



Working together to shape
the future of farming and food

- Co-operation
- Supply Chains
- Collaboration
- ScotEID
- Technology
- Innovation

SAOS Members

More details on www.saos.coop

Aberdeen Grain Storage Ltd

01651 882244

www.aberdeengrain.co.uk

ANM Group Ltd

01467 623700

www.anmgroup.co.uk

Argyll Hill Lamb

01852 316220

www.argyllhilllamb.com

Argyll Small Woods

01583 431233

Aspatia Farmers

01697 320207

www.aspatiafarmers.co.uk

Ayrshire Country Lamb Ltd

01292 560740

www.farmstock.org.uk

Birsay Farmers Ltd

01856 874654

Border Counties Prime Stock Ltd

01750 723366

www.farmstock.org.uk

Borders Machinery Ring Ltd

01896 758091

www.ringleader.co.uk

Caithness Machinery Ring Ltd

01847 841310

www.caithnessmachineryring.co.uk

Caledonian Organics Ltd

01557 814656

www.caledonianorganics.co.uk

Co Chomunn An Lochdair

01870 610205

www.carnanstores.co.uk

Dalkeith Farmers Ltd

01875 820810

DWP Harvesting Ltd

01339 885335

www.dwpharvesting.co.uk

East Lothian Potatoes Ltd

01361 883488

East of Scotland Farmers Ltd

01828 627264

www.eosf.co.uk

East of Scotland Growers Ltd

01334 654047

www.eastofscotlandgrowers.co.uk

Farm Stock (Scotland) Ltd

01750 723366

www.farmstock.org.uk

First Milk

0141 887 6111

www.firstmilk.co.uk

First Venison Ltd

01507 353770

Galloway Lamb Ltd

01899 221419

www.farmstock.org.uk

Girvan Early Growers Ltd

01465 715328

Grainco Scotland Ltd

01888 564190

www.grainco.co.uk

Grampian Growers Ltd

01674 830555

www.grampiangrowers.co.uk

HBS Ring Ltd

01463 811603

www.hbsring.co.uk

Highland Grain Ltd

01463 811435

www.highlandgrain.co.uk

Lewis Crofters Ltd

01851 702350

www.lewiscrofters.co.uk

Lothian Lamb and Beef Ltd

01501 823151

www.farmstock.org.uk

Lothian Machinery Ring Ltd

0131 339 8730

www.lothianmachineryring.co.uk

Milk Suppliers Association

01988 700240

www.msa.scot

Montrose Potatoes

(Growers) Ltd

01738 633571

North Uist & Benbecula Livestock Marketing

01876 500329

Orkney Auction Mart Ltd

01856 872520

www.orkneymart.co.uk

Orkney Business Ring Ltd

01856 879080

www.orkneybusinessring.co.uk

Orkney Cheese Company Ltd

01856 872824

www.orkneyfoodanddrink.co.uk

Quality Pork Ltd

07469 855370

Ringlink (Scotland) Ltd

01561 377790

www.ringlinkscotland.co.uk

Rural Services Scotland Ltd

01738 550101

www.scotlandfarmer.co.uk

Saltire Seed Ltd

01358 742000

www.saltire-seed.co.uk

Scotlean Pigs Ltd

01228 541566

www.scotlean.co.uk

Scott Country Lamb Ltd

01835 840283

www.farmstock.org.uk

Scott Country Potatoes Ltd

01573 225125

Scottish Agronomy Ltd

01577 862759

www.scottishagronomy.co.uk

Scottish Bee Services Ltd

01828 640821

Scottish Borders Produce Ltd

01890 751663

www.scottishbordersproduce.com

Scottish Farm Carbon

0300 456 2209

Scottish Organic Milk

Producers Ltd

enquiries@scottishorganicmilk.org

www.scottishorganicmilk.org

Scottish Organic Producers

Association Ltd

0131 335 6606

www.sopa.org.uk

Scottish Pig Producers Ltd

01466 792284

www.scottishpigs.coop

Scottish Shellfish Marketing Group Ltd

01698 844221

www.scottishshellfish.co.uk

Shetland Abattoir

Co-operative Ltd

01595 696300

Shetland Livestock Marketing Group Ltd

01595 696300

www.slmg.co.uk

SmartRural Ltd

07840 363164

www.smartrural.coop

South West Machinery Ring Ltd

01557 820370

www.swmr.co.uk

Tarff Valley Ltd

01557 820247

www.tarffvalley.co.uk

Tayforth Machinery Ring Ltd

01577 830616

www.tayforth.co.uk

United Farmers Ltd

0131 334 3111

www.unitedfarmers.co.uk

United Oilseeds Marketing Ltd

01380 729200

www.unitedoilseeds.co.uk

Westray Processors Ltd

01857 677273

www.orkneyfoodanddrink.co.uk

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Chairman's Statement

Mark Clark



Mother nature has a wonderful habit of causing chaos in our industry. Now into our third week of flower production (in early March), and having started four weeks earlier than last year, we have witnessed two weeks of summer weather, followed by a week of rain, sleet and snow and daily temperatures of no higher than 6 degrees. Consequently, our flowers are somewhat confused! Already, spring barley is drilled in the lighter sandy soils, some four to six weeks earlier than 2018. In our potato business, the export season went well with strong demand for quality potatoes. This resulted in increased prices for most Scottish varieties.

As a predominantly export co-op, we are extremely concerned about the outcome of Brexit and how our business and many other Scottish co-ops will be affected. With Scottish Government and various other agencies, we are discussing plant passporting, phytosanitary certificates, access to seasonal migrant labour, packaging and labelling changes, certification schemes, plant breeding rights, the list goes on. Having travelled extensively throughout the USA and mainland Europe in the last four months, I have learned that our customers are horrified, and wonder how such a progressive country has got itself into such a state. 2019 will be a real challenge, with the uncertainties surrounding our industries affecting investment and hampering innovation, which we know is extremely active in the co-operative sector.

In May 2018, the Agriculture Champions published their report. It was pleasing to see the need and potential for greater co-operation and collaboration recognised, and for SAOS to be identified as the business at the forefront of both, be it through our supply chain work, co-op services, ScotEID or Carbon Positive. At any time, SAOS is operational in over 40 individual projects. SmartRural is a relatively new development project for SAOS, which will enable the 'internet of things' to become a reality in farming. 2018 was an extremely successful year for SAOS, with continued investment in people and resources creating a strong financial result.

At the end of March 2019, James Graham will retire after 33 years with SAOS and 21 years as CEO. James has been a driving force, developing SAOS into what it is today, and in his quiet and professional way has been influential in the success of many co-ops and sectoral businesses. On 4th March, Tim Bailey took over from James as CEO and I am sure you all wish him well in his new post. I would like to thank James, my predecessor George Lawrie, and all the staff, Directors and Council Members at SAOS for their dedication.

I end by offering SAOS's deepest sympathies to the family of Graeme Johnston, who died in a tragic accident at home, at the end of February. As Finance Manager for ten years, Graeme was a highly-valued and much-liked member of the SAOS team. He was held in the highest regard by the Board. He is greatly missed by all.

"we are extremely concerned about the outcome of Brexit and how our business and many other Scottish co-ops will be affected."

Chief Executives' Statements

Tim Bailey



As the new CEO, I would like to thank James for his leadership role developing and diversifying this organisation so successfully. This will not only sustain SAOS for future success, but places it in a pivotal position to support our members and the wider Scottish food industry for the years ahead.

As I write this, just days before planned 'Brexit Day', we are still no nearer to knowing what the eventual outcome will be. The one certainty is that, Brexit aside, the world is changing around us at an ever-increasing pace. There are challenges ahead, but also many opportunities, and the need for co-operation, collaboration and innovation is more vital than ever. SAOS members are not only living and breathing these, but we are collectively in a great place to withstand challenges and maximise the opportunities through our 'can-do' approach, whether that's better utilisation of food chain data, early adoption of new technology, or more efficient sharing of resources. More than

ever, we need to build upon this and promote our work as pioneers for how the wider food and farming sector can succeed in this changing post-Brexit world.

"the world is changing around us at an ever-increasing pace. There are challenges ahead, but also many opportunities, and the need for co-operation, collaboration and innovation is more vital than ever."

James Graham



This is my final report to the Members of SAOS. I leave at the end of March 2019 after more than 33 years with SAOS.

Soon after I was appointed Chief Executive in 1998, we identified three important objectives to secure the future of SAOS. First, we needed to have better farmer co-ops in Scotland. Second, we needed to diversify SAOS's activities and have more impact, building on the values of co-operation on which the organisation is founded. Third, we needed to broaden

and deepen our skills and expertise. I leave, satisfied that all three have been achieved and more, and that we have transformed SAOS. The credit goes entirely to my committed, hard-working, skilful colleagues, and a series of progressive, supportive boards of directors, to all of whom I give my thanks. SAOS and Scotland's agri co-ops are ideally positioned to lead the farming industry into the future, whatever challenges may come. I wish Tim Bailey and SAOS great success in the next few years, as the transformation continues.

"we needed to diversify SAOS's activities and have more impact, building on the values of co-operation on which the organisation is founded."

About SAOS

SAOS's Purpose and Beliefs

The purpose of SAOS is to ensure that Scotland's farming, food and drink businesses benefit from the commercial advantages that are achieved through co-operation and collaboration, enabling them to contribute to the success of Scotland's food and drink industry and its rural economy.

We believe that Scotland's farmers and food businesses can preserve their independence and grow, by co-operating to secure gains that are not available when acting independently of each other. Collaboration within food and drink supply chains generates additional value for all participants by developing transparency and trust and reducing uncertainty and risk.

SAOS's Values

SAOS's values are co-operative values of self-help, self-responsibility, democracy, equitability, transparency, openness, learning and concern for community. SAOS works for the benefit of farmers, the food and drink industry and rural Scotland, and strives to be a source of innovation for them. All of our resources are applied to delivering our purpose. SAOS is prohibited by its Rules from distributing any profits to members.

SAOS engages and harnesses the uniqueness, talents, beliefs, capabilities and ways of working of the people who work for our organisation. We provide a culture where people are valued and respected, and contribute their best work. We recognise and respect that every one of our staff and our associates are exceptional with individual differences and talents that enhance the unique values of SAOS.

Towards 2025

Towards 2025, the opportunities for increasing the output and value of our farming, food and drink industry are substantial. Leading edge knowledge and technologies are more affordable and available than ever, and accessing markets and consumers who value the special provenance and integrity of Scotland's products is feasible, wherever they may be. Consequently, Scotland has adopted ambitious targets in response to growing global demand for quality food and drink.

The opportunities are greater than ever, but so are the challenges and demands which must be overcome or managed within an extremely competitive market. Volatility, uncertainty, complexity and ambiguity, emanating from a myriad of sources, feature and impact on all parts of farming, food and drink supply chains - and at an accelerating pace. This means that better management of business resources, risks and the need for greater resilience must be accommodated with the requirement for ambition, innovation, investment and entrepreneurialism.

SAOS's Role

SAOS's role is described by stakeholders as "helping to keep us one step ahead". To meet this expectation in tomorrow's business environment, SAOS adopts a leadership role in identifying opportunities for new co-operation and collaboration. We research and develop strategies that deliver the potential for growth in output and value, and which also take into account the complexity and risk in implementation. To enable this, we invest in our people, our key resource, so that we increase our knowledge and deepen our specialisms and skills in innovation and change management, delivered through co-operation and collaboration. We seek to achieve synergy and connection across all our areas of expertise, in collaboration with many partner organisations and associates.

What others value in SAOS:

- **"Not just another consultancy: concerned with long term interests of the industry"**
 - **"Invests in ideas and independent thinking"**
 - **"Both architect and deliverer of solutions"**
 - **"Shares ownership and responsibility through implementation"**
 - **"Specialists with a can-do culture. Making a difference."**
 - **"Exemplifies partnership"**
 - **"SAOS's role – to keep us one step ahead"**
-

Strategic Objectives

1 Industry Co-operation and Collaboration



Amongst Farmers

We will enable farmer co-operation and co-ops to be pre-eminent in optimising farmers' market opportunities and access by acting as initiators of innovation in farm production and supply chains. Their effectiveness will create better connection with, and be essential in, the growth of Scotland's food and drink industry, and be a determining factor in attracting new investment in food and drink processing.



Within the Supply Chain

We will generate horizontal and vertical collaboration amongst businesses and within supply chains so that it becomes a mainstream strategy of Scotland's farming, food and drink industry. Increasing ambition and transparency will generate growth and value.

Climate Change

We will provide thought leadership on behalf of the industry to enable agriculture in Scotland to respond collectively and collaboratively to the challenges of climate change, capturing opportunities for growth, mitigation and adaptation across the sector. Positive engagement will facilitate meaningful change, preserve the value of the Scottish offering and secure competitive advantage for the industry.

2 Resources

In-house Talent

Our team will consist of talented, motivated, committed individuals who are highly effective and highly regarded in meeting industry needs and in implementing SAOS's objectives and strategies, whilst at the same time exemplifying and practising SAOS's co-operative values.

Working With Others

We will create collaborations that enable us to deliver our projects and initiatives and, in so doing, exemplify successful partnership and demonstrate good practice in relationships and participation in the industry.

Finance

We will secure the resources and roles that will enable us to deliver SAOS's strategic objectives. The financial resources generated by SAOS will be optimised by continuously strengthening our contribution towards the industry's success. We will work to generate multiple income streams, including delivery of profitable SAOS services, and by securing appropriate work outside Scotland.

3 Governance of SAOS

We will enable full participation by our members in the governance of SAOS, in accordance with our Council and Board Governance Charter, and compliance with the best practice principles contained in the SAOS and Co-operatives UK Code of Governance for Agricultural Co-operatives. We will empower members to exercise their roles, responsibilities and control rights.



Our Impact in 2018

Collaboration in Supply Chains

Our work targets the extra value that can be realised when businesses collaborate in improvement programmes that increase chain innovation, efficiencies and market competitiveness. We supply the knowledge, skills and essential facilitation that is required across links in the chain, and amongst similar businesses that may join in co-venture.

We worked in strategic collaboration with a range of valued partners who contributed knowledge, skills and funds. Intensive work was carried out in projects including Market Driven Supply Chains (delivered by SAOS), Connect Local, Innovation Insights, Collaborative Groups and Strategies, Rural Innovation Support Service (as key project delivery partners in all) and KTIF projects. Some highlights:

Strategic Supply Chain Support and Alignment

- Working closely with other key organisations as part of the SF&D Supply Chain Board
- Developing strategic and innovative solutions to supply chain development
- Providing expertise into emerging supply chain Brexit issues across sectors
- Facilitating and driving more strategic partnerships between academia and the sector.

Market Driven Supply Chains

- Target of 20 new projects in export and UK markets
- Potential for £24m in added value and sales
- Solutions developed throughout the supply chain from primary production to end market in UK and exports
- Nine projects under way, already delivering an estimated £9m of new sales and efficiencies.

Connect Local - Local Food and Drink Marketing Advisory Service

- Developed new local food evaluation model estimating current value of £1.3bn ex-factory gate
- Support for 40 regional, local and sector specific groups
- Business development advice to 450 businesses
- Supporting the new Food Tourism strategy with a Scotland-wide local food supply chain initiative

- Launch of Regional Food Funds with 36 projects supported
- Facilitated 400 potential trading introductions
- Delivery of 35 workshops, and development of five Best Practice Guides
- Development and delivery of new workshops to support SF&D Regional Showcase Events.

Innovation Insights

- 905 companies inspired to become 'innovation active'
- 125 research and knowledge pieces produced for industry
- Five events delivered and 18 presentations made to bespoke audiences
- Six new case studies produced
- 63 stakeholder engagements.

Collaborative Groups and Sector Strategies

- Supporting seven groups to accelerate pace of sector development
- Includes fine cheese, rape seed oil, craft distillers, venison, organic, chocolatiers and honeyberries
- Developed or supported new growth strategies for venison, pigmeat, fruit, vegetables and potatoes and revised dairy strategy under way
- Strategic Reviews under way for Seafood Scotland and Organic Sector.

Rural Innovation Support Services

- Approach seeks to increase rural innovation, including strengthening the links between producers, research, other rural partners, and the rest of the food and drink supply chain
- Fostered through a network of collaborative innovation groups
- Target of establishing 43 groups focussed on a key topic or issue
- 22 groups under way with SAOS facilitating six to date
- First group concentrating on dairy genetics now progressed to successful KTIF application.

Knowledge Transfer, Development and Innovation

- Strengthening relationships with key academic and research institutes, developing innovative joint project opportunities
- Dairy genetics, east west grazing and woodchip bedding KTIF projects secured
- KTIF Lamb supply chain year-round availability and quality improvement project from farm to fork, with Farm Stock Scotland, a leading Scottish processor and a UK multiple
- Completion of successful on-farm lean project with Milk Suppliers Association
- Study into red meat export regulations under way and completion of Island Abattoirs development review.

Key partners in the above included Scotland Food & Drink, the Scottish Government, Scottish Enterprise, Highlands & Islands Enterprise and SAC Consulting/SRUC.

Our Impact in 2018

Agricultural Co-operation – Co-operation Amongst Farmers

Through co-operation, SAOS helps farmers to secure the advantages of working together both at farm level and through pooling and upscaling in their buying, selling and improving productivity. Farmer co-ops are essential supply chain partners in many sectors. Our co-op team is expert in facilitation, co-op business strategy, member relations and co-op governance.

Co-op Governance and Training Services delivered in 2018/19

The KTIF Grant we secured in 2016 supports us to deliver a suite of training and knowledge transfer activities. A variety of learning events was delivered to develop skills, and share knowledge and best practice, as a route to improve co-ops' governance and overall performance. These included:

- **25 Governance Services were delivered to 19 different co-ops, including:**

- Board Strategy Workshop
- Co-op Rules Updates
- Board Risk Registers
- Creating New SAOS Members
- Board Evaluations
- Member Surveys
- Board Skills Audit
- Member Values Statements
- Company Secretary Service.

- **Seven Training Workshops were delivered to 92 participants from 38 different co-ops**, an increase of 20 participants on 2017, and of 55 on 2016.

- **Two new workshops were developed**

- GDPR: Understanding Your Responsibilities
- The Art of Being a Successful Chairperson.

- **Six Forum Groups met throughout the year** including the new South Young Co-op Staff Forum:

- Co-op Managers North and South – total of 12 co-ops represented
- Co-op Chairperson – 20 co-ops represented
- Assistant Managers – 10 co-ops represented
- Young Co-op Staff North and South – total of 15 co-ops represented.

SAOS Annual Conference

Our conference in January on 'Promoting Innovation Through Co-operation' had record attendance numbers. We offered free 'Next Generation' and 'first time attendee' places to encourage new delegates. Bookings were up at least 10% for each part of the day and 27 co-ops were represented. We had 42 non co-op delegates, many from key stakeholder and innovation partner organisations.

Co-op Development Projects

We delivered several co-op development projects in accordance with our partnership with Scotland Food & Drink. Key outcomes:

- **Data-Tech Adoption** Two pig marketing co-ops supported to evaluate how data can be used to enhance value, reduce waste, increase market alignment and improve returns to members.

- **Member Value Proposition** 20 co-ops assisted in evaluating and reporting full benefits of co-op membership.

- **Co-op Member Communications**

Four co-ops supported to review and improve effectiveness of their member communications. New communication strategies adopted.

- **Board Performance and Diversity**

Director Introduction training courses provided to 33 potential new directors as a route to improve co-op board governance and diversity.

- **Agri Co-op Statistics** Research and compilation of agri co-op annual statistics to quantify scale, scope and trends in the Scottish agri co-op sector.

- **Balanced Scorecards** Published a guide for co-ops on how to prepare and implement balanced score cards in governance and management.

- **Next Generation Co-operators**

Supported and facilitated four co-ops to deliver 'Next Generation' groups focussing on members' sons and daughters. SAOS also worked with 15 co-ops, involving 22 of their younger members of staff, to develop their co-op understanding and personal skills.

- **Carbon Positive - Livestock**

Development and proposal for Scottish Government outlining a project to deliver a Livestock Performance Programme which was submitted to the KTIF fund.

- **Carbon Positive** Feasibility of, and plan for, national roll-out, delivered to Scottish Government and new project proposals were submitted to ScotGov for funding. (Funded separately by Scottish Government.)

Specialist Co-op Advice Service

We responded to 116 individual requests for advice from potential new co-op groups and established co-ops over the year – a total of 71 recipients benefitted from the service. These included:

- There were 25 interventions with farmers looking to form a new co-op or group.
- Co-op Governance advice was provided on 41 occasions
- Advice on co-op business operations was given 22 times.

Our Impact in 2018

ScotEID, SmartRural and Data Systems Development



ScotEID is the livestock traceability system for Scotland, which SAOS manages in a partnership between Scottish Government and the Scottish livestock industry. ScotEID's all-species data system and its Help Team provide a cost-effective, practical and efficient system which underpins food safety and disease control/response measures and supports commerce and trade. Collaborative working across industry reduces private sector costs by improving the speed and accuracy of data capture.

Continuing Progress of Development

We continued the development of ScotEID through five separate workstreams:

- Software systems support, refinement, data sharing and protection
- The help team providing assistance to ScotEID users
- Research, development and roll out of cattle EID systems
- Research and development of long-range wide area network (LoRaWAN) for data transfer from the field - **SmartRural**
- Development and roll out of horse residency and tracing – **ScotEquine**.

Scope of Systems and Support

The software systems and technical support encompasses:

- Sheep movements utilising EID
- Pig batch movements and pre-notification
- Cattle within business moves and registers (ScotMoves)
- Conterminous holdings mapping for ScotMoves
- Data management for the BVD eradication scheme
- BSE negligible status checker (currently switched off)
- Data management for the Beef Efficiency Scheme
- Scotch eligible cattle checker for QMS
- Porcine Epidemic Diarrhoea (PED) mapping
- Data sharing and integration including:
 - CTS, APHA, RPID-LIS, eAML2, ARAMs, AMLS, EIDCymru, EPIC
- Data provision to RPID for inspection purposes
- Livestock market price and sales data for Rural and Environment Science and Analytical Services (RESAS)
- Isle of Man sheep movement
- Data transfer to/from farm software providers.

Help Team

The Huntly-based expert help team responded to 13,075 calls in the year. Each team member has practical working knowledge of each species and their movement requirements, including:

- Sheep and Goats (Records, Identification and Movement) (Scotland) Order 2009
- The Pigs (Records, Identification and Movement) (Scotland) Order 2011
- The Bovine Viral Diarrhoea (Scotland) Order 2013
- ScotMoves business rules.

Process and Quality Standard

ScotEID has documented procedures supporting users with regulatory requirements. These are audited each year against ScotEID's ISO 9001:2015 certification and carried out by NQA.

System Traceability Statistics

- 15,000 holdings
- 13,000 keepers
- 1.63 million pig movements
- 5.4 million sheep movements
- ScotMoves (movements within business holdings): 250k cattle, 430k individual moves.

Continuing Research and Development of Cattle EID Systems

Defra's announcement to close the GB-wide Cattle Tracing System (CTS) provides a deadline for completion of the cattle module. This will entail extending ScotMoves' functionality to incorporate births, deaths and between-business moves. The shift from a GB-wide approach to one based on "distributed sovereign systems" provides greater local control over database design and operation, and changes the nature of external relationships. In particular, whereas all Scottish cattle data is currently held by the British Cattle Movement Service, completion of the

ScotEID database will mean that control of the data will reside in Scotland.

More information on ScotEID is available at: <http://www.saos.coop/what-we-do/scoteid-scotlands-livestock-traceability-system/>.

SmartRural

Our research and development of a long-range wide area network (LoRaWAN) solution for digital connection of Scotland's 'green spaces' is making strong progress. ScotEID's interest in LoRaWAN is in automated recording of animal movements between holdings. This can also extend to animal transport under welfare regulations, and multiple use of common grazing lands by different herds or flocks. The work is consistent with Scottish Government's refreshed Digital Strategy to ensure infrastructure that enables rural Scotland to achieve the economic benefits offered by current and emerging digital applications.

ScotEquine

ScotEID, working with Scottish Government, has designed and completed the Scottish Equine database that deals with the requirements of EC regulation 015/262 for passports, EID, and a database containing all issued identifications. Launching in 2019, ScotEquine's focus is on making data-gathering convenient, as ease of use and transparency are vital for data accuracy and quality. The system provides a ScotEquine card with the horse's details. The card contains a QR code which provides a connection through a mobile phone, registered with ScotEquine, to pinpoint any new location, and to record any move from a previous location.

Read more about ScotEquine at: <http://www.saos.coop/what-we-do/scoteid-scotlands-livestock-traceability-system/scotequine/>.

Our Impact in 2018

Membership and Governance



We work to extend knowledge and adoption of co-operation and collaboration throughout the industry and rural Scotland. We are committed to helping our members attain high standards of governance through continuous improvement, and we strive to demonstrate good practice in the governance of SAOS. We communicate with government to ensure that policy takes account of, and encourages, co-operation and collaboration.



Governance of SAOS

A report on the governance of SAOS is presented in the accounts pages.

New SAOS Members

We welcomed First Venison Ltd to membership of SAOS.

Knowledge Transfer and Communications

Improving awareness and understanding of co-operation and collaboration helps to stimulate new developments and growth. We published quarterly Update newsletters disseminating learning from our work and news of significant co-op developments, and we published information and news inserts in the NFUS Farming Leader. We maintained a strong presence on social media and added to our 'SAOS Co-op Shorts' library on YouTube with a video on Scottish Agronomy.

The theme of our annual conference was Innovation Through Co-operation. Over 130 delegates heard presentations from Prof Wayne Powell, SRUC; and Trevor Lockhart, Fane Valley Co-operative. Panel discussion speakers included Suzanne George, Growers Garden; John Gregor, ANM Group; Ian Cruickshank, Aberdeen Grain; and Alan Stevenson, SAOS.

Member workshop discussions took place on the topics of SmartRural and the 'Internet of Things', and Consumer Trends and Their Consequences for Co-ops.

Andrew McCornick, President, NFU Scotland, addressed delegates at dinner.

Future Agriculture Policy – Innovation Through Collaboration

In response to the Scottish Government's Stability and Simplicity consultation regarding policy in an interim EU withdrawal period, we promoted the innovation leadership role of co-ops, and their ability to accelerate the adoption of data-based systems to support farm decision making, and reasserted that better connecting Scotland's farmers with food and drink manufacturers requires closer alignment of future policies, strategies and resources. We suggested 'pilot projects' for the transition period to help inform future policy-making.

Key points in our proposals include:

- Provide grants via POs and co-ops across all sectors for innovation programmes
- Introduce a legal right for farmers to negotiate collectively with scale buyers of their produce
- Promote and assist supply chain collaboration projects
- Remove perceived competition law ambiguities relating to the legality of co-operative selling
- Require recipients of capital grants to engage with supply chain improvement back to farms
- Invest in rural infrastructure, connectivity and communities.
- Deepen policy alignment collaboration via the Scotland Food & Drink Partnership
- Farmer Co-operation – invest in expert knowledge and facilitation
- Supply Chain Improvement – invest in expert knowledge and facilitation.

The Agriculture Bill

Alongside Co-operatives UK, we supported the adoption in the Agriculture Bill of powers to recognise and distinguish Producer Organisations and to provide grant funding to them.

Governance Standards

We continued to promote and provide advice regarding governance enquiries stimulated by the UK Governance Code for Agricultural Co-operatives, which we published in partnership with Co-operatives UK in 2013.

SAOS Members Survey

We surveyed our members to ascertain how they regarded SAOS. 84% of respondents rated us 'above average' or 'excellent' value for money. Our highest ranked services were:

- Helps ensure co-op understanding amongst 'next generation' farmers and new entrants
- Promotes the co-op brand and business model
- Provides good networking opportunities with other farm co-ops – shared learning
- SAOS can play the 'honest broker' and facilitator role.

SAOS Staff Team

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Alan Stevenson –

Supply Chain Development Director

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Rona Sutherland –

Supply Chain Development Manager

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Hamish Walls – Marketing Specialist

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Allison Watson –

Team Support Executive

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Stephen Young – Project Manager

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Fergus Younger – Project Manager

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Bob Yuill – ScotEID Director

t: 01466 700203

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ScotEID Team:

Josie Forth – ScotEID Office Manager

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e: josie.forth@saos.coop

How We Work

Our effectiveness depends on the knowledge, skills and motivation of our team and the partners who contribute specialisms to our projects. Our culture encourages entrepreneurialism and self-responsibility in a team environment that is collegiate, mutually-supportive and recognises achievement within the context of our strategic objectives. We encourage and support learning and self-realisation appropriate to each individual.

In-Depth Specialist Knowledge and Expertise

Our team brings together deep knowledge of political, environmental, market and industry change and the resulting business pressures and needs, spanning from farm production to market development and fulfilment. We combine our analysis of change drivers with in-business and in-chain skills and services. Most important are strategic review and strategy development, supply chain collaboration facilitation, data application, and project management.

We Develop Solutions

We invest time and resources in researching and developing solutions that are commercial and pragmatic for farmer groups, co-ops, and supply chains. We look around the world for exemplars and interface with academia in several countries in which co-operation and collaboration are strong. We bring together the skills and partnerships that deliver innovation to our co-operatives, supply chains and food and drink industry.

Our Commitment to Members, Partners and Clients

SAOS is a 'think tank', a specialist consultancy, and a membership organisation. We facilitate and deliver multi-partner collaboration projects for a wide range of clients. We accept a high degree of responsibility for delivering the following:

- Thought leadership and access to knowledge
- Ambition and leadership amongst project partners, co-op members and directors, and a sense of responsibility for the future
- Open channels of communication that engender trust, transparency and integrity
- Good practice in governance of partnership projects and co-ops, and professional management
- Commercial outcomes that achieve client project objectives and satisfy co-op members' needs.

James Withers on behalf of Scotland Food & Drink Partnership

SCOTLAND FOOD & DRINK

Scotland's farming, fishing, food and drink industry continues to be one of the most successful sectors in Scotland, and I think it's fair to say there are few more exciting food and drink nations right now. From farm – and the sea – to the factory floor and the kitchen, we are hugely ambitious, proud of the outstanding products being reared, grown and manufactured on our doorstep and we are alive with talented people, employing over 119,000 people across the sector. In many ways, though, the major opportunities have still to be grasped. We want a profitable, responsible industry, built on a strong national brand, forging new markets. So, where do we go from here?



One of the single biggest reasons for the transformation in our food and drink story has been collaboration. It has been forged between different sectors of our industry and Scottish Government through the Scotland Food & Drink Partnership.

Since launching the Ambition 2030 strategy two years ago, we have developed the first national sector strategies. Comprising over fifty recommendations to drive the growth of the fruit and vegetables, pigs, venison, brewing and food tourism sectors significantly, they provide, for the first time, a clear view of the potential across these sectors and priorities for action, targeting over £800 million in growth. SAOS has been at the heart of their development. We are also exploring new supply chain thinking, led by SAOS, looking at how we can use academic and industry expertise to unlock higher productivity, more equitable growth and deliver a competitive advantage for our sector – and for Scotland.

However, two years on from the Brexit vote, developing solutions or planning for life outside of the EU has been hugely difficult. This unprecedented period of uncertainty has raised complex questions, not least around many of our supply chains. We've been working closely with government to safeguard the 70% of Scottish food exports that are destined for the EU each year, secure the future of 40,000 nationals from continental Europe working in our sector and protect the half a billion pounds of support for Scotland's farms. Once again, the collaboration which is at the heart of our sector has meant that different industry bodies have been speaking with the same voice.

Collaboration will be more important than ever, to increase resilience in the face of the shocks – whether that is Brexit or any other events that we can't foresee between now and 2030. A new discussion on the future of rural policy will be required to ensure there is the right encouragement for collaboration in the supply chain.

We know innovation will be key to growth. It always has been. With a fast-changing world of technology and consumer behaviour around us, properly utilising the world-class research base on our doorstep must now be a priority.

SAOS has been at the centre of the Scotland Food & Drink Partnership from day one. I can't think of anyone who has done more to drive this new culture of collaboration than James Graham. His quiet determination for us to recognise and use our collective strengths has created a platform for success. It is a fine legacy to have and one that I know Tim will take forward now and we look forward to him joining our Partnership.

Financial Statements

Year Ended 31st December 2018

Board of Directors at 31st December 2018

Mr Mark Clark, Chairman * +	Grampian Growers	
Mr John Hutcheson, Vice Chairman * +	Grainco Scotland	
Mr Gareth Baird	Scott Country Potatoes	
Mr George Lawrie	Scottish Agronomy	
Mr David Mitchell	East of Scotland Farmers	retired - May 2018
Ms Nina Clancy, Independent Director * +	RSABI	
Mr Stephen Cameron	Scottish Shellfish Marketing Group Ltd	
Mr Rory Christie	Milk Suppliers Association	
Mr Andy McGowan	Scottish Pig Producers Ltd	
Mr James Graham, Chief Executive +	SAOS	

* indicates membership of Audit Committee

+ indicates member of Personnel and Remuneration Committee

SAOS Council consists of the Board of Directors and the following members

Mr Robert Yuill	SAOS	
Mr James Withers	Scotland Food & Drink	
Mr Michael Bayne	Borders Machinery Ring	
Mr Ian Watson	Farm Stock (Scotland) Ltd	
Mr Richard McMinn	Tarff Valley Ltd	
Mr Scott Walker	NFUS	
Mr Jonathan Robinson	United Farmers	
Mr Richard Butterworth	Scotlean Pigs Ltd	
Ms Penny Montgomery	SAYFC	
Mr Andrew Faichney	East of Scotland Growers Ltd	
Ms Anne Macdonald	HBS Ring Ltd	elected to Council – May 2017
Mr Douglas Russell	Scottish Borders Produce	elected to Council – May 2017
Mr Alan Clarke	QMS	co-opted May 2018
Ms Jane Mitchell	ANM Group	elected May 2018

Company Secretary

Mr James Graham

Registered Office

Rural Centre
West Mains
Ingliston
Newbridge, EH28 8NZ

Bankers

Royal Bank of Scotland
Edinburgh Blenheim Place Branch
2 Blenheim Place
Edinburgh, EH7 5JH

Solicitors

CMS Cameron McKenna LLP
Saltire Court
20 Castle Terrace
Edinburgh, EH1 2EN

Auditors

JRW
19 Buccleuch Street
Hawick
Roxburghshire, TD9 0HL

Report of the Directors

Statement of Corporate Governance

SAOS is owned and governed by its members, which are agricultural and rural co-operatives and other businesses that have a co-operative or mutual purpose. The purpose of SAOS and a full list of members can be found in the pages of this Annual Report. Governance takes place via the Council and the Board of Directors. Council is the representative forum of members and other invited key stakeholders including Scotland Food & Drink, NFU Scotland, Quality Meat Scotland and the Scottish Association of Young Farmers' Clubs. The Board of Directors carries the legal responsibilities for governing SAOS, and its members carry the responsibilities in law of directors.

Governance Charter: In 2005 the Members of SAOS adopted a Board and Council Charter which updated and improved governance practices. The Charter provides information on the composition, policies and practices of the Council and the Board of Directors, and defines their respective roles and responsibilities. Council members and directors are expected to comply with the provisions of the Charter. Overseeing compliance is the responsibility of the Chairman and Company Secretary. The Charter also details the roles of the Senior Independent Director and the Chief Executive, and details the terms of reference and limits of authority of Board Committees including the Audit Committee and the Personnel and Remuneration Committee and ScotEID Committee. The Charter stipulates and limits matters which are reserved to the Board. The Board and Council Charter is publically available for reference at any time on our website at <http://www.saos.coop/about-saos/history-and-governance/>.

Member Engagement: Encouraging and enabling the participation of members in the governance and work of SAOS is a priority. Reports that describe member engagement can be found throughout the activity sections of the Annual Report and in the Membership report.

Directors' Attendance and Other Interests: In 2018, the Board met on six occasions. Attendance records and other directorships are detailed below.

Notes on Directors' Attendance:

Mark Clark was elected as Chairman in May 2018, replacing George Lawrie. John Hutcheson was elected as Vice-Chairman in May 2018, replacing Mark Clark. John Hutcheson also took over as the chair of the Audit and Risk Committee from the meeting in September 2018.

Some directors participated in a "Recruitment Committee" for the purposes of recruiting a new Chief Executive.

James Graham also serves as Company Secretary with the approval of the Board. Whilst the Board acknowledges that this does not conform with recommended practice, it is satisfied that the secretarial role is carried out competently with full transparency, and that this arrangement is not a constraint to effective governance processes in SAOS.

Directors' Fees: were paid in 2018 at the following rates agreed by the AGM:

Chairman: £16,000 (£16,000 2017).

Vice Chairman: £8,000 (£8,000 2017).

Directors: £250 per meeting attended (except the Chief Executive, who is a full time employee).

Audit Committee

The Audit Committee and Risk Committee met three times during 2018.

Personnel and Remuneration Committee

The Personnel and Remuneration Committee met three times during 2018. Gail Ellis is an external HR consultant who attends and advises the Committee.

Names	Meetings Attended (max 6)	Audit Committee (max 3)	Personnel and Remuneration Committee (max 3)	Other relevant interests and directorships
Gareth Baird	6			Scott Country Potatoes Ltd
Stephen Cameron	5			Scottish Shellfish Marketing Group Ltd
Nina Clancy	6	2	3	Independent Director
Mark Clark (Chair)	6	3	3	Grampian Growers Ltd
James Graham	6		3	
John Hutcheson (Vice Chair)	6	3	3	Tayforth Machinery Ring Ltd
George Lawrie	6	1		Scottish Agronomy Ltd
David Mitchell	2			
Rory Christie	6	1		Milk Suppliers Association
Andy McGowan	6			Scottish Pig Producers

Report of the Directors

Strategy Review and Financial Budget

The Board receives in-depth verbal and written reports from staff members at its meetings through the year, and reviews the appropriateness of strategic objectives, current actions, and resources deployed with reference to identified development needs amongst members, in Scotland's food and drink industry, and in rural Scotland. The Board requires, and when satisfied, adopts, a financial budget for each financial year against which progress is monitored through the year via monthly management accounts, audit committee meetings and reports, and in Board discussions.

Key Risks: The Board identifies two key risks with the potential to disrupt delivery of strategic objectives: 1) high dependence on experienced key staff, and 2) the continuing availability of public sector funding to support the development of agricultural co-operatives and growth in the food and drink industry. Plans to mitigate the impact on SAOS and its work should either risk materialise are regularly considered.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit legislation 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 legislation 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 Society and of the surplus or deficit of the Society 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 a going concern basis unless it is inappropriate to presume that the Society will continue in business.

The directors are responsible for keeping proper accounting records which are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies legislation and the terms of the Society's rules. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Society's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

Auditors

The auditors, JRW, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Independent Auditors' Report to the Members

We have audited the financial statements of Scottish Agricultural Organisation Society Limited for the year ended 31st December 2018 which comprise the Income and Expenditure Account, the Balance Sheet and related notes. The financial reporting framework that has been applied in their preparation is 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'.

This report is made solely to the Society's members, as a body, in accordance with Section 83 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Board of Directors and Auditors

As explained more fully in the statement of directors' responsibilities set out on page 14, the Society's directors are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge required by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31st December 2018 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of internal control over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

JRW

Chartered Accountants &
Statutory Auditor.
19 Buccleuch Street,
Hawick,
Roxburghshire,
TD9 0HL.

25th February 2019

Scottish Agricultural Organisation Society Limited

Income and Expenditure Account Year Ended 31st December 2018

		2018	2017
	NOTE	£	£
INCOME			
Scottish Government Grant		0	0
Affiliation Fees		52,377	52,116
Consultancy & Other Grants	3	3,045,673	2,536,664
Dividends		4,660	4,536
Interest received		2,835	2,603
Sponsorship		4,000	4,000
Other income		21,966	18,210
Total Income		3,131,511	2,618,129
EXPENDITURE			
Staff	4	1,486,775	1,299,583
Operational	5	1,286,440	1,126,854
Board and Council	6	37,358	31,347
Representation and Communication		42,467	38,857
Property		21,528	22,353
Administration		77,811	63,460
		2,952,379	2,582,454
Special Projects	8	(26,000)	19,919
		2,926,379	2,602,373
NET INCOME		205,132	15,756
Increase in fair value of Investments		2,863	4,343
NET INCOME BEFORE TAXATION		207,995	20,099
TAXATION	9	38,250	2,004
TRANSFER TO RESERVES	15	169,745	18,095

The Society had no recognised gains or losses other than the surplus for the two years ended 31 December 2018. All operations are continuing.

Balance Sheet

Year Ended 31st December 2018

	NOTE	£	2018 £	2017 £
FIXED ASSETS			0	0
INVESTMENTS	10		102,950	100,087
CURRENT ASSETS				
Debtors and prepayments	11	302,604		382,237
Cash at bank and in hand		1,768,463		1,288,056
		2,071,067		1,670,293
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Creditors and accruals	12	1,421,433		1,187,541
NET CURRENT ASSETS			649,634	482,752
TOTAL ASSETS LESS CURRENT LIABILITIES			752,584	582,839
FINANCED AS FOLLOWS:				
Share Capital	13		1,465	1,465
Revenue Account	14		751,119	581,374
SHAREHOLDERS' FUNDS	15		752,584	582,839

Approved by the Board on 20th February 2019

Mark Clark
CHAIRMAN

John Hutcheson
VICE CHAIRMAN

James Graham
SECRETARY

Notes to the Financial Statements

Year Ended 31st December 2018

1. Statutory Information

Scottish Agricultural Organisation Society Limited is a registered Society, limited by shares, registered in Scotland. The Society's registered number is 325R(S) and registered office address is Rural Centre, West Mains, Ingliston, Newbridge, EH28 8NZ.

2. Accounting Policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Co-operative and Community Benefit Societies Act 2014. The financial statements, other than investments, have been prepared under the historical cost convention.

Turnover

The Company provides consultancy services as well as receiving grants.

Revenue is recognised in the accounting period in which the services are rendered when the outcome of the contract can be measured reliably. Stage of completion is based on the labour hours incurred to date as a percentage of total estimated labour for each contract/comparing costs incurred to date to the total estimated contract costs/period of time for which services have been provided.

Revenue is measured at the fair value of the transaction excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Tenants' Improvements	100% Year One Write off
Furniture & Equipment	100% Year One Write off
Computer Equipment	100% Year One Write off

Investments

Investments comprise shares in unquoted companies and affiliated societies. These are measured at fair value. Changes in fair value are recognised in the Income and Expenditure Account.

Financial assets

Basic financial assets, including trade and other debtors and bank balances, are initially recognised at transaction price. At the end of each reporting period financial assets measured at cost are assessed for evidence of impairment. Any impairment loss is recognised in the Income and Expenditure Account.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

Financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classed as current liabilities when payment is due within one year or less. If not they are presented as non-current liabilities.

Financial liabilities are decolonised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income and Expenditure Account except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Leases and contract hire

The costs of operating leases are charged to the revenue account in the period to which they relate.

Notes to the Financial Statements

(continued)

3. Consultancy and Other Grants

This includes £1,688,846 (2017: £1,260,421) income for an EID research pilot. A substantial part of this project is being undertaken by external consultants. The recoverable expenses in Note 5 includes £824,715 (2017: £722,196) for this project, which is mainly the cost to the Society of these consultants and related materials. This project has been funded by an advance payment and there is prepaid income of £981,331 (2017: £905,025) disclosed in Note 12.

	2018	2017
4. Staff Costs	£	£
Salaries	1,387,593	1,216,605
Pensions	65,387	55,229
Group Life Cover	12,532	10,737
Training	5,103	16,864
Recruitment	16,160	148
	<u>1,486,775</u>	<u>1,299,583</u>

The average number of employees during the year was as follows:

	<u>25</u>	<u>23</u>
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5. Operational Expenses

(Including travel and subsistence)

	£	£
Staff expenses	79,155	75,610
Recoverable expenses	959,532	849,828
Sub-contract consultancy	247,753	201,416
	<u>1,286,440</u>	<u>1,126,854</u>

6. Board and Council

	£	£
Fees to Chairman and Vice Chairman	24,000	24,000
Board Member Fees	10,000	3,500
Council	3,358	3,847
	<u>37,358</u>	<u>31,347</u>

	2018	2017
7. Surplus Before Taxation		
The surplus before taxation is stated after charging:	£	£
Operating leases (rent of office)	13,902	13,902
Auditors' remuneration	3,600	3,440
Computer equipment including installation	314	4,354

8. Special Projects

	£	£
Carbon Positive Project – Internal Funding	(26,000)	19,919
	<u>(26,000)</u>	<u>19,919</u>

9. Taxation

	£	£
Corporation tax - current period	38,518	2,245
Corporation tax - prior period	(268)	(241)
	<u>38,250</u>	<u>2,004</u>

10. Investments

	£	£
The Scottish Agricultural & Rural Development Centre Limited 71,428 'C' ordinary shares of £1 each fully paid	96,863	94,000
In affiliated societies	6,087	6,087
	<u>102,950</u>	<u>100,087</u>

The holding in The Scottish Agricultural & Rural Development Centre Limited represents 14.28% of the issued share capital of that company.

Notes to the Financial Statements

(continued)

	2018	2017
11. Debtors	£	£
Trade debtors	61,621	70,237
Work in progress	151,923	220,148
Prepayments	11,180	5,975
Accrued Income	74,308	81,996
Other debtors	3,572	3,881
	<u>302,604</u>	<u>382,237</u>

12. Creditors	£	£
Trade creditors	48,007	31,075
Accruals	133,186	121,890
Prepaid income	1,141,842	980,256
Corporation Tax	38,518	2,245
VAT	17,847	12,894
Other taxes and social security	42,033	39,181
	<u>1,421,433</u>	<u>1,187,541</u>

13. Share Capital	£	£
Shares of £1 and £100 each		
At 1st January 2018	1,465	1,465
Additions	0	0
Cancelled	0	0
	<u>1,465</u>	<u>1,465</u>
At 31st December 2018		

14. Revenue Account	2018	2017
	£	£
At 1st January 2018	581,374	563,279
Surplus for the year	169,745	18,095
	<u>751,119</u>	<u>581,374</u>
At 31st December 2018		

15. Reconciliation of Movements in Shareholders Funds	£	£
Shareholders funds at 1st January 2018	582,839	564,744
Surplus for the year	169,745	18,095
Shares issued / disposed in year	0	0
	<u>752,584</u>	<u>582,839</u>
At 31st December 2018		

Agricultural Co-op Statistics

UK TOP 50 AGRICULTURAL CO-OPS

Organisation Name	Turnover	Number of Members
Arla Milk Link Limited	£2.2b	2,395
Openfield Group Limited	£655m	3,926
Mole Valley Farmers Limited	£464m	
Dale Farm Co-operative Limited	£421m	1,619
Fane Valley Co-operative Society Limited	£321m	1,217
Berry Gardens Growers Limited	£319m	54
Anglia Farmers Limited	£230m	3,182
First Milk Limited	£253m	859
Fram Farmers Limited	£179m	1,185
LacPatrick Dairies (NI) Limited	£176m	1,000
GrainCo Limited	£153m	
ANM Group Limited	£125m	
United Oilseed Producers Limited	£117m	3,203
Woldmarsh Producers Limited	£102m	960
United Farmers Limited	£100m	23
Organic Milk Suppliers Co-operative Limited	£92m	200
Agricultural Central Trading Limited	£91m	3,766
Brandsby Agricultural Trading Association Limited	£91m	4,077
Farm Fresh PO Limited	£84m	13
G's Growers Limited	£79m	22
Yorkshire Farmers Livestock Marketing Limited	£66m	263
Scottish Pig Producers Limited	£64m	75
Tarff Valley Limited	£60m	1,074
Scotlean Pigs Limited	£59m	84
Speciality Produce Limited	£55m	13
Ringlink (Scotland) Limited	£54m	2,934
Long Clawson Dairy Limited	£53m	131
Clynderwen and Cardiganshire Farmers Limited	£45m	7,149
Southern Farmers Limited	£35m	1,000
South Caernarvon Creameries Limited	£33m	122
Scottish Shellfish Marketing Group Limited	£27m	19
Bedfordshire Growers Limited	£22m	35
Aspatria Farmers Limited	£22m	935
Society of Growers of Topfruit Limited	£19m	17

Organisation Name	Turnover	Number of Members
East of Scotland Farmers Limited	£19m	332
Farm Stock (Scotland) Limited	£18m	6
Hay and Brecon Farmers Limited	£17m	1,111
Dengie Crops Limited	£17m	
Fresh Growers Limited	£16m	
East of Scotland Growers Limited	£15m	18
Littleton & Badsey Growers Limited	£15m	433
Tayforth Machinery Ring Limited	£15m	1,063
Coastal Grains Marketing Limited	£15m	104
South Armagh Farming Enterprises Limited	£15m	3,003
North East Grains Limited	£13m	87
Camgrain Stores Limited	£12m	514
Furness and South Cumberland Supply Association Limited	£12m	869
Weald Granary Limited	£11m	194
Orkney Fishermen's Society Limited	£11m	182
South West Lancashire Farmers Limited	£10m	559
Totals	£7b	50,027

Figures provided by Co-ops UK and SAOS.

SCOTLAND'S MACHINERY RINGS

Machinery ring	Membership numbers 2018	Throughput 2018
BMR	980	£7m
Tayforth	1063	£15m
Rural Services Scotland (Perth)	202	£2.1m
South West Machinery Ring	86	£0.7m
Caithness Machinery Ring	175	£0.5m
HBS	1186	£7.1m
Ringlink	2934	£53.8m
Lothian Machinery Ring	258	£2.3m
Orkney Business Ring	311	£2m
Total	7,195	£90.5m
Last year	7,138	£76.6m

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