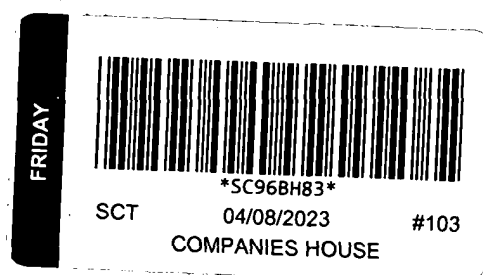


COMPANY REGISTRATION NUMBER: SC218658
CHARITY REGISTRATION NUMBER: SC031919

Scottish Crofting Federation
Company Limited by Guarantee
Unaudited Financial Statements
30 November 2022



RITSONS
Chartered Accountants
Forbes House
36 Huntly Street
Inverness
IV3 5PR

Scottish Crofting Federation
Company Limited by Guarantee
Financial Statements
Year ended 30 November 2022

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Scottish Crofting Federation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 30 November 2022

The trustees, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 30 November 2022.

Reference and administrative details

Registered charity name Scottish Crofting Federation

Charity registration number SC031919

Company registration number SC218658

Principal office and registered office Unit 26
Kyle Industrial Estate
Kyle
Ross-shire
IV40 8AX

The trustees

Mrs F Mandeville
Mr D MacKinnon
Mrs E Arthur
Mr J Hedges
Mr W R N Smith (Resigned 14 April 2023)
Mrs Y White (Resigned 15 January 2022)
Mrs Y White (Appointed 26 April 2023)
Mrs R Robson (Appointed 26 April 2023)

Company secretary Mrs F Mandeville

Independent examiner Daniel Palombo, M.A. (Hons), C.A.
Forbes House
36 Huntly Street
Inverness
IV3 5PR

Bankers Bank of Scotland
Main Street
Kyle of Lochalsh
IV40 8AB

Solicitors Inksters Solicitors
The Exchange
142 St Vincent Street
Glasgow
G2 5LA

Scottish Crofting Federation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 30 November 2022

Structure, governance and management

Governing Document

The Scottish Crofting Federation (SCF) 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.

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.

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.

Board Induction and Training

New trustees are provided with a copy of the strategy document for the charity, the Memorandum and Articles of Association, an up to date forecast of the company's income and expenditure and a copy of the latest published accounts.

Training is provided for the board in 'roles of company directors periodically.

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 reviewed annually and risks are assessed on-going. 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, employment law, data protection and confidentiality; these procedures are periodically reviewed to ensure that they continue to meet the requirements of law and the needs of the charity.

Organisational Structure

The Scottish Crofting Federation has a board of up to 12 Directors (limited by the Articles) who meet at least quarterly and are responsible for the governance of the charity.

Currently the board has six members from a variety of backgrounds relevant to the work of the charity. The company secretary also sits on the board. The chief executive attends to report to and advise the board. In addition, the board is advised by a council of representatives who assist in developing organisational strategy and policy position. Currently there are 14 members of the council.

Scottish Crofting Federation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 30 November 2022

Areas of policy and action may also be developed by working-groups which consist members of board, council, staff and specialists. Working-groups then make recommendations to board and council.

A scheme of delegation is in place and day to day responsibility for the provision of the services rests 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.

Objectives and activities

The company's objects and principal activities are:-

- to advance the education of the general public in relation to crofting, its unique cultural heritage and its public benefit.
- 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.
- to advance the education of the general public in remote and rural communities.
- to preserve, promote and protect for the public benefit the environment and biodiversity of rural areas of Scotland.

SCF is dedicated to campaigning for crofters and fighting for the future of crofting. The organisation's mission is to safeguard and promote the rights, livelihoods and culture of crofters and their communities.

The main areas of charitable activity are laid out in the strategy document and annual priorities are agreed and reviewed quarterly. The strategy document details our three strategic objectives - increase membership through retention and recruitment; effective representation of our members and crofting; implement crofting development projects and enterprise.

Achievements and performance

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

A great many policy 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, in both Scotland and UK. Engagement at this level is essential to represent the interests of crofting. We develop responses to policy consultations on behalf of crofters and use the media widely to present to views of crofters in order to inform and influence. Information has been passed to the membership via branch meetings, production of the journal 'The Crofter', a monthly e-newsletter and use of the SCF website, Facebook page and Twitter account. 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 the benefits crofting contributes to Scottish rural development. Employing a policy coordinator has allowed an increase in operational activity and provision of services.

We will continue to help many crofters, both communities and individuals, through our Membership Information Service, through our advocacy work and the wider dissemination of information on crofting.

Scottish Crofting Federation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 30 November 2022

Advice and Information

The Federation provides advice and information to crofters, 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 board and council who offer their time to the wider membership. The support given to the organisation by its volunteers is very much appreciated.

Crofting training programme

A one-year project, funded by the Scottish Government Transition Fund under the title 'Crofting Skills for Local Food', is designed to provide training that will support the restart and recovery phase of COVID19. The project's aim is to offer interim support to crofters in a variety of matters from production to agri-tourism and diversification. This project ended in March 2022..

Gaining Ground

This project, funded by the European Union was based on the idea of Social Crofting/Care Farming, the concept of green care i.e., the promotion of social, mental and physical wellbeing through working of the land. It ended in June 2020 but the project's digital hub will remain a legacy as a central place to co-ordinate social crofting events and information and so is still considered an active project. Further to a paper was submitted to the academic journal "Health and Place" which outlined the findings of the case studies from Gaining Ground which should help to build a case for further development of this type of activity.

Crofters' Diversity Pays!

This project, funded by the European Social Fund, is 'active research'. Crofters need diversification to increase income, because income levels are low and with limited access to vibrant employment markets. Crofters are largely primary producers at the end of long trading chains missing out on 'added value' to their produce. Diversifying is very difficult without further support. The idea for this project is to develop and test high value artisan products derived from low-value agricultural crofting products which could only be developed through research and scientific advice. The project will end in 2023.

Livestock health planning for crofters

Following agreement from QMS a budget of £10,000 has been transferred to SCF to support the delivery of face to face training. Due to COVID19 this can no longer be delivered in person and SCF have submitted an outline proposal for online training to QMS. A series of in-person workshops were held in 2022.

Scottish Crofting Produce

With funding from the Peoples Postcode Trust, the Scottish Crofting Produce mark is being developed. The project consults with crofters and consumers in the Highlands and Islands to refresh the guidance and application materials for the scheme, ensuring that it fully reflects the role of crofting in providing a sustainable local food source that helps combat a range of climate change issues. We will promote its membership and uptake among producers and consumers. The project will end in 2023.

Further development projects are planned and some proposals have been submitted to funders.

Scottish Crofting Federation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 30 November 2022

The activities of the charity are supported by a network of volunteers. 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 branches.

Financial review

As at the 30th November 2022 unrestricted funds were in surplus by £199,894 (2021 - £193,962) and restricted funds were in surplus by £18,938 (2021 - £28,771).

Against the backdrop of limited resources and funding, and the restrictions due to COVID19, the charity has managed to maintain its services and complete programme of 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 membership subscriptions, the principal funding sources for the charity are currently by way of grant and contract income from the Scottish Government, Highlands & Islands Enterprise and NFU Mutual Insurance Company. We are very grateful for all support received.

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 unrestricted funds not committed, designated or invested in tangible fixed assets held by the charity should be six months of core expenditure. Budgeted core expenditure for 2022/23 is £160,000 and therefore the target is to hold reserves of £80,000 in general funds. The charity currently has £199,894 unrestricted reserves and therefore meets this target. What appears to be in excess of this reserve target are funds designated to specific capital items or services that do not fall within usual on-going expenditure, for example the replacement of office machinery or the contracting in of specialist services. The reserves policy is not a static document, needs will change, the financial position of the charity may change or plans may alter. Therefore, the reserves policy is actively monitored and reviewed along with scrutiny of management accounts at quarterly board meetings.

Plans for future periods

We aim to continue to help many crofters, both communities and individuals, through our Membership Information Service, through our advocacy work and the wider dissemination of information on crofting.

Scottish Crofting Federation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 30 November 2022

Trustees Responsibilities Statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website.

Independent Examiner

Daniel Palombo C.A. of Ritsons has been re-appointed as independent examiner for the ensuing year.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

The trustees' annual report was approved on 19/07/23 and signed on behalf of the board of trustees by:



Mr D MacKinnon
Trustee

Scottish Crofting Federation

Company Limited by Guarantee

Independent Examiner's Report to the Trustees of Scottish Crofting Federation

Year ended 30 November 2022

I report to the trustees on my examination of the financial statements of Scottish Crofting Federation ('the charity') for the year ended 30 November 2022.

Responsibilities and basis of report

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 ('the 2005 Act'), the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006 ('the 2006 Act'). You are satisfied that the accounts of the company are not required by charity or company law to be audited and have chosen instead to have an independent examination.

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's accounts carried out under section 44(1)(c) of the 2005 Act. In carrying out my examination I have followed the requirements of Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Independent examiner's statement

Since the charity is required by company law to prepare its accounts on an accruals basis and is registered as a charity in Scotland your examiner must be a member of a body listed in Regulation 11(2) of the Charities Accounts (Scotland) Regulations 2006 (as amended). I can confirm that I am qualified to undertake the examination because I am a registered member of ICAS which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act, section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; or
2. the financial statements do not accord with those records or with the accounting requirements of Regulation 8 of the Charities Accounts (Scotland) Regulations 2006; or
3. the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Scottish Crofting Federation

Company Limited by Guarantee

Independent Examiner's Report to the Trustees of Scottish Crofting Federation *(continued)*

Year ended 30 November 2022

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



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

Forbes House
36 Huntly Street
Inverness
IV3 5PR

1 August 2023

Scottish Crofting Federation
Company Limited by Guarantee
Statement of Financial Activities
(including income and expenditure account)

Year ended 30 November 2022

		2022	2022		2021
		Unrestricted	Restricted	Total funds	Total funds
	Note	funds	funds		
		£	£	£	£
Income and endowments					
Donations and legacies	5	19,841	53,375	73,216	62,716
Charitable activities	6	538	—	538	600
Other trading activities	7	136,719	—	136,719	128,877
Total income		<u>157,098</u>	<u>53,375</u>	<u>210,473</u>	<u>192,193</u>
Expenditure					
Expenditure on raising funds:					
Costs of other trading activities	8	1,009	—	1,009	1,526
Expenditure on charitable activities	9,10	146,054	57,234	203,288	185,031
Other expenditure	11	10,077	—	10,077	10,136
Total expenditure		<u>157,140</u>	<u>57,234</u>	<u>214,374</u>	<u>196,693</u>
Net expenditure		<u>(42)</u>	<u>(3,859)</u>	<u>(3,901)</u>	<u>(4,500)</u>
Transfers between funds		5,974	(5,974)	—	—
Net movement in funds		<u>5,932</u>	<u>(9,833)</u>	<u>(3,901)</u>	<u>(4,500)</u>
Reconciliation of funds					
Total funds brought forward		193,962	28,771	222,733	227,233
Total funds carried forward		<u>199,894</u>	<u>18,938</u>	<u>218,832</u>	<u>222,733</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 11 to 24 form part of these financial statements.

Scottish Crofting Federation

Company Limited by Guarantee

Statement of Financial Position

30 November 2022

	Note	2022 £	£	2021 £
Fixed assets				
Tangible fixed assets	17		4,136	5,166
Current assets				
Stocks	18	3,122		1,393
Debtors	19	8,227		23,986
Cash at bank and in hand		220,737		216,740
		232,086		242,119
Creditors: amounts falling due within one year	20	17,390		23,860
Net current assets			214,696	218,259
Total assets less current liabilities			218,832	223,425
Creditors: amounts falling due after more than one year	21		—	692
Net assets			218,832	222,733
Funds of the charity				
Restricted funds			18,938	28,771
Unrestricted funds			199,894	193,962
Total charity funds	24		218,832	222,733

For the year ending 30 November 2022 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of trustees and authorised for issue on 19/12/22, and are signed on behalf of the board by:



Mr D MacKinnon
Trustee

Company Registration Number: SC218658

The notes on pages 11 to 24 form part of these financial statements.

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 30 November 2022

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in Scotland and a registered charity in Scotland. The address of the registered office is Unit 26, Kyle Industrial Estate, Kyle, Ross-shire, IV40 8AX.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

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 classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

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

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

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

3. Accounting policies *(continued)*

Finance leases and hire purchase contracts *(continued)*

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

4. 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.

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Donations			
Donations	91	–	91
NFU Mutual sponsorship	19,750	–	19,750
Grants			
Highlands & Islands Enterprise	–	–	–
Scottish Government	–	43,455	43,455
Peoples Postcode Trust	–	–	–
The Prince's Countryside Fund	–	9,920	9,920
	<u>19,841</u>	<u>53,375</u>	<u>73,216</u>

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

5. Donations and legacies *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Donations			
Donations	45	–	45
NFU Mutual sponsorship	15,706	–	15,706
Grants			
Highlands & Islands Enterprise	–	13,337	13,337
Scottish Government	–	16,318	16,318
Peoples Postcode Trust	–	17,310	17,310
The Prince's Countryside Fund	–	–	–
	<u>15,751</u>	<u>46,965</u>	<u>62,716</u>

6. Charitable activities

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Course income - Crofting Resilience in Transition	–	–	580	580
Other income	<u>538</u>	<u>538</u>	<u>20</u>	<u>20</u>
	<u>538</u>	<u>538</u>	<u>600</u>	<u>600</u>

7. Other trading activities

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Rental income	–	–	110	110
Members subscriptions	103,841	103,841	103,927	103,927
Gift aid recoverable on subscriptions	15,649	15,649	15,276	15,276
Annual Gathering income	1,638	1,638	–	–
Advertising income - The Crofter magazine	9,049	9,049	7,139	7,139
Sale of handbooks	1,792	1,792	2,425	2,425
Admin and professional services	<u>4,750</u>	<u>4,750</u>	–	–
	<u>136,719</u>	<u>136,719</u>	<u>128,877</u>	<u>128,877</u>

8. Costs of other trading activities

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Purchases for resale - handbooks	<u>1,009</u>	<u>1,009</u>	<u>1,526</u>	<u>1,526</u>

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

9. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
General Operations	145,925	—	145,925
Promoting Crofting Produce	—	9,836	9,836
Skills Boost Training	—	12	12
The Prince's Countryside Fund	—	20	20
Crofters' Diversity Pays!	—	4,235	4,235
Gaining Ground	—	58	58
Crofting Resilience in Transition	—	—	—
Crofting Skills For Local Food	129	28,439	28,568
Promoting Crofting Produce	—	8,075	8,075
QMS Health Plan Workshops	—	6,559	6,559
	<u>146,054</u>	<u>57,234</u>	<u>203,288</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
General Operations	132,763	—	132,762
Promoting Crofting Produce	—	—	—
Skills Boost Training	—	16	16
The Prince's Countryside Fund	—	27	27
Crofters' Diversity Pays!	—	16,627	16,627
Gaining Ground	—	78	78
Crofting Resilience in Transition	—	14,188	14,188
Crofting Skills For Local Food	—	21,333	21,333
QMS Health Plan Workshops	—	—	—
	<u>132,763</u>	<u>52,268</u>	<u>185,031</u>

10. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Total funds 2022 £	Total fund 2021 £
General Operations	145,925	145,925	132,762
Promoting Crofting Produce	9,836	9,836	—
Skills Boost Training	12	12	16
The Prince's Countryside Fund	20	20	27
Crofters' Diversity Pays!	4,236	4,236	16,627
Gaining Ground	58	58	78
Crofting Resilience in Transition	—	—	14,188
Crofting Skills For Local Food	28,567	28,567	21,334
Promoting Crofting Produce	8,075	8,075	—
QMS Health Plan Workshops	6,559	6,559	—
	<u>203,288</u>	<u>203,288</u>	<u>185,031</u>

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

11. Other expenditure

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Loss on disposal of tangible fixed assets held for charity's own use	77	77	136	136
Community Endowment Fund donation	10,000	10,000	10,000	10,000
	<u>10,077</u>	<u>10,077</u>	<u>10,136</u>	<u>10,136</u>

Scottish Crofting Federation has contributed £10,000 to a Community Endowment Fund held by Foundation Scotland and invested for long term growth for the benefit of the community of Scottish Crofters represented by Scottish Crofting Federation.

12. Net expenditure

Net expenditure is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	953	1,213
Loss on disposal of tangible fixed assets	<u>77</u>	<u>136</u>

13. Independent examination fees

	2022 £	2021 £
Fees payable to the independent examiner for:		
Independent examination of the financial statements	3,904	3,812
Other financial services	<u>1,225</u>	<u>1,167</u>
	<u>5,129</u>	<u>4,979</u>

14. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2022 £	2021 £
Wages and salaries	93,433	85,766
Social security costs	2,825	2,356
Employer contributions to pension plans	<u>1,912</u>	<u>1,615</u>
	<u>98,170</u>	<u>89,737</u>

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

14. Staff costs *(continued)*

The average head count of employees during the year was 5 (2021: 6). The average number of full-time equivalent employees during the year is analysed as follows:

	2022 No.	2021 No.
Number of staff	<u>4</u>	<u>5</u>

No employee received employee benefits of more than £60,000 during the year (2021: Nil).

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £48,315 (2021: £45,970).

15. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees;

Two trustees were reimbursed a total of £1,207 (2021 - £303 reimbursed to five trustees) for travel expenses incurred while carrying out their duties during the financial year.

One trustee received £3,139 for editing and design fees (2021 - one trustee received £3,125)

One trustee received £267 for professional fees for reporting on SCF Gathering (2021 - £nil)

16. Transfers between funds

An amount of £958 (2021 - £nil) was transferred from the Scottish Government - Crofters Diversity Pays! Fund to the restricted fund to reverse the transfer made last financial year to clear the deficit on the fund.

An amount of £5,016 (2021 - £nil) was transferred from the Crofting Skills For Local Food Fund to the unrestricted fund to reverse the transfer made at the end of last financial year to clear the deficit on the fund.

An amount of £nil (2021 - £958) was transferred from the unrestricted fund to the Scottish Government - Crofters Diversity Pays! Fund to the unrestricted fund to clear the fund deficit at the year end date.

An amount of £nil (2021 - £851) was transferred from the unrestricted fund to the HIE - Crofting Resilience in Transition Fund to cover the fund deficit at the year end date.

An amount of £nil (2021 - £5,016) was transferred from unrestricted fund to the Crofting Skills For Local Food Fund to cover the fund deficit at the year end date.

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

17. Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 December 2021	1,496	1,116	3,904	7,833	14,349
Disposals	—	—	(700)	—	(700)
At 30 November 2022	1,496	1,116	3,204	7,833	13,649
Depreciation					
At 1 December 2021	646	1,069	1,632	5,836	9,183
Charge for the year	127	12	339	475	953
Disposals	—	—	(623)	—	(623)
At 30 November 2022	773	1,081	1,348	6,311	9,513
Carrying amount					
At 30 November 2022	723	35	1,856	1,522	4,136
At 30 November 2021	850	47	2,272	1,997	5,166

18. Stocks

	2022 £	2021 £
Handbooks	3,122	1,393

19. Debtors

	2022 £	2021 £
Trade debtors	7,558	7,187
Prepayments and accrued income	491	481
Other debtors	178	16,318
	8,227	23,986

20. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	6,890	15,867
Accruals and deferred income	7,159	4,993
Social security and other taxes	2,111	1,455
Obligations under finance leases and hire purchase contracts	692	865
Other creditors	538	680
	17,390	23,860

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

21. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Obligations under finance leases and hire purchase contracts	<u>—</u>	<u>692</u>

22. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2022 £	2021 £
Not later than 1 year	692	865
Later than 1 year and not later than 5 years	<u>—</u>	<u>692</u>
	<u>692</u>	<u>1,557</u>

23. Pensions and other post-retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £1,912 (2021: £1,615).

24. Analysis of charitable funds

Unrestricted funds

	At 1 December 2021 £	Income £	Expenditure £	Transfers £	At 30 November 2022 £
General funds	<u>193,962</u>	<u>157,098</u>	<u>(157,140)</u>	<u>5,974</u>	<u>199,894</u>

	At 1 December 2020 £	Income £	Expenditure £	Transfers £	At 30 November 2021 £
General funds	<u>199,984</u>	<u>145,228</u>	<u>(144,425)</u>	<u>(6,825)</u>	<u>193,962</u>

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

24. Analysis of charitable funds *(continued)*

Restricted funds

	At 1 December 2021 £	Income £	Expenditure £	Transfers £	At 30 November 2022 £
The Prince's Countryside Fund	80	—	(20)	—	60
HIE - Skills Boost Development Programme	46	—	(12)	—	34
Shetland Isles Council - Crofting Connections Development	250	—	—	—	250
Western Isles Council - Crofting Connections Development	850	—	—	—	850
The Scottish Government	—	10,000	(4,235)	(958)	4,807
Highland Strategic Action Group	234	—	(58)	—	176
Highlands and Islands Enterprise	—	—	—	—	—
QMS	10,000	—	(6,559)	—	3,441
Scottish Government - Crofting Skills For Local Food	—	33,455	(28,439)	(5,016)	—
Peoples Postcode Trust Prices Countryside Trust - Annual Gathering	17,311	—	(8,075)	—	9,236
	—	9,920	(9,836)	—	84
	<u>28,771</u>	<u>53,375</u>	<u>(57,234)</u>	<u>(5,974)</u>	<u>18,938</u>

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

24. Analysis of charitable funds *(continued)*

	At 1 December 2020 £	Income £	Expenditure £	Transfers £	At 30 November 2021 £
The Prince's Countryside Fund	107	—	(27)	—	80
HIE - Skills Boost Development Programme	62	—	(16)	—	46
Shetland Isles Council - Crofting Connections Development	250	—	—	—	250
Western Isles Council - Crofting Connections Development	850	—	—	—	850
The Scottish Government	15,669	—	(16,627)	958	—
Highland Strategic Action Group	312	—	(78)	—	234
Highlands and Islands Enterprise	—	13,337	(14,188)	851	—
QMS	10,000	—	—	—	10,000
Scottish Government - Crofting Skills For Local Food	—	16,317	(21,333)	5,016	—
Peoples Postcode Trust	—	17,310	—	—	17,310
Prices Countryside Trust - Annual Gathering	—	—	—	—	—
	<u>27,250</u>	<u>46,965</u>	<u>(52,269)</u>	<u>6,825</u>	<u>28,771</u>

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

The Prince's Countryside Fund

To support crofters and farmers in remote areas of Scotland by improving their businesses through training and adding value to their products and services.

H.I.E.

To provide financial assistance towards the Skills Boost Programme 2016 - 2019.

Shetland Isles Council

Contribution towards the Crofting Connections Programme

Western Isles Council

Contribution towards the Crofting Connections Programme

Scottish Government

To provide funding for the Crofters' Diversity Pays! Project. This is a one year project, funded by the European Social Fund for active research into crofting diversification to increase income.

Highland Strategic Action Group - Leader Programme 2014-2020

To provide funding for the Gaining Ground project which is based on the idea of social crofting/ care farming, the concept of green care; i.e., the promotion of social, mental and physical wellbeing through working of the land.

Highland and Islands Enterprise

To provide funding for the Crofting Resilience in Transition 2020-2021 Project to run training courses.

QMS Health Plan Workshops

To provide funding to deliver animal health planning workshop activities to support changes to the 19/20 Cattle & Sheep Assurance Scheme Awards.

Scottish Government

To provide funding for the Crofting Skills For Local Food project which aims to support crofters to develop skills that will help them create and contribute to robust local food supply chains throughout the Highlands and Islands.

People's Postcode Trust

To provide funding for the Promoting Crofting Produce Project.

The Prince's Countryside Trust

To provide funding towards a gathering of crofters over two days to explore the theme of 'Revival'

Scottish Crofting Federation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 November 2022

25. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Tangible fixed assets	3,866	270	4,136
Current assets	213,418	18,668	232,086
Creditors less than 1 year	(17,390)	—	(17,390)
Creditors greater than 1 year	—	—	—
Net assets	199,894	18,938	218,832

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Tangible fixed assets	4,806	360	5,166
Current assets	213,709	28,410	242,119
Creditors less than 1 year	(23,860)	—	(23,860)
Creditors greater than 1 year	(692)	—	(692)
Net assets	193,963	28,770	222,733

26. Related parties

An amount of £1,200 (2021 - £1,200) was paid to a business owned by the husband of a trustee for IT support.