. ADMINISTRATIVE COSTS | | |
| | 2021 | 2020 |
| | £ | £ |
| Audit fees: | | |
| NFU | 25,250 | 23,250 |
| NFU Services Limited | 4,500 | 4,000 |
| NFU Energy Limited | 6,500 | 6,000 |
| C T Planning Limited | 2,990 | - |
| NFU EnZero Limited | 1,000 | - |
| Professional fees: | | |
| Property | 203,903 | 188,297 |
| Pension administrative costs | 142,983 | 149,376 |
| Other | 856,530 | 1,014,472 |
| Printing and stationery | 91,154 | 105,050 |
| Telephone | 300,648 | 315,272 |
| Postage and carriage | 90,989 | 97,664 |
| Other | 231,307 | 254,798 |
| | <hr/> | <hr/> |
| | 1,957,754 | 2,158,179 |
| | <hr/> <hr/> | <hr/> <hr/> |

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2021

10. ESTABLISHMENT COSTS

| | 2021 | 2020 |
|-------------------------------------|-------------|-------------|
| | £ | £ |
| Repairs and maintenance: | | |
| Property | 1,931,159 | 655,293 |
| Other | 1,050,025 | 825,748 |
| Depreciation | 771,394 | 737,934 |
| Deficit on disposal of fixed assets | 1,340 | - |
| Accommodation costs: | | |
| Net rent | 831,147 | 858,642 |
| Rates | 496,690 | 548,390 |
| Light and heat | 138,070 | 152,856 |
| Health and safety | 83,933 | 175,000 |
| Other | 358,646 | 288,891 |
| General insurance costs | 353,362 | 304,889 |
| | <hr/> | <hr/> |
| | 6,015,766 | 4,547,643 |
| | <hr/> <hr/> | <hr/> <hr/> |

11. STAFF NUMBERS

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

| | 2021 | 2020 |
|-------------------|-------------|-------------|
| | No. | No. |
| Headquarters | 334 | 297 |
| Regions | 121 | 124 |
| Group secretaries | 378 | 381 |
| | <hr/> | <hr/> |
| | 833 | 802 |
| | <hr/> <hr/> | <hr/> <hr/> |

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2021

12. RETIREMENT BENEFIT OBLIGATIONS

| GROUP & NFU | | 2021 | 2020 |
|--|----|-----------|-----------|
| | | £ | £ |
| Amounts recognised in the balance sheet | | | |
| Defined benefit pension scheme | a) | - | - |
| Private medical insurance scheme | b) | 5,524,728 | 7,098,943 |
| | | 5,524,728 | 7,098,943 |
| | | 5,524,728 | 7,098,943 |

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 2021. Scheme assets are stated at their fair value at 31 October 2021.

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

| | 2021 | 2020 |
|--------------------------------------|---|---|
| Discount rate | 1.85% | 1.70% |
| Inflation rate RPI | 3.70% | 3.25% |
| Inflation rate CPI | 2.90% | 2.45% |
| Salary increases | 3.70% | 3.25% |
| Revaluation in deferment | 2.90% | 2.45% |
| RPI pension increases | 3.70% | 3.25% |
| | 2021 | 2020 |
| Post retirement mortality assumption | S3MNA adjusted by 95% / S3NFA adjusted by 100% with CMI 2020 projections using a long term rate of improvement of 1.5% p.a. | S3MNA adjusted by 95% / S3NFA adjusted by 100% with CMI 2019 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 2021**

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 (2020: 0.8% pa).

The discount rate assumption of 1.85% 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% (2020: 1.70% pa based on the yield on the iBoxx AA rated corporate bond yield curve with a duration of 18 years, plus an allowance of 0.1%).

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

| | 2021 | 2020 |
|--------|--------------|--------------|
| | Years | Years |
| Male | 23.0 | 23.0 |
| Female | 25.1 | 25.0 |

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

| | 2021 | 2020 |
|--------|--------------|--------------|
| | Years | Years |
| Male | 24.6 | 24.6 |
| Female | 26.7 | 26.7 |

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

| | 2021 | 2020 |
|---|-----------------|---------------|
| | £ | £ |
| Net interest on the net defined benefit pension liability | <u>(35,090)</u> | <u>38,300</u> |

Changes in the present value of the defined benefit obligation:

| | 2021 |
|---|--------------------|
| | £ |
| Defined benefit obligation at 1 November 2020 | 107,143,229 |
| Interest cost | 1,788,771 |
| Change due to settlements and curtailments | (21,180) |
| Experience loss on liabilities | - |
| Changes to demographic assumptions | (205,812) |
| Changes to financial assumptions | 5,367,712 |
| Benefits paid | (3,872,410) |
| | <hr/> |
| Defined benefit obligation at 31 October 2021 | <u>110,200,310</u> |

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021**

12. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Changes in the fair value of scheme assets:

| | 2021 |
|---|-------------|
| | £ |
| Scheme assets at 1 November 2020 | 111,570,843 |
| Interest income | 1,899,130 |
| Employer contributions | 4,160,000 |
| Return on plan assets (excluding net interest on the net defined benefit asset) | 5,501,677 |
| Changes in value of annuity asset | (21,180) |
| Benefits paid | (3,872,410) |
| | <hr/> |
| Scheme assets at 31 October 2021 | 119,238,060 |
| | <hr/> <hr/> |

The actual return on scheme assets was £7,379,627, including change in value of annuities – 7% (2020: £5,159,213 – 5%).

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

| | 2021 | 2020 |
|--|-------------------|-------------------|
| | Fair value | Fair value |
| | £ | £ |
| Equity | 5,502,535 | 8,485,596 |
| Bonds | 106,275,290 | 96,906,732 |
| Other | 2,218,827 | 3,652,465 |
| Cash | 5,241,408 | 2,526,050 |
| | <hr/> | <hr/> |
| | 119,238,060 | 111,570,843 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 2021 | 2020 |
| | £ | £ |
| Scheme assets | 119,238,060 | 111,570,843 |
| Scheme liabilities | (110,200,310) | (107,143,229) |
| | <hr/> | <hr/> |
| Asset ceiling restriction | 9,037,750 | 4,427,614 |
| | (9,037,750) | (4,427,614) |
| | <hr/> | <hr/> |
| Amount recognised in the balance sheet | - | - |
| | <hr/> <hr/> | <hr/> <hr/> |

The increase in scheme assets over scheme liabilities includes employer contributions of £4,160,000 (2020: £2,020,000) for which, due to the asset ceiling restriction above, no corresponding asset is recognised on the NFU's balance sheet. These amounts have been recognised within Other Comprehensive Income as part of total actuarial losses for the year.

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021**

12. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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 2021, 53 (2020: 56) retired individuals currently benefit and no others (2020: 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 2021.

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

| | 2021 | 2020 |
|---------------------------------|-------------|-------------|
| Discount rate | 1.80% | 1.30% |
| Increase in healthcare premiums | 12.0% | 12.0% |

Movement in the private medical insurance scheme obligation:

| | 2021 | 2020 |
|---|-------------|-------------|
| | £ | £ |
| At beginning of the year | (7,098,943) | (7,335,021) |
| Notional finance cost of private medical insurance scheme | (80,396) | (101,626) |
| Benefits paid | 183,062 | 176,690 |
| Actuarial gain | 1,471,549 | 161,014 |
| | <hr/> | <hr/> |
| Amount recognised in the balance sheet | (5,524,728) | (7,098,943) |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | 2021 | 2020 |
|--|-------------|-------------|
| | £ | £ |
| Net interest on the net defined benefit pension liability | (35,090) | 38,300 |
| Notional finance costs of private medical insurance scheme | 80,396 | 101,626 |
| | <hr/> | <hr/> |
| | 45,306 | 139,926 |
| | <hr/> <hr/> | <hr/> <hr/> |

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2021

13. LEASING AGREEMENTS

As lessee:

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

| | 2021 | 2020 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Motor vehicles, office equipment, computer hardware and software | 493,130 | 511,294 |
| Land and buildings | 708,696 | 713,401 |
| | <u> </u> | <u> </u> |

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

| | 2021 | 2020 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Motor vehicles, office equipment, computer hardware and software: | | |
| Expiring within 1 year | 345,652 | 341,308 |
| Expiring between 2 and 5 years | 411,603 | 424,942 |
| Land and buildings: | | |
| Expiring within 1 year | 519,025 | 651,760 |
| Expiring between 2 and 5 years | 1,207,269 | 1,457,100 |
| Expiring after 5 years | 554,985 | 829,779 |
| | <u> </u> | <u> </u> |
| | 3,038,534 | 3,704,889 |
| | <u> </u> | <u> </u> |

As lessor:

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

| | 2021 | 2020 |
|-----------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Amounts receivable: | | |
| In less than one year | 2,233,185 | 2,426,093 |
| In one to five years | 8,301,346 | 8,664,280 |
| After five years | 18,706,250 | 19,475,000 |
| | <u> </u> | <u> </u> |
| | 29,240,781 | 30,565,373 |
| | <u> </u> | <u> </u> |

The operating leases represent rental of properties to third parties. These are negotiated over terms of 1 to 20 years (2020: 1 to 20 years) and rentals are fixed for 1 to 20 years (2020: 1 to 20 years).

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021

14. TAXATION

The taxation charge is made up as follows:

| | 2021 £ | 2020 £ |
|--|-------------|-------------|
| UK Corporation tax | 635,995 | 195,250 |
| Adjustments in respect of prior year | - | (209,456) |
| | <hr/> | <hr/> |
| Current tax charge / (credit) | 635,995 | (14,206) |
| Deferred tax: | | |
| Timing differences, origination and reversal | 445,136 | 140,554 |
| Pension scheme liability | - | 499,098 |
| Fair value gains | 6,323,872 | 2,096,403 |
| Other timing differences | 7,541 | 102,357 |
| | <hr/> | <hr/> |
| | 6,776,549 | 2,838,412 |
| | <hr/> | <hr/> |
| Total tax charge | 7,412,544 | 2,824,206 |
| | <hr/> <hr/> | <hr/> <hr/> |

Factors affecting the tax charge for the year:

| | 2021 £ | 2020 £ |
|--|-------------|-------------|
| Surplus on ordinary activities before taxation (and after fair value gains) | 14,324,302 | 8,662,050 |
| | <hr/> | <hr/> |
| Tax at 19% (2019: 19%) thereon | 2,721,617 | 1,645,790 |
| <i>Effects of:</i> | | |
| Chargeable disposals | 107,177 | (32,767) |
| Expenses not deductible for tax purposes | 620,364 | 299,345 |
| Capital allowances in excess of depreciation | 31,188 | 32,896 |
| Dividend income | (176,368) | (211,428) |
| Pension contributions | (797,067) | - |
| Other tax adjustments | 12,868 | 49,454 |
| Adjustments in respect of prior year | - | (209,456) |
| Effects of changes in tax rates | 4,892,765 | 1,250,372 |
| | <hr/> | <hr/> |
| Total tax charge | 7,412,544 | 2,824,206 |
| | <hr/> <hr/> | <hr/> <hr/> |

Factors that may affect future tax charges

An increase in the long-term UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. Deferred tax balances have been remeasured to reflect this higher long-term rate, with differences recognised in the current year tax charge.

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021

15. INTANGIBLE ASSETS

GROUP

| | Goodwill £ | Software £ | Total £ |
|---|---------------|---------------|------------|
| <i>Cost</i> | | | |
| At 1 November 2020 | 2,723,587 | 52,951 | 2,776,538 |
| Additions | - | 39,270 | 39,270 |
| Arising from a business combination (see note 30) | 467,390 | - | 467,390 |
| At 31 October 2021 | 3,190,977 | 92,221 | 3,283,198 |
| <i>Amortisation</i> | | | |
| At 1 November 2020 | 1,724,937 | 17,433 | 1,742,370 |
| Charge for the year | 630,399 | 40,878 | 671,277 |
| At 31 October 2021 | 2,355,336 | 58,311 | 2,413,647 |
| <i>Net book value</i> | | | |
| At 31 October 2021 | 835,641 | 33,910 | 869,551 |
| At 31 October 2020 | 998,650 | 35,518 | 1,034,168 |

16. TANGIBLE FIXED ASSETS

GROUP

| | Freehold Property £ | Leasehold Property £ | Furniture Equipment and Vehicles £ | Total £ |
|--------------------------------------|---------------------------|----------------------------|--|------------|
| <i>Cost</i> | | | | |
| At 1 November 2020 | 4,936,232 | 14,293,539 | 3,761,276 | 22,991,047 |
| Additions | - | - | 370,921 | 370,921 |
| Acquired from a business combination | - | - | 13,230 | 13,230 |
| Disposals | - | - | (52,712) | (52,712) |
| At 31 October 2021 | 4,936,232 | 14,293,539 | 4,092,715 | 23,322,486 |
| <i>Accumulated depreciation</i> | | | | |
| At 1 November 2020 | 880,214 | 3,297,118 | 3,053,869 | 7,231,201 |
| Charge for the year | 115,582 | 307,826 | 321,487 | 744,895 |
| Eliminated on disposal | - | - | (35,021) | (35,021) |
| At 31 October 2021 | 995,796 | 3,604,944 | 3,340,335 | 7,941,075 |
| <i>Net book value</i> | | | | |
| At 31 October 2021 | 3,940,436 | 10,688,595 | 752,380 | 15,381,411 |
| At 31 October 2020 | 4,056,018 | 10,996,421 | 707,407 | 15,759,846 |

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021

16. TANGIBLE FIXED ASSETS (Continued)

| NFU | Freehold | Leasehold | Furniture | Total |
|---------------------------------|-----------|------------|------------------------------|------------|
| | Property | Property | Equipment and Vehicles | |
| | £ | £ | £ | £ |
| <i>Cost</i> | | | | |
| At 1 November 2020 | 4,936,232 | 14,272,976 | 3,790,462 | 22,999,670 |
| Additions | - | - | 361,113 | 361,113 |
| At 31 October 2021 | 4,936,232 | 14,272,976 | 4,151,575 | 23,360,783 |
| <i>Accumulated depreciation</i> | | | | |
| At 1 November 2020 | 880,214 | 3,299,163 | 3,118,969 | 7,298,346 |
| Charge for the year | 115,582 | 303,038 | 308,632 | 727,252 |
| At 31 October 2021 | 995,796 | 3,602,201 | 3,427,601 | 8,025,598 |
| <i>Net book value</i> | | | | |
| At 31 October 2021 | 3,940,436 | 10,670,775 | 723,974 | 15,335,185 |
| At 31 October 2020 | 4,056,018 | 10,973,813 | 671,493 | 15,701,324 |

17. FIXED ASSET INVESTMENTS

GROUP AND NFU

| Investment property | £ |
|-------------------------------|------------|
| Fair value at 1 November 2020 | 55,455,404 |
| Revaluation | (600,000) |
| Fair value at 31 October 2021 | 54,855,404 |

The commercial Knightsbridge investment properties were valued on a fair value basis at £49,950,000 (2020: £50,550,000) on 31 October 2021 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 (2020: £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 (2020: £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 2021

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. 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 (2020: £2,034,404), based upon an officers' valuation as at 31 October 2021 (following an independent valuation by Knight Frank as at 31 December 2018). The historical cost of these properties at 31 October 2021 was £2,232,930 (2020: £2,232,930).

GROUP

| Other fixed asset investments | Listed investments £ |
|-------------------------------|----------------------------|
| <i>Fair value</i> | |
| At 1 November 2020 | 92,155,848 |
| Purchases | 6,962,665 |
| Revaluation | 15,588,109 |
| Disposals | (16,049,622) |
| <i>Carrying amount</i> | |
| At 31 October 2021 | 98,657,000 |

NFU

| Other fixed asset investments | Listed investments £ | Investment in subsidiary £ | Total £ |
|-------------------------------|----------------------------|----------------------------------|--------------|
| <i>Fair value/cost</i> | | | |
| At 1 November 2020 | 92,155,848 | 750,000 | 92,905,848 |
| Purchases | 6,962,665 | - | 6,962,665 |
| Revaluation | 15,588,109 | - | 15,588,109 |
| Disposals | (16,049,622) | - | (16,049,622) |
| <i>Carrying amount</i> | | | |
| At 31 October 2021 | 98,657,000 | 750,000 | 99,407,000 |

The listed investments at fair value have an historical cost of £53,256,275 (2020: £55,221,256).

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 2021

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 10th 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 facilitates the development of renewable energy solutions on agricultural land. 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.
- C T Planning Limited. 100% interest in the ordinary share capital (and voting rights) of that company, held indirectly. The company was acquired on 4 December 2020 (see note 30) and provides planning advisory services. Its principal place of business is Three Spires House, Station Road, Lichfield, WS13 6HX.

18. DEBTORS

| GROUP | 2021 | 2020 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Amounts paid in advance | 2,513,511 | 2,744,671 |
| Trade debtors | 935,418 | 777,834 |
| Amounts due from affiliated entities | 2,940 | 1,233 |
| Other debtors | 1,154,854 | 1,369,340 |
| | <u>4,606,723</u> | <u>4,893,078</u> |
| | | |
| NFU | 2021 | 2020 |
| | £ | £ |
| Amounts paid in advance | 2,436,412 | 2,673,525 |
| Trade debtors | 415,327 | 327,805 |
| Amounts due from subsidiaries | 22 | 9,529 |
| Amounts due from affiliated entities | 2,940 | 1,233 |
| Other debtors | 1,099,233 | 1,239,864 |
| | <u>3,953,934</u> | <u>4,251,956</u> |

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021

19. CASH AND CASH EQUIVALENTS

| GROUP | 2021 £ | 2020 £ |
|--|-------------------------|-------------------------|
| Cash at bank and in hand | 5,180,598 | 2,048,262 |
| Bank overdrafts | - | (2,133,128) |
| | <hr/> | <hr/> |
| Cash and cash equivalents in statement of cash flows | 5,180,598 | (84,866) |
| | <hr/> <hr/> | <hr/> <hr/> |
| NFU | 2021 £ | 2020 £ |
| Cash at bank and in hand | 3,711,703 | 1,259,985 |
| Bank overdrafts | - | (2,133,128) |
| | <hr/> | <hr/> |
| Cash and cash equivalents in statement of cash flows | 3,711,703 | (873,143) |
| | <hr/> <hr/> | <hr/> <hr/> |

ANALYSIS OF NET DEBT:

| GROUP | At 1 November 2020 £ | Cash flow £ | Transfers £ | At 31 October 2021 £ |
|--------------------------|-------------------------------|----------------|----------------|-------------------------------|
| <i>Net cash:</i> | | | | |
| Cash at bank and in hand | 2,048,262 | 3,132,336 | - | 5,180,598 |
| Bank overdrafts | (2,133,128) | 2,133,128 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | (84,866) | 5,265,464 | - | 5,180,598 |
| <i>Debt:</i> | | | | |
| Debt due within 1 year | - | - | - | - |
| Debt due after 1 year | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net (debt) / funds | (84,866) | 5,265,464 | - | 5,180,598 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021**

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| GROUP | 2021 | 2020 |
|------------------------------------|-------------------------|--------------------------|
| | £ | £ |
| Bank overdraft | - | 2,133,128 |
| Trade creditors | 1,503,877 | 1,282,356 |
| Amounts due to branches | 17,256 | 17,256 |
| Amounts due to affiliated entities | 242,159 | 236,134 |
| Corporation tax | 622,637 | 178,492 |
| Other taxes and social security | 645,076 | 1,517,941 |
| Other creditors and accruals | 4,214,764 | 4,266,989 |
| | <u>7,245,769</u> | <u>9,632,296</u> |
| | <u><u>7,245,769</u></u> | <u><u>9,632,296</u></u> |
| NFU | 2021 | 2020 |
| | £ | £ |
| Bank overdraft | - | 2,133,128 |
| Trade creditors | 1,472,105 | 1,192,985 |
| Amounts due to subsidiaries | 1,046,359 | 1,583,702 |
| Amounts due to branches | 17,256 | 17,256 |
| Amounts due to affiliated entities | 242,159 | 236,134 |
| Corporation tax | 503,623 | 4,272 |
| Other taxes and social security | 559,657 | 1,228,101 |
| Other creditors and accruals | 3,843,589 | 4,092,892 |
| | <u>7,684,748</u> | <u>10,488,470</u> |
| | <u><u>7,684,748</u></u> | <u><u>10,488,470</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:

| GROUP | 2021 | 2020 |
|---|---------------------------|--------------------------|
| | £ | £ |
| Financial assets: | | |
| Debt instruments measured at amortised cost | 2,093,212 | 2,148,405 |
| Listed investments measured at fair value through surplus or deficit in the Statement of Comprehensive Income | 98,657,000 | 92,155,848 |
| | <u>100,750,212</u> | <u>94,304,253</u> |
| | <u><u>100,750,212</u></u> | <u><u>94,304,253</u></u> |
| Financial liabilities: | | |
| Measured at amortised cost | 5,978,057 | 7,935,863 |
| | <u>5,978,057</u> | <u>7,935,863</u> |
| | <u><u>5,978,057</u></u> | <u><u>7,935,863</u></u> |

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021**

21. FINANCIAL INSTRUMENTS (Continued)

| NFU | 2021 £ | 2020 £ |
|---|--------------------|-------------------|
| Financial assets: | | |
| Debt instruments measured at amortised cost | 1,367,717 | 1,578,431 |
| Listed investments measured at fair value through surplus or deficit in the Statement of Comprehensive Income | 98,657,000 | 92,155,848 |
| | <u>100,024,717</u> | <u>93,734,279</u> |
| Financial liabilities: | | |
| Measured at amortised cost | 6,621,468 | 9,256,097 |
| | <u>6,621,468</u> | <u>9,256,097</u> |

22. DEFERRED INCOME

| GROUP | Subscriptions received in advance £ | Contributions from NFU Mutual £ | Total £ |
|------------------------------------|--|--|------------------|
| At 1 November 2020 | 2,135,228 | 1,057,000 | 3,192,228 |
| Received during the year | 2,459,656 | 1,091,000 | 3,550,656 |
| Released to profit during the year | (2,135,228) | (1,057,000) | (3,192,228) |
| | <u>2,459,656</u> | <u>1,091,000</u> | <u>3,550,656</u> |
| At 31 October 2021 | 2,459,656 | 1,091,000 | 3,550,656 |
| | <u>2,459,656</u> | <u>1,091,000</u> | <u>3,550,656</u> |
| NFU | Subscriptions received in advance £ | Contributions from NFU Mutual £ | Total £ |
| At 1 November 2020 | 1,923,500 | 1,057,000 | 2,980,500 |
| Received during the year | 2,268,752 | 1,091,000 | 3,359,752 |
| Released to profit during the year | (1,923,500) | (1,057,000) | (2,980,500) |
| | <u>2,268,752</u> | <u>1,091,000</u> | <u>3,359,752</u> |
| At 31 October 2021 | 2,268,752 | 1,091,000 | 3,359,752 |
| | <u>2,268,752</u> | <u>1,091,000</u> | <u>3,359,752</u> |

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021

23. PROVISIONS FOR LIABILITIES

GROUP

| | Legal assistance scheme grants £ | Dilapidation provisions £ | Contingent consideration £ | Deferred tax £ | Total £ |
|---|--|---------------------------------|----------------------------------|----------------------|------------|
| At 1 November 2020 | 1,836,560 | - | - | 13,620,279 | 15,456,839 |
| Provisions made during the year | 96,356 | 672,942 | 149,544 | - | 918,842 |
| Utilised in the year | (77,213) | - | - | - | (77,213) |
| Transfer from the Statement of Comprehensive Income | - | - | - | 6,776,549 | 6,776,549 |
| At 31 October 2021 | 1,855,703 | 672,942 | 149,544 | 20,396,828 | 23,075,017 |

NFU

| | Legal assistance scheme grants £ | Dilapidation provisions £ | Deferred tax £ | Total £ |
|--|--|---------------------------------|----------------------|------------|
| At 1 November 2020 | 1,836,560 | - | 13,608,229 | 15,444,789 |
| Provisions made during the year | 96,356 | 672,942 | - | 769,298 |
| Utilised in the year | (77,213) | - | - | (77,213) |
| Transfer from Statement of Comprehensive Income | - | - | 6,775,999 | 6,775,999 |
| At 31 October 2021 | 1,855,703 | 672,942 | 20,384,228 | 22,912,873 |

Legal assistance scheme grants

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

Dilapidation provisions

This represents estimated amounts arising from obligations under property leases. It is anticipated that the rectification works will be carried out during the 2021/22 and 2022/23 financial years.

Contingent consideration

This represents the maximum amounts due in respect of the acquisition of C T Planning Limited (see note 30). The amounts are payable by 28 February 2023 and are dependent upon the trading results of CT Planning Limited for the 24-month financial period ended 31 October 2022.

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021**

24. DEFERRED TAX

GROUP

| | Defined benefit pension scheme £ | Fair value gains £ | Accelerated capital allowances £ | Other timing differences £ | Total £ |
|--|---|---------------------------------------|---|---|--------------------|
| At 1 November 2020 | - | 12,426,977 | 1,243,666 | (50,364) | 13,620,279 |
| Transfer from Statement of Comprehensive Income | - | 6,323,873 | 446,409 | 6,267 | 6,776,549 |
| | ----- | ----- | ----- | ----- | ----- |
| At 31 October 2021 | - | 18,750,850 | 1,690,075 | (44,097) | 20,396,828 |
| | ===== | ===== | ===== | ===== | ===== |

NFU

| | Defined benefit pension scheme £ | Fair value gains £ | Accelerated capital allowances £ | Other timing differences £ | Total £ |
|--|---|---------------------------------------|---|---|--------------------|
| At 1 November 2020 | - | 12,426,977 | 1,229,538 | (48,286) | 13,608,229 |
| Transfer from Statement of Comprehensive Income | - | 6,323,873 | 445,221 | 6,905 | 6,775,999 |
| | ----- | ----- | ----- | ----- | ----- |
| At 31 October 2021 | - | 18,750,850 | 1,674,759 | (41,381) | 20,384,228 |
| | ===== | ===== | ===== | ===== | ===== |

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.

THE NATIONAL FARMERS' UNION

**NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021**

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

| GROUP | 2021 | 2020 |
|--|--------------|-------------|
| | £ | £ |
| Surplus on ordinary activities after tax | 6,911,758 | 5,837,844 |
| Depreciation of tangible fixed assets | 761,246 | 726,466 |
| Amortisation of intangible assets | 671,277 | 556,185 |
| Loss on disposal of tangible fixed assets | 1,340 | - |
| Deficit on disposal of investments | (1,269,816) | 333,476 |
| Fair value gains on fixed asset investments | (14,988,109) | (9,339,953) |
| Decrease in retirement benefit obligations | (102,666) | (75,064) |
| Decrease in pension liabilities | (4,195,090) | (2,041,700) |
| Property rental income (net) | (2,327,613) | (2,419,976) |
| Interest on term deposits | (32,045) | (59,484) |
| Dividends and other investment income | (2,372,770) | (952,340) |
| Investment fees | 379,990 | 335,777 |
| Taxation | 7,463,247 | 2,824,205 |
| | <hr/> | <hr/> |
| Operating cash flows before movements in working capital | (9,099,252) | (4,274,564) |
| Decrease/(increase) in trade and other debtors | 417,957 | (55,793) |
| Increase in trade and other creditors | (991,399) | 1,200,269 |
| Increase/(decrease) in deferred income | 358,428 | (300,170) |
| Increase/(decrease) in provisions | 692,085 | (127,113) |
| | <hr/> | <hr/> |
| Cash used in operations | (8,622,181) | (3,557,371) |
| | <hr/> <hr/> | <hr/> <hr/> |

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021

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

| NFU | 2021 £ | 2020 £ |
|--|--------------|-------------|
| Surplus on ordinary activities after tax | 6,942,851 | 5,563,742 |
| Depreciation of tangible fixed assets | 727,252 | 711,315 |
| (Gain)/deficit on disposal of investments | (1,269,816) | 333,476 |
| Fair value gains on fixed asset investments | (14,988,109) | (9,339,953) |
| Decrease in retirement benefit obligations | (102,666) | (75,064) |
| Decrease in pension liabilities | (4,195,090) | (2,041,700) |
| Property rental income (net) | (2,327,613) | (2,419,976) |
| Interest on term deposits | (32,045) | (59,484) |
| Dividends and other investment income | (2,372,770) | (952,340) |
| Investment fees | 379,990 | 335,777 |
| Taxation | 7,275,350 | 2,630,762 |
| | <hr/> | <hr/> |
| Operating cash flows before movements in working capital | (9,962,666) | (5,313,445) |
| Decrease in trade and other debtors | 298,022 | 38,614 |
| (Decrease)/increase in trade and other creditors | (1,169,945) | 1,628,321 |
| Increase/(decrease) in deferred income | 379,252 | (285,715) |
| Increase/(decrease) in provisions | 692,085 | (127,113) |
| | <hr/> | <hr/> |
| Cash used in operations | (9,763,252) | (4,059,338) |
| | <hr/> <hr/> | <hr/> <hr/> |

27. RELATED UNDERTAKINGS

The related undertakings of the NFU are as follows:

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

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2021

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% |
|------------------|---------------------------|------|

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:

| | 2021 | 2020 |
|---|---------|---------|
| | £ | £ |
| (i) NFU Beet Growers Account | | |
| Administration fees and salaries charged to Beet Growers | 588,840 | 637,199 |
| (ii) Pig Disease Eradication Fund Ltd | | |
| Administration fees charged to Pig Disease Eradication Fund Ltd | 2,000 | 2,000 |

In November 2020 the NFU loaned an amount of £250,000 (2020: £340,000) to NFU Beet-Growers. The loan was repaid in full in November 2020 (2020: November 2019).

At 31 October 2021, the following balances were due to and from related parties:

| | 2021 | 2020 |
|---------------------------------------|-------|-------|
| | £ | £ |
| (i) NFU Beet Growers Account | | |
| Amounts owed to the NFU | 2,940 | 2,214 |
| (ii) Pig Disease Eradication Fund Ltd | | |
| Amounts owed to the NFU | - | - |

At 31 October 2021, £332,456 (2020: £335,517) 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 £953,898 (2020: £967,589). 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 2021

29. LEGAL FUND

The NFU Legal Fund operates a Legal Assistance Scheme which was launched on 1 November 1987 to replace various local schemes previously operated by county branches. The Legal Fund is funded by members' additional voluntary subscriptions.

The Legal Fund 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 Legal Fund. In summary, the transactions of the fund in the year ended 31 October 2021 were as follows:

| | £ | 2021 £ | £ | 2020 £ |
|---|-----------------|--------------------|-----------------|--------------------|
| Income and expenditure account: | | | | |
| Income | | | | |
| Members' subscriptions | | 1,372,175 | | 1,367,910 |
| Operating costs | | | | |
| Grants to members | 1,338,421 | | 1,016,460 | |
| Administration costs | 358,758 | | 357,819 | |
| | | <u>(1,697,179)</u> | | <u>(1,374,279)</u> |
| Operating deficit | | (325,004) | | (6,369) |
| Investment activities | | | | |
| Interest on term deposits | 30,123 | | 43,079 | |
| Dividend and other investment income | 751,313 | | 202,140 | |
| Investment fees | <u>(55,654)</u> | | <u>(46,011)</u> | |
| Surplus on investment activities | | <u>725,782</u> | | <u>199,208</u> |
| Surplus on ordinary activities before fair value movements and taxation | | 400,778 | | 192,839 |
| Fair value gains/(losses) on revaluation of listed investments | | <u>2,866,608</u> | | <u>(86,962)</u> |
| Surplus on ordinary activities after fair value movements and before taxation | | 3,267,386 | | 105,877 |
| Taxation (charge)/credit | | <u>(850,758)</u> | | <u>18,081</u> |
| Surplus on ordinary activities after taxation | | 2,416,628 | | 123,958 |
| Total reserves brought forward | | <u>11,324,771</u> | | <u>11,200,813</u> |
| Total reserves carried forward | | <u>13,741,399</u> | | <u>11,324,771</u> |

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS
YEAR ENDED 31 OCTOBER 2021

29. LEGAL FUND (Continued)

| | 2021 £ | 2020 £ |
|---|-------------|-------------|
| Represented by: | | |
| Fixed assets: | | |
| Listed investments at market value (cost: £10,087,877; 2020: £9,179,291) | 16,538,801 | 13,343,261 |
| | ----- | ----- |
| Current assets: | | |
| Amount due from NFU General Fund | 103,618 | 74,662 |
| Other debtors | 10,295 | 10,295 |
| Cash and cash equivalents | 588,985 | 520,902 |
| | ----- | ----- |
| | 702,898 | 605,859 |
| | ----- | ----- |
| Current liabilities: | | |
| Other creditors | (107,542) | (27,629) |
| | ----- | ----- |
| Deferred income: | | |
| Deferred income | (102,492) | (85,295) |
| | ----- | ----- |
| Provisions: | | |
| Grants payable | (1,855,703) | (1,836,560) |
| Deferred taxation | (1,434,563) | (674,865) |
| | ----- | ----- |
| Total reserves | 13,741,399 | 11,324,771 |
| | ===== | ===== |

THE NATIONAL FARMERS' UNION

NOTES TO THE CONSOLIDATED ACCOUNTS YEAR ENDED 31 OCTOBER 2021

30. ACQUISITION OF BUSINESS

On 4 December 2020, the NFU's subsidiary, NFU Services Limited, acquired 100% of the issued share capital of C T Planning Limited, a private company incorporated in England and Wales. The principal activity of C T Planning Limited is the provision of planning advisory services. The acquired business contributed revenue of £624,607 and net profits before taxation of £122,882 to the Group for the period ended 31 October 2021.

The balance sheet of C T Planning Limited as at 30 October 2020, as adjusted for the result for the period to 4 December 2020, has been used for the purposes of the acquisition date balance sheet being the most up-to-date available balance sheet for the transaction.

Effect of acquisition

| | |
|---|-----------------|
| Acquiree's net assets at 31 October 2020: | £ |
| Tangible fixed assets | 13,230 |
| Trade and other debtors | 131,602 |
| Cash | 426,260 |
| Trade and other creditors | (123,375) |
| | <hr/> |
| | 447,717 |
| <i>Less: Acquiree's loss after tax for the period ended 4 December 2020</i> | <i>(20,937)</i> |
| | <hr/> |
| Net identifiable assets and liabilities at the acquisition date | 426,780 |
| | <hr/> <hr/> |
| Total cost of business combination: | |
| <i>Consideration paid</i> | |
| Initial cash price paid | 448,630 |
| Deferred consideration | 149,543 |
| Contingent consideration | 149,544 |
| Fees paid on acquisition | 146,453 |
| | <hr/> |
| Total consideration | 894,170 |
| | <hr/> |
| Goodwill on acquisition | 467,390 |
| | <hr/> <hr/> |

The opinion of the officers is that the book values accurately reflect the fair values at the date of acquisition. The expected useful economic life of goodwill arising on this acquisition is 5 years.