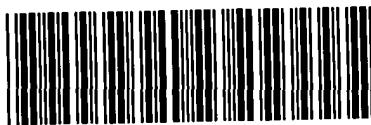


COMPANY REGISTRATION NUMBER: SC218658  
CHARITY REGISTRATION NUMBER: SC031919

**Scottish Crofting Federation**  
**Company Limited by Guarantee**  
**Unaudited Financial Statements**  
**30 November 2020**

WEDNESDAY



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SCT

04/08/2021

#50

COMPANIES HOUSE

**RITSONS**

Chartered Accountants  
Forbes House  
36 Huntly Street  
Inverness  
IV3 5PR

# **Scottish Crofting Federation**

**Company Limited by Guarantee**

## **Financial Statements**

**Year ended 30 November 2020**

	<b>Page</b>
Trustees' annual report (incorporating the director's report)	<b>1</b>
Independent examiner's report to the trustees	<b>7</b>
Statement of financial activities (including income and expenditure account)	<b>9</b>
Statement of financial position	<b>10</b>
Notes to the financial statements	<b>11</b>

# Scottish Crofting Federation

## Company Limited by Guarantee

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

#### Year ended 30 November 2020

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 2020.

#### 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

Donald MacKinnon  
Yvonne White  
Robin Haig (Resigned 25 August 2020)  
Russell Smith  
Eleanor Arthur  
Jonathan Hedges  
Fiona Mandeville (Appointed 17 March 2020)  
(Served from 25 August 2020  
to 2 November 2020)  
Beth Rose

**Company secretary** Fiona Mandeville

**Person whom day to day running delegated to** Patrick Krause

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

**Bankers** Bank of Scotland  
Main Street  
Kyle  
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 2020**

#### **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 was provided for the board in 'unconscious bias and 'roles of company directors'.

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 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, 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 twelve 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.

# **Scottish Crofting Federation**

## **Company Limited by Guarantee**

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

#### **Year ended 30 November 2020**

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. SCF is the largest association of small-scale food producers in the UK. Our 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. 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. The activity planning of the charity is based on this document.

#### **Achievements and performance, and plans for future periods**

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 the 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.

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 2020**

#### **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. In the year under review over 2,000 volunteer hours were donated. The support given to the organisation by its volunteers is very much appreciated.

#### **Crofting Training Programme**

##### **Crofting Resilience in Transition**

This 9-month project, funded by Highlands and Islands Enterprise, 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 agritourism and diversification. It runs until March 2021.

##### **Gaining Ground**

This project, funded by the European Union Leader scheme 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. The project is aimed at both crofters and smallholders living in the Highland and Moray regions, some of who have expressed an interest in developing a formal network and who are looking for support on how to enter this new labour market as a diversification opportunity. It ended in June 2020 and the project's digital hub will remain a legacy as a central place to co-ordinate social crofting events and information. Further to this, Stirling University has proposed a paper be submitted to the academic journal "Health and Place" which would outline 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 2021.

##### **What can QMS do 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 COVID 19 this can no longer be delivered in person and SCF have submitted an outline proposal for online training to QMS. Following a recent meeting QMS would prefer face to face workshops to be held in 2021 if COVID 19 restrictions allow.

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

COVID19 has restricted all travel and gatherings. The SCF office has therefore been shut or occupied by one member of staff, the rest working from home. Much of our activity has transferred to online meetings and events.

# **Scottish Crofting Federation**

## **Company Limited by Guarantee**

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

#### **Year ended 30 November 2020**

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 2020 unrestricted funds (reserves) were in surplus by £199,984 (2019 £187,050) and restricted funds were in surplus by £27,249 (2019 - £3,558).

Against the backdrop of limited resources and funding, and the restrictions due to COVID 19, the charity has managed to maintain its services and complete 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 membership subscriptions, the principal funding sources for the charity are currently by way of grant and contract income from the Scottish Government, European Union, Highlands & Islands Enterprise, Woodland Trust, Prince's Countryside Fund, MacRobert Trust, James Hutton Institute, and NFU Mutual insurance company for which we are very grateful.

#### **Investment Policy**

Most of the charity's funds are to be spent in the short term on operations so there are few funds for long term investment. However, the board have agreed to place £10,000 in a Community Endowment - this being added to by a donation of £15,000 from Foundation Scotland.

#### **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 2020/21 is £160,000 and therefore the target is to hold reserves of £80,000 in general funds. The charity currently has unrestricted funds (general funds) of £199,984 and therefore meets this target. The reserves policy is actively monitored and reviewed along with scrutiny of management accounts at quarterly board meetings.

# Scottish Crofting Federation

## Company Limited by Guarantee

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

Year ended 30 November 2020

#### 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 21/07/2021 and signed on behalf of the board of trustees by:



Mr D MacKinnon  
Chair



# **Scottish Crofting Federation**

## **Company Limited by Guarantee**

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

**Year ended 30 November 2020**

I report to the trustees on my examination of the financial statements of Scottish Crofting Federation ('the charity') for the year ended 30 November 2020.

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

#### **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 2020**

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

*2 August 2021*

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

**Year ended 30 November 2020**

			2020		2019
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
<b>Income and endowments</b>					
Donations and legacies	5	17,446	116,511	133,957	133,422
Charitable activities	6	4,452	—	4,452	18,808
Other trading activities	7	127,533	—	127,533	136,778
Investment income	8	1	—	1	2
<b>Total income</b>		<u>149,432</u>	<u>116,511</u>	<u>265,943</u>	<u>289,010</u>
<b>Expenditure</b>					
Expenditure on raising funds:					
Costs of other trading activities	9	705	—	705	—
Expenditure on charitable activities	10,11	134,917	91,914	226,831	297,964
Other expenditure	12	1,782	—	1,782	—
<b>Total expenditure</b>		<u>137,404</u>	<u>91,914</u>	<u>229,318</u>	<u>297,964</u>
<b>Net income/(expenditure)</b>		<u>12,028</u>	<u>24,597</u>	<u>36,625</u>	<u>(8,954)</u>
Transfers between funds		906	(906)	—	—
<b>Net movement in funds</b>		<u>12,934</u>	<u>23,691</u>	<u>36,625</u>	<u>(8,954)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		187,050	3,558	190,608	199,562
<b>Total funds carried forward</b>		<u>199,984</u>	<u>27,249</u>	<u>227,233</u>	<u>190,608</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 2020**

	Note	2020 £	£	2019 £
<b>Fixed assets</b>				
Tangible fixed assets	18		6,515	5,334
<b>Current assets</b>				
Stocks	19	2,493		—
Debtors	20	25,478		69,795
Cash at bank and in hand		209,859		132,231
		<u>237,830</u>		<u>202,026</u>
<b>Creditors: amounts falling due within one year</b>	21	<u>15,555</u>		16,752
<b>Net current assets</b>			<u>222,275</u>	<u>185,274</u>
<b>Total assets less current liabilities</b>			<u>228,790</u>	<u>190,608</u>
<b>Creditors: amounts falling due after more than one year</b>	22		<u>1,557</u>	—
<b>Net assets</b>			<u>227,233</u>	<u>190,608</u>
<b>Funds of the charity</b>				
Restricted funds			27,249	3,558
Unrestricted funds			<u>199,984</u>	<u>187,050</u>
<b>Total charity funds</b>	25		<u>227,233</u>	<u>190,608</u>

For the year ending 30 November 2020 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 21/01/2021, 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 2020**

#### **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 2020**

#### **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 2020

#### 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 2020

#### 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 2020 £
<b>Donations</b>			
Donations	284	–	284
NFU Mutual sponsorship	17,162	–	17,162
<b>Grants</b>			
Highland Strategic Local Group	–	24,882	24,882
Woodlands Trust	–	–	–
Highlands & Islands Enterprise	–	17,540	17,540
Scottish Government	–	64,089	64,089
QMS	–	10,000	10,000
	<u>17,446</u>	<u>116,511</u>	<u>133,957</u>



# Scottish Crofting Federation

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

#### 5. Donations and legacies *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
<b>Donations</b>			
Donations	70	–	70
NFU Mutual sponsorship	17,510	–	17,510
<b>Grants</b>			
Highland Strategic Local Group	–	36,767	36,767
Woodlands Trust	–	5,160	5,160
Highlands & Islands Enterprise	–	21,471	21,471
Scottish Government	–	52,444	52,444
QMS	–	–	–
	<u>17,580</u>	<u>115,842</u>	<u>133,422</u>

#### 6. Charitable activities

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Course income - Crofting Resilience in Transition	2,840	<b>2,840</b>	–	–
Other income	1,612	<b>1,612</b>	18,808	18,808
	<u>4,452</u>	<u><b>4,452</b></u>	<u>18,808</u>	<u>18,808</u>

#### 7. Other trading activities

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Rental income	1,767	<b>1,767</b>	–	–
Course income - Crofting Skills Training Programme	–	–	6,760	6,760
Members subscriptions	103,923	<b>103,923</b>	106,016	106,016
Gift aid recoverable on subscriptions	14,922	<b>14,922</b>	15,376	15,376
Advertising income - The Crofter magazine	6,921	<b>6,921</b>	8,626	8,626
	<u>127,533</u>	<u><b>127,533</b></u>	<u>136,778</u>	<u>136,778</u>

#### 8. Investment income

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Bank interest receivable	1	<b>1</b>	2	2

# Scottish Crofting Federation

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

#### 9. Costs of other trading activities

	Unrestricted Funds	Total Funds 2020	Unrestricted Funds	Total Funds 2019
	£	£	£	£
Purchases for resale	705	705	—	—

#### 10. Expenditure on charitable activities by fund type

	Unrestricted Funds	Restricted Funds	Total Funds 2020
	£	£	£
General Operations	134,917	—	134,917
Skills Boost Training	—	2,955	2,955
The Prince's Countryside Fund	—	36	36
Croft-IT/SCVO Digital Challenge	—	—	—
Crofters' Diversity Pays!	—	44,376	44,376
Gaining Ground	—	25,888	25,888
Crofting Resilience in Transition	—	18,659	18,659
	134,917	91,914	226,831

	Unrestricted Funds	Restricted Funds	Total Funds 2019
	£	£	£
General Operations	130,593	—	130,593
Skills Boost Training	31,188	71,310	102,501
The Prince's Countryside Fund	—	47	47
Croft-IT/SCVO Digital Challenge	—	593	593
Crofters' Diversity Pays!	—	27,921	27,921
Gaining Ground	—	36,312	36,309
Crofting Resilience in Transition	—	—	—
	161,781	136,183	297,964

#### 11. Expenditure on charitable activities by activity type

	Activities undertaken directly	Total funds 2020	Total fund 2019
	£	£	£
General Operations	134,921	134,921	130,593
Skills Boost Training	2,955	2,955	102,501
The Prince's Countryside Fund	36	36	47
Croft-IT/SCVO Digital Challenge	—	—	593
Crofters' Diversity Pays!	44,376	44,376	27,921
Gaining Ground	25,888	25,888	36,309
Crofting Resilience in Transition	18,655	18,655	—
	226,831	226,831	297,964

# Scottish Crofting Federation

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

#### 12. Other expenditure

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Loss on disposal of tangible fixed assets held for charity's own use	<u>1,782</u>	<u>1,782</u>	<u>—</u>	<u>—</u>

#### 13. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible fixed assets	1,623	1,525
Loss on disposal of tangible fixed assets	1,782	—
Gains on disposal of fixed assets	<u>—</u>	<u>(927)</u>

#### 14. Independent examination fees

	2020 £	2019 £
Fees payable to the independent examiner for:		
Independent examination of the financial statements	3,585	3,336
Other financial services	<u>741</u>	<u>—</u>
	<u>4,326</u>	<u>3,336</u>

#### 15. Staff costs

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

	2020 £	2019 £
Wages and salaries	94,098	120,134
Social security costs	2,209	4,592
Employer contributions to pension plans	<u>1,581</u>	<u>1,699</u>
	<u>97,888</u>	<u>126,425</u>

The average head count of employees during the year was 10 (2019: 12). The average number of full-time equivalent employees during the year is analysed as follows:

	2020 No.	2019 No.
Number of staff	<u>6</u>	<u>7</u>

No employee received employee benefits of more than £60,000 during the year (2019: 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 £45,677 (2019: £45,295).

# **Scottish Crofting Federation**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

#### **Year ended 30 November 2020**

##### **16. Trustee remuneration and expenses**

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

Six trustees were reimbursed a total of £985 (2019 - £3,629 reimbursed to five trustees) for travel expenses incurred while carrying out their duties during the financial year.

One trustee was paid £180 for contracted labour costs (2019 - £279).

One trustee received £3,042 (2019 – nil) for editing and design fees.

##### **17. Transfers between funds**

An amount of £1,779 (2019 - £nil) was transferred from the Croft-IT/SCVO Digital Challenge Fund to the unrestricted fund as the charity no longer has the assets purchased out of this fund.

An amount of £2,934 (2019 - £2,489) was transferred from the unrestricted fund to the HIE - Skills Boost Development Programme to reallocate project expenditure paid out of the unrestricted fund.

An amount of £nil (2019 - £349) was transferred from the Scottish National Heritage Fund to the unrestricted fund to reflect project expenditure paid out of the unrestricted fund in previous years.

An amount of £4,043 (2019 - £nil) was transferred from The Scottish Government - Crofters Diversity Pays! Fund to the unrestricted fund to reverse last year's transfer from the unrestricted fund to clear the fund deficit last year.

An amount of £nil (2019 - £4,043) was transferred from unrestricted funds to The Scottish Government - Crofters Diversity Pays! Fund to cover the fund deficit at the year end.

An amount of £863 (2019 - £nil) was transferred from the Scottish Government Leader Programme 2014-2020 to cover expenditure paid out of the unrestricted fund.

An amount of £1,119 (2019 - £nil) was transferred from the HIE - Crofting Resilience in Transition Fund to cover the fund deficit at the year end.

# Scottish Crofting Federation

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 30 November 2020

#### 18. Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 December 2019	1,566	7,545	3,167	11,327	<b>23,605</b>
Additions	—	—	2,545	2,041	<b>4,586</b>
Disposals	(70)	—	—	(5,620)	<b>(5,690)</b>
<b>At 30 November 2020</b>	<b>1,496</b>	<b>7,545</b>	<b>5,712</b>	<b>7,748</b>	<b>22,501</b>
<b>Depreciation</b>					
At 1 December 2019	385	7,029	2,675	8,182	<b>18,271</b>
Charge for the year	177	129	456	861	<b>1,623</b>
Disposals	(66)	—	—	(3,842)	<b>(3,908)</b>
<b>At 30 November 2020</b>	<b>496</b>	<b>7,158</b>	<b>3,131</b>	<b>5,201</b>	<b>15,986</b>
<b>Carrying amount</b>					
<b>At 30 November 2020</b>	<b>1,000</b>	<b>387</b>	<b>2,581</b>	<b>2,547</b>	<b>6,515</b>
At 30 November 2019	1,181	516	492	3,145	5,334

#### 19. Stocks

	2020 £	2019 £
Stock for resale	<b>2,493</b>	—

#### 20. Debtors

	2020 £	2019 £
Trade debtors	<b>7,403</b>	7,983
Prepayments and accrued income	<b>477</b>	392
Other debtors	<b>17,598</b>	61,420
	<b>25,478</b>	69,795

#### 21. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	<b>8,176</b>	6,011
Accruals and deferred income	<b>5,003</b>	7,888
Social security and other taxes	<b>1,269</b>	2,598
Obligations under finance leases and hire purchase contracts	<b>799</b>	—
Other creditors	<b>308</b>	254
	<b>15,555</b>	16,751

# Scottish Crofting Federation

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

#### 22. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Obligations under finance leases and hire purchase contracts	<u>1,557</u>	<u>—</u>

#### 23. Finance leases and hire purchase contracts

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

	2020 £	2019 £
Not later than 1 year	799	—
Later than 1 year and not later than 5 years	<u>1,557</u>	<u>—</u>
	<u>2,356</u>	<u>—</u>

#### 24. 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 £1,581 (2019: £1,699).

#### 25. Analysis of charitable funds

##### Unrestricted funds

	At 1 December 2019 £	Income £	Expenditure £	Transfers £	At 30 November 2020 £
General funds	<u>187,050</u>	<u>149,432</u>	<u>(137,404)</u>	<u>906</u>	<u>199,984</u>

	At 1 December 2018 £	Income £	Expenditure £	Transfers £	At 30 November 2019 £
General funds	<u>176,868</u>	<u>173,168</u>	<u>(161,781)</u>	<u>(1,205)</u>	<u>187,050</u>

# Scottish Crofting Federation

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 30 November 2020

#### 25. Analysis of charitable funds *(continued)*

##### Restricted funds

	At 1 December 2019 £	Income £	Expenditure £	Transfers £	At 30 November 2020 £
The Prince's Countryside Fund	143	—	(36)	—	107
Croft-IT/SCVO Digital Challenge	1,779	—	—	(1,779)	—
HIE - Skills Boost Development Programme	83	—	(2,955)	2,934	62
Scottish Government - Skills Boost Development Programme	—	—	—	—	—
Woodland Trust - Skills Boost 2016-2019	—	—	—	—	—
Scottish National Heritage - Skills Boost 2016-2019	—	—	—	—	—
Shetland Isles Council - Crofting Connections	250	—	—	—	250
Western Isles Council - Crofting Connections	850	—	—	—	850
The Scottish Government Highland Strategic Action Group	—	64,088	(44,376)	(4,043)	15,669
Highlands and Islands Enterprise QMS	453	24,883	(25,887)	863	312
	—	17,540	(18,659)	1,119	—
	—	10,000	—	—	10,000
	<u>3,558</u>	<u>116,511</u>	<u>(91,914)</u>	<u>(906)</u>	<u>27,249</u>

# Scottish Crofting Federation

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 30 November 2020

#### 25. Analysis of charitable funds *(continued)*

	At 1 December 2018 £	Income £	Expenditure £	Transfers £	At 30 November 2019 £
The Prince's Countryside Fund	190	—	(47)	—	143
Croft-IT/SCVO Digital Challenge	2,372	—	(593)	—	1,779
HIE - Skills Boost Development Programme	111	21,471	(19,010)	(2,489)	83
Scottish Government - Skills Boost Development Programme	—	28,569	(28,569)	—	—
Woodland Trust - Skills Boost 2016-2019	6,921	5,160	(12,081)	—	—
Scottish National Heritage - Skills Boost 2016-2019	12,000	—	(11,651)	(349)	—
Shetland Isles Council - Crofting Connections	250	—	—	—	250
Western Isles Council - Crofting Connections	850	—	—	—	850
The Scottish Government Highland Strategic Action Group	—	23,875	(27,918)	4,043	—
Highlands and Islands Enterprise	—	36,767	(36,314)	—	453
QMS	—	—	—	—	—
	<u>22,694</u>	<u>115,842</u>	<u>(136,183)</u>	<u>1,205</u>	<u>3,558</u>



# **Scottish Crofting Federation**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

**Year ended 30 November 2020**

**25. Analysis of charitable funds *(continued)***

**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.

**Croft IT/SCVO Digital Challenge**

To purchase electronic equipment.

**H.I.E.**

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

**Scottish Government**

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

**Woodland Trust**

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

**Scottish Natural Heritage**

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 Crofting Federation

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

#### 26. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Tangible fixed assets	6,034	481	6,515
Current assets	211,062	26,768	237,830
Creditors less than 1 year	(15,555)	—	(15,555)
Creditors greater than 1 year	(1,557)	—	(1,557)
<b>Net assets</b>	<b>199,984</b>	<b>27,249</b>	<b>227,233</b>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Tangible fixed assets	2,914	2,420	5,334
Current assets	200,888	1,138	202,026
Creditors less than 1 year	(16,752)	—	(16,752)
Creditors greater than 1 year	—	—	—
<b>Net assets</b>	<b>187,050</b>	<b>3,558</b>	<b>190,608</b>

#### 27. Related parties

An amount of £1,200 (2020 - £1,200) was paid to a business owned by the husband of a trustee for IT support.