



Working together to shape  
the future of farming and food

# Financial Statements

For the period 1st January 2020 to 31st March 2021

**Scottish Agricultural  
Organisation Society Limited**

(Registered under the Co-operative and Community Benefit Societies Act 2014)

# Financial Statements

## 1st January 2020 to 31st March 2021

### Board of Directors at 31st March 2021

Mark Clark, Chairman * +	Grampian Growers Ltd
John Hutcheson, Vice Chairman * +	GrainCo Scotland
Tim Bailey, Chief Executive +	SAOS Ltd
Gareth Baird	Scott Country Potatoes Ltd
Stephen Cameron	Scottish Shellfish Marketing Group Ltd
Rory Christie	Milk Suppliers Association
Nina Clancy, Independent Director +	RSABI
David Kilshaw, Senior Independent Director *	Insignia Technologies Ltd
Andy McGowan	Scottish Pig Producers Ltd
Jane Mitchell	ANM Group Ltd

\* indicates membership of Audit Committee

+ indicates member of Personnel and Remuneration Committee

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

Michael Bayne	Borders Machinery Ring Ltd
Amanda Brown	SAOS Ltd
Richard Butterworth	Scotlean Pigs Ltd
Gary Catto	Highland Grain Ltd
Peter Chapman	Ringlink (Scotland) Ltd
Alan Clarke	QMS
Andrew Faichney	East of Scotland Growers Ltd
Anne Rae MacDonald	HBS Ring Ltd
Andrew Marchant	Tarff Valley Ltd
Penny Montgomery	SAYFC
Tom Pate	Scottish Agronomy Ltd
Jonathan Robinson	United Farmers Ltd
Scott Walker	NFUS
Ian Watson	Farm Stock (Scotland) Ltd
James Withers	Scotland Food & Drink

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### Company Secretary

David Caskie

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### 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

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### 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 our 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 and Risk Committee and the Personnel and Nomination Committee. The Charter stipulates and limits matters which are reserved to the Board. The Board and Council Charter is publicly available for reference at any time on our website at <http://www.saos.coop>.

## 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 "Our Impact" sections of the Annual Report.

## Directors' Attendance and Other Interests

In 2020/21, the Board met on seven occasions. Attendance records and other directorships are detailed below.

## Notes on Directors' Attendance

George Lawrie retired from the Board in June 2020. Jane Mitchell was co-opted onto the Board in June 2020. David Kilshaw was appointed to the Board in November 2020.

## Directors' Fees

These were paid over the fifteen month period at the following rates agreed at the AGM: Chairman: £20,000 (£16,000 in 2019). Vice Chairman: £10,000 (£8,000 in 2019). Directors: £250 per meeting attended (except the Chief Executive, who is a full time employee). The Senior Independent Director was paid £3,750 (£Nil in 2019) as agreed by the Board.

## Audit and Risk Committee

The Audit and Risk Committee met four times during the period.

<b>Names</b>	<b>Meetings Attended (max 7)</b>	<b>Audit &amp; Risk Committee (max 4)</b>	<b>Personnel and Nomination Committee (max 7)</b>	<b>Other relevant interests and directorships</b>
Gareth Baird	7			Scott Country Potatoes, GrainCo Scotland, Scottish Borders Produce
Stephen Cameron	7			Scottish Shellfish Marketing Group Ltd
Nina Clancy	7	2	7	RSABI
Mark Clark (Chair)	7	4	7	Grampian Growers Ltd
Tim Bailey	7		7	
John Hutcheson (Vice Chair)	7	4	7	GrainCo Scotland
George Lawrie	3			Scottish Agronomy Ltd
Rory Christie	7			Milk Suppliers Association
Andy McGowan	6			Scottish Pig Producers
Jane Mitchell	4			ANM Group
David Kilshaw	2	2		Insignia Technologies Ltd

# Report of the Directors

## **Personnel and Nominations Committee**

The Personnel and Nominations Committee met seven times during the period. Gail Ellis is an external HR consultant who attends and advises the Committee.

## **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.

A full five year Strategy Review was undertaken in 2020 and has been approved by the Board.

**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. The approved Strategy Review sets out agreed actions to address both of these issues.

## **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 they ought to have taken as a director in order to make themselves 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

## Opinion

We have audited the financial statements of Scottish Agricultural Organisation Society Limited for the period ended 31st March 2021 which comprise the group and parent society Income & Expenditure Account, the group and parent society Balance Sheet, the group and parent society Statement of Changes in Equity and notes to the financial statements, 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 group's and parent society's affairs as at 31st March 2021 and of its income and expenditure 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 Co-operative and Community Benefit Societies Act 2014.

## Basis for Opinion

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

## Conclusions Relating to Going Concern

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

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

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

## Other Information

The board of directors are responsible for the other information. The other information comprises the information included in the report of the directors, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 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.

## 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:

- the society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

## Responsibilities of the Board of Directors

As explained more fully in the statement of directors' responsibilities set out on page 3, the board of 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 it determines 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 board of directors are responsible for assessing the society'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 board of directors either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.

# Independent Auditors' Report to the Members

## Auditors' Responsibilities for the Audit of Financial Statements

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

## Identifying and Assessing Potential Risks Related to Irregularities

Enquiring with management and directors, including obtaining and reviewing supporting documentation, concerning the society's policies and procedures relating to:

- Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances on non compliance;
- Detecting and responding to the risks of fraud and whether they have any knowledge of any actual, suspected or alleged fraud; and
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- Discussing with the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Obtaining an understanding of the legal and regulatory framework that the society operates in, focusing on those laws and regulations that had a direct effect on the financial statements.

These areas were identified through enquiries with directors, management and our knowledge and understanding of the society accumulated throughout the audit and our sector-specific experience.

## Audit Responses to Risks Identified

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud.

In addition to the above, our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures and testing and supporting documentation to assess compliance with relevant laws and regulations identified as having a direct effect on the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate the risk of material

- misstatement due to fraud;
- Reading minutes of meetings of those charged with governance;
- Reading the society's risk register;
- Review and reconciliation of supplier statement balances;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments.

We also communicated relevant laws and regulations identified as potential fraud risks to all the engagement team members and remained vigilant to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

## Use of our Report

This report is made solely to the society's members, as a body, in accordance with section 87 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.

Joanne Gibson (Senior Statutory Auditor)  
For and on behalf of JRW  
Chartered Accountants &  
Statutory Auditor.  
19 Buccleuch Street,  
Hawick,  
Roxburghshire,  
TD9 0HL.

2nd June 2021

# Scottish Agricultural Organisation Society Limited

## Income and Expenditure Account For the period 1st January 2020 to 31st March 2021

	NOTE	1 January 2020 to 31 March 2021		1 January 2019 to 31 December 2019
		Group	Society	Group/Society
		£	£	£
<b>INCOME</b>				
Affiliation Fees		60,912	60,912	50,224
Consultancy and Other Grants	<b>3</b>	4,596,902	4,680,929	3,858,958
Dividends		0	0	4,536
Interest received		3,098	3,016	6,275
Sponsorship		10,000	10,000	4,000
Other income		37,917	37,866	28,058
<b>Total Income</b>		<b>4,708,829</b>	<b>4,792,723</b>	<b>3,952,051</b>
<b>EXPENDITURE</b>				
Staff	<b>4</b>	2,083,513	2,083,513	1,566,520
Operational	<b>5</b>	2,338,240	2,414,467	2,062,201
Board and Council	<b>6</b>	39,884	39,884	38,848
Representation and Communication		50,612	50,612	30,897
Property		26,008	26,008	22,064
Administration		117,624	117,559	123,491
		<b>4,655,881</b>	<b>4,732,043</b>	<b>3,844,021</b>
<b>NET INCOME</b>		<b>52,948</b>	<b>60,680</b>	<b>108,030</b>
Increase in fair value of Investments		741	741	2,884
<b>NET INCOME BEFORE TAXATION</b>	<b>7</b>	<b>53,689</b>	<b>61,421</b>	<b>110,914</b>
<b>TAXATION</b>	<b>8</b>	<b>12,831</b>	<b>12,818</b>	<b>17,572</b>
<b>TRANSFER TO RESERVES</b>		<b>40,858</b>	<b>48,603</b>	<b>93,342</b>

The Society had no recognised gains or losses other than the surplus for the two periods ended 31 March 2021. All operations are continuing.

# Balance Sheet

As at 31st March 2021

		1 January 2020 to 31 March 2021		1 January 2019 to 31 December 2019
	NOTE	Group	Society	Group/Society
<b>INVESTMENTS</b>	<b>9</b>	106,575	106,575	105,834
<b>CURRENT ASSETS</b>				
Debtors and prepayments	<b>10</b>	1,310,332	1,329,643	421,583
Cash at bank and in hand		941,901	754,248	1,945,891
		<b>2,252,233</b>	<b>2,083,891</b>	<b>2,367,474</b>
<b>CREDITORS:</b>				
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Creditors and accruals	<b>11</b>	<b>1,472,024</b>	<b>1,295,937</b>	<b>1,627,382</b>
<b>NET CURRENT ASSETS</b>		<b>780,209</b>	<b>787,954</b>	<b>740,092</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>886,784</b>	<b>894,529</b>	<b>845,926</b>
<b>FINANCED AS FOLLOWS:</b>				
Share Capital	<b>12</b>	1,465	1,465	1,465
Revenue Account		<b>885,319</b>	<b>893,064</b>	<b>844,461</b>
<b>SHAREHOLDERS' FUNDS</b>		<b>886,784</b>	<b>894,529</b>	<b>845,926</b>

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

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2021 and were signed on its behalf by:

Mark Clark  
CHAIRMAN

John Hutcheson  
VICE CHAIRMAN

David Caskie  
SECRETARY

# Statement of Changes in Equity

Period 1st January 2020 to 31st March 2021

	Called Up Share Capital Group	Called Up Share Capital Society	Revenue Account Group	Revenue Account Society	Total Equity Group	Total Equity Society
	£	£	£	£	£	£
<b>Balance at 1st January 2019</b>	1,465	1,465	751,119	751,119	752,584	752,584
<b>Changes in Equity</b>						
Issue of share capital	-	-	-	-	-	-
Shares cancelled	-	-	-	-	-	-
Total comprehensive income	-	-	93,342	93,342	93,342	93,342
<b>Balance at 31st December 2019</b>	<b>1,465</b>	<b>1,465</b>	<b>844,461</b>	<b>844,461</b>	<b>845,926</b>	<b>845,926</b>
<b>Changes in Equity</b>						
Issue of share capital	-	-	-	-	-	-
Shares cancelled	-	-	-	-	-	-
Total comprehensive income	-	-	40,858	48,603	40,858	48,603
<b>Balance at 31st March 2021</b>	<b>1,465</b>	<b>1,465</b>	<b>885,319</b>	<b>893,064</b>	<b>886,784</b>	<b>894,529</b>

# Notes to the Financial Statements

For the period 1st January 2020 to 31st March 2021

## 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.

The Company has changed its financial year-end from 31 December to 31 March and this is the first financial reporting period adopting the new year-end date. The financial statements are therefore for the 15 month period ended 31 March 2021. This change was made to align the year ends with the subsidiary companies.

### Basis of Consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 March 2021. Subsidiaries are all entities over which the Group has power over the subsidiary, i.e. the Group control can exist when the parent has the power to exercise, or actually exercises, dominant influence or control over the undertaking or it and the undertaking and managed on a unified basis.

These financial statements combine the results for SAOS Ltd and it's wholly owned subsidiaries ScotEID.Com Ltd and SmartRural Operations Ltd. Both subsidiaries commenced trading in the fifteen months to 31 March 2021. Intra-group sales and profits are eliminated fully on consolidation.

### Going Concern

The directors have considered the potential impact of the current Covid-19 pandemic on the business and are satisfied that the society has sufficient cash reserves to meet all financial obligations for the foreseeable future. In the year under review the regular reporting to the Board was expanded to provide details of our business development pipeline, and cash balances. In terms of COVID and Brexit this has had a positive effect on trading as the consequences arising from these will necessitate sectoral reform, new free global trade market opportunities for the agrifood sector, etc. all of which will provide opportunities for SAOS to assist.

The accounts have therefore been prepared on the going concern basis.

## 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. The fair value of the investment in Scottish Agricultural & Rural Development Centre Limited has been calculated on a net asset basis, discounted to reflect the minority shareholding held by SAOS Limited. Changes in fair value are recognised in the Income and Expenditure Account."

## Subsidiaries

The Company's subsidiary undertakings are as follows:-  
Scoteid.com Limited, a company registered in Scotland whose principal activity is that of working closely with the Scottish livestock sector & Scottish Government to design, develop and deliver solutions to ensure robust traceability and minimise legislative difficulties.

Smart Rural Ltd (Parent of Smart Rural Operations Limited), a company registered in Scotland with principal activity being assisting farmers capture and access data to help make better decisions and improve business returns.

Both subsidiary companies are Limited by Guarantee with SAOS Ltd as the only member subscriber.

# Notes to the Financial Statements

(continued)

## 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 derecognised 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 income for an EID research pilot and ongoing support. A substantial part of this project is being undertaken by external consultants. The recoverable expenses and sub-contract consultancy totals for this project, which is mainly the cost to the Society of these consultants and related materials, are included in Note 5.

	1 January 2020 to 31 March 2021		1 January 2019 to 31 December 2019
	Group	Society	Group/Society
	£	£	£
EID research pilot: Consultancy & Other Grants	2,542,207	2,655,191	2,154,771
includes:			
EID research pilot: Recovered Costs	1,379,982	1,492,966	1,435,869
EID research pilot: Sub-contract Costs	129,947	129,947	100,786

This project has been funded by an advance payment and there is prepaid income of £377,509 (2019: £1,146,436) included in Note 11.

## 4. Staff Costs

	Group/Society	Group/Society
	£	£
Salaries	1,952,487	1,462,406
Pensions	112,325	77,864
Group Life Cover	14,127	14,012
Training	4,574	3,738
Recruitment	0	8,500
	2,083,513	1,566,520
The average number of FTE employees during the year was as follows:	31	26

## 5. Operational Expenses (Including travel and subsistence)

	Group	Society	Group/Society
	£	£	£
Staff expenses	70,948	70,948	72,695
Recoverable expenses	1,992,103	2,068,330	1,589,165
Sub-contract consultancy	275,189	275,189	400,341
	2,338,240	2,414,467	2,062,201

## 6. Board and Council

	Group/Society	Group/Society
	£	£
Fees to Chairman and Vice Chairman	30,000	24,000
Board Member Fees	9,024	10,500
Council	860	4,348
	39,884	38,848

# Notes to the Financial Statements

(continued)

## 7. Net income before Taxation

The <b>net income</b> before taxation is stated after charging:	1 January 2020 to 31 March 2021	1 January 2019 to 31 December 2019
	Group/Society	Group/Society
	£	£
Operating leases (rent of office)	17,378	13,902
Auditors' remuneration	4,500	3,600
Computer equipment including installation	830	30,613

## 8. Taxation

	Group	Society	Group/Society
	£	£	£
Corporation tax - current period	11,462	11,449	17,572
Corporation tax - prior period	1,369	1,369	0
	12,831	12,818	17,572

## 9. Investments

The Scottish Agricultural & Rural Development Centre Limited	Group/Society	Group/Society
	£	£
71,428 'C' ordinary shares of £1 each, fully paid	100,488	99,747
In affiliated societies	6,087	6,087
	106,575	105,834

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

## 10. Debtors

	Group	Society	Group/Society
	£	£	£
Trade debtors	1,032,680	1,032,680	80,805
Work in progress	76,443	65,228	147,072
Prepayments	17,684	17,684	6,152
Accrued Income	158,909	158,910	186,262
VAT	20,214	3,240	0
Inter-company	0	47,499	0
Other debtors	4,402	4,402	1,292
	1,310,332	1,329,643	421,583

# Notes to the Financial Statements

(continued)

## 11. Creditors

	1 January 2020 to 31 March 2021		1 January 2019 to 31 December 2019
	Group	Society	Group/Society
	£	£	£
Trade creditors	244,233	162,763	85,784
Accruals	51,893	51,893	84,224
Prepaid income	1,119,898	1,025,293	1,378,362
Corporation Tax	11,462	11,449	17,572
VAT	0	0	19,715
Other taxes and social security	44,538	44,538	41,725
	<u>1,472,024</u>	<u>1,295,937</u>	<u>1,627,382</u>

## 12. Share Capital

Shares of £1 and £100 each

	Group	Society	Group/Society
	£	£	£
At 31st December 2019	1,465	1,465	1,465
Additions	0	0	0
Cancelled	0	0	0
At 31st March 2021	<u>1,465</u>	<u>1,465</u>	<u>1,465</u>

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