

Company registration number SC010100 (Scotland)

SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
COMPANY INFORMATION**

Directors	Mr TG Courts Mr J Chapman Mr JG King Mr S Jarron
Secretary	Mr TG Courts
Company number	SC010100
Registered office	8 /10 Needless Road Perth PH2 0JW
Auditor	Findlays Chartered Accountants 11 Dudhope Terrace Dundee DD3 6TS

SCOTTISH CRAFT BUTCHERS (PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS ASSOCIATION) CONTENTS

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SCOTTISH CRAFT BUTCHERS (PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS ASSOCIATION) ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The Chairman presents his statement for the period.

Principal activities:

The principal activity of Scottish Craft Butchers during the year continued to be the provision of advice, support and training services to the meat trade.

Scottish Craft Butchers has no share capital and is a private company limited by guarantee with each member undertaking to subscribe, up to a limit of £1, such amounts as may be necessary to pay the debts and liabilities in the event of being wound up.

Results for the year:

The profit for the year (after tax) amounted to £27,050 (2021 - £76,401).

Executive Manager's review of activities and future developments

It has been another challenging year for our organisation and our members. The ongoing impact of covid-19 has meant our members have had to continually adapt to provide a service to the consumer. The meat trade is still under what feels like continual attack from veganism, calls to reduce red meat consumption to save the planet and expectations to reduce plastic packaging. Add to that the ongoing uncertainty created by Brexit that has dented both business and consumer confidence. Not forgetting the continued weakening of traditional shopping locations.

Members adapted well to social distancing measures and use of face coverings. This has meant that members had to be informed of changes to legislation and guidance, sometimes at a moment's notice.

A year where butchers more than ever need the flow of advice, support, and training services that the Scottish Craft Butchers continues to provide.

Circumstances have changed continually over the decades but with the guidance of its President and his Executive Committee, Scottish Craft Butchers continues to provide a meaningful service to its members through the Members Services and Training Services sides of the business. The meetings of the Executive Committee have been held via video conference since the start of the COVID-19 lockdown. Many new members of the committee have joined over this period, finding the facility to join the meeting from home preferential to having to travel. I am sure this style of meeting will become the normal for a long time to come.

Member Services promotes the consumer facing image of Scottish Craft Butchers and Training Services operate under the new name Craft Skills Scotland. Both sides aim to provide quality support to the meat industry and the craft butcher sector. They also perform the role of representing the sector and responding to consultations and consumer questions / requests. Members' subscriptions only fund Scottish Craft Butchers. Craft Skills Scotland is a wholly owned standalone subsidiary whose objective is to promote and sustain the craft skills of the industry.

Scottish Craft Butchers is delighted to provide administrative support to the Guild of Q Butchers. This service to over 80 butchers GB wide operates out of the Perth office and this provides a valuable contribution to overheads.

Scottish Craft Butchers members continue to have issues over inconsistency of food safety regulation and varying interpretations on guidance, but the SCB Executive Manager's membership of the Scottish Food Enforcement Liaison Committee continues to provide an important and useful contact with the enforcement community especially in this post COVID-19 era we are living in.

We are constantly advising members to have EHO's recommendations formally documented so that all parties can try to achieve some semblance of uniformity of approach.

Scottish Craft Butchers has assisted where the need for allergen advice has emerged with renewed focus. Safe methods for accepting customers own re-usable containers have also been advised to members.

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

Representation continues on the Scottish Government's Animal Health and Welfare Stakeholder Group and SCB is proud of its working partnerships with the likes of the National Sheep Association, the Scottish Association of Meat Wholesalers, the Institute of Auctioneers and Appraisers and the National Farmers Union Scotland.

Membership has held up well given the aforesaid. Some shops have opened, there continues to be a few retirements, but focus is still required on assisting with succession planning, business takeover and introducing new young owners. In many cases butcher's shops are very good and viable businesses and it is a matter of identifying potential new owners who will undoubtedly inherit successful businesses with good returns.

The number of shops in Membership is 381: 291 businesses (302 in 2021) plus 80 branches (99 in 2021).

Competition continues to be challenging with discounter supermarkets making a bigger impact not only independents, but other established multiples who have been forced into discounting meat prices to try and retain their individual shares of the grocery market. However, an unexpected benefit of the covid-19 pandemic was that members experienced an upturn in trade with many consumers rediscovering their local butcher. Retaining those customers in the face of new economic pressures is the new challenge. Energy costs will be a worry for many members in the months and years ahead.

It has been increasingly important for Scottish Craft Butchers to provide members with guidance and advice to enable business to continue to trade profitably. Members have been kept up to speed with all the developments in the meat industry, regional meetings are a critical interface with the administration and product evaluation events have kept the independent butcher in the news identifying quality meat products. We feel it is vitally important that all channels should be used to promote business and attract new and younger customers.

A close relationship with Quality Meat Scotland has created heightened support and a better understanding of the Craft butcher sector and its importance to the meat industry. We are grateful to QMS and the Scotch Butchers Club for the sponsorship of the new Craft Butcher Diploma of Scotland which gives accreditation of the exceptional skills of individuals in the industry.

Both sides of the organisation – Scottish Craft Butchers and Craft Skills Scotland continue to be well used and appreciated by the membership.

Our training arm, Craft Skills Scotland (CSS), continues to contract SDS for funding and CSS successfully tendered for Modern Apprenticeship places. 299 trainees are currently on funded training, 131 trainees achieved Modern Apprenticeships in the last contract year. 163 trainees came on to training in the last contract year while 77 of the allocated 115 places in the current contract have been taken up. 10 Craft Butcher Diplomas were presented during the year.

In March this year, two of our assessors decided to move on to pastures new and we thank them both for their contribution to the success of Craft Skills Scotland and wish them well in their new ventures. This obviously had an impact on the ability to maintain income streams and involved costs to the company of training not one, but two new assessors.

We successfully recruited two new assessors, Wendy Donald and Sarah Frew, who have settled in well and have completed their qualifications. They are now building working relationships with many employers and candidates across the country.

To maximise the opportunities that have presented themselves to us, and to provide training across a wider field in the food and drink industry in Scotland, Scottish Meat Training rebranded as "Craft Skills Scotland". Initial success from this has been that we are the first training provider in Scotland to have candidates achieve the new Brewing, Modern Apprentice, qualification. This was widely picked up on in the food industry press and local newspapers. Craft Skills Scotland applied for and was successful in gaining approval to deliver the new Spirits Industry Modern Apprentice qualification.

Scottish Craft Butchers continues to be an awarding body in partnership with Scottish Qualifications Authority (SQA). Distance Learning Foundation Hygiene and Foundation HACCP are delivered to our trainees.

One Meat Managers HACCP and Hygiene Courses was held during the year with the 10 candidates attending achieving a high standard of certification.

Members meetings have been held on Zoom. Regional meetings have been arranged for – Renfrew, Carfraemill, Perth, and Elgin. All have been very well attended and well received.

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
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ANNUAL REPORT (CONTINUED)
*FOR THE YEAR ENDED 31 AUGUST 2022***

The newsletter has been published timeously on the first day of each month.

We have 38 Corporate members, (35 in 2021). They have been great supporters to Scottish Craft Butchers and hopefully they have gained sufficient business in return to justify their continued support. Many have made good use of free inserts or adverts in the Newsletters and the platform available through regional meetings.

The Beef Link, Beef Sliced Sausage and Black Pudding Products Evaluation were held in November 2021, and results were announced in January 2022. The Naked Steak and Gourmet Pastry product evaluations were held in August 2022 with the results announced at the regional meetings in October 2022. Increased resource to take professional photographs and generate professional press releases has generated good PR for independent butchers from these evaluations and competitions.

Our Employment Law advisers continue to enhance the services offered by Scottish Craft Butchers. A Health and Safety adviser is also retained to provide members with advice.

For the One Hundred and third Annual General Meeting, Scottish Craft Butchers went to Dundee. It was held on 24th November 2021 in the Doubletree by Hilton hotel where Tom Courts was re-elected President. The very well attended meeting was fortunate to attract top speakers – Alan Clarke QMS, Grace Reid National Sheep Association and Gary MacLean- Scotland's national chef - all of whom had fantastic stories to tell that proved inspirational to all who attended.

The Craft Butchers Training Awards were again held in conjunction with the AGM. Generously supported by QMS and SQA this complemented what was a very positive day and again there was a great show of the emerging talent in our industry.

2023 is due to be a trade fair year. We have provisionally booked the Dewar's centre in Perth for Sunday 14th May. We intend to run the skills competition in the 'Butcher Wars' format once again. The 45-minute challenge will be open to twelve pairs and twelve singles contestants. Sponsorship will allow the stage presentation to meet the high standard set at the 2019 event, this in turn will make the skills and displays on show compulsive viewing.

Scottish Craft Butchers remains highly accessible to members and members' views are constantly canvassed when either telephoning, attending meetings or visited by any of the Craft Skills Scotland assessors.

Finally, I would like to record the contribution made by all members of staff. Bruce McCall continues to be the first point of contact for members and Claire Simpson whose is responsible for all things training. They have all been an invaluable source of support to me over the last 12 months.

Gordon King
Executive Manager

3 October 2022

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
DIRECTORS' REPORT**

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their annual report and financial statements for the year ended 31 August 2022.

Principal activities

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

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr TG Courts
Mr J Chapman
Mr JG King
Mr S Jarron

Auditor

The auditor, Findlays, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
DIRECTORS' REPORT (CONTINUED)
*FOR THE YEAR ENDED 31 AUGUST 2022***

Small companies exemption

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

On behalf of the board

Mr JG King
Director

3 October 2022

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
DIRECTORS' RESPONSIBILITIES STATEMENT
*FOR THE YEAR ENDED 31 AUGUST 2022***

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 company will continue in business.

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

SCOTTISH CRAFT BUTCHERS (PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS ASSOCIATION) INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH CRAFT BUTCHERS

Opinion

We have audited the financial statements of Scottish Craft Butchers (the 'company') for the year ended 31 August 2022 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF SCOTTISH CRAFT BUTCHERS**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- Making enquiries of management about any known or suspected instances of non compliance with laws and regulations, including GDPR, health and safety employment law and fraud
- Review of any correspondence with regulators including HMRC and grant providers such as Skills Development Scotland
- Challenging assumptions and judgements made by management in their significant accounting estimates
- Auditing the risk of management override controls, including through testing of journal entries and other judgments for appropriateness

Because of the field in which the client operates we identified the following areas as those most likely to have a material impact on the financial statements; employment law, relevant health and safety compliance, GDPR and compliance with the UK Companies Act.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF SCOTTISH CRAFT BUTCHERS**

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Lesley Campbell, BA, C.A. (Senior Statutory Auditor)
For and on behalf of Findlays

Chartered Accountants
Statutory Auditor
11 Dudhope Terrace
Chartered Accountants
Dundee
DD3 6TS

3 October 2022

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 AUGUST 2022**

	Notes	2022 £	2021 £
Craft Skills Scotland		316,029	324,420
Members Services		171,191	159,710
Gross surplus		487,220	484,130
Members Services		(168,055)	(138,695)
Craft Skills Scotland		(316,581)	(303,191)
Operating surplus		2,584	42,244
Interest receivable and similar income		5,643	5,141
Amounts written off investments	5	18,823	29,016
Surplus before taxation		27,050	76,401
Tax on surplus		-	-
Surplus for the financial year		27,050	76,401
Retained earnings brought forward		473,285	396,884
Retained earnings carried forward		500,335	473,285

The notes set out on pages 12 - 20 form part of these financial statements

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
BALANCE SHEET**

AS AT 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	6		192,312		193,003
Investments	7		230,354		211,531
			<u>422,666</u>		<u>404,534</u>
Current assets					
Stocks		1,327		2,891	
Debtors	8	42,322		38,422	
Cash at bank and in hand		113,257		104,286	
		<u>156,906</u>		<u>145,599</u>	
Creditors: amounts falling due within one year	9	<u>(79,237)</u>		<u>(76,848)</u>	
Net current assets			<u>77,669</u>		<u>68,751</u>
Net assets			<u>500,335</u>		<u>473,285</u>
Reserves					
Income and expenditure account			<u>500,335</u>		<u>473,285</u>
Members' funds			<u>500,335</u>		<u>473,285</u>

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

The financial statements were approved by the board of directors and authorised for issue on 3 October 2022 and are signed on its behalf by:

Mr JG King
Director

Company Registration No. SC010100

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1 Accounting policies

Company information

Scottish Craft Butchers is a private company limited by guarantee incorporated in Scotland. The registered office is 8 /10 Needless Road, Perth, PH2 0JW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties, investments and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	0.12% Straight Line
Fixtures and fittings	20% Reducing Balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to surplus or deficit.

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

1 Accounting policies

(Continued)

1.4 Fixed asset investments

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value each balance sheet date. Gains and losses on remeasurement are recognised in the profit & loss for the period.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Operating Leases

Rentals paid under operating leases are charged to profit & Loss on a straight line basis over the lease term.

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

1 Accounting policies

(Continued)

1.11 Government grants

Grants are accounted under accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit & loss at the same rate as depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

1.12 Pensions

The company operate a defined contribution scheme for the benefit of its employees. Contributions payable are recognised in the profit and loss account when due.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation

Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.

Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

Allocation of expenses

An apportionment of shared expenses are allocated to members services. The application is consistent with prior years and reasonable when considered in line with profit levels.

A percentage of shared overheads are allocated to other organisations occupying the building, based on the space utilised. Staff time is also allocated out for services performed; this is estimated by the Chief Exec. Estimates were deemed to be reasonable and consistent.

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

3 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	5,318	4,194
	<u> </u>	<u> </u>
For other services		
Other services	-	900
	<u> </u>	<u> </u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Total	8	7
	<u> </u>	<u> </u>

5 Amounts written off investments

	2022	2021
	£	£
Fair value gains/(losses)		
Gain on financial assets held at fair value through profit or loss	18,823	29,016
	<u> </u>	<u> </u>

6 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 September 2021	190,992	47,428	238,420
Additions	-	2,528	2,528
	<u> </u>	<u> </u>	<u> </u>
At 31 August 2022	190,992	49,956	240,948
	<u> </u>	<u> </u>	<u> </u>
Depreciation and impairment			
At 1 September 2021	8,270	37,147	45,417
Depreciation charged in the year	229	2,990	3,219
	<u> </u>	<u> </u>	<u> </u>
At 31 August 2022	8,499	40,137	48,636
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 31 August 2022	182,493	9,819	192,312
	<u> </u>	<u> </u>	<u> </u>
At 31 August 2021	182,722	10,281	193,003
	<u> </u>	<u> </u>	<u> </u>

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

7 Fixed asset investments

	2022	2021
	£	£
Other investments other than loans	230,354	211,531
	<u>230,354</u>	<u>211,531</u>

Fixed asset investments revalued

Listed investments have been revalued at market value. This is based on an independent valuation which is carried out by Redmayne Bentley an Investment Management Company who also provide stockbroking services. The original cost of the listed investments is £66,462 (2021 - £66,462)

There has been no recent valuation of the unlisted investments including the president's chain and trophies. The wholly owned subsidiary Scottish Meat Training and Scottish Federation of Meat Traders Association, previously known as Scottish Craft Butchers were dormant throughout the financial year.

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

7 Fixed asset investments

(Continued)

Summary of investments

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to these risks because of the investments it makes to implement its investment strategy. The directors manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Fund's strategic investment objectives. These investment objectives and risk limits are implemented through the investment manager agreements in place with the Fund's investment managers and monitored by the directors by regular reviews of the investment portfolios.

Credit risk

The Fund invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Analysis of direct credit risk

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The directors carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager.

Pooled investment arrangements used by the Fund comprise authorised unit trusts.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities.

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

7 Fixed asset investments (Continued)

Movements in fixed asset investments

	Investments £
Cost or valuation	
At 1 September 2021	211,531
Valuation changes	18,823
	<u>230,354</u>
At 31 August 2022	<u>230,354</u>
Carrying amount	
At 31 August 2022	<u>211,531</u>
At 31 August 2021	<u>211,531</u>

8 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	22,263	25,175
Other debtors	18,988	12,184
Prepayments and accrued income	1,071	1,063
	<u>42,322</u>	<u>38,422</u>

9 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	3,916	4,057
Taxation and social security	7,816	5,054
Other creditors	54,584	50,564
Accruals and deferred income	12,921	17,173
	<u>79,237</u>	<u>76,848</u>

10 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the Company to the fund and amounted to £5,301 (2021 - £4,968). Contributions totalling £2,074 (2021 - £1,673) were payable to the fund at the balance sheet date and are included within creditors.

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(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

11 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

12 Financial commitments, guarantees and contingent liabilities

The Company received grant funding from Skills Development Scotland. This grant may be repayable should the Company fail to continue to comply with the grant conditions. The grants are audited by Skills Development Scotland and comply with all conditions set.

13 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2022	2021
£	£
9,782	11,959
<u> </u>	<u> </u>

14 Members services expenses

Included within 2022 advertising expenses is an invoice of £18,000 which represents three years of advertising costs for 2019 - 2022. As such £12,000 of advertising costs can be attributed to the two prior years.

SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)

MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2022

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
-CRAFT SKILLS SCOTLAND
FOR THE YEAR ENDED 31 AUGUST 2022**

	2022		2021	
	£	£	£	£
Turnover				
Subscriptions		1		(1)
Skills Development Scotland		305,743		210,740
Apprentice Campaign - Adopt an Apprentice		-		5,500
Craft certificates		2,400		1,345
Meat Distance ESS Hyg Course		-		50
Food Distance ESS Hyg Course		960		1,175
Course Income		3,800		7,000
Employer Apprentice Grant Scheme		-		20,500
Employer Contribution		-		75,700
Sponsorship		1,500		1,897
Sundry Income		1,625		514
		<u>316,029</u>		<u>324,420</u>
Administrative expenses				
Wages and salaries	208,817		184,981	
Staff training	2,073		144	
Rates	698		772	
Cleaning	1,208		1,610	
Power, light and heat	3,696		1,980	
Property repairs and maintenance	1,577		3,183	
Premises insurance	1,318		1,357	
Computer running costs	5,575		3,590	
Travelling expenses	32,165		25,760	
Course Expenses	3,226		10,125	
ESF SVQ Registrations	22,765		34,020	
Photocopier Lease	520		891	
Training materials	5,673		4,078	
Postage, courier and delivery charges	5,917		5,826	
Professional subscriptions	143		620	
Legal and professional fees	267		760	
Bookkeeping expenses	3,360		4,283	
Competition Expenses	266		750	
Training awards	2,935		2,388	
Irrecoverable VAT	151		619	
Audit & accountancy fees	2,680		2,606	
Bank charges	550		551	
Printing and stationery	3,958		4,747	
Telecommunications	4,734		4,801	
Sundry expenses	838		806	
Depreciation	1,471		1,943	
		<u>(316,581)</u>		<u>(303,191)</u>
Operating deficit		(552)		21,229

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)**

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)

-CRAFT SKILLS SCOTLAND

FOR THE YEAR ENDED 31 AUGUST 2022

	2022	£	2021	£
	£		£	
Interest receivable and similar income				
Bank interest received	33		33	
	<u>33</u>		<u>33</u>	
		33		4
		<u>33</u>		<u>4</u>
(Deficit)/surplus before taxation	0.16%	(519)	0.16%	21,233
		<u>(519)</u>		<u>21,233</u>

SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)
DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)
- MEMBERS SERVICES
FOR THE YEAR ENDED 31 AUGUST 2022

		2022		2021
	£	£	£	£
Turnover				
Subscriptions		108,272		101,150
Corporate Membership		23,990		22,838
Golf Income		990		826
Sale of Merchandise		1,732		4,284
Competition Entry Fees		4,950		-
Newsletter income		2,870		2,715
Awarding Body Income		745		1,425
Q Guild		26,200		26,250
Sundry Income		1,442		222
		<hr/>		<hr/>
		171,191		159,710
 Operating costs				
Wages and salaries	65,879		63,610	
Staff training	344		-	
Rates	299		465	
Cleaning	493		838	
Power, light and heat	2,017		1,394	
Property repairs and maintenance	1,337		2,850	
Premises insurance	657		771	
Computer running costs	2,213		1,558	
Photocopier Lease	1,213		2,080	
Postage, courier and delivery charges	10,984		10,968	
Professional subscriptions	198		245	
Legal and professional fees	-		1,371	
Consultancy fees	13,920		13,920	
Audit & accountancy fees	2,638		2,488	
Bookkeeping expenses	3,328		3,699	
Meals & meetings	191		-	
President outlays	350		-	
Members Meetings	585		944	
Q Guild	8,029		7,115	
Executive managers expenses	2,217		558	
Member support services	296		77	
Competition expenses	5,998		(66)	
Cost of Merchandise	1,715		2,855	
Golf expenses	1,135		791	
Bank charges	1,161		1,344	
Printing and stationery	9,335		8,453	
Advertising	26,962		7,202	
Regional meetings	706		-	
AGM Expenses	1,291		-	
Telecommunications	1,015		1,123	
Sundry expenses	330		449	
Depreciation	1,219		1,593	
		<hr/>		<hr/>
		(168,055)		(138,695)

**SCOTTISH CRAFT BUTCHERS
(PREVIOUSLY SCOTTISH FEDERATION OF MEAT TRADERS
ASSOCIATION)**

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)

- MEMBERS SERVICES

FOR THE YEAR ENDED 31 AUGUST 2022

	2022		2021	
	£	£	£	£
Operating surplus		3,136		21,015
Interest receivable and similar income				
Interest received	34		7	
Dividends received from listed investments	5,576		5,130	
		5,610		5,137
Other gains and losses				
Movement in Market Value of listed investments		18,823		29,016
Surplus before taxation	16.10%	27,569	34.54%	55,168