

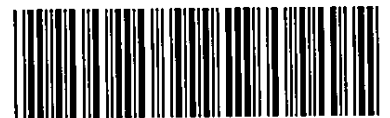
COMPANY REGISTRATION NUMBER SC218658

**SCOTTISH CROFTING FEDERATION  
COMPANY LIMITED BY GUARANTEE  
FINANCIAL STATEMENTS  
30 NOVEMBER 2012**

Charity Number SC031919

**RITSONS**  
Chartered Accountants  
27 Huntly Street  
Inverness  
IV3 5PR

SATURDAY



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SCT 17/08/2013 #22  
COMPANIES HOUSE

**SCOTTISH CROFTING FEDERATION  
COMPANY LIMITED BY GUARANTEE**

**FINANCIAL STATEMENTS**

**YEAR ENDED 30 NOVEMBER 2012**

<b>CONTENTS</b>	<b>PAGE</b>
Trustees Annual Report	1
Independent examiner's report to the trustees and members	8
Statement of Financial Activities (incorporating the income and expenditure account)	9
Balance sheet	10
Notes to the financial statements	12

# **SCOTTISH CROFTING FEDERATION COMPANY LIMITED BY GUARANTEE**

## **TRUSTEES ANNUAL REPORT**

**YEAR ENDED 30 NOVEMBER 2012**

The trustees, who are also directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 30 November 2012.

### **REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Registered charity name</b>	Scottish Crofting Federation
<b>Charity registration number</b>	SC031919
<b>Company registration number</b>	SC218658
<b>Registered office</b>	Unit 26 Kyle Industrial Estate Kyle Ross-shire IV40 8AX

### **THE TRUSTEES**

The trustees who served the charity during the period were as follows:

Mrs F Mandeville  
Mr N Zakaria  
Mr D Flyn  
Mr D MacDonald  
Mr N Leask

Mr D I Smith	(Appointed 6 September 2012)
Mr F J Matheson	(Appointed 6 September 2012)
Mr I Keith	(Appointed 6 September 2012)
Mr R MacDonald	(Appointed 6 September 201)

Mrs M Dennis	(Retired 28 June 2012)
Mr A Mearns	(Retired 28 June 2012)
Mrs E Arthur	(Retired 13 January 2012)

<b>Secretary</b>	Mr John Bannister
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<b>Chief Executive</b>	Mr Patrick Krause
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<b>Bankers</b>	Bank of Scotland Broadford Isle of Skye IV49 9AB
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<b>Solicitors</b>	MacLeod & MacCallum 28 Queensgate Inverness IV1 1YN
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# **SCOTTISH CROFTING FEDERATION COMPANY LIMITED BY GUARANTEE**

## **TRUSTEES ANNUAL REPORT *(continued)***

**YEAR ENDED 30 NOVEMBER 2012**

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing Document**

The organisation is a charitable company limited by guarantee, incorporated on 30th April 2001 and registered as a charity on 20th July 2001. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

#### **Organisational Structure**

The Scottish Crofting Foundation has a board of up to 12 Directors who meet at least quarterly and are responsible for the governance of the charity.

Currently the board has eight members from a variety of backgrounds relevant to the work of the charity. The company secretary also sits on the board but has no voting rights. In addition the board is advised by a council of twelve Area Representative who assist in developing organisational strategy and policy position.

A scheme of delegation is in place and day to day responsibility for the provision of the services rest with the Chief Executive. The Chief Executive is responsible for ensuring that the charity delivers the services specified and that key performance indicators are met. The Chief Executive has responsibility for the day to day operational management of the SCF, individual supervision of the staff team and also ensuring that the team continue to develop their skills and working practices in line with good practice.

#### **Related Parties**

The representation of local areas within the Federation has proved invaluable to the charity in improving links within the crofting community and identifying relevant policy developments and prospective funding.

#### **Recruitment and Appointment of Board of Directors**

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the board of directors. Under the requirements of the Memorandum and Articles of Association the members of the board are elected to serve for a period of three years after which they must be re-elected at the next Annual General Meeting.

Mrs Eleanor Arthur stood down mid-term due to other commitments and Mr Derek Flyn was appointed Interim Chair. His position as Chair was confirmed at the AGM on 28th June 2012, when Mrs Fiona Mandeville was appointed Vice-chair. Mrs Marina Dennis and Mr Brian Mearns stood down having served their three year term of office, Ms N Paddy Zakaria and Mr Norman Leask continued as board members and Mr Iain Keith, Mr Roddy Macdonald, Mr David Smith and Mr Finlay Matheson were welcomed to the board at the AGM.

The board seeks to ensure that the needs of the Federation are appropriately reflected through the diversity of the board. The more traditional business skills are well represented on the board. In an effort to maintain this broad skill mix, members of the board are requested to provide a list of their skills and in the event of particular skills being lost due to retirements; individuals are approached to offer themselves for election to the board. Board members may also be nominated by the membership.

# **SCOTTISH CROFTING FEDERATION COMPANY LIMITED BY GUARANTEE**

## **TRUSTEES ANNUAL REPORT *(continued)***

**YEAR ENDED 30 NOVEMBER 2012**

### **Board Induction and Training**

Most trustees are already familiar with the practical work of the charity having been members of the SCF, active crofters and members of the SCF area representative council.

Additionally, new trustees are provided with a copy of the strategy framework for the charity, the Memorandum and Articles of association and up to date forecast of the company's income and expenditure and a copy of the latest published accounts.

Explanations and any queries regarding the company business are answered by the existing Board members, the Company Secretary or the Chief Executive.

### **Risk Management**

The board of directors has conducted a review of the major risks to which the charity is exposed. A risk register has been established and is updated at each quarterly board meeting. Where appropriate, systems or procedures have been established to mitigate the risks that the charity faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions. Procedures are in place to ensure compliance with health and safety of staff and volunteers and these procedures are periodically reviewed to ensure that they continue to meet the needs of the charity

### **OBJECTIVES AND ACTIVITIES**

The company's objects and principal activities are:-

- a) to advance the education of the general public in relation to crofting, its unique cultural heritage and its public benefit.
- b) to promote the relief of persons who are excluded by way of their residence in remote and rural communities and who are in necessitous circumstances.
- c) to advance the education of the general public in remote and rural communities.
- d) to preserve, promote and protect for public benefit the environment and biodiversity of rural areas of Scotland.

The main areas of charitable activity are laid out in the Strategy Framework, which is updated at every quarterly board meeting. The Strategy Framework details our five strategic objectives, our targets, activities and indicators of success. The activity planning of the charity is based on this document.

# **SCOTTISH CROFTING FEDERATION COMPANY LIMITED BY GUARANTEE**

## **TRUSTEES ANNUAL REPORT *(continued)***

**YEAR ENDED 30 NOVEMBER 2012**

### **ACHIEVEMENTS AND PERFORMANCE**

#### **Advice and Information**

The Federation provides help and advice to crofters and crofting communities and others wanting to know more about the crofting way of life. We also advise organisations on the effects of policy changes on crofting communities. Funding for this activity is primarily provided by our members' subscriptions through which our core staff members are paid. However a major contribution to our service is provided by our volunteers on the council and board who offer advice and support to the wider membership. In the year under review over 2,000 volunteer hours were donated. The support given to the organisation by its members is very much appreciated.

#### **The Crofting Resources Programme**

This programme which was started in July 2009 finished in September 2012. It operated under seven closely-linked projects:

- awareness-raising of standards and specific characteristics of croft-based production
- facilitation of co-operation between producers
- capacity building and skills development amongst producers and producer groups to improve quality and profile of croft-based food products
- provide support for new and existing local producers groups
- increase the benefits to producers by better use of common land.
- enhance community capacity for planning and use of land for production.
- improve access to SRDP funding support

The programme employed three full-time equivalent (FTE) posts, held by 9 people.

#### **Crofters and Small Landholders Skills for the 21st Century**

This project which commenced in October 2010 builds on earlier work and seeks to address the recognised need for appropriate, affordable, local skills development for crofters and small landholders. This is consistent with developing a lifetime learning approach to crofting skills. This 18 month project finished in June 2012, with 75% of the necessary funding for a further, longer phase having been secured. The new phase will commence when match-funding has been secured. An evaluation of the first phase is available.

#### **Crofting Connections**

In association with the Soil Association the Crofting Connections programme is providing crofting, land management and food production skills through the Curriculum for Excellence (P1 - S4) in a number of schools located in the crofting counties. The programme employs one FTE post held by two people.

#### **Good Practices in Sustainable Agriculture and Food Sovereignty**

The SCF is working in conjunction with a network of organisations, ACRA (Italy) CIC (Italy) BEDE (France) CET (Romania) PtF (Hungary) ADD (Tunisia) and KDES (Senegal), to raise awareness of these issues and defend our members' right to have control over their own seeds and to encourage the development and conservation of biodiversity. This three year project which started in May 2010 is funded by the EU. The project employs one FTE post held by two people.

# **SCOTTISH CROFTING FEDERATION COMPANY LIMITED BY GUARANTEE**

## **TRUSTEES ANNUAL REPORT *(continued)***

**YEAR ENDED 30 NOVEMBER 2012**

### **FINANCIAL REVIEW**

During the year the charity made a surplus on unrestricted funds of £5,334 (2011 deficit £879) and a deficit on restricted funds of £18,972 (2011 deficit £2,975). As at the 30th November, 2012 unrestricted reserves were in deficit by £2,660 (2011 deficit £7,994) and restricted funds were in surplus by £485 (2011 surplus £19,457).

Against the backdrop of limited resources and funding, the charity has managed to maintain its services and completed programmed activities, with support of both its staff and volunteers our financial position has maintained stability (and solvency) and we are happy to report considerable investment in staff and increased operations.

### **Principal Funding Sources**

Membership subscription income forms the basis of SCF income and is utilised for the operational management of the organisation in achieving its objectives. Aside from the income generated by membership subscriptions, the principal funding sources for the charity are currently by way of grant and contract income from the Scottish Rural Development Programme, the European Commission, NFU Mutual insurance company, the Esmée Fairbairn Foundation and Highlands & Islands Enterprise, for which we are very grateful. We have an ongoing fundraising plan that is reviewed at each board meeting and we anticipate that this will provide much needed additional resources.

### **Investment Policy**

Most of the charity's funds are to be spent in the short term so there are few funds for long term investment. However funds received in advance are placed in a high interest notice account

### **Reserves Policy**

The Board has examined the charity's requirements for reserves in light of the main risks to the organisation. It has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be 3 months of the expenditure. Budgeted expenditure for 2012/13 is £122,000 and therefore the target is £30,500 in general funds. The level of reserves available to the charity falls significantly short of this target level due to increased activity. However the strategy is to rebuild the reserves through planned operating surpluses. In the short term the board has also considered the extent to which existing activities and expenditure could be curtailed, should such circumstances arise.

### **REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS**

In the course of working towards a fulfilment of the strategic objectives, we have achieved the following:

A great many political meetings have been attended over the year by SCF staff and office bearers on behalf of crofters, including parliamentary groups and committees, policy stake-holder groups, workshops and network meetings, both in the UK and continental Europe. Engagement at this level is essential to represent the interests of crofting. Information has also been passed the other way to the membership via branch meetings, production of The Crofter and monthly e-newsletters.

# **SCOTTISH CROFTING FEDERATION COMPANY LIMITED BY GUARANTEE**

## **TRUSTEES ANNUAL REPORT *(continued)***

### **YEAR ENDED 30 NOVEMBER 2012**

Our media coverage has increased significantly with items in the press, on the radio and TV informing politicians and the wider public about issues affecting crofting and presenting crofting benefits to Scottish rural development.

We have helped many crofters, both communities and individuals, through our casework and our wider advisory function.

The activities of the charity are supported by a network of volunteers at area and branch levels. The Board of Trustees recognises and values the efforts of local members and will continue to support their work.

The financial statements present the results of the activities and financial position of the head office of SCF. They do not reflect the activities of branch and area offices.

The strategy framework has been updated and will be reviewed quarterly. A copy can be obtained on request from the company HQ.

#### **RESPONSIBILITIES OF THE TRUSTEES**

The trustees (who are also the directors of Scottish Crofting Federation for the purposes of company law) are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the income and expenditure of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**SCOTTISH CROFTING FEDERATION  
COMPANY LIMITED BY GUARANTEE**

**TRUSTEES ANNUAL REPORT** *(continued)*

**YEAR ENDED 30 NOVEMBER 2012**

**INDEPENDENT EXAMINER**

Daniel Palombo, M.A.(Hons), C.A. has been re-appointed as independent examiner for the ensuing year.

**SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Registered office:  
Unit 26  
Kyle Industrial Estate  
Kyle  
Ross-shire  
IV40 8AX

Signed on behalf of the trustees



DEREK FLYN  
Director

6th August 2013

**SCOTTISH CROFTING FEDERATION  
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES AND  
MEMBERS OF SCOTTISH CROFTING FEDERATION**

**YEAR ENDED 30 NOVEMBER 2012**

I report on the accounts of the charity for the year ended 30 November 2012 set out on pages 9 to 19.

To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity, the charity's members as a body and its trustees, for our work, for this report, or for the opinions I have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND INDEPENDENT EXAMINER**

The charity's trustees (who are also the directors of Scottish Crofting Federation for the purposes of company law) are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to state, on the basis of my examination as required under section 44(1) (c) of the Act, whether particular matters have come to my attention.

**BASIS OF INDEPENDENT EXAMINER'S STATEMENT**

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on whether the accounts present a 'true and fair view'.

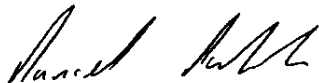
**INDEPENDENT EXAMINER'S STATEMENT**

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the trustees have not met the requirements to ensure that:

- proper accounting records are kept (in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations 2006); and
- accounts are prepared which agree with the accounting records, comply with the accounting requirements of Regulation 8 of the 2006 Accounts Acts; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Daniel Palombo, M.A. (Hons), C.A.  
Independent examiner

27 Huntly Street  
Inverness  
IV3 5PR

7 August 2013

**SCOTTISH CROFTING FEDERATION  
COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE  
INCOME AND EXPENDITURE ACCOUNT)**

**YEAR ENDED 30 NOVEMBER 2012**

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generating funds:					
Voluntary income	2	16,817	185,021	201,838	178,583
Activities for generating funds	3	111,559	17,791	129,350	118,305
Investment income	4	—	—	—	1
Incoming resources from charitable activities	5	3,433	—	3,433	2,103
<b>TOTAL INCOMING RESOURCES</b>		<b>131,809</b>	<b>202,812</b>	<b>334,621</b>	<b>298,992</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities	6/7	(121,321)	(217,172)	(338,493)	(295,688)
Governance costs	8	(9,766)	—	(9,766)	(6,462)
Other resources expended	9	—	—	—	(696)
<b>TOTAL RESOURCES EXPENDED</b>		<b>(131,087)</b>	<b>(217,172)</b>	<b>(348,259)</b>	<b>(302,846)</b>
<b>NET OUTGOING RESOURCES BEFORE TRANSFERS</b>					
	10	722	(14,360)	(13,638)	(3,854)
Transfer between funds	11	4,612	(4,612)	—	—
<b>NET EXPENDITURE FOR THE YEAR</b>		<b>5,334</b>	<b>(18,972)</b>	<b>(13,638)</b>	<b>(3,854)</b>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		(7,994)	19,457	11,463	15,317
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>(2,660)</b>	<b>485</b>	<b>(2,175)</b>	<b>11,463</b>

The notes on pages 12 to 19 form part of these financial statements.

# SCOTTISH CROFTING FEDERATION COMPANY LIMITED BY GUARANTEE

## BALANCE SHEET

30 NOVEMBER 2012

	Note	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	13	8,465	10,884
<b>CURRENT ASSETS</b>			
Debtors	14	23,118	52,702
Cash at bank and in hand		<u>1,412</u>	<u>1,708</u>
		24,530	54,410
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>(34,337)</u>	<u>(51,331)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(9,807)	3,079
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(1,342)</u>	<u>13,963</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16	<u>(833)</u>	<u>(2,500)</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u>(2,175)</u>	<u>11,463</u>
<b>FUNDS</b>			
Restricted income funds	18	485	19,457
Unrestricted income funds	19	<u>(2,660)</u>	<u>(7,994)</u>
<b>TOTAL FUNDS</b>		<u>(2,175)</u>	<u>11,463</u>

The trustees are satisfied that the charity is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The trustees acknowledge their responsibilities for:

- (i) ensuring that the charity keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the charity.

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The Balance sheet continues on the following page.

The notes on pages 12 to 19 form part of these financial statements.

**SCOTTISH CROFTING FEDERATION  
COMPANY LIMITED BY GUARANTEE**

**BALANCE SHEET** *(continued)*

**30 NOVEMBER 2012**

*6th August 2013*

These financial statements were approved by the members of the committee on the ..... and  
are signed on their behalf by:



.....  
DEREK FLYN

Company Registration Number: SC218658

The notes on pages 12 to 19 form part of these financial statements.

# SCOTTISH CROFTING FEDERATION COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2012

### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 2006, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

#### **Fund accounting**

Funds held by charity are either

Unrestricted general funds -

*General funds* - General funds are unrestricted funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charity and which have not been designated for other purposes.

*Designated funds* - Designated funds comprise unrestricted funds that have been set aside by the directors for particular purposes.

Restricted funds - these are funds which can be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular purposes.

#### **Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants that provide funding of a general nature, are recognised where there is an entitlement, certainty of receipt and the amount can be measured with sufficient reliability.
- Donated goods, services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Investment income is recognised on a receivable basis.
- Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract or where entitlement to grant funding is subject to specific performance conditions. Grant income included in this category provides funding to support programme activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

# **SCOTTISH CROFTING FEDERATION COMPANY LIMITED BY GUARANTEE**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 NOVEMBER 2012**

### **1. ACCOUNTING POLICIES** *(continued)*

#### **Resources expended**

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of expenditure to which it relates.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those associated with meeting constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of resources. Costs relating to a particular activity are allocated directly, others are apportioned on a appropriate basis e.g. floor areas, per capita or estimated usage as set out in the notes.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles - 25% reducing balance  
Fixtures and Fittings - 15% reducing balance  
Office Equipment - 15% reducing balance  
Computer Equipment - 25% reducing balance

#### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the statement of financial activities at a constant rate of charge on the balance of capital repayments outstanding.

**SCOTTISH CROFTING FEDERATION  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 NOVEMBER 2012**

**2. VOLUNTARY INCOME**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
<b>Donations</b>				
Donations	1,505	—	1,505	224
NFU Mutual sponsorship	15,312	—	15,312	14,000
<b>Gifts</b>				
Gifts in Kind	—	4,863	4,863	3,824
<b>Grants receivable</b>				
Highlands & Islands Enterprise	—	12,047	12,047	17,828
Esmee Fairburn	—	—	—	15,000
Scottish Executive	—	119,832	119,832	114,957
Associazzone Di	—	42,279	42,279	—
Colmcille	—	6,000	6,000	10,000
Vodafone	—	—	—	2,750
	<u>16,817</u>	<u>185,021</u>	<u>201,838</u>	<u>178,583</u>

**3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Fundraising events	—	—	—	490
SDS - Training/other income	—	17,791	17,791	17,136
Members subscriptions	79,774	—	79,774	73,599
Gift aid recoverable on subscriptions	18,495	—	18,495	13,714
Conference income	1,218	—	1,218	1,525
Advertising income - The crofter magazine	12,072	—	12,072	11,841
	<u>111,559</u>	<u>17,791</u>	<u>129,350</u>	<u>118,305</u>

**4. INVESTMENT INCOME**

	Total Funds 2012 £	Total Funds 2011 £
Bank interest receivable	—	1

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Other income	<u>3,433</u>	<u>3,433</u>	<u>2,103</u>



**SCOTTISH CROFTING FEDERATION  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 NOVEMBER 2012**

**6. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
General operations	121,321	–	121,321	120,297
Crofting Resources Programme	–	71,957	71,957	106,763
Farmer's Seed Project	–	40,818	40,818	11,816
Skills Development Scheme	–	88,397	88,397	54,173
World of Difference project	–	–	–	2,639
Connecting Costal Communities	–	16,000	16,000	–
	<u>121,321</u>	<u>217,172</u>	<u>338,493</u>	<u>295,688</u>

**7. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE**

	Activities undertaken directly £	Total Funds 2012 £	Total Funds 2011 £
General operations	121,321	121,321	120,297
Crofting Resources Programme	71,957	71,957	106,763
Farmer's Seed Project	40,818	40,818	11,816
Skills Development Scheme	88,397	88,397	54,173
World of Difference project	–	–	2,639
Connecting Costal Communities	16,000	16,000	–
	<u>338,493</u>	<u>338,493</u>	<u>295,688</u>

**8. GOVERNANCE COSTS**

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Accountancy fees	2,895	2,895	2,942
Legal fees	1,517	1,517	–
Costs of trustees' meetings	2,453	2,453	919
Interest payable	2,901	2,901	2,601
	<u>9,766</u>	<u>9,766</u>	<u>6,462</u>

**9. OTHER RESOURCES EXPENDED**

	Total Funds 2012 £	Total Funds 2011 £
Losses on disposal of tangible fixed assets for charity's own use	–	696
	<u>–</u>	<u>696</u>

# SCOTTISH CROFTING FEDERATION COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2012

### 10. NET OUTGOING RESOURCES FOR THE YEAR

This is stated after charging:

	2012	2011
	£	£
Depreciation	<u>2,419</u>	<u>3,155</u>

### 11. FUND TRANSFERS

The surplus amount of £314 from the Skills Development Scheme restricted project relating to course fees was transferred to unrestricted funds at the year end.

During the year £3,984 was transferred from the Crofters Resources Programme to unrestricted funds to cover Crofters Resource Programme expenditure incorrectly allocated to unrestricted funds in previous years.

During the year £203 was transferred from the Pilot Rural Innovation Mentoring Scheme to unrestricted funds to cover expenditure incorrectly allocated to unrestricted funds in previous years.

During the year £111 was transferred from World of Difference Project to unrestricted funds to cover expenditure incorrectly allocated to unrestricted funds in previous years.

### 12. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2012	2011
	£	£
Wages and salaries	60,108	55,925
Social security costs	<u>5,445</u>	<u>4,569</u>
	<u>65,553</u>	<u>60,494</u>

#### Particulars of employees:

The average number of employees during the year, calculated on the basis of a head count, was as follows:

	2012	2011
	No	No
Number of production staff	<u>5</u>	<u>4</u>

No employee received remuneration of more than £60,000 during the year (2011 - Nil).

**SCOTTISH CROFTING FEDERATION  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 NOVEMBER 2012**

**13. TANGIBLE FIXED ASSETS**

	Computer equipment £	Office equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>COST</b>					
At 1 December 2011					
and 30 November 2012	<u>24,718</u>	<u>3,755</u>	<u>5,334</u>	<u>7,545</u>	<u>41,352</u>
<b>DEPRECIATION</b>					
At 1 December 2011	22,491	2,198	3,895	1,884	30,468
Charge for the year	557	234	216	1,412	2,419
At 30 November 2012	<u>23,048</u>	<u>2,432</u>	<u>4,111</u>	<u>3,296</u>	<u>32,887</u>
<b>NET BOOK VALUE</b>					
At 30 November 2012	<u>1,670</u>	<u>1,323</u>	<u>1,223</u>	<u>4,249</u>	<u>8,465</u>
At 30 November 2011	<u>2,227</u>	<u>1,557</u>	<u>1,439</u>	<u>5,661</u>	<u>10,884</u>

**Hire purchase agreements**

Included within the net book value of £8,465 is £3,610 (2011 - £4,814) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £1,203 (2011 - £1,605).

**14. DEBTORS**

	2012 £	2011 £
Trade debtors	22,535	52,119
Prepayments	583	583
	<u>23,118</u>	<u>52,702</u>

**15. CREDITORS: Amounts falling due within one year**

	2012 £	2011 £
Bank loans and overdrafts	13,551	21,655
Trade creditors	12,788	22,717
PAYE and social security	3,110	2,539
Hire purchase agreements	1,667	1,667
Other creditors	329	—
Accruals	2,892	2,753
	<u>34,337</u>	<u>51,331</u>

# SCOTTISH CROFTING FEDERATION COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2012

### 16. CREDITORS: Amounts falling due after more than one year

	2012 £	2011 £
Hire purchase agreements	<u>833</u>	<u>2,500</u>

### 17. TAXATION

The company is registered with the Inland Revenue as a Scottish Charity under reference SC0131919 and its activities are therefore not normally subject to taxation. No liability to UK Corporation Tax arose on ordinary activities for the year ended 30 November 2012 nor for the preceding year.

### 18. RESTRICTED INCOME FUNDS

	Balance at 1 Dec 2011 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 30 Nov 2012 £
Crofting Resources Programme	10,120	65,821	(71,957)	(3,984)	-
Crofting Resources Programme	10,120	65,821	(71,957)	(3,984)	-
Pilot Rural Innovation Mentoring Scheme	203	-	-	(203)	-
Farmer's Seed Project	(977)	42,280	(40,818)	-	485
Skills Development Scheme	-	88,711	(88,397)	(314)	-
Connecting Coastal Communities	10,000	6,000	(16,000)	-	-
World of Difference project	111	-	-	(111)	-
	<u>19,457</u>	<u>202,812</u>	<u>(217,172)</u>	<u>(4,612)</u>	<u>485</u>

### 19. UNRESTRICTED INCOME FUNDS

	Balance at 1 Dec 2011 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 30 Nov 2012 £
General Funds	<u>(7,994)</u>	<u>131,809</u>	<u>(131,087)</u>	<u>4,612</u>	<u>(2,660)</u>

# SCOTTISH CROFTING FEDERATION COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2012

### 20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Net current assets/ (liabilities) £	Total £
<b>Restricted Income Funds:</b>			
Farmer's Seed Project	—	485	485
	—	485	485
<b>Unrestricted Income Funds</b>	<b>8,465</b>	<b>(11,125)</b>	<b>(2,660)</b>
<b>Total Funds</b>	<b>8,465</b>	<b>(10,640)</b>	<b>(2,175)</b>

### 21. RELATED PARTY TRANSACTIONS

The trustees were in control of the charity during the period.

No trustees received any remuneration during the year. Seven trustees were reimbursed a total of £1,890 (2011 - £2,206) for expenses incurred while carrying out their duties during the financial year.

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2011 - nil).

### 22. COMPANY LIMITED BY GUARANTEE

Scottish Crofting Federation is a company limited by guarantee and does not have any share capital. The liability of the members is limited and is not to exceed £1 per member.