

Annual Report & Accounts

2023-2024



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A review of the work of Quality Meat Scotland in 2023-24, including an analysis of our delivery and performance, and our position at the end of the year.

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Performance Report



Performance Report

Overview

The performance report provides a summary of Quality Meat Scotland, our purpose, objectives and performance over the year and also the impact of and management of key risks.

Introduction

From the Chief Executive and Chair of Quality Meat Scotland

It has been an incredibly busy year at Quality Meat Scotland (QMS), and for all those we represent. While it has not been without its challenges – the weather and rising costs to name but two – we have made significant progress on many fronts.

Chief among these was the launch of our ambitious five-year strategy at the Royal Highland Show in June. This outlined the key pillars of Provenance; Productivity and Profitability; and Planet and Place, and our vision to make Scotland the choice for premium red meat.

This was followed by in-person and online stakeholder engagement, with 13 workshops across Scotland allowing all members to fully understand the new strategy. The meetings also provided an opportunity to discuss the first levy increase in more than a decade. With costs increasing, a protected budget is needed to realise the ambitions set out in our strategy. High levels of industry support for the increase and its approval by the Scottish Government mean we can now fully embrace our approach, and we have already undertaken a significant staff restructure to ensure we deliver.

The progress in our ambition to make Scotland the choice for premium red meat is evident. In our home market, a comprehensive marketing plan has helped drive sales. This includes our first ever Christmas TV advertising campaign which targeted almost 90% of the adult population, followed by our 'Meat & 2.0' initiative this spring.

In export markets, we have seen a relaunch of the Scotch Beef Club in Italy, helping to promote our brands in this premium market, and a record £22.9 million of new export business resulting from our attendance at Germany's Anuga trade show. Further afield, Scotch Lamb featured in a special COP28 dinner organised by Scottish Development International (SDI) in Dubai. The

event marked a significant moment for Scotland's sheep producers. The supplier, the Woodhead Brothers in Aberdeenshire, is the first processor in Scotland to receive accreditation to supply lamb in the Middle East – a region that imports an average of £571m-worth of sheep meat each year.

For our farmer members, our strategic focus on Productivity and Profitability has been evident in our management of the successful Monitor Farm Scotland programme, funded by the Scottish Government, and the launch of the Building Better Beef report, designed to unlock greater productivity, profitability and sustainability in the suckler beef sector. Our technical and research strategy is focused on game-changing projects such as red meat eating quality and genetic traceability.

We also continue to inspire the next generation through initiatives like our Meat Voucher Scheme, Tasty Little Weeks and The Better Burger Challenge, with our Health and Education Team deeply involved in education at all levels.

At QMS, our mission is clear, and we look forward to making strong progress on delivering our five-year strategy, making Scotland the choice for premium red meat.

Kate Rowell
Chair

Sarah Millar
Chief Executive



Who We Are

QMS is an executive non-departmental public body of the Scottish Government responsible for the collection of the statutory red meat levy.

Quality Meat Scotland Ltd* was formed in 2000 and was a private, not-for-profit company limited by guarantee. In 2008, following an independent

review of the five GB and UK statutory agriculture and horticulture levy bodies, a decision was taken to retain a separate meat promotion and development body in Scotland. The body would be a non-departmental public body (NDPB), wholly accountable to Ministers in the Scottish Government.

Organisational Structure



What We Do

The powers, functions and purpose of QMS are set out in the Quality Meat Scotland Order 2008 and the Quality Meat Scotland (Amendment) Order 2023, and include:

- Increase efficiency or productivity in the red meat sector.
- Improve marketing in the red meat sector.
- Improve or develop services that the red meat sector provides to the community.
- Improve ways in which the red meat sector contributes to sustainable development.

Quality Meat Scotland also operates a number of Quality Assurance schemes which cover whole of life and the whole of the production supply chain and clearly set out the standards which must be met to be eligible to market products as Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork.

**Scottish Pig Industry Initiative, Scottish Quality Beef and Lamb Association and Quality Meat Scotland Ltd are dormant accounts that have been left open to secure the names.*

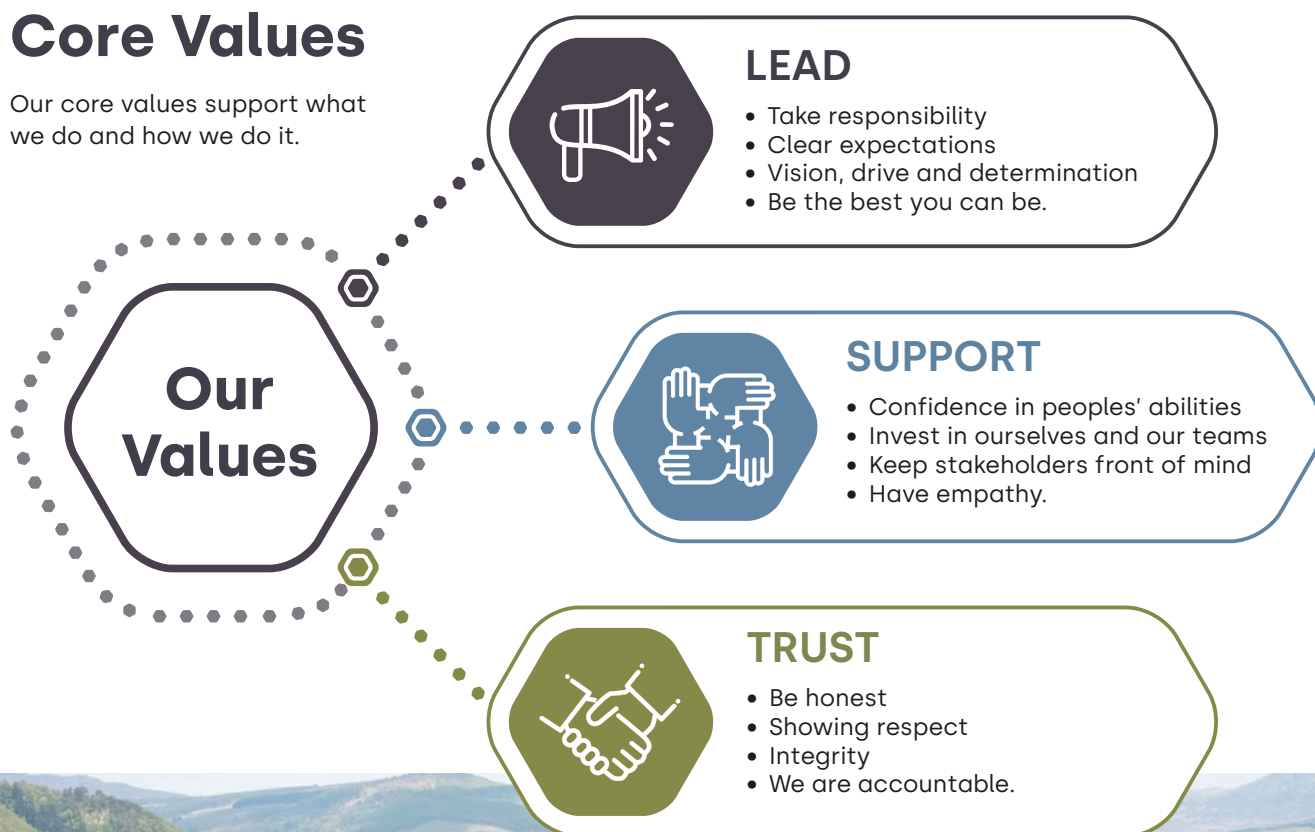


Vision

Our vision is to be valued by our farmer and processor levy payers and key stakeholders, as a business support organisation which delivers strongly for the Scottish red meat industry as it continues to build a global reputation for animal welfare, quality assurance and integrity.

Core Values

Our core values support what we do and how we do it.





Strategic Aims

QMS developed a five-year strategy in 2018, *QMS Strategy 2018-2023*.



Strategic Aim 1:

Build our brands

To build the Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork brands through quality assurance and effective marketing and communication with consumers.



Strategic Aim 3:

Develop capability and capacity

To develop capability and capacity in the Scottish red meat industry through training and education initiatives which attract, motivate and develop the workforce.



Strategic Aim 2:

Support sustainable growth

To support the sustainable growth of the industry through strategic engagement with key stakeholders, supply chain collaboration and cascade of key market information.



Strategic Aim 4:

Deliver professional services

To deliver professional services which support the continued growth of a resilient, professional Scottish red meat industry able to grasp opportunities and meet challenges.

Our strategy is aligned with the Scottish Government's economic strategy of increasing sustainable economic growth and the next phase of Scotland's National Food and Drink Policy, *Becoming a Good Food Nation*, as well as Scotland Food & Drink's *Ambition 2030* vision.

Our strategy is supported by an implementation plan that highlights the key activities that we undertake on an annual basis. The implementation plan is fully costed with activity updates and financial progress reported at each Board meeting. We have a strong track record of effective delivery and the resilience required to continue to support

the sector and we can react quickly to challenges and opportunities as they arise.

As part of our work in 2022/23, we began the process to formally review this strategy, commissioning (via public tender process) an independent review of our [impact](#), and a series of workshops with both internal stakeholders (staff body and QMS Board), and external stakeholders from across the QMS footprint.

The next five-year strategy was formally launched at the 2023 Royal Highland Show and has a go live date of 1 April 2024.

How We Do It

We developed an annual corporate business plan with input from the QMS Board, Strategic Management Team, and all staff. It sets out the aims and objectives

of QMS, and of each department within QMS and the implementation plans that will support the delivery of each of our objectives.

Structure of Our Delivery



2023/24 delivery is done through our department structure below

Departments



Department Work Packages

This year we moved into the final year of our five-year strategic plan covering 2018-23. During the year, Quality Meat Scotland has delivered a substantial programme of activities across a number of key areas through the work packages below:

Brands Integrity



- Monitor and protect brands integrity
- Added values Quality Assurance (QA)
- Strategic development of QA schemes
- Operational delivery of QA Schemes
- Stakeholder engagement

Marketing and Communications



- Development
- Category
- Communications
- Education
- Marketing, PR and social
- Reputation management

Industry Development



- Developing skills
- Improving cattle and sheep sustainability
- Industry engagement
- Meat eating quality
- Monitor Farm programme
- Pig efficiency
- Pig health and welfare
- Pig sustainability

Market Intelligence and External Affairs



- Industry strategy
- Internal strategy
- Market intelligence
- Public affairs
- Stakeholder engagement
- Sustainability

Market Development



- Brand engagement
- Market building
- Market entry
- Supply chain development

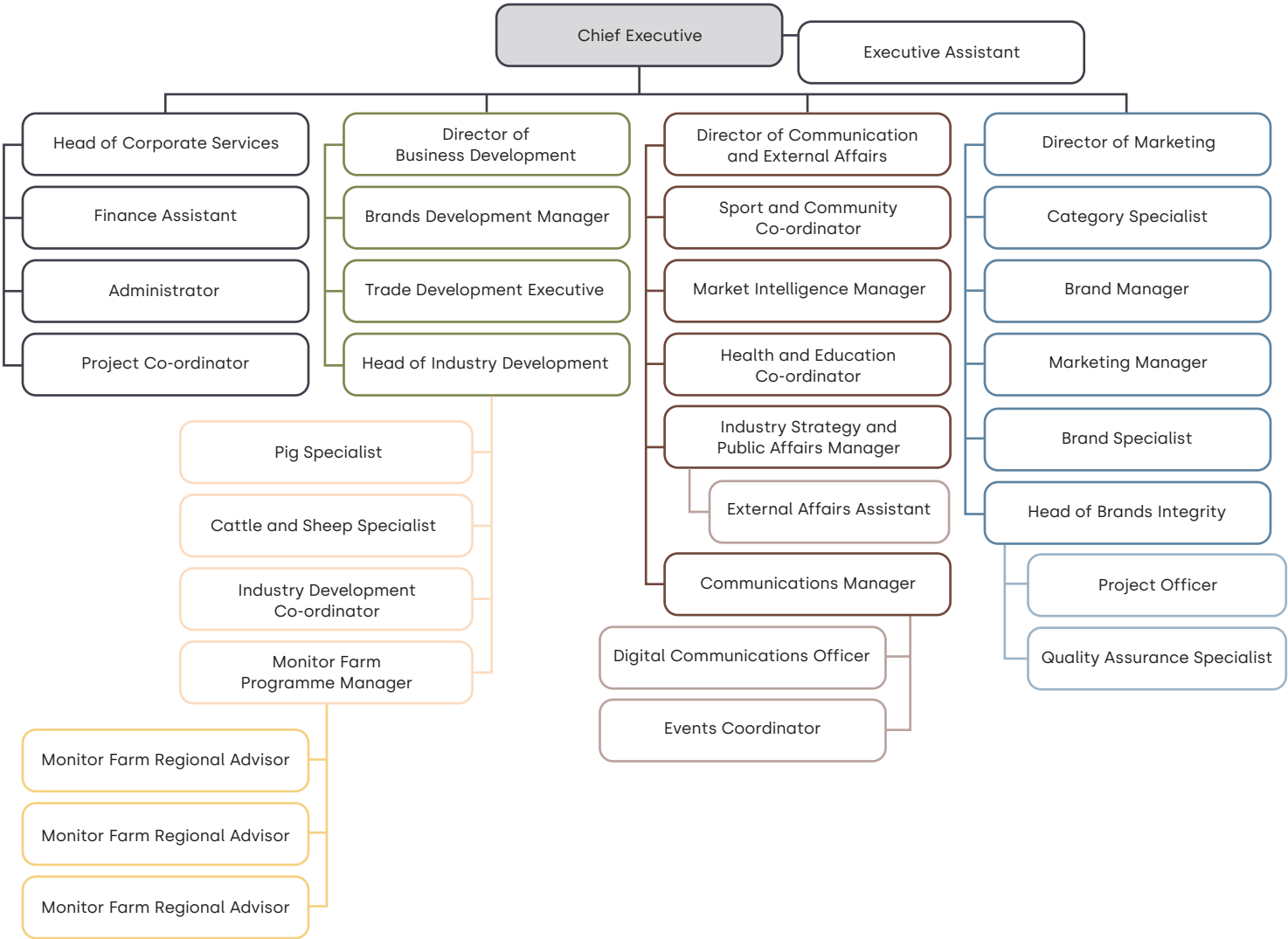
Corporate Services



- Finance
- Governance
- Human resources
- IT and management



Organisation Chart



Industry Engagement

Collaboration is at the heart of the way QMS operates and defines how we engage with our unique footprint. We therefore engage, not just with beef and sheep farmers, pig farmers and processors, but also with livestock auction marts, livestock hauliers and feed merchants which cover the whole production supply chain. In addition to this, we engage with each of our routes to market and this includes retail butchers,

catering butchers, food service providers, retailers, restaurants and chefs.

To ensure effective stakeholder engagement we have a number of stakeholder-led committees that are aligned to our key functions, therefore ensuring that the work of the QMS Board and Strategic Management Team is underpinned by effective engagement with businesses across the supply chain.

These stakeholder groups are:



Beef and Lamb Marketing Advisory Group



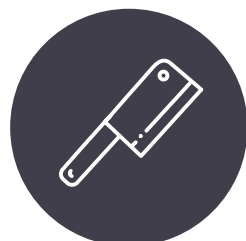
Pork Marketing Advisory Group



Cattle and Sheep Industry Advisory Group



Pig Forum



Butchers Marketing Advisory Group



Scottish Red Meat Industry Resilience Group



Haulage Industry Advisory Group



Standards Setting Committees*



Brands integrity advisory group

**responsible for the co-design of our quality assurance scheme standards.*

This year has been a year of change for QMS, as the organisation set out its plans for the next five years and implemented a number of changes to staff structure and delivery to underpin the future delivery of the strategy. Key elements of this activity included restructuring the Executive team function, into a more dynamic Strategic Management Team that is aligned to the pillars of the new five-year strategy. Following this we also looked to identify areas where we could make efficiency savings by bringing work in-house from external agencies.

The wider business community continues to face stiff economic headwinds, and a challenging regulatory and policy environment as the impacts of leaving the EU continue to be felt. Quality Meat Scotland, as an organisation, also had to consider how it engaged with, and best served, its levy payers. A crucial piece of work undertaken in 2023-24 was an engagement exercise with our levy payers to explore raising the levy for the first time in 13 years and implementing a new mechanism by which to set the levy over the course of the next five years. This involved 12 face-to-face evening meetings with farmer levy payers, and one-to-one meetings with

each of the processors. The result of this exercise was overwhelmingly positive, and thus the QMS Board in February 2024 recommended a levy increase in line with the Consumer Prices Index including owner occupiers' housing costs (CPIH) from the 1 April 2024 which was agreed by Ministers in March 2024.

Regular engagement with our staff and Board teams allowed us to undertake a true co-design of our new strategy and maintain clear and consistent communication during the following change management.

We also made changes to how we work internally, forming a new weekly operational meeting, and a monthly Strategy Management Team meeting, this allowed us to review our priorities and capacity, making necessary adjustments to timelines and work planning to ensure the successful delivery of key outputs aligned with our business and strategic plan. As a result, despite a huge amount of change across the organisation, we accomplished 90% of our planned outputs outlined in the annual business plan. We delivered our business plan within 5.62% of our annual budget, mainly due to changes in staffing and contract delivery.

Key Issues and Risks We Face

Over the past year, continued uncertainty and change in the wider operating environment continued to blow challenging headwinds through the Scottish red meat supply chain. High levels of input inflation challenged margins both pre- and post-farm gate, and increased overheads including changes to national wage reduced business's ability to invest in longer term capital projects. We have continued to see significant declines in beef and sheep populations, influenced by a number of factors including policy and regulatory change, coupled with a declining and aging workforce. Post-pandemic activity and working patterns continued to have an impact on how we work and staff wellbeing, which require consideration. Like many organisations, how we work has fundamentally changed. We have a more flexible approach, with staff being predominantly home-based, with regular time in the office scheduled on a team-by-team basis. This brings with it a number of advantages to the organisation, however there are also some risks around inclusivity, communication, and collaboration. As we went through the year, we made some changes to help improve this, including introducing a monthly

all staff meeting, and a weekly operations call with representatives from each function of the organisation coming together to agree priorities for delivery on the week. We also introduced a monthly half-day strategy management team meeting to enable the Strategy Management Team to have more time to focus on more strategic organisational issues.

Externally, the introduction of the Agriculture Bill could have an impact on the dynamics of our relationships with stakeholders and our levy payers as changes are introduced to farm support payments over the coming years. We have undertaken a proactive programme of stakeholder engagement and evidence building, ensuring that our key focus of maintaining livestock numbers at a critical mass and economically viable level.

The key risks identified as increasing in 2023-24 have been managed through a number of mitigations and controls considered regularly by our Audit and Risk Management Committee. We consider the following issues to have the greatest influence over the way we deliver our work over the next year. They were identified as having a medium risk level at the end of 2023-24.

Key Organisational Risk (identified from red risks on risk register)	Risk Mitigations
Economic weakness and wealth distribution gap resulting in erosion of brand premium and penetration in Scotland generally, and the UK for Scotch Beef.	<ul style="list-style-type: none"> • Prioritising work that improves supply chain communication • Working with retailers to promote demand through insight-led marketing campaigns • Utilising the Scotch Butchers Club for bespoke marketing and market development work • Developing the Scotch Chefs Club to support food service providers who utilise scotch to demonstrate 'the scotch difference' • Working with processors to identify new export market opportunities.
Failure of consumers, retailers and industry to understand brand benefits of Scotch resulting in damage to the brand and potential impact/retention of PGI status.	<ul style="list-style-type: none"> • Continual consumer and market-led improvement of our whole of life assurance schemes • Reputation building media campaigns focused on the importance of consuming red meat • Prioritising time for media relationship building • Regular brand health checks and engagement with retailers and wholesalers to highlight the Scotch difference.
Loss of levy and non-levy income due to reduction in size of industry and reduced sources of funding resulting in less flexibility to respond to industry need. Uncertainty of the future of agricultural and food manufacturing support policies.	<ul style="list-style-type: none"> • Market Intelligence service monitoring insight and data • Deployment of public affairs strategy to highlight economic, social and environmental impact of Scottish red meat supply chain • Engagement across supply chain on key policy outcomes to support livestock production • Prioritisation of Scottish red meat resilience group work.
Legislation compliance related to Corporate Governance of QMS, e.g. Public Services Reform (Scotland) Act, Public Records (Scotland) Act, State Aid Guidelines, General Data Protection Regulation (GDPR).	<ul style="list-style-type: none"> • Regular meetings of QMS Audit and Risk Management Committee • Regular engagement with the Scottish Government Sponsor team • Strong programme of internal audit.

Quality Meat Scotland has mitigated these risks through its risk management process. We continually update our risk register to ensure that the Board is aware of the key issues that we are facing at any point in time. The register is examined regularly by a QMS Internal Review Committee, Strategic Management Team and reviewed by the Audit and Risk Management

Committee and the appointed internal audit consultants.

There has not been much movement on the identified risks from the previous year and these risks have not impacted on the delivery against our objectives. Any emerging risks are considered in depth by the Audit and Risk Management Committee and its decided whether the emerging risk should be included in the register.

Performance Analysis

The performance analysis reviews the work of Quality Meat Scotland in 2023-24 including our delivery, performance and our financial position at the end of the year.

What We Have Achieved

The annual business plan sets out for each financial year the way in which Quality Meat Scotland will deploy its resources against priorities. This was kept under close review as a number of changes were made to the staff team and structure over the year.

The [Corporate Business Plan for 2023-24](#) is the final year for delivering our 2018-23 strategic plan. The plan continues the established workstreams, setting out the focus and outputs for the year.

Delivery of our business plan is monitored and reported throughout the year in our implementation plan updates, updated to coincide with Board meetings.

The workstreams detail each area in turn and show how the actions in the business plan support the strategic plan's long-term outcomes. During 2024/25 we will develop an organisation-wide impact evaluation model which will allow us to assess the impact of our work and the contribution to our strategic indicators to track our progress. The financial year 2024/25 will be used to baseline these strategic indicators allowing us to measure performance against them from 2025/26.

The majority of 2023-24 implementation plan has

been achieved 90% of the planned outputs have been fully delivered. This includes substantial work in preparing and launching our new strategy, alongside engaging on and delivering a new medium term financial model that links levy rates to CPIH.

Throughout the year, we saw a fluctuation in staff numbers due, in part, to transitioning to our new strategy and ways of hybrid working post-pandemic. A clear focus has been placed on improving staff wellbeing and engagement, focused on improving ways of working through the development of a new people strategy in the 2024-25 financial year.

There are a number of risks and uncertainties facing Quality Meat Scotland in achieving the implementation plans, following on from our [Impact Report](#), which can be found on our website: www.qmscotland.co.uk

We are developing new areas of measurement for the new five-year strategy, that are closely monitored and managed through the risk management framework and reviewed by the Audit and Risk Management Committee and the Board (see Governance Statement – Risk and Control Framework on page 29).





“ Quality Meat Scotland continues to make good progress in managing its spend in order to deliver across its key areas of work

Performance Against Implementation Plans

Overall Performance

Work Pillars	Brown	Red	Green	Grand Total
To develop a profitable and sustainable Scottish red meat industry	3	5	16	24
To promote a profitable and sustainable Scottish red meat industry		2	3	5
To protect a profitable and sustainable Scottish red meat industry		1	6	7
To support a profitable and sustainable Scottish red meat industry		2	9	11
Grand Total	3	10	34	47

Our implantation plan includes a number of business-as-usual activities, all of which were delivered alongside planned projects.

We delivered 90% of our implementation plan throughout the year the 90% is made up of 100% of business as usual activities being completed alongside 72% of planned project.

The total above highlights the 47 planned projects for the year. These are summarised by strategic

objectives. The BRAG system summarises the status of projects at the end of the year. Brown highlights the number of projects that we were unable to start during the year totalling 3.

The projects coded as red refer to the projects having faced delays; these delays are attributed to the higher-than-expected workload as a result of the change in staffing structure. These projects will be carried into the 2024/25 year to be completed.

Marketing and Communications

Work Package	Red	Green	Grand Total
Development	1		1
Internal Strategy		2	2
Grand Total	1	2	3

Brands Integrity

Work Package	Green	Grand Total
Added Value QA	1	1
Monitor and Protect Brands	1	1
Monitor and Protect Brands Integrity	4	4
Strategic Development of QA Schemes	3	3
Grand Total	9	9

Market Development

Work Package	Brown	Red	Green	Grand Total
Brand Engagement			3	3
Developing Skills			1	1
Market Building	1	1	5	7
Market Entry	1			1
Grand Total	2	1	9	12

Market Intelligence and External Affairs

Work Package	Brown	Red	Green	Grand Total
Market Intelligence			1	1
Public Affairs			3	3
Stakeholder Management	1			1
Sustainability		1	1	2
Grand Total	1	1	5	7

Industry Development

Work Package	Brown	Red	Green	Grand Total
Meat Eating Quality		4	4	8
Monitor Farm			1	1
Pig Efficiency		1		1
Pig Health and Welfare			2	2
Pig Sustainability			2	2
Grand Total		5	9	14

Corporate Services

Work Package	Red	Grand Total
Governance	1	1
IT and Management	1	1
Grand Total	2	2

Highlights from 2023-24

Strategy



The launch of our ambitious **five-year strategy** at the Royal Highland Show in June. This outlined the key pillars of **Provenance; Productivity and Profitability; and Planet and Place**, and our vision to make Scotland the choice for premium red meat.

Our first ever Christmas TV advertising campaign which targeted almost

90%

of the adult population



In export markets, we have seen a relaunch of the **Scotch Beef Club** in Italy, helping to promote our brands in this premium market, and a record

£22.9m

of new export business resulting from our attendance at Germany's Anuga trade show.

The supplier, the Woodhead Brothers in Aberdeenshire, is the first processor in Scotland to receive **accreditation to supply lamb in the Middle East** – a region that imports on average of

£571m worth of sheep meat each year

Lamb for St Andrew's

QMS worked closely with the **Institute of Auctioneers and Appraisers in Scotland (IAAS)** to deliver the Lamb for St Andrew's Day school initiative and supported the promotion of lamb donations to the IAAS 'lamb bank', which saw lamb distributed to local butchers, for schools to collect, to cook with.

During November, a total of **3.1 metric tonnes** of Scotch lamb fed **24,716 children** throughout 149 Scottish schools, spreading awareness of this locally abundant, healthy, and sustainable food source. Over the last four years, more than 86,000 pupils have benefitted from the collaborative initiative, thanks to the generous donations of Scottish sheep farmers.



Anuga 2023

The QMS Market Development Team unveiled a new-look export trade show stand at Anuga in October 2023. The premium space offered our Scottish wholesalers and processors a high-quality stand complete with full chef team that facilitated business conversations that went on to generate an estimated £23 million in new business opportunities. The QMS team was delighted with feedback from the nine Scottish businesses in attendance, alongside Cabinet Secretary Mairi Gougeon and Director of Agriculture George Burgess, who were also in attendance at the show.

Publication of The Scottish Red Meat Economic Impact Report

As part of our Scottish Food and Drink Fortnight activity, QMS launched a new [report detailing the economic impact of the Scottish red meat supply chain](#). This report was last published in 2016, so the updated version allowed comparisons to be drawn, and updated figures to be validated, showing that the Scottish red meat supply chain is now worth £2.8 billion in economic activity, and over £500 million GVA annually. This evidence base is now frequently utilised to help assess the impact of policy decisions and market changes on business activity.



Marketing Campaign Delivery, Including Christmas Advert

During December, QMS launched its first ever bespoke Christmas TV advert, looking to engage consumers at a time when they are focused on food. This high impact advert was focused on engaging 90% of the Scottish population, and covered each of the three brands Scotch Beef, Scotch Lamb and Specially Selected Pork, and was shown across a six-week stretch on STV, ITV Borders and STV player. This piece of marketing activity complemented other pieces of marketing work throughout the year, which included an innovative stint on Bauer Radio Stations over Valentine's day, which saw drivetime radio hosts challenge listeners to a rare-medium-well done cook off and question competition, engaging listeners in the Scotch brands for a Valentine's day celebration.



Monitor Farm Scotland 2022-2027 Programme

The Monitor Farm programme entered its second year with each of the nine farms now being firmly established in their respective communities with a regular programme of management group meetings, and wider open meetings. The programme has proved to be an excellent platform for engaging elected decision makers in challenges and opportunities facing the farming community, with a wide range of MSP's, MPs and Ministers visiting their local monitor farms to discuss key issues that arise from across the Monitor Farm programme.

Launch of Halal Scotch Lamb into New Markets

One of the key moments for QMS and the Scottish red meat industry came at the end of November, when the first consignment of Halal Scotch Lamb was served in Dubai at a St Andrew's Day celebration at COP28. This is a significant milestone, with no processors up until now holding the correct accreditation to allow international export of Stunned Halal Scotch Lamb. This opens up a new market for Scotch lamb in an area of the world where lamb consumption and economic prosperity is growing – a positive partnership for the long-term.

Scotch Lamb for St Andrew's Day Campaign

The Scotch Lamb for St Andrew's Day campaign has grown exponentially in recent years with over three tonnes of lamb going into Scotland's Schools for St Andrew's Day 2023. A key collaboration between the Institute of Auctioneers and Appraisers (IAAS) and QMS, the campaign spans the whole of the Scotch lamb supply chain, and looks to engage school children in Scotch lamb as a healthy protein source by donating lamb to schools to use as part of their home economic lessons. QMS and IAAS work together to develop a network of butchers to support each local high school, and to provide lesson plans and teaching materials to help deliver key messages on the natural production process that Scotch lamb has. This year, the campaign extended into the Scottish Parliament, where a successful drop-in session was held, with multiple MSPs taking time to speak to the team from QMS and IAAS on the importance of getting young people to eat Scotch Lamb, and the importance of sheep farming to Scotland's environment, communities, and economy.

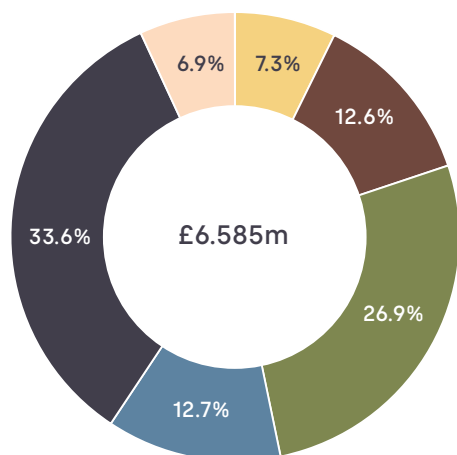
Through 2023-24, we have published various reports to provide information to our stakeholders. These can be found on our website: www.qmscotland.co.uk



Financial Position

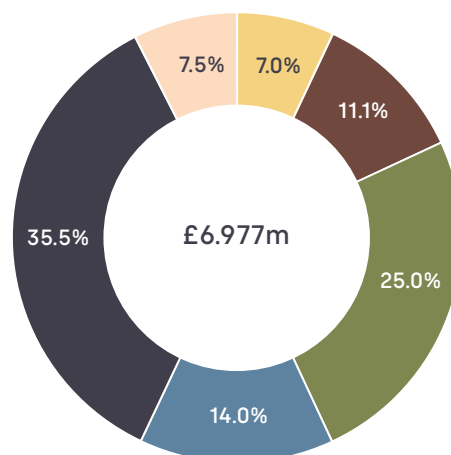
The implementation and budget plans provide a focus to ensure that all our activities meet our strategic aims and objectives. This breaks down by department as follows:

Actual allocation of our resources 2023-24



Marketing and Communications Industry Development Market Intelligence and External Affairs Brands Integrity Market Development Corporate Services

Budget allocation of resources 2023-24

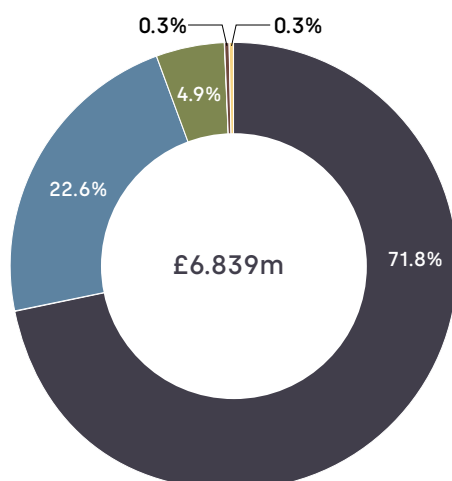


In June 2023, we launched our new strategic framework, and shortly afterwards commenced a cross organisation restructure to ensure we had the staff team in place to deliver on the objectives. Over the course of quarter three and quarter four, a number of changes were made as a result of our restructure, leading to an underspend on our staffing costs projected from the year, and some external spend as a result of having positions vacant while the restructure was completed.

In addition, the quarter four repatriated levy came in ahead of budget, increasing the surplus. The QMS Board will be asked to approve a budget amendment at the June Board meeting to fully commit this underspend to upweighted media spend in quarter two of the financial year following the appointment of new creative agencies and ahead of the new campaign launch in autumn 2024.

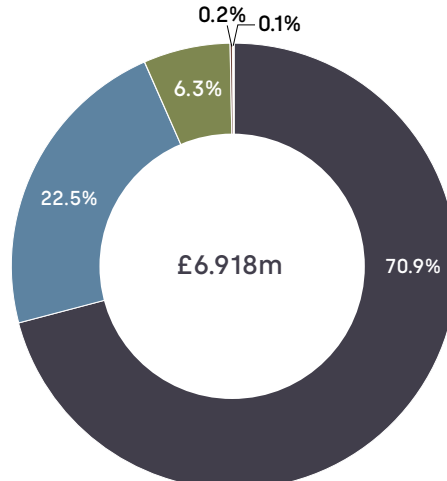
Income

Actual 2023-24 (%)



Statutory red meat levy Consumer assurance scheme fees Grant income Miscellaneous income Bank interest

Budget 2023-24 (%)



Statutory Red Meat Levy

	2023/24	2022/23
Cattle		
Scottish	2,262,827	2,482,554
Repatriated	196,378	174,756
Sub total	2,459,205	2,657,310
Sheep		
Scottish	796,621	844,745
Repatriated	913,705	880,280
Sub total	1,710,326	1,725,025
Pigs		
Scottish	291,352	303,360
Repatriated	446,096	493,569
Sub total	737,448	796,929
TOTAL	4,906,978	5,179,264

Over the 2023/24 financial year, the domestic levy suffered a drop of around 8%. This was driven by a number of factors:

- A significant issue in the supply chain resulting in suspension of beef kill for a number of weeks last summer.
- An increase in lambs and calves sold as young animals to other farmers in England and Wales for further fattening before being processed in England and Wales rather than in Scotland by Scottish processors.

- A slight decrease in the domestic pig kill due to commercial changes.
- A reduction of lambs and hogs below what was forecasted.

The QMS Board and Scottish Meat Training (SMT) are monitoring these issues closely, with a cattle forecast model having been developed in quarter one 2024/25 to support decision making around cattle supply. Some of the outflow of livestock is captured by the increase in repatriated levy, a mechanism brought in 2021.

Quality Assurance Schemes

Fees charged to members cover the cost of inspections and the administration of the schemes. The overall purpose of the schemes is to provide consumers with assurances in relation to food safety, animal

welfare and environmental protection and to remind farmers and others of the importance of assurance in the marketplace.

Grant

QMS received one grant from the Scottish Government. The grant from the Scottish Government's Knowledge Transfer and Innovation Fund (KTIF) fund, the Monitor Farm programme. The KTIF projects focus on the sharing of best practice to improve the productivity, profitability, and sustainability of Scottish farmers. The other grant is from Scotland Food and Drink and was used to relaunch the Scotch Beef Club.

Quality Meat Scotland has robust financial management controls, including budget profiling and monitoring to ensure any under or over-spend is identified as early as possible so it can be addressed. Quality Meat Scotland continues to make good progress in managing its spend in order to deliver

	2023/24	2022/23
Scottish Government	332,253	228,169
Other	5,954	£0
Total	338,207	228,169

across its key areas of work (see highlights on page 17). This year we achieved an end of year out-turn with a 5.62% underspend of our total budget, due to staffing and contracting changes. Medium-term financial planning was considered in the development of the annual business plan.

Planning Ahead



During the 2023-24 financial year, as part of our longer-term planning process, we designed and launched our new five-year strategy effective from 1 April 2024. We also put in motion a number of reforms to our staffing team and how we work, to ensure that we are geared up to deliver on the ambitions and meet the needs of our businesses that are navigating an extremely volatile and challenging external business environment. The ability to flex and adapt how we operate through the year will therefore remain important to supporting staff wellbeing and to our delivery.

In September 2023, the QMS Board officially instigated a review of the levy rates, engaging with producers and processors on a proposal to increase levy rates over the next five years by CPIH, a mechanism first introduced by our Welsh sister organisation HCC in 2022. Following the completion of 12 face-to-face workshops and 19 individual processor meetings, the recommendation was made to and accepted by ministers to change the rates from 1 April 2024. This exercise, combined with our new strategy, staffing structure and approach to delivery, puts the organisation in a refreshed position moving forward. The levy rise has provided us with

and increased budget for 2024-25 and the ability to deliver our [new strategy](#), which can be found on our website: www.qmscotland.co.uk

Through our regular budget management and forecasting, during quarter four of the 2023/24 financial year, the SMT discussed how to best utilise the surplus that was forecast to be generated. With a new integrated creative marketing agency appointed in April 2024, it was proposed that the surplus be utilised to upweight media spend as part of the new brand campaign relaunch at the end of quarter two.

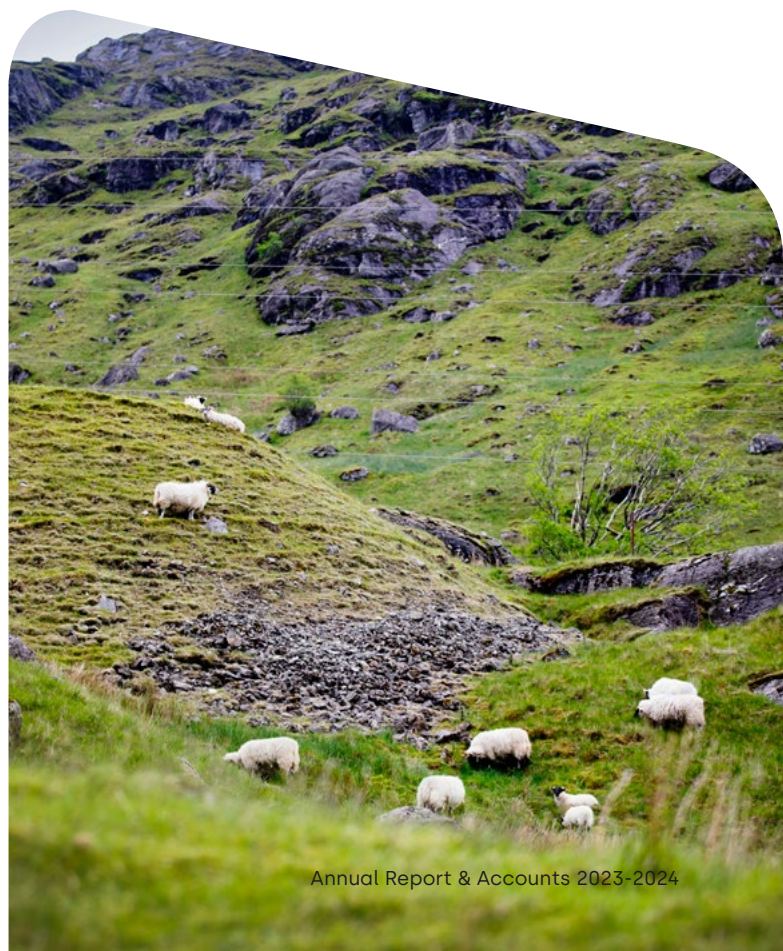
With a new three-year brand proposition currently being developed this will enable us to increase our reach and increase the number of media's that the campaign is designed in to. This strategy utilises the surplus at the right time but also makes best use of a new commercial tender that has been negotiated, ensuring best value for money for levypayers.

We will also be carrying forward some of the unfinished projects from 2023/24 which were delayed due to our staffing restructure and vacancies which were unfilled temporarily during the restructure. By quarter two 2024/25, we will be up to the full staff compliment and this should ensure strong performance in the 2024/25 implementation plan.

Sustainability



In recognition of its responsibilities under the Climate Change (Scotland) Act 2009, QMS takes appropriate steps to mitigate, adapt and act in a sustainable manner. In its work with stakeholders to improve business sustainability, QMS continues to promote awareness of mitigation and adaptation strategies and the adoption of best practice to secure carbon-reducing production efficiencies across the supply chain. This included commissioning in early 2022 the development of the Scottish Red Meat Industry Net Zero and Nature Restoration Roadmap and engaging the Net Zero Steering Group to embed solutions and next steps across our work, to help businesses across our supply chain reduce emissions while still remaining viable.



➔ Performance Report

People

QMS is committed to ensuring that all staff, volunteers, students and customers are treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability, religion or social background, any pregnancy or maternity, gender

reassignment, or marriage/civil partnership status in accordance with the Equalities Act 2010.

We have also introduced several HR procedures and processes, including an annual training plan to ensure that we are meeting the needs of our industry and our people.

Equal Opportunities

QMS is committed to a policy of non-discrimination on any grounds, including race, colour, nationality or ethnic or national origin, religion, sex, sexual orientation, marital status, age, responsibility for dependants, HIV status or disability. This policy

applies not only during the course of an individual's employment but also during the selection process, be it the recruitment of external job applicants, the review of internal candidates or in the provision of training and development.



Sarah Millar
Chief Executive and Accountable Officer

06 June 2024

Accountability Report



This report contains key statements and reports that enable Quality Meat Scotland to meet accountability requirements and demonstrate compliance with good corporate governance.

Corporate Governance Report

Directors' Report

Board of Quality Meat Scotland

Full details of Quality Meat Scotland's Register of Interest can be found on our website: www.qmscotland.co.uk

Kate Rowell (Chair) (R)

Kate is a fifth-generation farmer running the 750-hectare Hundleshope Farm on the Haystoun Estate, where the family have been tenants for 150 years. She runs the hill unit near Peebles with her husband Ed and their four children.

Ann Irvine (A)

Ann has served as a Board member of the University of the Highlands and Islands (UHI) Perth College and was brought up on a mixed farm in Northern Ireland. For the past 27 years she has been farming with her family in North East Scotland and helping the public to better understand where their food comes from. Her professional career spans 30 years in local government and further and higher education.

Andy McGowan

Andy is the Managing Director of Scottish Pig Producers, the pig marketing cooperative that plays a pivotal role in developing the pigmeat supply chain in Scotland and Northern Ireland. Andy was the Head of Industry Development at QMS from 2002 until 2013 and has also worked in food and livestock genetics companies across Europe and Asia. He also sits on the Board of the Scottish Agricultural Organisation Society, Scotland Food & Drink, scotEID.com Ltd, Wholesale Pigs (Scotland) Ltd and Pig Regen Ltd.

Gordon Wallace (A)

Gordon is a butcher with more than 30 years' senior management experience, ranging from volume carcass processing to meat product manufacturing. He is a part-time Lecturer at the City of Glasgow College and a freelance Assessor/Trainer, principally with Scottish Meat Training. Gordon has a master's degree in Educational Studies (M.Ed.), from the University of Glasgow and is a former Chair of East Renfrewshire Council's Audit and Scrutiny Committee.

Ian Bentley (R)

Ian has had a 30-year career in food retailing, culminating in senior management positions in the Marks & Spencer Food Division, including spells with responsibility for the meat category. He then joined Scotbeef Ltd as a non-executive Director where he had a deeper involvement in the meat industry. At Scotbeef, Ian helped with strategy and recruitment and represented the company on the Council of Trade Associations in Scotland and the UK.

Peter Brown (R) (A)

Peter studied agriculture at Aberdeen and worked for six years with the Highlands and Islands Development Board, then became Founder and Managing Director of Scottish Food Quality Certification (Edinburgh) and CMI Certification (Oxford). He was involved for more than 20 years in the establishment of farm assurance schemes across the UK and further afield. He has chaired two arts charities and has been Chair/Director of *The List*, the UK guide to what's on and to Scottish food and drink. Following his interest in the food industry, he recently gained a master's in Gastronomy at Queen Margaret University.

Adrian Ivory (R)

Adrian graduated from the Royal Agricultural College with a Bsc Hons degree in 1997 and took over the running of his family farm in 2004. Strathisla Farms is based just outside Meigle in Perthshire and runs a herd of 150 commercial breeding females alongside 55 pedigree Simmentals and 45 pedigree Charolais, and a couple of Beef Shorthorns. They also harvest 1,500 acres of cereals annually, which is a mix of wheat, winter barley and spring barley. Adrian completed the Scottish Rural Leadership Programme in 2008 as well as Harvest the Growth in 2015. He was also the *Farmers Weekly* 'Young Farmer of the Year' and 'Overall Farmer of the Year' in 2008. Adrian sits on the British Simmental Council and is a previous member of the British Charolais council. Adrian was awarded his Fellow of the Royal Agricultural Societies (FRAgS) in 2019.

Scott Jarron

Scott has considerable retail experience in the red meat industry, having directed Scott Brothers Butchers in Dundee for the past 15 years. The business is diverse to the extent that it sells red meats to retail, wholesale and online. This role has given Scott a wealth of experience of marketing and promotional activities and this will be invaluable to QMS.

Niall Jeffrey (A)

Niall is a mixed beef and arable farmer based in East Lothian. He graduated with a BSc in Agriculture from Newcastle University in 2006, spent some time working in New Zealand and completed a BASIS certificate in Agriculture before joining the family business in 2009. He is currently an Agri-Epicentre satellite farmer and in 2018 won the 'AgriScot Scotch Beef Farm of the Year'. Niall brings to the Board a good understanding of animal production systems and practical experience in technology and innovative farming.

Emma Buckby

Emma is based on a sheep and beef farm on the Scottish Border and is also the Head of the UK Market for a leading livestock Agtech. She has research interests in farmer decision-making and profitability in livestock farming and completed an MBA specialising in farm businesses. Emma is also a Governor for the University of the Creative Arts, with an interest in marketing, branding and communications, as well as Transnational Education (TNE) and knowledge exchange. She spent many years working in marketing and business development for the international education sector.

Jilly Duncan Grant

Jilly is the Co-Founder and Chief Executive Officer of Herd Advance, a company which is introducing innovative low-carbon, digitally automated technology solutions, supporting the growth and sustainability of the livestock industry. Jilly, with her husband and family, farms a 1,500-acre mixed beef and arable business in Aberdeenshire. Jilly has held roles within the SRUC for more than 10 years, across a mix of consultancy, research and education. She also spent eight years within the oil and gas and offshore wind sectors, focusing on strategy development and associated analysis and reporting. Jilly began her career after studying a Master's in Agribusiness Management at SAC Craibstone Aberdeen, followed by a graduate traineeship and subsequent management roles across the UK for a global meat processor, Grampian Country Food Group. Jilly has gained extensive knowledge and experience through her 25-year career, bringing industry stakeholder engagement, expertise in innovative disruptive production systems, policy research and delivery and farm business consultancy specific to animal production, business improvement, strategy formulation and implementation. Jilly is also an alumnus of the Scottish Rural Leadership Programme and the SAOS/NFU Mutual Growing Tomorrow's Leaders Programme, as well as a winner of the RHASS Royal Highland Show Innovation Award.

Accountability Report

Carrie Ruxton

Carrie Ruxton PhD is a dietitian with more than 20 years' experience consulting to a broad range of food companies and trade bodies. She served for several years on the industry-funded Meat Advisory Panel, helping to communicate the role of red meat in a balanced diet to consumers. She is a former Board member of FSS and a Trustee of the Nutrition Society. Carrie's grandparents and great-grandparents farmed in Perthshire, which gave her a lifelong appreciation of the importance of rural Scotland.

The Chair and Board members are appointed by Scottish Ministers. The Board has a code of conduct for Board members approved by Scottish Ministers. The Board operates an Audit and Risk Management Committee and a Remuneration Committee to scrutinise activity in these areas and make recommendations to the Board.

Key:

(R) Indicates membership of the Remuneration Committee.

(A) Indicates membership of the Audit and Risk Management Committee.

Pensions

QMS operates defined contribution schemes for employees. The assets of the defined contribution schemes are held separately from those of the organisation in independently administered funds.

Details of the pension entitlements are given in the Remuneration and Staff Report (page 35) and note two (page 51) to these accounts.

Freedom of Information Requests

Quality Meat Scotland received 16 Freedom of Information (FOI) requests during the year 2023-24. All requests were responded to within appropriate timescales.

Data Protection

There were no data losses during the year.

Payment Policy

It is QMS's policy to settle all debts within 30 days unless otherwise specified in the contract and to observe the CBI prompt payment code. On average, QMS settled its debts within 18 days during 2023-24 (2022-23 – 24 days).

Statement of Board and Accountable Officer's Responsibilities

Under article 12(4) of the Quality Meat Scotland Order 2008, QMS is required to prepare a statement of accounts for each financial year, in conformity with the direction of the Scottish Ministers.

The statement of accounts is prepared on an accruals basis and must give a true and fair view of the state of affairs of QMS, the income and expenditure, recognised gains and losses and cash flows for the financial year.

The composition of the Board of QMS is disclosed on page 25. Details of the Accountable Officer, who is the Chief Executive of QMS, are reported on page 28.

In preparing the accounts, the Accountable Officer is required to comply with the Financial Reporting Manual (FReM) and, in particular to:

- Observe the accounts direction, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.

- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards, as set out in the FReM, have been followed and disclose and explain any material departures in the accounts.
- Prepare accounts on a going concern basis.

The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which an Accountable Officer is answerable, for keeping proper records and for safeguarding assets, are set out in the Public Finance and Accountability (Scotland) Act 2000.

The Board has corporate responsibility for ensuring that QMS fulfils the overall aims set by Scottish Ministers and for promoting the efficient and effective use of staff and other resources, in accordance with the principles of Best Value.

Disclosure of Information to the Auditors

As Accountable Officer, as far as I am aware, there is no relevant audit information of which Quality Meat Scotland's auditor are unaware. I have taken

all reasonable steps to make myself aware of any relevant audit information and to establish that Quality Meat Scotland's auditor is aware of the information.

Statement by Accountable Officer

As Accountable Officer, I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal

responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement

Background

The Governance Statement records the stewardship of Quality Meat Scotland and supplements the annual accounts. This statement also draws together

statements and evidence on governance, risk management and control, to provide a coherent and consistent reporting mechanism.

Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control to underpin the achievement of QMS's strategy, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The system of internal control is designed to manage rather than eliminate risk of failure to achieve specific strategies; it can therefore only provide reasonable and not absolute assurance of effectiveness. No significant weaknesses have been identified.

The system of internal control is based on

a continuing process, designed to identify the principal risks to the achievement of QMS's specific strategies, to evaluate the nature and extent of those risks and to manage them effectively and economically. This process was in place throughout the year to 31 March 2024 and up to the date of the approval of the annual report and accounts.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. The following framework was in place for the year which ended 31 March 2024, covering a range of corporate governance requirement.

Governance Framework

QMS's governance framework is clearly defined within the context of the Framework Document, which specifically addresses:

- The functions, duties and powers of QMS
- Aims, objectives and targets
- The responsibilities of the chair, the Board and the Chief Executive
- Planning, budgeting and control
- External accountability
- Staff management
- Reviewing QMS's role
- Key financial and operating procedures.

The governance framework is further supported by the QMS Scheme of Delegation, Board Standing Orders and Board Code of Conduct.

The QMS Board, including the Chair, consists of 12 members. These individuals are appointed by Scottish Ministers in line with the Code of Practice issued by the Commissioner for Public Appointments in Scotland. The Board has corporate responsibility for ensuring that QMS fulfils the aims and objectives set by Scottish Ministers and for promoting the

efficient and effective use of staff and other resources by QMS in accordance with the principles of Best Value. The Board met five times.

The diversity of the QMS Board is key to the success of the organisation. Board members are involved in different parts of the red meat industry in Scotland, with each Board member bringing different skills and expertise to the organisation. QMS is striving to comply with the Gender Representation on Public Boards (Scotland) Act 2018, with steps taken to increase female representation on the QMS Board, including holding dedicated webinars with potential Board members, explaining the appointment process and role of the QMS Board, and increasing advertising on available Board positions in a greater range of publications and stakeholder communications.

During 2022-23 the Board appointment process was initiated to recruit three new Board members to QMS. They were appointed to start on 15 April 2023.

The Board in pursuit of its wider corporate responsibilities, shall:

- Establish the overall strategic direction of QMS within the needs of industry and the policy, planning and resources framework determined by the Scottish Ministers.

➔ Accountability Report

- Ensure that Scottish Ministers are kept informed of any changes which are likely to impact on the strategic direction of QMS or on the attainability of its targets and determine the steps needed to deal with such changes.

The Chair is appointed by Scottish Ministers in line with the Code of Practice issued by the Commissioner for Public Appointments in Scotland. The Chair is accountable to the Scottish Ministers and may also be held to account by the Scottish Parliament.

Communications between the Non-Departmental Public Body (NDPB) Board and the Scottish Ministers should normally be through the chair. The Chair has a particular leadership responsibility in formulating the Board's strategy.

The Chief Executive of QMS is designated as the Accountable Officer by the Principal Accountable Officer of the Scottish Administration in accordance with Sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000.

Board Meetings

Board Members during 2023-24	Board Position	Attendance at Board Meetings during 2023-24
Kate Rowell	Chair	5/5
Ann Irvine	Member	5/5
Andy McGowan	Member	5/5
Gordon Wallace	Member	5/5
Ian Bentley	Member	5/5
Peter Brown	Member	4/5
Adrian Ivory	Member	5/5
Niall Jeffrey	Member	5/5
Scott Jarron	Member	4/5
Jillian Grant (appointed 15 April 2023)	Member	3/5
Emma Buckby (appointed 15 April 2023)	Member	5/5
Caroline Ruxton (appointed 15 April 2023)	Member	3/5

The role of the Board is to provide strategic leadership for the organisation, setting the strategic direction including development of a strategic plan and programme of work. It also oversees the performance of the organisation, and the Chief Executive is accountable to the Board for its performance. During the 2023-24 year the Board focused on:

- Overseeing delivery of the strategic plan and programme of work.
- Stakeholder engagement including industry workshops which took place over the autumn/winter

- Performance monitoring addressing delivery, financial, risk and governance performance.
- Board member training and development.

The Board is supported by an Audit and Risk Management Committee to maintain oversight of internal and external audit, financial, risk and governance performance, and a Remuneration Committee.

The Board is committed to high standards of corporate governance and believes that a sound governance structure gives rise to a successful organisation.

Audit and Risk Management Committee

The purpose of the Audit and Risk Management Committee is to monitor and review risk, control, and corporate governance. It operates independently and reports to the Board.

The Audit and Risk Management Committee comprises of at least three Board Members appointed by the Board and has written terms of reference,

which are also approved by the Board. The terms of reference outline the make-up, authority and duties of the committee.

The Audit and Risk Management Committee met three times in the 2023-24 year.

The minutes of the Audit and Risk Management Committee can be found on the [QMS website](#).

Audit and Risk Management Committee Members during 2023-24

Committee Member	Committee Position	Attendance at Committee Meetings during 2023-24
Ann Irvine	Chair	3/3
Peter Brown	Member	3/3
Gordon Wallace	Member	3/3
Niall Jeffrey	Member	2/3

The external and internal auditors normally attend Audit and Risk Management Committee meetings

as required. They are given the opportunity to speak confidentially to the Committee members.

Remuneration Committee

The Remuneration Committee is made up of four Board Members, including the Board Chair. The Remuneration Committee met five times during the 2023/24 year.

Purpose:

- To receive an annual report from the Chair of the Board on the performance of the Chief Executive and a recommendation on annual salary review.
- To receive an annual report from the Chief Executive

on a proposal for review of staff salaries.

- To make recommendations to the Board on the proposed salary review for the Chief Executive and on the proposal for salary review of staff.
- To ensure compliance with Management Statement and Financial Memorandum guidelines on remuneration.
- To oversee the objective setting and appraisal process for staff and the Chief Executive.

Remuneration Committee Members during 2023-24

Committee Member	Committee Position	Attendance at Committee Meetings during 2023-24
Peter Brown	Chair	5/5
Kate Rowell	Member	5/5
Ian Bentley	Member	5/5
Adrian Ivory	Member	3/5

Risk and Control Framework

Responsibility for the risk management process lies with the Board, which is provided with information and guidance by the Audit and Risk Management Committee and the Strategic Management Team.

QMS has its own risk management policy and we work to update our Risk Register to ensure the Board is aware of the key issues we are facing at any point in time. The Register is examined regularly by the QMS Strategic Management Team and reviewed by the Audit and Risk Management Committee and the appointed internal audit consultants.

The risk and control mechanism is based on an ongoing process designed to identify the principal risks to the achievement of Quality Meat Scotland's policies, aims and objectives; to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically.

Quality Meat Scotland maintains a Risk Register which records internal and external risks and identifies the mitigating actions required to reduce the threat of these risks occurring and their impact. The Risk Register is regularly updated and reviewed as a standing item by both the Strategic Management Team and the Audit and Risk Management Committee. The Risk Register is presented to the Board following the Audit and Risk Management Committee meeting.

The risk and control processes applied within Quality Meat Scotland accord with guidance given in the Scottish Public Finance Manual (SPFM) and have been in place for the year ended 31 March 2024 and

up to the date of the approval of the annual report and accounts.

During the year, and up to the date of signing the accounts, the following governance arrangements were in place:

Fraud Risk Management

QMS policies relating to fraud, corruption and bribery are set out in the staff handbook. These policies detail the steps taken to manage risk and how to respond to fraudulent or corrupt activity if it is suspected or discovered. Processes are in place to ensure that policies for counter-fraud are consistent with Scottish Government guidance, including a review of current counter-fraud activity. Robust reporting procedures have been adopted by QMS and an Audit and Risk Management Committee is in place to oversee and manage any issues that arise.

Anti-Corruption and Anti-Bribery Matters

Quality Meat Scotland has an Anti-Fraud Policy in place and there have been no reported incidents of corruption or fraud.

Whistle-Blowing Policy

The whistle-blowing procedure is set out in the Staff Handbook and a member of the Board is appointed so as to be directly available to whistle-blowers.

The system of internal control will continue to be reviewed to ensure effective assurances.

Best Value

Quality Meat Scotland ensures that, by following best practice principles and guidance across the organisation, we continue to secure best value in our operations and procurement of services and contracts.

Conflicts of Interest Procedures

Quality Meat Scotland operates strict and comprehensive procedures to deal with potential conflicts of interest. A register of interests, covering Board members and the Strategic Management Team, is held and updated on an annual basis. This is available for examination by any member of the public wishing to do so, the information is published on the Quality

Meat Scotland website: www.qmscotland.co.uk

Board members records any potential conflicts of interest at the start of every Board meeting and, where appropriate, absent themselves from decisions on any matters in which they have an interest. These declarations are recorded in the minutes of the meeting.



External Audit

Audit Scotland has been appointed as Quality Meat Scotland's external auditor for a five-year period from 1 April 2022.

Internal Audit

The appointed internal auditor (TIAA) carried out a review of selected operating systems, and an ongoing programme of work has been agreed with the Audit and Risk Management Committee. The results of reviews are advised to the Audit and Risk Management Committee, which reports to the Board. Our internal auditors are satisfied that, for the areas reviewed during the year, Quality Meat Scotland has reasonable and effective risk management, control and governance processes in place.

The internal audit function is an integral part of the internal control system. Quality Meat Scotland's internal audit service for the financial year 2023-24 was provided by TIAA Ltd, which undertook work based on an analysis of the risk to which Quality Meat Scotland was exposed. During 2023-24 TIAA reviewed and evaluated Quality Meat Scotland's processes in the following area:

- Procurement.

Our Market intelligence internal audit has been

moved into 2024/25 due to staff changes and workload pressures.

The findings are presented in the reports issued during the year to the Strategic Management Team and the Audit and Risk Management Committee. These include an opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvements.

No recommendations were made throughout the year and no recommendations were carried forward from work undertaken in previous years.

Each year, the Internal Audit provider issues an annual report which includes an opinion on the system of internal control. The findings of the review of Quality Meat Scotland's risk management, governance and internal control processes provided Quality Meat Scotland with reasonable assurance that there are no major weaknesses in the internal control systems for the areas reviewed in 2023-24.

Data and Information Management

Procedures are in place to ensure compliance with data and information management obligations. Quality Meat Scotland has had no recorded or reported instances of data loss or breaches during the year. Quality Meat Scotland has taken steps to ensure compliance with GDPR obligations. Quality Meat Scotland has a dedicated Data Protection Officer.

There has been an increased risk in cyber security. Quality Meat Scotland recognises the importance of ensuring cyber resilience. Quality Meat Scotland renewed its Cyber Essentials certification and achieved Cyber Essentials Plus. Quality Meat Scotland again carried out training of staff on the importance of remaining vigilant to phishing attacks and scenario planning for potential breaches.

Significant Governance Issues

During 2023-24 there were no significant governance issues to report.

Management Assurances

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the:

- Work of the internal auditor
- Input and feedback from the Audit and Risk Management Committee.
- Executive managers within QMS who have responsibility for the development and maintenance of the internal control framework.
- Comments made by the external auditor in management letters and other reports.

Each of these parties is involved in the identification and assessment of areas of operation where review is needed or is due by virtue of the passage of time since a previous review.

Reports are presented to the Audit and Risk Management Committee for confirmation that management action in relation to risks identified, has been implemented.

The measures listed above have been in place for the duration of the financial year and up to the date of the approval of the annual report and accounts, and are sufficient to address any weakness identified and to ensure the continuous improvement of the system.

Conclusion

Based on the sources of assurance identified above, and the continuous review of corporate governance practices in line with the Scottish Public Finance Manual (SPFM) best practice principles and guidance,

I am satisfied that appropriate governance controls are in place and these are operating effectively.

The framework of controls needs to continue to develop to ensure it is proportionate and effective.



Remuneration and Staff Report

Remuneration Policy

In setting salary levels, the Remuneration Committee has regard to the following considerations:

- The need to recruit, retain and motivate suitably qualified people to implement specific strategies and activities in line with the strategy of the organisation
- Regional or local variations in labour markets and their effect on the recruitment and retention of staff
- The funds available subject to expenditure limits
- Other relevant Government policies or targets.

Board Remuneration (Audited)

Remuneration of the Chair and Board Members is set out below:

Board Members during 2023-24	2023-24 (£)	2022-23 (£)
Kate Rowell (Chair)	35-40	45-50
Anne Irvine	0-5	0-5
Andy McGowan	0-5	0-5
Gordon Wallace	0-5	0-5
Ian Bentley	5-10	0-5
Peter Brown	0-5	0-5
Adrian Ivory	0-5	0-5
Niall Jeffrey	5-10	5-10
Scott Jarron	0-5	0-5
Jillian Grant (appointed 15 April 2023)	0-5	-
Emma Buckby (appointed 15 April 2023)	0-5	-
Caroline Ruxton (appointed 15 April 2023)	0-5	-

QMS does not make any pension payments in respect of the Chair or any Board Member. Board Members and the Chair are remunerated at an agreed rate for time spent on Board business. Quality Meat Scotland Chair is committed to four days per month.

Remuneration of Senior Staff (Audited)

The following section provides details of the remuneration and pension interests of the Chief Executive of Quality Meat Scotland

	Salary		Pension Contributions		Total	
	£000		£000		£000	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Chief Executive						
Sarah Millar	115-120	115-120	15-20	10-15	135-140	130-135

QMS does not make any performance related payments, bonuses or benefits in kind in respect of the Chief Executive, Chair or any Board member.

Pay Multiples (Audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid staff member in their organisation along with the median, lower quartile and upper quartile remuneration

figures of the organisation's workforce. The banded remuneration of the highest-paid staff member in Quality Meat Scotland in financial year 2023-24 was £115-120k (2022-23: £115-£120k).

	2023-24 Salaries £	2023-24 Ratio to Highest Paid Director Salary	2022-23 Salaries £	2022-23 Ratio to Highest Paid Director Salary
	£	£	£	£
Lower quartile	37,765	3.11	35,597	3.30
Median	41,218	2.85	47,199	2.49
Upper quartile	56,057	2.10	52,159	2.25

In 2023-24 no employees received remuneration in excess of the highest paid director. Remuneration ranged from £27,274 to £120,000 (2022-23: £25,709 to £120,000). There was a 0% change in the highest paid director salary in 2023-24 (9.3% 2022-23). The average percentage change of the workforce salaries from the previous financial year was 4.37% (2022-23: -2.48%). This is due to annual pay and progression awards. The upper and lower quartile ratios have decreased from 2022/23 due to an increase in the pay of the lowest and highest paid members of staff.

Staff Costs and Numbers (Audited)

	Permanent Staff	Board Members	Total 2023-24	Total 2022-23
	£	£	£	£
Salaries	1,382,935	74,844	1,457,779	1,485,298
Social security costs	150,204	6,562	156,766	163,660
Other pension costs	152,534	0	152,534	136,491
Total	1,685,673	81,407	1,767,080	1,785,448

Average Number of Employees (Audited)

The average number of full-time equivalent (FTE) persons employed during the year

	Number 2023-24	Number 2022-23
Chief Executive	1	1
Professional, managerial, administration and support	27	27
Total	28	28

As at 31 March 2024 there are no staff on temporary contracts. (nil-2022/23).

Gender Note

	Males 31 March 2024	Females 31 March 2024	Males 31 March 2023	Females 31 March 2023
Board	7	5	8	2
Chief Executive	-	1	-	1
Employees	8	20	9	19

Employee numbers include part-time staff.

The figures above are the total numbers of staff as at 31 March 2024 not full-time equivalents.

Sickness Absence

Sickness absence during the year to 31 March 2024 was 48.5 days (2023: 48.3 days), representing 0.78% of the total number of available days (2023: 0.77%). This equates to an average number of days sickness per member of staff of 1.73 days (2023: 1.73 days).

Exit Packages

There were no exit packages within 2023-24 (2022-23: nil).

Staff Turnover

During the year 2023-24, Quality Meat Scotland had six permanent members of staff leave: This represents a staff turnover figure of 20.7% (2022-23: 10%).

Equal Opportunities, Diversity and Inclusion

We are committed to ensuring equal opportunities, equality and diversity in the workplace for all employees, including those with disabilities. Our approach is detailed in various staff policies, summarised in our employee handbook. We also ensure we train and develop our Management Team in management responsibilities, diversity and inclusion.

Parliamentary Accountability Report

Losses and Special Payments

There were no losses or special payments made during the year 2023-24 (2022-23: nil).

Gifts and Charitable Donations

There were no gifts or charitable donations made during the year 2023-24 (2022-23: nil).

Remote Contingent Liabilities

Quality Meat Scotland is required to report any liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability under IAS37. There are currently no remote contingent liabilities 2023-24 (2022-23: nil).

Fees and Charges

Quality Meat Scotland received no fees or charges income within the year 2023-24 (2022-23: nil).



Sarah Millar
Chief Executive and Accountable Officer

06 June 2024

Independent Auditor's Report



Independent Auditor's Report to the Members of Quality Meat Scotland, the Auditor General for Scotland and the Scottish Parliament

Reporting on the Audit of the Financial Statements

Opinion on Financial Statements

I have audited the financial statements in the annual report and accounts of Quality Meat Scotland for the year ended 31 March 2024 under The Quality Meat Scotland Order 2008. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government

Financial Reporting Manual (the 2023/24 FReM).

In my opinion the accompanying financial statements:

- Give a true and fair view of the state of the body's affairs as at 31 March 2024 and of its net expenditure for the year then ended;
- Have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 FReM; and
- Have been prepared in accordance with the requirements of The Quality Meat Scotland Order 2008 and directions made thereunder by the Scottish Ministers.

Basis for Opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body

in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions Relating to Going Concern Basis of Accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for

a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of Material Misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the Financial Statements

As explained more fully in the Statement of Board and Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer 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 Accountable Officer is responsible for assessing the body'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 there is an intention to discontinue the body's operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- Using my understanding of the central government sector to identify that The Quality Meat Scotland Order 2008 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- Inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- Inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;

- Discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- Considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on Regularity of Expenditure and Income

Opinion on Regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred

or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for Regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements

section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on Other Requirements

Opinion Prescribed by the Auditor General for Scotland on Audited Parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been

properly prepared in accordance with The Quality Meat Scotland Order 2008 and directions made thereunder by the Scottish Ministers.

Other Information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required

to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions Prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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

- The information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Quality Meat Scotland Order 2008 and directions made

thereunder by the Scottish Ministers; and

- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Quality Meat Scotland Order 2008 and directions made thereunder by the Scottish Ministers.

Matters on Which I am Required to Report by Exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- Adequate accounting records have not been kept; or
- The financial statements and the audited parts

of the Remuneration and Staff Report are not in agreement with the accounting records; or

- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on Wider Scope Responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope

responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my Report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with

paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Maggie Bruce

Maggie Bruce CA

Senior Audit Manager

Audit Scotland

The Green House

Beechwood Business Park North

Inverness IV2 3BL

06 June 2024

Financial Statements



Financial Statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2024

		2023-24	2022-23
	Note	£	£
Income	2		
Statutory red meat levy		(4,906,978)	(5,179,264)
Consumer assurance scheme fees		(1,548,646)	(1,483,481)
Other income		(361,179)	(326,649)
Total operating income		(6,816,803)	(6,989,394)
Expenditure			
Staff employment and Board costs	4	1,767,080	1,785,448
Depreciation and amortisation	6	41,261	47,520
Other operating costs	3	4,774,040	4,961,517
Total operating expenditure		6,582,381	6,794,485
Net operating expenditure		(234,422)	(194,909)
Interest receivable	5	(21,938)	(3,177)
Interest payable	5	2,604	3,392
Net expenditure for the year		(253,756)	(194,694)

There is no other comprehensive income or expenditure for the year. The notes on pages 49 to 57 form part of these accounts.

Statement of Financial Position

As at 31 March 2024

		2024	2023
	Note	£	£
Non-current assets			
Furniture, fittings and equipment	7	34,141	40,464
Intangible assets	8	13,200	17,600
Right-of-use assets	9	28,892	43,967
Total non-current assets		76,233	102,031
Current assets			
Trade receivables and other current assets	10	1,235,513	1,751,208
Deposits and advances	11	405,644	251,922
Cash and cash equivalents	12	889,422	551,593
Total current assets		2,530,579	2,554,723
Total assets		2,606,812	2,656,754
Current liabilities			
Trade payables and other current liabilities	13	674,328	962,282
Lease liabilities	9	16,756	15,744
Total current liabilities		691,084	978,026
Non-current liabilities			
Lease liabilities	9	16,305	33,061
Deferred income	13	172,229	172,229
Total non-current liabilities		188,534	205,290
Assets less liabilities		1,727,194	1,473,438
Taxpayers' equity			
General reserve		1,727,194	1,473,438

Only events up until the authorised for issue date are reflected in these accounts.
The notes on pages 49 to 57 form part of these accounts.

The Accountable Officer authorised these financial statements for issue on **06 June 2024**



Sarah Millar, Chief Executive and Accountable Officer
Quality Meat Scotland
06 June 2024

Cash Flow Statement

For the year ended 31 March 2024

		2023-24	2022-23
	Note	£	£
Cash flows from operating activities	(a)	502,195	34,439
Cash flows from investing activities	(b)	(167,955)	88,410
Cash flows from financing activities	(c)	3,590	(6,014)
Increase/(decrease) in cash in the year		337,829	116,835
Notes to the Cash Flow Statement			
(a) Cash flows from operating activities			
Net operating expenditure		234,422	194,909
Adjustment for non-cash items			
- Depreciation		41,261	47,520
- (Profit)/loss on sale of non-current assets		(1,229)	(1,950)
Decrease/(increase) in trade and other current assets		515,695	(614,642)
(Decrease)/increase in trade and other current liabilities		(287,954)	408,602
Net cash flow from operating activities		502,195	34,439
(b) Cash flows from investing activities			
Purchase of property, plant and equipment		(16,058)	(24,678)
Proceeds from disposal of property, plant and equipment		1,825	1,950
Withdrawal/(deposit) of cash to UK clearing bank fixed-term deposit account		(153,722)	111,137
Net cash used in investing activities		(167,955)	88,410
(c) Cash flows from financing activities			
Interest received		21,938	3,177
Net repayments of lease liability		(18,348)	(9,191)
Net cash flow from financing activities		3,590	(6,014)
Net financing			
QMS has no borrowing obligations. Accordingly, the net funds of the organisation are equal to its cash balances.			
Net increase in cash and cash equivalents in the year		337,829	116,835
Cash and cash equivalents at beginning of year		551,593	434,758
Cash and cash equivalents at end of year		889,422	551,593

The notes on pages 49 to 57 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2024

General Reserve	£
Balance at 31 March 2022	1,274,306
Changes in taxpayers' equity for 2022-23	
Opening balance adjustment for IFRS 16	4,438
Comprehensive net (expenditure)/income for the year	194,694
Balance at 31 March 2023	1,473,438
Changes in taxpayers' equity for 2023-24	
Comprehensive net (expenditure)/income for the year	253,756
Balance at 31 March 2024	1,727,194

The notes on pages 49 to 57 form part of these accounts.



Notes to the Financial Statements

1 Accounting Policies

The financial statements have been prepared in accordance with the Accounts Direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 and in compliance with the principles and disclosure requirements of the Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted or interpreted for the public sector context.

The financial statements have been prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard (IAS) 8: Accounting Policies, Changes in Accounting Estimates and Errors. Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note. The fundamental accounting concepts of going concern and accruals have been applied consistently.

The accounting policies adopted by QMS have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

The financial statements have been prepared on a going concern basis under the historical cost convention.

1.2 Assets Policy

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition.

Intangible assets are non-monetary assets without physical substance and comprise of software configuration costs.

Right-of-use assets for applicable leases are initially recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised, and subsequently measured in accordance with IAS16 as adapted for the public sector. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and subject to subsequent remeasurement to reflect changes in assumptions, such as the lease term or discount rate.

1.3 Property, Plant and Equipment

Expenditure on office refurbishments, office furniture and fittings, office equipment, IT equipment and infrastructure is capitalised if the asset has a value of at least £250 with a useful life of more than one year. The assets are recorded at cost and this lifespan and residual values are estimated.

1.4 Depreciation

Capital assets will be depreciated/amortised on a straight-line historical cost basis as follows.

Property, plant and equipment:

- Furniture, fittings and equipment – five years
- Office equipment – five years.

Information technology:

- IT equipment – two or three years.

Intangible assets:

- Developed software and website – five years.

Right-of-use assets:

- Estimated period to end of lease.

1.5 Pension Arrangements

The organisation operates defined contribution schemes for employees. The assets of the defined contribution schemes are held separately from those of the organisation in independently administered funds. The amount charged to the Statement of Comprehensive Net Expenditure represents the contributions payable to the schemes in respect of the accounting year.

1.6 Grants

Grants of a revenue nature are credited to the Statement of Comprehensive Net Expenditure in the year in which they accrue.

Grants for the purchase of property, plant and equipment are treated as deferred income and credited to the Statement of Comprehensive Net Expenditure over the estimated useful life of the relevant assets.

1.7 Leases

Leases where the organisation receives the economic benefit of the lease are classified as right-of-use assets, as defined on the next page. Other leases which are of short duration or of low underlying value are not recognised in the organisation balance sheet. Payments under these leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

1.8 Foreign Currencies

Transactions in foreign currency are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Statement of Financial Position date.

All differences are taken to the Statement of Comprehensive Net Expenditure.

1.9 General Reserve

The general reserve represents the surplus or deficit on the Statement of Comprehensive Net Expenditure and the adjustments for the initial application of IFRS16.

1.10 Financial Instruments

Financial assets include trade receivables, fixed-term cash deposits and cash balances. Financial liabilities consist of trade payables. These are all carried in the Statement of Financial Position at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the following assumptions:

- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

An impairment review is carried out for all financial assets at the Statement of Financial Position date.

1.10.1 Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other third parties, as well as credit exposures to QMS's customers. QMS has formal treasury management procedures and invests surplus cash with government-supported high street clearing banks. QMS's treasury management policy is reviewed on an annual basis.

QMS now reviews the credit risk associated with financial institutions on a regular basis if market conditions are volatile or other information is made available on the financial security of UK banks and building societies.

1.10.2 Liquidity Risk

QMS does not have any external borrowings.

1.10.3 Market Risk

Changes in market interest rates influence the interest payable on interest receivable on surplus funds invested. QMS does not rely on interest receivable as its key source of income.

1.11 Revenue Recognition

Revenue is recognised and included in income when the following conditions are met.

Statutory Red Meat Levy

Statutory red meat levies consist of two parts: the producer levy and the slaughterer levy. The producer element is collected and held in trust for QMS by slaughterers who pay the levy direct to QMS. Levy is calculated on the number of animals slaughtered and these details are notified to QMS through the completion of regular declarations. Abattoirs inform QMS on a weekly basis of the number of animals which they have slaughtered that were subject to levy. Smaller abattoirs are permitted to submit declarations on a less frequent basis. In all cases the number of animals slaughtered is broken down by category, i.e. pigs, cattle, sheep, calves. Slaughterers are required to pay the levy due within 30 days of the end of the month, for animals slaughtered in that month.

The value of statutory red meat levies recognised in the accounts of QMS is a combination of actual levy invoices raised for animals slaughtered within the period 1 April to 31 March and an estimate for any declarations not yet received for the same period.

Grant Income

Government grant income to QMS is for the delivery of specific programmes of work and is recognised in the Statement of Comprehensive Net Expenditure in the period in which it becomes receivable.

Consumer Assurance Scheme Fees

Consumer Assurance Scheme Fees are based on inspection services provided in the year.

1.12 New Accounting Standards

All new standards issued and amendments made to existing standards are reviewed by the Financial Reporting and Advisory Board (FRAB) for subsequent inclusion in the FReM which is in force for the year in which the changes become applicable.

There were no new accounting standards applied in 2023-24.

2 Income

	2024	2023
	£	£
Statutory red meat levy	4,906,978	5,179,264
Consumer assurance scheme fees	1,548,646	1,483,481
Grant income	338,207	228,169
Ring-fenced funding	0	65,569
Other income	22,972	32,911
	6,816,803	6,989,394

3 Operating Expenditure

	2024	2023
	£	£
Marketing and Communications	1,845,309	2,008,317
Brands Integrity	1,608,742	1,535,072
Industry Development	432,333	540,516
Market Intelligence and External Affairs	280,315	271,224
Market Development	257,850	299,859
Other operating activity	349,491	306,529
	4,774,040	4,961,517

4 Staff Employment and Board Costs

	Permanent Staff	Board Members	Total 2023-24	Total 2022-23
	£	£	£	£
Salaries	1,382,935	74,844	1,457,779	1,485,298
National Insurance costs	150,204	6,562	156,766	163,660
Other pension costs	152,534	0	152,534	136,491
Total	1,685,673	81,407	1,767,080	1,785,448

5 Finance Income and Costs

	2023-24	2022-23
	£	£
Bank interest received	21,938	3,177
Lease interest paid	2,604	3,392

6 Operating Costs

The following have been included in operating costs:

	2023-24	2022-23
	£	£
Depreciation	41,261	47,520
Auditors' remuneration – audit services	15,860	14,960

7 Furniture, Fittings and Equipment

	Computer Equipment	Furniture, Fittings & Equipment	Total
	£	£	£
Cost			
As at 1 April 2022	83,752	48,200	131,952
Additions	41,655	0	41,655
Disposals	(25,853)	0	(25,853)
As at 31 March 2023	99,554	48,200	147,754
As at 1 April 2023	99,554	48,200	147,754
Additions	15,233	825	16,058
Disposals	(17,446)	0	(17,446)
As at 31 March 2024	97,342	49,025	146,366
Accumulated depreciation			
As at 1 April 2022	66,589	38,510	105,099
Charge	20,311	7,734	28,045
Disposals	(25,853)	0	(25,853)
As at 31 March 2023	61,046	46,244	107,293
As at 1 April 2023	61,046	46,244	107,293
Charge	19,959	1,827	21,786
Disposals	(16,851)	0	(16,851)
As at 31 March 2024	64,154	48,071	112,227
Net Book Value			
As at 31 March 2024	33,188	954	34,141
As at 31 March 2023	38,509	1,956	40,464

8 Intangible Assets

	Software	Total
	£	£
Cost		
As at 1 April 2022	22,000	22,000
Additions	0	0
Disposals	0	0
As at 31 March 2023	22,000	22,000
As at 1 April 2023	22,000	22,000
Additions	0	0
Disposals	0	0
As at 31 March 2024	22,000	22,000
Accumulated amortisation		
As at 1 April 2022	0	0
Charge	4,400	4,400
Disposals	0	0
As at 31 March 2023	4,400	4,400
As at 1 April 2023	4,400	4,400
Charge	4,400	4,400
Disposals	0	0
As at 31 March 2024	8,800	8,800
Net Book Value		
As at 31 March 2024	13,200	13,200
As at 31 March 2023	17,600	17,600

9 Right-of-use Assets

	Property – right-of-use	Total
	£	£
Cost		
As at 1 April 2022	0	0
Re-classification	75,373	75,373
Additions	0	0
Disposals	0	0
At 31 March 2023	75,373	75,373
As at 1 April 2023	75,373	75,373
Additions	0	0
Disposals	0	0
At 31 March 2024	75,373	75,373
Accumulated depreciation		
As at 1 April 2022	0	0
Re-classification	16,331	16,331
Charge	15,075	15,075
Disposals	0	0
At 31 March 2023	31,406	31,406
As at 1 April 2023	31,406	31,406
Charge	15,075	15,075
Disposals	0	0
As at 31 March 2024	46,481	46,481
Net Book Value		
As at 31 March 2024	28,892	28,892
As at 31 March 2023	43,967	43,967

QMS currently rent office space in the Rural Centre, Ingliston on a rolling monthly contract. In calculating the right-of-use asset to disclose for our office rental, we have assumed the current lease arrangement will continue for five years from inception. Should the duration of the lease be shorter by one year, the right-of-use asset value would reduce by £5,470, and the associated liability reduced by £4,851. Should the duration of the lease be longer by one year, the right-of-use asset value would increase by £5,357, and the associated liability increase by £4,770.

	2023-24	Total
Lease Liabilities	£	£
Less than one year	16,756	15,744
More than one year	16,305	33,061
	33,061	48,805

10 Trade Receivables and Other Current Assets

	2024	2023
	£	£
Trade receivables	446,852	808,933
Accrued levy	454,356	457,370
VAT recoverable	63,847	209,004
Prepayments and other accrued income	270,457	275,901
	1,235,513	1,751,208

11 Deposits and Advances

	2024	2023
	£	£
Short-term deposits of up to 12 months invested in deposit accounts with UK clearing bank	405,644	251,922

12 Cash and Cash Equivalents

	2024	2023
	£	£
Balance at 1 April	551,593	434,758
Net change in cash and cash equivalent balances	337,829	116,835
Balance at 31 March	889,422	551,593
The following balances at 31 March were held at:		
Commercial banks and cash in hand	889,422	551,593

13 Trade Payables and Other Liabilities

	2024	2023
	£	£
Trade payables	288,296	592,261
Accruals and deferred income	341,371	331,767
Tax and social security	44,661	38,254
Statutory levy processor deposits	172,229	172,229
	846,557	1,134,511
Falling due within one year	674,328	962,282
Falling due after one year	172,229	172,229
	846,557	1,134,511

14 Related Party Transactions

QMS is a non-departmental public body (NDPB) sponsored by the Scottish Government. The Scottish Government is regarded as a related party.

Andy McGowan is Director of Scottish Agricultural Organisation Society Limited (SAOS), which is considered to be a related party of QMS. QMS incurred expenditure of £0k with SAOS in 2023-24 (2022-23 £2k) and no balance was due at 31 March 2024.

Andy McGowan is also a Director of Scot EID who are considered to be a related party of QMS. QMS incurred expenditure of £31k with Scot EID in 2023/24 (2022/23 £8k) and £15k was due at 31 March 2024.

Andy McGowan is also a Director of Wholesome Pigs (Scotland) Ltd who are considered to be a related party of QMS. QMS incurred expenditure of £52k with Director of Wholesome Pigs (Scotland) Ltd in 2023/24 (2022/23 £48k) and £3.5k was due at 31 March 2024.

Andy McGowan is also a Director of Scotland Food & Drink, which is considered to be a related party of QMS. QMS incurred expenditure of £11k with

Scotland Food and Drink in 2023-24 (2022-23 – nil).

Ian Bentley is Vice President of the Scottish Association of Meat Wholesalers (SAMW), which is considered to be a related party of QMS. QMS incurred expenditure of £6k with SAMW in 2023-24 (2022-23 £5k) and no balance was due to 31 March 2024.

A number of QMS Board members held senior positions or directorships of red meat processing companies that paid statutory red meat levy to QMS during the year.

Levies were paid by a number of QMS Board members, but these were on an arm's-length basis and the amounts are not considered material.

We do not consider these conflict with management responsibilities.

There are no material transactions between QMS and employees or Board members. QMS has a policy to allow employees and Board members to purchase obsolete handsets, these values are not material.

15 Pension Schemes

The organisation participates in defined contribution pension schemes, the assets of which are held separately from those of the organisation in independently administered funds. The pension

cost charge represents contributions payable by the organisation to the schemes and amounted to £152,534 (2022-23: £136,491). The contributions outstanding at the year-end amounted to £24,934 (2022-23: £19,271).

16 Segmental Reporting

For the year ended 31 March 2024

	2023-24	2022-23
	Total	Total
Income		
Statutory red meat levy	(4,906,978)	(5,179,264)
Consumer assurance scheme fees	(1,548,646)	(1,483,481)
Grant income	(338,207)	(228,169)
Ring-fenced funding	0	(65,569)
Miscellaneous income	(22,972)	(32,911)
Bank interest	(21,938)	(3,177)
	(6,838,741)	(6,992,571)
Direct expenditure		
Marketing and Communications	2,202,362	2,464,019
Industry Development	839,439	855,928
Market Intelligence	482,891	553,659
Brands Integrity	1,774,930	1,689,697
Market Development	454,834	443,776
Corporate services	830,529	790,798
	6,584,985	6,797,877
(Surplus)/deficit on ordinary activities	(253,756)	(194,694)

Accounts Direction



QUALITY MEAT SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 12(5) of The Quality Meat Scotland Order 2008, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2009, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. In respect of section 12(4)b a copy of the statement of accounts should be sent to Scottish Ministers and the Auditor General for Scotland by *31 July* following the financial year ended 31 March. The accounts will be subject to audit by auditors appointed by the Auditor General for Scotland. The Annual Report and audited statement of accounts should be laid before the Scottish Parliament by *30 September* following the financial year ended 31 March.
5. This direction shall be reproduced as an appendix to the statement of accounts.

(David Thomson, Deputy Director, Rural Directorate Food and Drink Industry Division)

Signed by the authority of the Scottish Ministers

Dated: 30 June 2009



Quality Meat Scotland

Quality Meat Scotland
The Rural Centre, Ingliston,
Newbridge, Midlothian EH28 8NZ

0131 510 7920
info@qmScotland.co.uk

www.qmScotland.co.uk

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