

**THE NATIONAL FEDERATION
OF YOUNG FARMERS' CLUBS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2016

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

FINANCIAL STATEMENTS

For the year ended 31 December 2016

INDEX	PAGE
Report of the Board of Management	1
Report of the independent auditors	2
Statement of financial activities	3
Balance sheet	4
Notes to the financial statements	5 - 12

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 December 2016

STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

The Friendly Societies Act 1974 requires the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Federation and of the surplus or deficit of the Federation for that period. In preparing those financial statements the Board of Management are required to:

- Select suitable accounting policies and then apply consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Federation will continue in business.

The Board of Management is responsible for keeping proper accounting records with respect to its transactions and its assets and liabilities which disclose with reasonable accuracy at any time, the financial position of the Federation. The Board of Management is also responsible for the establishment and maintenance of a satisfactory system of control of its books of account, its cash holdings and all its receipts and remittances to enable them to ensure that the financial statements comply with the Friendly Societies Act 1974.

The Board of Management is also responsible for safeguarding the assets of the Federation and hence, for taking reasonable steps for the prevention and detection of fraud.

Board of Management members recognise these responsibilities and have ensured that the necessary safeguards are in place.

So far as the members of the Board of Management are concerned, there is no relevant information (information needed by the Federation's auditors in connection with preparing their report) of which the Federation's auditors are unaware. Each member of the Board of Management has taken all the steps that he ought to have taken as a member of the Board of Management in order to make himself aware of any relevant audit information and to establish that the Federation's auditors are aware of that information.

RESERVES POLICY

General reserves at the year end stood at £1,765,510. The Federation's Reserves Policy is to maintain freely available reserves equivalent to between six and twelve months of budgeted operating expenditure.

RISK REVIEW

The Board of Management has considered the risks to which the Federation is exposed and has established systems for mitigating those risks. External risks have been minimised by the adoption of procedures to ensure that the Federation implements all statutory requirements, particularly in respect of Health and Safety, Child Protection and other legislation. Annual budgets are prepared and reviewed every year and include strategies for securing funds from a wide range of sources. Internal risks are minimised by implementing procedures for authorising transactions, projects, etc., and to ensure consistent quality of delivery for all operational aspects of the Federation. The Board of Management reviews these procedures periodically.

INVESTMENT POLICY

Funds have been invested in fixed interest government stocks and corporate bonds, UK equities and short-term deposits in the Charities Official Investments Fund. The Board of Management considers that the returns on these funds are satisfactory.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

We have audited the financial statements of The National Federation of Young Farmers' Clubs for the year ended 31 December 2016 which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Federation's members, as a body, in accordance with section 38 of the Friendly Societies Act 1974. Our audit work has been undertaken so that we might state to the Federation'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 Federation and the Federation's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE BOARD OF MANAGEMENT AND AUDITORS

As explained more fully in the Statement of Board of Management's Responsibilities set out on page 1, the Board of Management is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Federation's affairs as at 31 December 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Friendly Societies Act 1974.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Friendly Societies Act 1974 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Federation has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date:

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2016

	Note	Unrestricted funds		Restricted	2016	2015
		General	Designated	Funds	£	£
		£	£	£		
Incoming resources						
Donations, sponsorship and gifts	2	132,381	20,000	-	152,381	135,989
Grants	3	3,930	-	73,507	77,437	45,995
Membership levy		327,922	-	-	327,922	288,158
Investment income - HOPS	4	30,000	-	-	30,000	10,000
Investment income - other	4	37,449	-	20,666	58,115	56,532
Membership convention		390,395	-	-	390,395	295,096
Other income	5	52,843	-	-	52,843	55,490
TOTAL INCOMING RESOURCES		974,920	20,000	94,173	1,089,093	887,260
Resources expended						
Direct programme expenditure						
Membership convention		174,253	-	32	174,285	162,896
Club supplies		20,438	-	-	20,438	21,257
Youthwork and training		77,474	1,471	7,155	86,100	105,021
Travel		17,352	2,404	1,456	21,212	27,654
Competitions		62,250	-	4,954	67,204	60,652
South East Area Project		-	-	-	-	10,526
Youth Social Action		-	-	54,082	54,082	-
Agriculture and rural issues		64,834	-	6,696	71,530	59,657
		416,601	3,875	74,375	494,851	447,663
Other expenditure						
Central		100,904	1,158	9,780	111,842	107,571
Management		64,411	1,798	-	66,209	65,670
Governance		69,943	-	-	69,943	71,838
Fundraising and marketing		159,595	-	-	159,595	181,272
Information technology		41,107	-	-	41,107	36,972
		435,960	2,956	9,780	448,696	463,323
TOTAL RESOURCES EXPENDED	6	852,561	6,831	84,155	943,547	910,986
NET INCOMING/(OUTGOING) RESOURCES		122,359	13,169	10,018	145,546	(23,726)
Realised gain/(loss) on sale of investments		27,975	-	-	27,975	(14,302)
Unrealised gain/(loss) on revaluation of investments		190,399	-	104,194	294,593	(773)
Transfer between funds		-	-	-	-	-
NET MOVEMENTS IN FUNDS		340,733	13,169	114,212	468,114	(38,801)
Fund balances at 1 January 2016		1,235,249	176,359	871,223	2,282,831	2,321,632
FUND BALANCES AT 31 DECEMBER 2016		1,575,982	189,528	985,435	2,750,945	2,282,831

The notes on pages 5 to 12 form part of these financial statements.

The net incoming/(outgoing) resources for the year arise from the Federation's continuing operations.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

BALANCE SHEET

For the year ended 31 December 2016

	Note	2016 £	2015 £
ASSETS EMPLOYED			
Tangible fixed assets	7	19,144	19,749
Investments – Listed	8	2,551,242	2,182,302
Investments – Unlisted	8	3	3
		<u>2,570,389</u>	<u>2,202,054</u>
CURRENT ASSETS			
Stock – Club supplies		8,258	8,000
Debtors and prepayments	9	67,676	58,221
Cash at bank and in hand		438,174	358,945
		<u>514,108</u>	<u>425,166</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year			
Creditors and accruals	10	333,552	344,389
		<u>333,552</u>	<u>344,389</u>
NET CURRENT ASSETS		<u>180,556</u>	<u>80,777</u>
NET ASSETS		<u>2,750,945</u>	<u>2,282,831</u>
FUNDED BY			
Restricted funds	11	985,435	871,223
Unrestricted funds	12	1,765,510	1,411,608
		<u>2,750,945</u>	<u>2,282,831</u>

The notes on pages 5 to 12 form part of these financial statements.

The financial statements were approved by the Board of Management on .

Chairman of Council

Chairman of Board of Management

Chairman of Trustees

Treasurer

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments and comply with all applicable accounting and financial reporting standards.

Consolidation

In the opinion of the Board of Management, the Federation and its subsidiaries comprise a small group. These financial statements present information about the Federation as an individual undertaking and not about its group.

Incoming resources

General donations and subscriptions are brought into account when received.

Donations and grants given for specific purposes are treated as income in the year of receipt. Unspent restricted income is included under restricted funds as it is fully committed.

All other income is accounted for on an accruals basis.

Resources expended

The resources expended are classified under the Federation's functional categories of expenditure rather than the type of expense in order to provide more useful information.

Costs included within each functional category comprise direct expenditure including direct staff costs attributable to the activity.

Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with budgeted use of resources.

Depreciation

Depreciation is provided to write off the costs of fixed assets over their estimated useful lives on a straight line basis as detailed below.

Leasehold building	-	over the period of the lease
Furniture and equipment	-	3 - 7 years straight line basis

Stock

Stock is valued at the lower of cost and net realisable value. Provision is made for slow moving stock.

Investments

Listed investments are stated at market value.

The investment policy of the trustees is long term to ensure protection of the Federation's capital base as well as providing an annual income.

The effect of this policy is that the surplus arising on the annual revaluation of investments required by best practice is not regarded as available for distribution.

Investments in subsidiary undertakings are stated at cost.

Pension costs

Pension costs are charged to the income and expenditure accounts as they become due. Contributions payable to a defined contribution pension scheme as at 31 December 2016 amounted to £2,077 (2015: £3,244).

Operating leases

Operating lease rentals are charged to the income and expenditure account as they become due.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Fund accounting

General funds comprise the accumulated surplus or deficit on the income and expenditure account. They are available for use at the discretion of the Board of Management in furtherance of the objectives of the Federation.

Designated funds comprise funds which have been set aside at the discretion of the Board of Management for specific purposes. The purposes and use of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds subject to specific restricted conditions imposed by donors. The purposes and use of the restricted funds are set out in note 11 to the financial statements.

Expenditure categories

Membership

Convention: Staging of the annual convention for members.

Club supplies: Provision of merchandise to members for use at club and county levels.

Youthwork and training: Provision of learning opportunities through delivery of practical programmes and fieldwork support to members. Includes the Youth Forum, project based work such as anti-bullying support, providing guidance to the Clubs & County Federations on safeguarding and empowering young members to effectively manage their clubs. Provision of training programmes for members and associated accreditation.

Travel: Provision of opportunity to take part in overseas trips, home stays and working opportunities.

Competitions: Provision of a wide programme of activities, training members for life in personal and vocational skills.

Agriculture and rural issues: Dealing with and responding to matters related to agricultural legislation and industry links.

Central: Running costs of the Federation's national headquarters including variable costs, audit and accountancy, equipment leases and irrecoverable VAT.

Management: Professional and legal fees (including the employment service for counties), recruitment costs and travel of the Federation's staff members to area meetings.

Governance: Costs associated with the strategic direction of the Federation, including Council meetings, Board of Management meetings and the AGM.

Fundraising and Marketing: Cost of publicising the Federation's national headquarters and supporting the counties and clubs.

Information Technology: Cost of provision and maintenance of membership database and associated information technology.

South East Area Project: A pilot project in the South East region of England designed to strengthen the YFC membership base and improve YFC member and YFC County Federation participation and engagement with programmers of work.

Youth Social Action: Administration of the Countryside Challenge, a project to encourage and enable members to organise and undertake social action projects in their communities.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 DONATIONS, SPONSORSHIP AND GIFTS

	2016 £	2015 £
Donations	82,121	75,366
Sponsorship	70,260	60,623
	<u>152,381</u>	<u>135,989</u>

3 GRANTS

	2016 £	2015 £
DEFRA	8,507	34,000
Rural Youth Trust	1,680	3,720
National Council for Voluntary Youth Services	1,000	8,275
Youth Social Action	65,000	-
Prince's Countryside Trust	1,250	-
	<u>77,437</u>	<u>45,995</u>

4 INVESTMENT INCOME

	2016 £	2015 £
Donation from HOPS Labour Solutions Limited	30,000	10,000
Investment income	57,592	55,926
Bank interest	523	606
	<u>88,115</u>	<u>66,532</u>

5 OTHER INCOME

	2016 £	2015 £
Club supplies	15,546	17,377
Competition income	2,841	5,437
South East Area Project	-	4,900
Other receipts	34,456	27,776
	<u>52,843</u>	<u>55,490</u>

Income from shared services, within other receipts, is shown net of expenditure of £9,610 in respect of Council Members Fares Pool.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

6 TOTAL RESOURCES EXPENDED

	Salary costs £	Other costs £	Depreciation £	2016 Total £	2015 £
Membership convention	25,085	149,200	-	174,285	162,897
Club supplies	6,110	14,328	-	20,438	21,257
Youthwork and training	61,453	24,647	-	86,100	105,020
Travel	13,079	8,133	-	21,212	27,654
Competitions	40,632	26,572	-	67,204	60,652
Agriculture and rural issues	41,808	29,722	-	71,530	59,657
Central	63,265	40,437	8,140	111,842	107,571
Management	34,952	31,257	-	66,209	65,670
Governance	40,888	29,055	-	69,943	71,838
Fundraising and marketing	74,845	84,750	-	159,595	181,272
Information technology	23,064	18,043	-	41,107	36,972
South East Area project	-	-	-	-	10,526
Youth Social Action	22,008	32,074	-	54,082	-
	447,189	488,218	8,140	943,547	910,986

Included in the above

	2016 £	2015 £
Staff costs	447,189	467,989
Audit	12,500	12,300
Operating lease rentals	12,642	12,118

Management staff costs include £20,006 (2015: £19,725) in respect of additional shortfall pension contributions for Federation employees who have retired.

7 TANGIBLE FIXED ASSETS

	Leasehold building (short lease) £	Furniture and equipment £	Total £
Cost			
At 1 January 2016	67,144	156,092	223,236
Additions	-	7,535	7,535
At 31 December 2016	67,144	163,627	230,771
Depreciation			
At 1 January 2016	57,665	145,822	203,487
Charge for the year	4,740	3,400	8,140
At 31 December 2016	62,405	149,222	211,627
Net book value at 31 December 2016	4,739	14,405	19,144
Net book value at 31 December 2015	9,479	10,270	19,749

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

8 INVESTMENTS

	2016	2015
	£	£
Investment portfolio		
Market value of listed investments at 1 January 2016	2,182,302	2,150,912
Acquisitions at cost for year	529,307	281,313
Market value of disposals	(482,935)	(234,848)
	<u>2,228,674</u>	<u>2,197,377</u>
Revaluation gains/(losses)	322,568	(15,075)
Market value at 31 December 2016	<u>2,551,242</u>	<u>2,182,302</u>
Cost at 31 December 2016	<u>1,877,273</u>	<u>1,605,922</u>

The Federation's portfolio is managed by Smith & Williamson.

Unlisted Investments

Shares in HOPS Labour Solutions Limited	<u>3</u>	<u>3</u>
---	----------	----------

Certain Trustees of the Federation own as nominees 100% of the issued share capital of HOPS Labour Solutions Limited, a company that is registered in England.

Name of subsidiary	Principal activity	Share Capital and Reserves £	Profit for the financial year £
HOPS Labour Solutions Limited	Recruitment of seasonal workers	376,786	26,172

9 DEBTORS

	2016	2015
	£	£
Trade debtors	7,405	27,375
Amount due from subsidiary undertakings	5,720	8,057
Prepayments and accrued income	54,551	23,459
	<u>67,676</u>	<u>58,891</u>

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

10 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	25,127	12,501
Amounts received in advance	227,291	215,956
Deferred income	12,934	67,654
Taxation and social security	22,293	22,373
Other creditors and accruals	45,907	26,575
	<u>333,552</u>	<u>345,059</u>

11 MOVEMENT ON RESTRICTED FUNDS

	Balance at 1 January 2016 £	Income £	Expenditure £	Transfer between funds £	Gain on revaluation of investments £	Balance at 31 December 2016 £
YFC Centre endowment fund	355,084	9,780	(9,780)	-	50,027	405,111
King George VI development fund	384,469	10,589	(10,589)	-	54,167	438,636
Investment reserve	52,049	-	-	-	-	52,049
International fund	34,470	147	-	-	-	34,617
Cotterell fund	2,792	12	-	-	-	2,804
Australia fund	29,909	138	(318)	-	-	29,729
DEFRA grant	-	8,507	(8,507)	-	-	-
Youth Social Action grant	-	65,000	(54,082)	-	-	10,918
Wheatland Memorial Trust	12,450	-	(879)	-	-	11,571
	<u>871,223</u>	<u>94,173</u>	<u>(84,155)</u>	<u>-</u>	<u>104,194</u>	<u>985,435</u>

Nature and purpose of funds

YFC Centre Endowment Fund

The fund comprises the premises and equipment of the Federation, together with investments earmarked to provide capital for additions to, or replacement of these assets. The income from the investments is used to support the annual running costs of the premises and equipment.

King George VI Development Fund

The fund comprises earmarked investments from which the income is used to meet the costs of development work.

International Fund

To enable the Federation to enhance its international work, particularly through exchange visits.

Cotterell Fund

This fund will be used to support the cost of the attendance of a YFC delegate at the Oxford Farming Conference.

Australia Fund

This fund represents money collected by people in the Midlands. Income from the fund is to be used to fund NFYFC Scholarships to Australia for YFC members resident in certain counties in England, and to meet the costs of travel inside the UK for Australian visitors while on NFYFC's official travel exchange programme.

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

11 MOVEMENT ON RESTRICTED FUNDS (CONTINUED)

Nature and purpose of funds (continued)

Specific Project Fund

This fund reflects restricted monies received from government departments and donors and the application of these monies to specific projects during the year. Any such income not utilised in the year is carried forward at the year end.

Investment Reserve Fund

This fund reflects the portfolio income from the investments held which is to be reinvested in accordance with the Trustees' wishes.

Wheatland Memorial Trust Fund

This fund is for the promotion of farm safety and the ongoing costs of the National Efficiency with Safety competition.

12 MOVEMENT ON UNRESTRICTED FUNDS

	Balance at 1 January 2016 £	Income £	Expenditure £	Transfer between funds £	Gain on revaluation/ disposal of investments £	Balance at 31 December 2016 £
Designated funds						
Fieldwork fund	21,167	-	(3,454)	-	-	17,713
International fund	31,836	-	(2,404)	-	-	29,432
Building fund	38,842	-	(973)	-	-	37,869
J Billing fund	84,514	20,000	-	-	-	104,514
General funds	<u>1,235,249</u>	<u>974,920</u>	<u>(852,561)</u>	-	218,374	1,575,982
TOTAL FUNDS	<u>1,411,608</u>	<u>994,920</u>	<u>(913,474)</u>	-	218,374	1,765,510

General funds are available for use at the discretion of the Board of Management in furtherance of the objectives of the Federation.

The above funds represent

1. Amounts held to meet the costs of specific programmes or future costs at the discretion of the trustees.
2. Amounts available to protect future operations from shortfalls in income.

At the Board of Management meeting on 18 February 2017, the Board agreed that an amount of £100,000 should be designated as a fund to meet a proportion of the costs of the refurbishment of the YFC Centre.

13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed Assets £	Investments £	Net current assets £	2016 Total £
Restricted funds	19,144	867,869	98,422	985,435
Unrestricted funds		1,683,376	82,134	1,765,510
	<u>19,144</u>	<u>2,551,245</u>	<u>180,556</u>	2,750,945

THE NATIONAL FEDERATION OF YOUNG FARMERS' CLUBS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

14 OPERATING LEASE COMMITMENTS

At 31 December 2016 the Federation had annual commitments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land and buildings:		
Expiring between one and five years	4,467	4,467
Furniture and equipment		
Expiring within one year	780	4,504
Expiring between one and five years	<u>8,132</u>	<u>2,278</u>

15 CONTINGENT LIABILITIES

The Federation could be contingently liable for certain losses arising from its activities. The amount of such losses is not quantifiable.

16 CAPITAL COMMITMENTS

At 31 December 2016 the Federation had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in the financial statements	<u>-</u>	<u>-</u>

17 RELATED PARTY TRANSACTIONS

During the year the Federation charged £57,825 (2015: £59,314) to HOPS Labour Solutions Limited for management services and office facilities provided during the year, and was charged £19,996 (2015: £20,058) in respect of management recharges from HOPS Labour Solutions Limited. The company also received a charitable donation of £30,000 (2015: £10,000) from HOPS Labour Solutions Limited.

At the year end the company was owed £5,720 (2015: owed £8,057) by HOPS Labour Solutions Limited.