Registered number: SC010100

THE SCOTTISH FEDERATION OF MEAT TRADERS ASSOCIATIONS (INCORPORATED)

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

COMPANY INFORMATION

Directors	T G Courts (appointed 23 October 2019) J Chapman S Christie (resigned 23 October 2019) J G King S Jarron
Company secretary	J G King
Registered number	SC010100
Registered office	8 Needless Road Perth PH2 0JW
Independent auditors	Findlays 11 Dudhope Terrace Dundee DD3 6TS

THE SCOTTISH FEDERATION OF MEAT TRADERS ASSOCIATIONS (INCORPORATED)
(A Company Limited by Guarantee)

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ANNUAL REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The chairman presents his statement for the period.

Principal activities:

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

The Federation 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 loss for the year (after tax) amounted to £33,176 (2019 – Profit £288).

Executive Manager's review of activities and future developments:

It has been a year like no other for our organisation and our members. The impact of covid-19 has meant our members have had to adapt to provide a service to the consumer that has seemed like a continued Christmas trade for nearly 8 months. 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. That against a background of uncertainty created by Brexit that has dent both business and consumer confidence, and the continued weakening of traditional shopping locations.

Members have had to adapt to social distancing measures, use of face coverings and in some cases furloughed staff. This has meant that the members have 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 Federation continues to provide.

Issues have changed continually over the decades but with the guidance of its President and his Executive Committee, the Federation 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 in particular. 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.

The Federation 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.

Federation members continue to have issues over inconsistency of food safety regulation and varying interpretations on guidance, but the SFMTA 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 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.

The Federation 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.

Representation continues on the Scottish Government's Animal Health and Welfare Stakeholder Group and the Federation 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 retirals, 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 Federation Membership is 389: 300 businesses (297 in 2019) plus 89 branches (92 in 2019).

Competition continues to be competitive with discount supermarkets making a bigger impact on 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 has been that members are experiencing an upturn in trade with many consumers rediscovering their local butcher.

It has been increasingly important for the Federation to provide members with guidance and advice to enable business to continue to trade profitably. Federation members have been kept up to speed with all the developments in the meat industry, regional meetings have been 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 closer 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.

Both sides of the Federation – 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. 172 trainees are currently on funded training, 107 trainees achieved Modern Apprenticeships in the last contract year. 151 trainees came on to training in the last contract year while 58 of the allocated 145 places in the current contract have been taken up. 2 Craft certificates and 1 Federation Diplomas were presented during the year.

In order 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 will apply for approval to deliver the new Spirits Industry Modern Apprentice qualification in the next calendar year.

SFMTA 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.

Under the guidance of Paul Bache 1 Meat Managers HACCP and Hygiene Courses were held during the year with the 11 candidates attending achieving a high standard of certification.

Regional meetings have been held throughout the country – Ayr, Stepps, Renfrew, Inchture, Dumfries, Carfraemill, St Boswells, Perth, Dalgety Bay, Oldmeldrum, Inverness and Elgin. All have been very well attended and well received. The most recent meetings have been held via video conference calls due to the covid-19 restrictions.

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

We have 33 Corporate members, (29 in 2019). They have been great supporters to the Federation 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 Steak Pie, Speciality Pie and Mince Round Products Evaluation was held and results were announced in September. The Beef burger, speciality burger and speciality sausage evaluations were held in March. However, due to the covid-19 pandemic and associated lockdown, the announcement of the winners had to be delayed until July. 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 the Federation and a further benefit introduced at the request of the members at the 2014 AGM – indemnity cover for cost of employment law tribunals. A Health and Safety adviser is also retained to provide members with advice.

For the One Hundred and first Annual General Meeting, the Federation went to the President's hometown of Dundee. It was held on 20th November 2019 in the Doubletree by Hilton hotel where Scott Jarron was re-elected President. The very well attended meeting was fortunate to attract top speakers – Alan Clarke from QMS, Andy McGowan from Scottish Pig Producers and Tony Luckhurst, President of the National Craft Butchers - 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.

2021 is due to be a trade fair year. We have provisionally booked the Dewar's rinks in Perth for Sunday 16th 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.

The Federation 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 popular 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.

Name J G King
Executive manager

Date 27 October 2020

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The directors present their report and the financial statements for the year ended 31 August 2020.

Directors' responsibilities statement

The directors are responsible for preparing theDirectors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- 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 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 to 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.

Directors

The directors who served during the year were:

T G Courts (appointed 23 October 2019)
J Chapman
S Christie (resigned 23 October 2019)
J G King
S Jarron

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Findlays, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 27 October 2020 and signed on its behalf.

J G King
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE SCOTTISH FEDERATION OF MEAT TRADERS ASSOCIATIONS (INCORPORATED)

Opinion

We have audited the financial statements of The Scottish Federation of Meat Traders Associations (Incorporated) (the 'Company') for the year ended 31 August 2020, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including a summary of 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 2020 and of its loss 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

In connection with our audit of the financial statements, 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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE SCOTTISH FEDERATION OF MEAT TRADERS ASSOCIATIONS (INCORPORATED) (CONTINUED)

knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 Strategic Report or 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' exemptions 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 on page 4, 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE SCOTTISH FEDERATION OF MEAT TRADERS ASSOCIATIONS (INCORPORATED) (CONTINUED)

Auditors' 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 Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's shareholders 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders for our audit work, for this report, or for the opinions we have formed.

Lesley Campbell, CA (Senior Statutory Auditor)
for and on behalf of
Findlays Chartered Accountants
11 Dudhope Terrace
Dundee
DD3 6TS

27 October 2020

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Craft Skills Scotland		205,582	263,459
Member Services		161,794	198,112
Gross profit		367,376	461,571
Member Services		(165,223)	(203,904)
Craft Skills Scotland		(234,403)	(272,550)
Gain from changes in fair value of listed investments		(12,715)	7,628
Operating loss		(44,965)	(7,255)
Income from fixed assets investments		6,846	7,427
Interest receivable and similar income		93	116
(Loss)/profit before tax		(38,026)	288
(Loss)/profit after tax		(38,026)	288
Retained earnings at the beginning of the year		434,910	434,622
		434,910	434,622
(Loss)/profit for the year		(38,026)	288
Retained earnings at the end of the year		396,884	434,910

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

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	4		**193,331**		*195,576*
Investments	5		**182,515**		*195,230*
			375,846		*390,806*
Current assets					
Stocks		**773**		*480*	
Debtors: amounts falling due within one year	6	**34,280**		*31,647*	
Cash at bank and in hand	7	**75,359**		*81,658*	
		110,412		*113,785*	
Creditors: amounts falling due within one year	8	**(89,374)**		*(69,681)*	
Net current assets			**21,038**		*44,104*
Total assets less current liabilities			**396,884**		*434,910*
Net assets excluding pension asset			**396,884**		*434,910*
Net assets			**396,884**		*434,910*
Capital and reserves					
Profit and loss account	9		**396,884**		*434,910*
			396,884		*434,910*

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 October 2020.

J G King
Director

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. General information

Scottish Federation of Meat Traders Association is a private company, limited by guarantee, domiciled in Scotland, registration number SC010100. The address of the registered office is given in the company information page of these financial statements.

The financial statements are presented in sterling which is the functional currency of the company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

2.2 Going concern

Despite the end of lockdown in the wake of COVID-19 the company are still trying to re-establish fully the trading income they lost and to set out working practices for going forward. The situation with COVID-19 is still not clear and the country could be placed into another lockdown if the government feels this is appropriate.

At this moment all employees are back working and assessors are working to try and bring in much needed training income. The directors have undertook a budgeting exercise to account for the possibilty some events might not go ahead in the forthcoming year due to Scottish Government restrictions. The budgets prepared potential cashflows based on a couple of different scenarios on when events would be allowed to recommence. Although cashflow is tight the directors believe at this time there is no indication that the company cannot continue to trade as a going concern for the forseeable future.

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Subscriptions and other receipts are credited to income in year in which they are invoiced. Trade fair income is credited to income in the financial year in which the trade fair takes place.

2.4 Operating leases: the Company as lessee

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

2.5 Government grants

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

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

2. Accounting policies (continued)

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Pensions

The company operates a defined contributions scheme for the benefit of its employees. Contributions payable are recoginised in the profit and loss account when due.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using a straight line or reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 0.12% straight line
Fixtures and fittings	- 20% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Valuation of 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 at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the year was 7 *(2019 - 7)*.

4. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 September 2019	190,992	78,717	269,709
Additions	-	578	578
At 31 August 2020	190,992	79,295	270,287
Depreciation			
At 1 September 2019	7,812	66,321	74,133
Charge for the year on owned assets	229	2,594	2,823
At 31 August 2020	8,041	68,915	76,956
Net book value			
At 31 August 2020	182,951	10,380	193,331
At 31 August 2019	*183,180*	*12,396*	*195,576*

5. Fixed asset investments

	Listed investments £	Unlisted investments £	Total £
Cost or valuation			
At 1 September 2019	195,079	151	195,230
Revaluations	(12,715)	-	(12,715)
At 31 August 2020	182,364	151	182,515

5. Fixed asset investments (continued)

Listed investments have been revalued at market value. This is based on a 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 (2019 - £66,462).

There has been no recent valuation of the unlisted investments including the president's chain and trophies. The wholly owned subsidiary Craft Skills Scotland, previously known as Scottish Meat Training Limited was dormant throughout the financial year.

Summary of investments

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. Theserisks 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 Governors 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 Governors 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 Governors 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.

5. Fixed asset investments (continued)

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.

6. Debtors

	2020 £	*2019* *£*
Trade debtors	**16,877**	*16,577*
Other debtors	**16,358**	*12,350*
Prepayments and accrued income	**1,045**	*2,720*
	34,280	*31,647*

7. Cash and cash equivalents

	2020 £	*2019* *£*
Cash at bank and in hand	**75,359**	*81,658*
	75,359	*81,658*

8. Creditors: Amounts falling due within one year

	2020 £	*2019* *£*
Trade creditors	**3,435**	*1,120*
Other taxation and social security	**21,648**	*4,735*
Other creditors	**48,661**	*45,347*
Accruals and deferred income	**15,630**	*18,479*
	89,374	*69,681*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. Reserves

Profit and loss account

Includes £116,053 (2019 - £128,768) from the revaluation of listed investments to market value which is considered to be an undistributable reserve.

10. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

11. Contingent liabilities

The Federation receives grant funding from Skills Development Scotland. This grant may be repayable should the Federation not comply with the grant conditions.

12. Pension commitments

The Company operates a defined contributions pension scheme. 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 £4,561 (2019 - £3,778). Contributions totalling £1,579 (2019 - £1,396) were payable to the fund at the balance sheet date and are included in creditors.

13. Commitments under operating leases

At 31 August 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	*2019*
	£	*£*
Not later than 1 year	**3,384**	*3,384*
Later than 1 year and not later than 5 years	**-**	*3,384*
	3,384	*6,768*

Registered number: SC010100

THE SCOTTISH FEDERATION OF MEAT TRADERS ASSOCIATIONS (INCORPORATED)

(A Company Limited by Guarantee)

DETAILED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2020

DETAILED INCOME & EXPENDITURE
FOR THE YEAR ENDED 31 AUGUST 2020

MEMBERS SERVICES

	2020	2019 £	2018 £
OPERATING INCOME			
Subscriptions	95,221	92,164	89,888
Advertisements Handbook	-	-	-
Sundry Income	268	210	230
Corporate Memberships	22,180	19,484	20,567
Competition Entry Fees	5,973	11,625	9,438
Room Hire	100	80	40
Newsletter Income	2,300	3,735	1,705
Golf Income	-	2,013	1,582
Sponsorship	2,567	6,100	4,833
Awarding Body Income	485	660	870
Sale of Merchandise	2,997	2,216	4,323
Trade Fair Receipts	-	26,015	-
Sale of ties	39	-	-
AGM Income	-	2,440	740
Job retention scheme	1,664	-	-
Savoury Pastry Awards	-	-	7,935
Q Guild	28,000	31,370	30,000
	161,794	198,112	172,151
OPERATING EXPENSES	165,223	203,904	182,762
Operating surplus/(deficit)	(3,429)	(5,792)	(10,611)
Other interest receivable and similar income			
Bank interest received	29	68	18
Income from Investments			
Dividends received from listed investments	6,846	7,427	6,541
Gain on sale of investments	-	-	-
Movement in Market Value of listed investments	(12,715)	7,628	23,268
Net surplus/(deficit) for the year	(9,269)	9,331	19,216

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 AUGUST 2020

MEMBERS SERVICES

OPERATING EXPENSES	2020	2019	2018
	£	£	£
Regional Meetings	5,272	5,678	8,150
Cost of Merchandise	2,125	1,156	2,087
Travel Expenses C.E.	-	2,771	3,989
Bad debts	598	-	-
Competition Expenses	4,486	20,745	11,636
Subscriptions	-	119	105
Salaries & Wages	62,761	66,944	64,034
Bookkeeping Services	3,176	3,024	3,296
Consultancy Fees	22,557	21,571	21,200
Repairs & Maintenance	1,556	1,299	1,342
Telephone	1,302	975	706
Rates	303	464	(842)
Heat & Light	771	897	965
Audit & Accountancy Fee	2,457	2,036	1,691
Savoury Pastry Awards	-	-	7,691
Stationery/Printing	6,842	4,555	6,608
Bank Charges	1,291	1,730	1,308
Presidents Outlays	285	942	1,092
Internet	-	72	169
Postage	10,513	8,815	9,657
Golf Expenses	220	2,694	2,295
Executive Meetings and Travel Expenses	1,594	3,085	2,190
Joint Adverts/Promotions	16,840	8,021	16,089
Meals & Meetings	212	359	232
General Expenses	691	1,340	275
AGM Expenses	1,388	5,519	1,114
Member Support Services	448	891	750
Depreciation	1,548	1,759	1,362
Office Cleaning	759	600	392
Computer Supplies	1,590	1,754	1,273
Insurance	740	732	743
Staff Training	-	95	87
Q Guild	7,045	7,815	8,228
Equipment Hire	2,369	2,956	1,823
Executive Managers expenses	3,484	663	-
Legal & professional	-	856	405
Trade Fair	-	20,972	620
	165,223	203,904	182,762

DETAILED INCOME & EXPENDITURE
FOR THE YEAR ENDED 31 AUGUST 2020

CRAFT SKILLS SCOTLAND DEPARTMENT

OPERATING INCOME	2020	2019	2018
	£	£	£
Skills Development Scotland	168,709	247,526	240,204
Apprentice Admin Income	-	-	1,500
Business support grant	10,000	-	-
Food Distance Ess Hyg Course	850	2,295	1,355
Job retention	24,493	-	-
Craft Certificates	-	360	2,160
Course Income	(560)	6,510	13,545
Sponsorship	1,100	5,348	-
Private Training	-	-	-
HACCP Course	-	-	-
Sundry Income	990	1,420	1,989
	205,582	263,459	260,753
Operating expenses	(234,403)	(272,550)	(275,682)
OPERATING SURPLUS/(DEFICIT)	(28,821)	(9,091)	(14,929)
Other interest receivable and similar income			
Bank interest received	64	48	13
Net surplus/(deficit) for the year	(28,757)	(9,043)	(14,916)

THE SCOTTISH FEDERATION OF MEAT TRADERS ASSOCIATIONS
(A Company Limited by Guarantee)

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31 AUGUST 2020

CRAFT SKILLS SCOTLAND DEPARTMENT

	2020	2019	2018
OPERATING EXPENSES	£	£	£
Sundry Expenses	844	1,319	470
Training Materials	4,207	2,556	3,451
Travel	19,525	30,887	30,480
Bookkeeping	3,360	3,360	3,400
SVQ Registrations	16,714	16,845	17,423
Other SVQ expenses	-	-	-
H&I SVQ Registrations	-	1,731	4,203
Meat Skills Workshops	-	2,789	1,535
Bad debts	500	-	-
Course Expenses	2,100	5,461	9,379
Salaries & National Insurance	155,639	175,741	173,354
Professional fees	608	856	945
Training Awards	2,355	1,348	500
Staff Training	-	1,175	51
Telephone	5,420	3,203	3,462
Stationery/Printing	3,244	3,735	8,524
Postages	4,590	4,962	5,542
Marketing	484	119	-
Electricity/Gas	1,798	2,094	1,830
Internet	-	856	717
Computer Supplies	2,867	3,135	2,630
Irrecoverable VAT	(100)	(275)	166
Repairs & Maintenance	739	1,265	1,242
Office Cleaning	1,580	1,306	613
Insurance	1,384	1,319	1,371
Rates	708	1,082	(764)
Subscriptions	322	492	453
Audit Fee	2,829	2,516	1,679
Bank Charges	396	256	306
Depreciation	1,275	1,567	1,939
Profit on sale of assets	-	(417)	-
Photocopier Lease	1,015	1,267	781
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	234,403	272,550	275,682
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