

Annual Review

2014/15



Board Members

Jim McLaren, Chairman (reappointed April 2015)
Ronnie Eunson (appointed April 2013)
Julie Fitzpatrick (appointed April 2014)
Jock Gibson (appointed April 2015)
Scott Henderson (appointed April 2015)
Sarah Mackie (appointed April 2014)
Alan McNaughton (reappointed April 2014)
George Milne (appointed April 2014)
Kate Rowell (appointed April 2015)
John Scott (reappointed April 2015)
Philip Sleight (appointed April 2014)
Louise Welsh (appointed April 2013)
John Craig (appointment ended March 2015)

Quality Meat Scotland – Staff

Uel Morton, Chief Executive
Susan Kinniburgh, Executive Assistant
Carol McLaren, Head of Communications
Claire Morrison, Communications and Events Manager
Jennifer Robertson, Health and Education Coordinator
Jenni Henderson, Health and Education Executive
Johnny Mackey, Head of Industry Development
Michael Blanche, Knowledge Transfer Specialist
Robert Gilchrist, Knowledge Transfer Specialist
Allan Ward, Pig Specialist
Stuart Ashworth, Head of Economics Services
Iain Macdonald, Economics Analyst
Laurent Vernet, Head of Marketing
Suzie Carlaw, Marketing Controller
Graeme Sharp, Marketing Executive
Margaret Stewart, Marketing Manager
Suzanne Woodman, Brands Integrity Manager
Sylvia Shepherd, Corporate Services Manager
Debbie Phillips, Finance Assistant
Kirsty McCormack, Office Coordinator

Market Development Agents

(Part-funded, fixed-term agents supported by Scottish Government)

David Chiffolleau, France
Rita Piva, Italy
Huub Schoemaker and **Ilona Annema**, Benelux
Peter Toholt, Germany
Jakob True and **Anette Stenebrant**, Nordic Countries

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 follow Quality Meat Scotland on Facebook or on Twitter @qmscotland
 or visit our website at www.qmscotland.co.uk

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 Cover image: Ellie McKeating, Miss Scotland 2014,
 pictured with Kinross farmer Mark Thomson and his dog
 Jen at the launch of the 2014 Scotch Lamb campaign

4 Chairman's review

A review of the 2014/2015 year and the key opportunities and challenges facing the Scottish red meat industry, by Jim McLaren, QMS Chairman.

5 QMS Strategy

QMS's top-line strategy is to shape a sustainable and prospering Scottish red meat industry.

6 Chief Executive's review

Uel Morton, QMS Chief Executive, gives a taste of the range of activities undertaken by QMS on behalf of the Scottish red meat industry.

7 Industry development

The Industry Development team at QMS focuses on activities aimed at improving the efficiency, profitability and sustainability of livestock farmers and others in the red meat chain in Scotland.

A wide range of activities were undertaken during the year – from the "Monitor Farm Programme" to more focused, smaller-scale workshops at locations throughout Scotland.

10 Market development

Effective marketing was undertaken to increase sales and drive consumer awareness of the brands – Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork.

During the year under review, QMS carried out a range of marketing activities on behalf of the Scottish red meat industry, with strong campaigns which are carefully targeted to deliver strong results.

13 Health and education

QMS's health and education activities are aimed at highlighting the importance of a healthy diet and red meat's role in achieving that. The range of work includes school visits and working with a range of partners to deliver a strong message.



15 Communications

QMS's communications workload involves communicating with a range of different target audiences – from farmers, processors and butchers to consumers and journalists. This includes public relations activity in support of the brands and ensuring businesses involved in Scottish red meat production benefit from the latest statistics and opportunities to drive efficiency.

17 Assurance

The pioneering schemes that underpin the Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork labels are among the longest established in the world and cover the entire lifespan of animals born in Scotland.

18 Economics services

The Economics Services team at QMS ensures businesses involved in the Scottish red meat industry benefit from the latest industry statistics. Publications produced include the "Scottish Red Meat Industry Profile" and "Cattle and Sheep Enterprise Profitability in Scotland".

20 Financials

22 Committees





Chairman's review

Jim McLaren

The Scottish red meat industry has a fantastic story to tell in terms of social, economic and environmental sustainability.

Our industry also has three well-recognised brands – Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork – and QMS is committed to taking every opportunity to drive home the message about what these brands stand for.

We have all the ingredients for success in a world which grows hungrier each year for high quality protein. We know that Scottish systems of livestock production are themselves less consumptive of protein which could otherwise be eaten by humans, such as grains and protein crops.

We know that in a world which is becoming short of water, Scotland and other high rainfall parts of the planet will become increasingly important food producing areas.

We know that the carbon sequestered by growing grass, and the carbon stored in the soils below our permanent pastures make a positive contribution to mitigating the effects of climate change.

It is true that those working in the Scottish red meat industry have very little control over many of the factors which can have a huge influence on individual businesses profitability – for example exchange rates, interest rates, weather and CAP reform.

However, there are a great many aspects of our businesses that we can control. Our Industry Development team at QMS is working hard on an impressive range of projects to help farmers lower costs and drive the efficiency of their businesses – from bench-marking initiatives to making the most of our grass. The appetite from the industry for this sort of information is very encouraging.

Beef 2020 and Beef Efficiency Scheme

QMS continues to work hard to drive forward the recommendations of the Beef 2020 report, a 23 point action plan – devised by an industry expert group – aimed at revitalising Scotland's beef sector.

The finalists of the "Bright Sparks" award run by QMS, SAYFC and Campbell Dallas



The report sets out a series of actions for the Scottish Government and the beef industry to facilitate sustainable and long term growth in beef production levels within Scotland.

The industry and the Scottish Government are committed to delivering the £45 million Beef Efficiency Scheme (BES) and we are looking forward to the BES programme, along with a renewed knowledge exchange programme, beginning in 2016.

Animal welfare

QMS has recently launched a pioneering "Animal Welfare and Wellbeing Charter" which highlights the commitment to animal welfare in the production of beef, lamb and pork.

The launch of the Charter also reflects the importance of animal welfare to the long-term growth of red meat production in Scotland, and research undertaken by the QMS marketing team highlights consumers' growing expectation of high welfare standards.

QMS Board changes

Three new QMS board members took up their positions in April 2015. The new QMS board members, appointed by Scottish Government ministers, are Jock Gibson, Scott Henderson and Kate Rowell.

The diverse range of individuals from different areas of the Scottish red meat industry is one of the QMS board's key strengths and the new board members bring much-valued experience and knowledge. A full list of QMS board members can be found on page 2.

Pride in our brands

QMS has been working in collaboration with other organisations including VisitScotland, Scotland Food and Drink and the Scottish Government to make the most of the opportunities presented by Scotland's Year of Food and Drink in 2015.

Our industry's brands – Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork – are among the jewels in the crown of Scotland's fabulous larder and we will continue to take every opportunity to get the message of our brands out to consumers.

The good news is that global demand for quality red meat continues to grow and, with shoppers becoming more and more discerning about quality assurance and animal welfare, the Scottish red meat industry is well-placed to meet future consumer demands.

QMS Strategy

Overall strategy

To shape a sustainable and prospering Scottish red meat industry.

Specific strategies

QMS will achieve the overall strategy by:

- 1) Creating confidence which promotes industry investment in its future
- 2) Increasing the uptake of evidence-based innovation and proven solutions to improve industry efficiencies
- 3) Promoting economic, environmental and social sustainability
- 4) Working with the industry to develop and build markets
- 5) Assisting the industry to inform consumers and satisfy customer expectations
- 6) Developing partnerships and, where relevant, leveraging additional resources.

We define the red meat industry as those parts which are involved in the Scottish assurance chain – animal feed suppliers; cattle, sheep and pig producers; livestock markets; hauliers; and primary processors.

Critical success factors

Critical success factors for the organisation are to:

- 1) Enhance awareness of, demand for, and value of the Scotch Beef, Scotch Lamb and Specially Selected Pork brands
- 2) Deliver industry benefits from QMS initiatives
- 3) Retain public and government support for red meat production and consumption
- 4) Maximise multiplier effect of statutory levy
- 5) Retain industry and stakeholder confidence in QMS
- 6) Satisfy Scottish Government requirements in operating as a Non-Departmental Public Body.

Measurement of our progress

The development of strategy is the responsibility of the Board of QMS, and the management team's role is to ensure its implementation. The Chief Executive reviews the implementation plan through which the day-to-day management of the organisation is delivered and monitors progress on a regular basis with individual managers. The Board receives a written progress report at each Board meeting.

The Scottish Government attends Board meetings and, in this way, is kept fully up to date with the progress and performance of the organisation.



Chief Executive's review

Uel Morton

QMS operates an open door policy and we aim to be as transparent as we can – welcoming feedback from those working in the Scottish red meat industry and taking every opportunity we can to inform, and communicate with, our stakeholders and the wider public.



Left: Leslie King is one of the farmers who is helping QMS to communicate the value of Quality Assurance membership



Right: Lisa Finnigan of Davidson Butchers, Inverurie with Stewart McClymont of Scottish Meat Training on the QMS stand at Royal Highland Show

We have been encouraged by the resoundingly positive feedback we received from levypayers following our move to focus our industry development work on practical grassroots activities to help farmers improve their efficiency.

The impact of CAP reform is, for many farmers, very challenging in terms of their loss of income from support payments, but many remain focused on any opportunities to improve efficiency and lower costs.

This thirst for knowledge from farmers is very clear at the events we hold and support around the country. It is encouraging to see and augurs well for the future. We have a number of grant applications in the pipeline which, if successful, will allow us to continue to grow our knowledge exchange activities, including our monitor farm programme.

By far the biggest area of budget spend in QMS continues to be directed towards the work the marketing team undertakes behind the Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork brands.

The past year has been an exciting one in terms of our marketing activities. Our award-winning “Wham Bam” Scotch Lamb PGI campaign, which ran during August and September, succeeded in increasing sales by 11%.

This was supported by a public relations campaign which has been short-listed for a Chartered Institute of Public Relations award for best Consumer Relations campaign.

A brand new campaign behind Scotch Beef PGI was also launched during the year under review. This campaign was aimed at improving consumers' understanding of what sets Scotch Beef apart, using a creative strapline of “There's beef, there's Scottish beef, then there's Scotch Beef.”

QMS also continues to work hard to maintain and develop the export markets which are crucial to maximising the value of the whole carcase. As well as our established markets, there is considerable potential in new markets outside the EU and we continue to work with interested processors to identify these opportunities.

Our staff also work hard behind the scenes to secure grant funding on behalf of the Scottish red meat industry, and one example in the past year was a €1.2 million (£861,000) grant for marketing and promotional activity secured from the European Commission (EC).

The EC has approved the two-year grant to support activities to promote Scotch Beef PGI and Scotch Lamb PGI in Great Britain and five important European markets: Denmark, Belgium, Germany, Netherlands and Sweden.

The key to unlocking this European funding is the Protected Geographical Indication PGI status we have for Scotch Beef and Scotch Lamb, and the quality standards set out in our assurance schemes are essential for us to maintain that PGI status.

This year is the 25th anniversary of the quality assurance schemes behind our brands and, following encouragement by the industry to maximise scheme membership, we embarked on a “recruitment campaign” early in 2015.

During the first four months of the year we attracted around 160 applications from new members – a very encouraging indication that farmers and crofters are seeing the value of quality assurance to the long-term future of their businesses and indeed our industry in Scotland.

Many thanks, on behalf of the QMS team, to everyone involved in our industry who devotes time to helping us with our activities. Our small, hard-working team very much appreciates the support we receive – whether it be hosting a media visit to a farm or giving time to serve on one of the committees (see pages 22–23) which help to shape our work.

Industry development

The work of QMS's Industry Development team is sharply focused on grassroots activities aimed at improving the efficiency, sustainability and profitability of the Scottish red meat industry.

QMS supports around 200 events focused on the uptake of technology and the latest innovations, and most of these activities are free to attend.

Sharing Best Practice

The activities undertaken by the Industry Development team range from initiatives targeting large group numbers to those which are very sharply focused and carefully designed to deliver for small group numbers.

The approach QMS takes to knowledge exchange is very much about “farmer-to-farmer” sharing of best practice, where farmers can hear from other farmers about the benefits they are achieving from making positive changes to their systems or management and the positive effect this is having on the bottom line.

Among the projects that continue to attract large attendances, and very much based on this philosophy of farmer-to-farmer sharing of best practice, is the well-established Monitor Farm Programme QMS delivers in Scotland.

The Monitor Farm Programme continues to go from strength to strength and is based on establishing a farm, typical of an area, as the monitor farm which hosts six meetings per year. During the three-year term of a monitor farm, a number of changes are introduced based on group recommendations to improve the efficiency of the farm business – with large numbers of local farmers keen to see and share



Top: A meeting at the Cairngorms Monitor Farm
Bottom: Members of the Perthshire Grazing Group at Rotmell, Dunkeld



the experiences of the monitor farmer in improving their business performance.

An independent review of Scotland's Monitor Farm Programme confirmed it has been successful in practical and effective knowledge exchange and delivered a positive impact on farm practices and performance.

The report found the vast majority of monitor farmers described their involvement in the project to be of significant value to their own businesses, with 93% stating their involvement in the project helped improve productivity.

Grazing Groups

A network of QMS Grazing Groups, focusing on the substantial potential benefits of improving the utilisation of grassland, has been established by QMS throughout Scotland.

The overall objective of the Grazing Groups is to increase the kilos of liveweight cattle or sheep produced per hectare, and initial meetings on the host farms have been well attended and received.

The groups, hosted by farmers who are keen to make more of their grazing, have around 20 members who attend four group meetings each year.

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Michael Blanche of the Industry Development team, speaking with farmers at the Highland Sheep event at Fearn Farm

The meetings involve a range of expert speakers and focus on the host's previous performance data as well as monitoring growth rates of their stock to target maximum uplift in performance from grazing.

Grassland can be a major asset to all sheep and cattle producers and by bringing together groups of enthusiastic, positive farmers, we have a fantastic opportunity to look at better grass utilisation through improved grazing management which will, in turn, impact positively on the bottom line.

The period under review also saw the QMS "Focus on Figures" project get underway. One of the main outputs of this project is set to be the development of a benchmarking tool for wider use by the whole industry.

Planning for Profit

The year under review saw phases two and three of the "Planning For Profit" initiative, aimed at assisting farmers to ensure their businesses are well-placed to operate profitably in the face of reduced support payments.

The initiative, supported by the Scottish Government's Skills Development Scheme, QMS and NFU Scotland, has been rolled out Scotland-wide and generated pack-out attendances.

A series of free farm visits took place following on from the popular roadshows held across the country. Each farm visit showcased the practices adopted by

some of Scotland's top performing farm businesses and provided visiting farmers with ideas and inspiration to see how they can apply these practices at home.

This was followed by a series of free workshops to help farmers develop their farm business plans using some of the principles they had picked up from the initial meetings.

Lamb Supply Chain Initiative

A series of on-farm meetings took place as part of the Lamb Supply Chain initiative.

The meetings, funded by Quality Meat Scotland (QMS), Farm Stock (Scotland) Ltd and the Scottish Government Skills Development Scheme and facilitated by SAC Consulting (part of SRUC), aim to enhance collaboration and communication in the supply chain, and improve productivity and profitability at all levels. Outcomes from this project include a new project to produce blueprints of various sheep farming systems, ranging from hill store through upland down to lowland breeder finisher units.

Importance of Benchmarking

The period under review also saw the QMS "Focus on Figures" project get underway. One of the main outputs of this project is set to be the development of a benchmarking tool for wider use by the whole industry.

An anonymous Scottish cattle and sheep farm will take part in another exciting new QMS project which aims to lift the business's net margin performance from "average" to "top 25%".



The QMS Inform, Inspire, Innovate Conference was attended by around 120 people

The "Top Quartile Project", as it is known, will track how the performance of this average-performing farm business can be improved over a three-year period to a point where its net margin places it in line with Scotland's top-performing farms of a similar type.

The initiative will monitor the changes introduced to the management of the farm to boost its productivity to the level of the top category of performers identified in the "Enterprise Costings" publication produced each year by QMS.

The identity of the farm will not be revealed in the project, but the lessons learnt along the way will be shared by QMS with the Scottish farming community. The project will be delivered by SAC Consulting, part of SRUC, Scotland's Rural College.

The Top Quartile Project will track how the performance of an average farm business can be improved over a three-year period to bring it in line with the top category of performers.

"Inform, Inspire, Innovate" conference

Justin McCarthy, Editor and Chief Executive of the Irish Farmers Journal, was the headline speaker at the QMS "Sharing Best Practice: Inform, Inspire, Innovate" conference in February.

Mr McCarthy was joined by a number of high-profile Scottish farmers, who shared with around 120 attendees their thoughts about how farmers can maximise their efficiency and profitability.

Industry Groups – cattle and sheep

The Scottish Cattle Industry Group established by QMS during the year identified benchmarking as a priority at its first meeting in Stirling.

The group has been set up to work closely with QMS to provide feedback, advice and guidance to ensure the organisation's cattle-related projects are sharply focused on grassroots industry needs to maximise benefits for the Scottish cattle industry.

Borders farmer Andrew Elliot, who is based at Blackhaugh near Galashiels, has been appointed as Chairman of the new group.

The Scottish Sheep Industry Group is chaired by John Scott, who farms at Fearn Farm, Tain, in Ross-shire. John took over the reins from Maimie Paterson, who chaired the Group's predecessor, the Scottish Sheep Strategy Group.



Jim Logan, host of the Borders Grazing Group, speaking to group members at Pirntaton, Galashiels

Pig efficiency and health

QMS's activities in the pig sector are primarily directed at improving efficiency and health. The pig monitor farm is located in Aberdeenshire, with most meetings held off-farm to ensure the health status of the monitor farm, which is also supported by three satellite groups in Nairn, Perth and Dumfries.

Trials on feed efficiency and the selection of pigs for slaughter have been highlights on the farm along with reducing mortality shortly after farrowing. This work is part of the QMS Pig Business Network, which is co-funded by the Skills Development Scheme via the EU SRDP programme and includes a pig managers group that meets regularly for training sessions on a wide range of subjects.

Wholesome Pigs Scotland, a scheme which monitors pig health at abattoirs, continues to deliver valuable work and underpins the Specially Selected Pork brand.

Publications

The range of publications produced by QMS during the year included "Bull Selection Made Simple – A Guide for the Commercial Buyer"; "Diagnosis and Treatment of Lameness in Sheep" and "Efficient Energy Use in Pig Feed Production".

Orders have also been received by QMS for around 10,000 of the free grass sward sticks launched in May 2015.

Copies of QMS publications are available to download from our website www.qmscotland.co.uk or by emailing info@qmscotland.co.uk or calling 0131 472 4040.



Market development

Quality Meat Scotland's marketing team undertakes a range of market development activities to strengthen the Scottish red meat industry's position at home and abroad.

The team works to deliver vibrant, impactful campaigns behind the industry's brands – Scotch Beef PGI and Scotch Lamb PGI and activities supporting Specially Selected Pork.

To ensure maximum impact and value for money, it is vital that each campaign is developed with the right tone and messaging for the brand's target consumers.

Hence, behind the advertising creatives developed to raise the profile of the brands and build consumer loyalty, is a range of market research work and evaluation to ensure the advertising is tailored to the target audiences for the brands.

The multi-channel promotional campaign also targeted the wider public through digital advertising, which encouraged consumers to discover recipes on www.scotchbeefandlamb.com, download the very popular free "Perfect Steaks and Roasts" cooking app and engage in social media activity on the Enjoy Quality Meat Facebook page.

Scotch Beef PGI – GB

During the year under review, the main campaign activity behind Scotch Beef PGI focused on a new message highlighting what differentiates Scotch Beef PGI.

The campaign throughout Britain took place in February and March 2015 with the strapline of: "There's beef. There's Scottish beef. Then there's Scotch Beef."

One of the new creatives launched in the 2015 Scotch Beef PGI marketing campaign



This advertising campaign reached 4.7 million key target consumers in GB through targeted Sunday press, digital media, social media and outdoor visuals. It was supported by European Union funds and highlighted the quality assurance scheme and its PGI status with the guarantee of traditional, high-quality beef production from Scotland.

The Scotch Beef advertising campaign reached 4.7 million key target consumers in Great Britain through targeted press, digital media and outdoor visuals.

Scotch Lamb PGI – Scotland

The main Scotch Lamb PGI campaign took place in August and September 2014.

The focus was younger families and encouraging people to understand that Scotch Lamb is a versatile ingredient and ideal as a simple, speedy weekday meal – not just for a roast.

The campaign was also aimed at encouraging loyal older consumers to try new recipes using Scotch Lamb.

The "Wham Bam Thank You Lamb" campaign, with support from the European Union, ranged from billboard advertising and print advertising in consumer magazines to building profile online using target websites. The campaign delivered strong results – raising lamb's profile as an easy-to-cook

ingredient and a great mid-week meal, and increasing demand by 11% year-on-year, at a time when sales across GB were decreasing.

The Scotland-wide campaign also included prime-time radio adverts targeting shoppers on their evening commuting journey and a microsite – www.whambamlamb.com – which featured "how to" videos showing how quick and easy cooking with lamb really is. Around 560 hours of Scotch Lamb recipe videos were viewed by consumers.

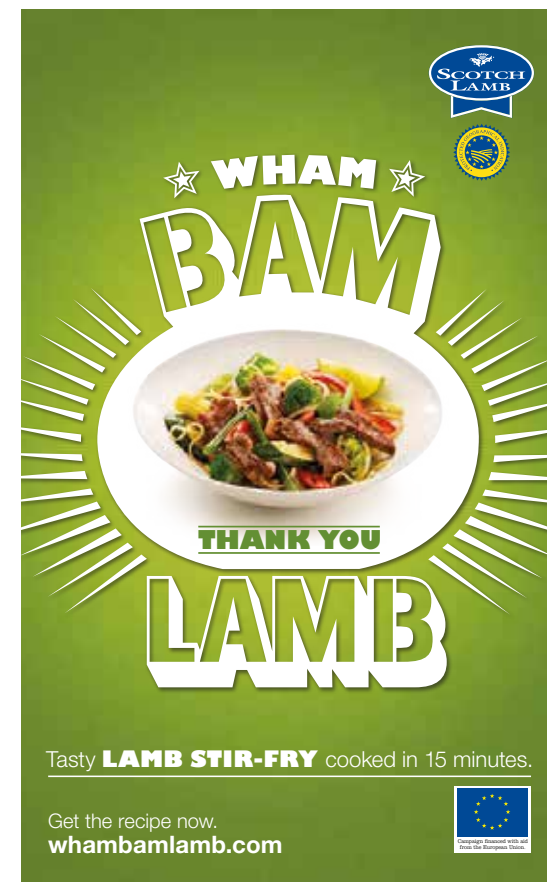
QMS worked with the National Sheep Association and NFU Scotland to support "Love Scotch Lamb" weekend, which included sheep farmers delivering Scotch Lamb tasting activities around Scotland.

Specially Selected Pork – Scotland

Due to the reduction in pigmeat levy income as a result of increased numbers of pigs being slaughtered outside Scotland, following the closure of Vion's Halls of Broxburn facility, budget for activity behind Specially Selected Pork is limited.

The focus, during the year under review, was very much on in-store activities to support retailers who are loyal to the Specially Selected Pork brand.

Welfare remains a key communication behind the brand and QMS continues to work very closely with Scotland's leading animal welfare charity, the Scottish SPCA, as part of this focus.



Social media

Social media opportunities continue to be an increasingly important part of the marketing mix.

One example last year of how QMS worked to develop positive opinion and messaging about Scotch Beef and Scotch Lamb via social media was the Scotch Lamb Street Food party for bloggers from Scotland, England and overseas.

This included street-food-inspired dishes showing how versatile and delicious Scotch Lamb is, as well as cookery demonstrations by Jak O'Donnell and hands-on butchery lessons by master butcher Viv Harvey. The total reach of 650,000 was achieved via blogs, Twitter, YouTube and Facebook. Similar activities, on a smaller scale, were undertaken throughout the year.

In addition, the "Perfect Steaks and Roasts App" had over 67,000 views during the financial year; there were 19.8 million impressions of digital ads during the year and the Scotch Beef and Lamb consumer website had 171,000 sessions.

One example last year of how QMS worked to develop positive opinion and messaging about Scotch Beef and Scotch Lamb via social media was the Scotch Lamb Street Food party for bloggers from Scotland, England and overseas.

Left: The 2014 Wham Bam Thank You Lamb campaign delivered strong results and raised lamb's profile as an easy-to-cook ingredient, increasing demand by 11%

Below: A "Love Scotch Lamb" sampling event at Inverness



Work undertaken in collaboration with key food titles in the food service resulted in 4,000 hours of videos – demonstrating how easy and versatile Scotch Beef and Scotch Lamb are to cook with every day – being watched, referencing the consumer brands, and QMS e-newsletters to consumers provided recipe inspiration utilising our products.

Working with retailers

QMS's marketing team works with multiple and independent retailers to help promote the consumer brands at point of purchase.

Among the activities undertaken during the year under review were in-store sampling, brand ambassadors and the launch of the independent retailer Point of Sale centre.

QMS's marketing team collaborates with the main supermarket chains (representing 90% of the meat retailed in Scotland and 75% in GB) to make sure that our identified products are available to consumers.

During the year under review, we developed and delivered a range of six promotional campaigns that were targeted specifically at the butcher sector and the 300 plus members of the Scotch Butchers Club.

Working closely with other organisations was also a priority, and QMS has a positive relationship with the Scottish Federation of Meat Traders Associations and others such as Scottish Bakers, with whom

QMS worked to develop a campaign promoting meat pies.

Working with restaurants

The QMS marketing team also supports restaurants which are committed to Scotch Beef, Scotch Lamb and Specially Selected Pork and runs the Scotch Beef Club.

Events are organised to train members of restaurant staff about Scotch Beef, Scotch Lamb and Specially Selected Pork including farm visits, butchery demonstrations and high-profile chefs demonstrating the use of less-known cuts.

Extensive use of dedicated professional websites has ensured that UK chefs and catering students have access to skills videos featuring Scotch Beef PGI and Scotch Lamb PGI. Seven of Scotland's Michelin starred chefs are among those who have contributed recipes and have been filmed preparing the dishes in their kitchens. To date they have had 222,680 views equivalent to over 500 days viewing!



Bloggers and food writers at a QMS event in London during the Scotch Beef campaign

Monitoring consumer trends

The marketing team monitors consumers' brand expectations. Consumer expectations are changing, with an increasing requirement for reassurance on methods of production, including animal welfare.

During the year under review an "Animal Welfare and Well-being Charter" was launched to highlight the priority placed on animal welfare by QMS. This trend is, and will be, a strong unique selling point for the Scotch brands at home and in the export markets.

QMS has a positive working relationship with the Scottish SPCA, Scotland's leading animal charity, and understands the value placed on animal welfare by consumers.

The QMS marketing team regularly commissions consumer research to ensure processors, retailers and farming organisations are kept up-to-date with changing consumer trends regarding red meat and the three brands in particular.

Export opportunities

QMS had a high-profile stand in October 2014 at SIAL in Paris, one of the world's largest food fairs, helping exporters develop their overseas trade.

QMS provided a platform for the Scottish red meat industry to showcase their products as well as meet and trade with existing and potential new customers around the globe. Companies representing over 75% of the total Scottish production were present at the event.

There are still many markets which are not open to our red meat, and we work closely with the Scottish Government and the UK Export Certification Partnership (UKECP) – a DEFRA/industry partnership which works with the UK livestock industry to establish export market priorities and free market access in third countries which are closed to red meat imports from the UK.

Our focus was on Germany, Sweden, Denmark, the Netherlands, Belgium, France and Italy. QMS developed its network in Asia and North America with a view to fostering potential future trade. Over the year, QMS presented more than 60 potential export business opportunities to the industry.

One highlight of the year was the success of promotional campaigns in the Nordic markets, allowing agreement with key leading supermarket chains to supply Scotch Beef PGI and Scotch Lamb PGI.



QMS had a strong presence in Paris at SIAL, one of the world's largest food trade shows



Some of the international bloggers who visited Scotland to attend a QMS Scotch Lamb Street Party

These campaigns included store samplings and coverage in key consumer and trade magazines highlighting our brands' attributes, e.g. tradition, natural environment, animal welfare and the Quality Assurance Scheme associated with the PGI. These campaigns are important to increase consumer and retailer loyalty to Scottish products.

There were also promotional activities undertaken in key markets such as Belgium and France to specifically support volume of Scotch Lamb PGI sold.

These lamb markets are price-orientated commodity markets meaning competition is fierce, especially in a challenging economic environment.

Our main promotional campaigns overseas were co-financed by the European Union. QMS also helped exporters to develop future potential business in new markets within the EU, such as Germany, and also outside the EU.

QMS's health and education activities are focused on improving Scottish families' understanding of the importance of eating a healthy balanced diet and red meat's role in achieving that.

School visits and events

Our health and education team – dietitian Jenni Robertson and nutritionist Jenni Henderson – led interactive cooking demonstrations in a number of primary schools, with the pupils having great fun getting involved.

More than 200 education sessions and cookery demonstrations were delivered, reaching over 5000 pupils. This past year has also seen QMS become more directly involved with parents, with several of the sessions open to parents to join in too. The new Facebook page "Good Family Food" is aimed at families, and we have recruited more freelance chef demonstrators to help with increasing demand.

Champions in Schools

QMS continued its support for the Champions in Schools role-model programme, which involves more than 100 of Scotland's top athletes going into classrooms around the country to deliver a series of inspirational workshops.



Social media activity in the Scotch Beef Children's Cookery Theatre at the Royal Highland Show



QMS supported the Scottish Government's Happier Mealtimes campaign

QMS is continuing to work with Champions in Schools as the programme enters a new phase – our Scotch Beef, Scotch Lamb and Specially Selected Pork cookery sessions led by the athletes are still proving popular with the schools involved.

Top Student Award

This was a special year for our award as we had three winners. Hannah Greenlaw, Aynsley Murray and Zoe Watson from Alford Academy, Aberdeenshire, achieved the top mark for the Hospitality: Practical Cookery Int II exam in Scotland.

Street Soccer Scotland

QMS and Street Soccer Scotland have further developed their partnership; the many exciting projects during the year included the initiation of youth football community healthy eating sessions and cooking demonstrations throughout Scotland.

Young Scot Awards

QMS continued to support the Sunday Mail Young Scot Awards in the past year, sponsoring the volunteering category. The winner, Ryan Ledgerwood, was presented with his award by X Factor stars Nicholas McDonald, Only the Young and Andrea Faustini, and QMS Health and Education Executive Jenni Henderson. All finalists were provided with a "Good Family Food" water bottle as part of the event's goodie bags.



HRH The Princess Royal visited the Scotch Beef Children's Cookery Theatre at the Royal Highland Show

Scotch Beef Children's Cookery Theatre

Hundreds of children had the opportunity to cook simple, healthy dishes with Scotch Beef, Scotch Lamb and Specially Selected Pork in the Scotch Beef Children's Cookery Theatre at the Royal Highland Show. Everyone involved received an "I'm a Scotch Beef Cook" rosette.

New activities at the 2015 show included a "Break the Code" quiz on the main QMS stand and a "selfie station" in the Children's Discovery Centre.

QMS also ran a schools burger competition, which this year had a #tasteScotland theme in line with the Year of Food and Drink in Scotland. Of the 124 entries, the winners emerged as the S1 class from Greenwood Academy with their "Clapshot burger". They received their prize from X Factor star Emily Middlemas, who performed an acoustic set to entertain the crowd gathered to hear the results at the Royal Highland Show.



X Factor star Emily Middlemas announced the winners of the QMS #tastescotlandburger schools competition

Sports Sponsorship Fund

Following on from the success of the *Go for it Scotland* bursary, QMS has put in place a Sports Sponsorship Fund so aspiring athletes, or anyone needing help in fitness-related activities, can apply to us for funding. Funds are awarded on merit of the application. Funds will be allocated twice yearly – in July/August and January/February.

Food Education Partners

QMS again supported the Skills Development Scotland Careers events and the *"Make it with Meat"* project with the Scottish Food & Drink Federation and Bathgate Academy. We had a presence at Eat Drink Discover Scotland, the Dundee Food and Flower Festival and the Borders Union Children's Show.

Farm Visits and Events

We continue to work closely with the Royal Highland Education Trust supporting local coordinators in attending food and farming events and providing resources.

This year we also extended our support of Open Farm Sunday by encouraging Scottish farmers and the public to get involved via a social media video and PR activities. In addition, QMS attended one of the Open Farm Sunday events and delivered cooking demonstrations throughout the day.

Good Family Food

This Facebook page is aimed at Scottish families and contains tasty recipe ideas for the whole family including hints and tips. The Health and Education team worked with food blogger Foodie Quine to develop delicious slow cooker meals using beef, lamb and pork plus foodie ideas for holidays and special occasions. We also worked with the Scottish Government (Greener Scotland) to support their *"Happier Mealtimes"* campaign promoting nutritious meals using local seasonal produce.

Good Student Food

This new Facebook page is aimed at encouraging students to cook tasty

nutritious meals from scratch, showing how this can be achieved on a budget with help from student bloggers. After surveying Queen Margaret University students, it was decided the best way to reach and engage with students was through Facebook.

Dame Kelly Holmes Trust

QMS supported the Scottish Pilot of the *"Get On Track"* Programme which engages with 16–25 year olds who are not in employment, education or training. The project is led by world class athletes, including Sarah Clarke and Sarah Adlington – both Gold medallists at the 2014 Commonwealth Games. These athletes mentor the young people, improving their confidence and skills, to help make them more employable. As part of this, QMS led a healthy eating session and cooking demo and cook-along for the young people. Discussion involved cooking with red meat, eating on a budget and cooking skills, and the youngsters made their own Scotch Beef fajitas from scratch.



Left: QMS supported *Open Farm Sunday* in Scotland. The Dawes family, pictured, was one of the Scottish farming families who participated
Right: Edith Bowman announces the winner of the Scotch Beef sponsored award at 'Young Scot'



Communications

The QMS Communications team has a range of audiences – from farmers to consumers and teachers – whom we target with the latest news and information on a highly diverse selection of activities.

The communications role ranges from raising awareness of opportunities to improve livestock producers' efficiency and profitability to planning and delivering vibrant public relations campaigns which dovetail with QMS's marketing campaigns.

Media relations

QMS's Communications team provides the media with a stream of stories, accompanied by strong photography, with video content playing an increasing role in the way we engage with our target audiences. The work we do "behind the scenes" to keep potentially damaging stories out of the press is just as important as the pro-active communications and PR we undertake.

We work closely with our sister organisations elsewhere in the UK and with the communications teams of other key organisations in our industry. We also work in partnership with other organisations e.g. The Edrington Group, with whom we shared the costs of a press trip to Orkney in 2014, combining Highland Park whisky and Scotch Beef PGI.



TV presenter Carol Smillie with John Lawson of Lawsons Butchers gearing up for the busy Christmas period



Eilidh Davidson, winner of the Scotch Beef Aspiring Young Chef Challenge, supported by QMS at Taste of Grampian

Aspiring Young Chefs

A talented young chef, Eilidh Davidson, who lives on her family's farm near Mintlaw, emerged as the overall winner in the Scotch Beef Young Aspiring Chef Challenge after a cook-off final at Taste of Grampian in June. The competition, sponsored by Quality Meat Scotland, gives young chefs the opportunity to demonstrate their innovation and talent as well as highlighting the quality of local produce such as Scotch Beef, Scotch Lamb and Specially Selected Pork.

Food and Farming Journalism Bursary

Two individuals were announced as joint overall winners of a new Food and Farming Journalism Bursary, developed by QMS in partnership with the British Guild of Agricultural Journalists (BGAJ).

Fiona Turnbull of Fruix Farm, Kinross and Jo Learmonth of Greens of Savoch, Auchnagatt, near Ellon both won bursaries, timed to coincide with the World Congress of the International Federation of Agricultural Journalists (IFAJ) which QMS supported and was held in September 2014.

QMS's communications team provides the media with a stream of stories, accompanied by strong photography, with video content playing an increasing role in the way we engage with our target audiences.

Scotch Lamb PR Campaign

QMS's 2014 *"Love Scotch Lamb"* public relations campaign has been short-listed for best *"Consumer Relations Campaign"* in the Chartered Institute of Public Relations Pride Awards 2015.

The annual awards recognise "exceptional talent and best practice" in the delivery of public relations and communications activity. The *"Love Scotch Lamb"* campaign was shortlisted with finalists including IRN-BRU, Tennent's Lager, and Whyte and Mackay.

QMS worked with Miss Scotland, Ellie McKeating – an avid fan of Scotch Lamb PGI – on the campaign. She launched the 2014 marketing campaign in a stunning Scotch Lamb PGI branded dress.



Food and Farming Journalism Bursary winners Jo Learmonth (left) and Fiona Turnbull



Top: The Dykes family of South Slipperfield Farm helped QMS with a LambCam project to encourage the public to learn about the care and dedication involved in lambing. Pictured are Rosie and Murdo Dykes with some new arrivals

Bottom: A PR activity at the Royal Highland Show saw butcher Aly Paul set a new Guinness World Record for the most sausages made in one minute. The main aim of this activity was to highlight the skills of traditional butchers shops

Bright Sparks

Young people involved in agriculture in Scotland were offered the chance to win up to £1000 to develop an innovative idea, in the joint initiative by QMS, Campbell Dallas Chartered Accountants and the Scottish Association of Young Farmers Clubs (SAYFC).

The new award, open to young people under 30 years old, is aimed at encouraging young people to develop "Bright Spark" ideas which could be of benefit to the Scottish livestock industry.

QMS Lambcam

Hamish and Susie Dykes and family, who run South Slipperfield Farm, West Linton, helped us with a "LambCam" project which saw a camera installed in the roof space of their lambing shed and streamed live action to the world. They also shared the highs

and lows of lambing their 950 ewes with over 100,000 people in a series of daily lambing video diaries.

The aim of the QMS *LambCam* project was to encourage members of the public to learn more about the hard work, dedication and care which goes into rearing top quality livestock.

Smillie Surprise

A long-serving Glasgow postman had his morning brightened up with a surprise delivery from TV presenter Carol Smillie as part of a "Warm and Tasty" campaign in January to celebrate the humble pie.

The "Warm and Tasty" pie campaign – a collaboration between industry bodies Quality Meat Scotland, Scottish Bakers and the Scottish Federation of Meat Traders

Associations – saw butchers and bakers up and down the country encouraging consumers to beat the chill and the January blues with a piping hot pie.

Guild of Food Writers Awards

Top food writers from throughout the UK joined in Scotland's Year of Food and Drink celebrations at the Guild of Food Writers Awards at Opera Holland Park in London.

Quality Meat Scotland (QMS) was the main sponsor of the lively event, attended by around 350 food journalists, bloggers, writers and authors, where attendees enjoyed Scotch Beef PGI and Scotch Lamb PGI.

Scotch Beef Farm of the Year

Wedderlie Farm, run by John and Marion Tilson and their daughter Wanda Hobbs, was announced as the Scotch Beef Farm of the Year 2014/15. The aim of the annual Award, run by AgriScot and Quality Meat Scotland (QMS), is to showcase excellence in the production of cattle in Scotland and raise the profile of the dedication and stock management skills behind the production of Scotch Beef.

The other three finalists were: Glenkilrie Farm, near Blairgowrie in Perthshire, run by David Houstoun; West Meikle Pinkerton Farm near Dunbar, East Lothian, run by James Gilchrist along with his father Jim and brother David; and Wester Bonhard Farm near Scone in Perthshire, run by Graham Cameron, his father Sandy and mother Ann.

During the year we also launched *Livestock+*, our quarterly in-house magazine-style newsletter.

Levypayer Communications
QMS's website www.qmscotland.co.uk was redesigned in 2013, and we continue to make improvements to its functionality.

With the use of social media still increasing, the website also links to the QMS Twitter feed, "MooTube" channel and Facebook page, which feature up-to-the-minute news about QMS's wide-ranging activities on behalf of the industry. We now have almost 7000 followers on Facebook.

During the year we also launched *Livestock+*, our in-house magazine-style newsletter which is issued four times a year. Our free weekly enewsletter is issued to more than 4000 subscribers – to sign up visit our website.

A guide for farmers and others in the industry to help them make the most of media opportunities is available free from QMS by calling 0131 472 4040 or you can download from www.qmscotland.co.uk.

Scotland's quality assurance schemes are among the longest-running in the world, with the Scots being global pioneers of the quality assurance concept first introduced here in 1990.

2015 marks the 25th anniversary of these quality assurance schemes which underpin the Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork brands.

To be eligible to carry the brand logos, meat must come from animals which have been born, reared and slaughtered in Scotland.

Whole chain quality assurance is delivered by a suite of six quality assurance schemes: Cattle & Sheep, Pigs, Feeds, Haulage, Auction Market and Processor. The schemes provide reassurance to consumers of provenance, high standards of production and animal welfare and wellbeing – all of which contribute positively to a quality eating experience.

Scheme membership is voluntary and the schemes are managed independently from the other activity QMS undertakes on behalf of the Scottish red meat industry.

The schemes provide reassurance to consumers of provenance, high standards of production and animal welfare and wellbeing.

Recruitment drive

During the start of 2015, QMS launched a major recruitment drive to increase the membership of the Cattle & Sheep scheme, and during the first four months of the year more than 160 applications were received.

Currently over 90% of Scotland's breeding cattle population, over 80% of the breeding sheep flock and almost 100% of significant pig farming businesses are covered by quality assurance.

QMS's quality assurance standards are also key to maintaining the PGI (Protected Geographical Indication) status of Scotch Beef and Scotch Lamb, which is hugely significant when accessing support from



Quality assurance provides consumers with assurance on a range of factors, including animal welfare

the European Commission, such as the €1.2 million (£861,000) QMS secured in 2015.

Membership fees

The schemes are self-funding, with membership fees used exclusively to cover the costs of independent assessments, scheme administration and certification services. Livestock scheme membership is open to farms of all sizes – from large finishing units to much smaller businesses with a few animals. The membership fee varies and discounts are available for crofting groups and those who combine assessments with those for other schemes.

QMS has reviewed the membership fee structure of the Cattle & Sheep scheme with the aim of making it as fair as possible for farmers and crofters with different business sizes.

Standards setting

Each assurance scheme has its own standards document. This is set by a standards setting body comprised of individuals with a broad range of knowledge and expertise, ensuring the views of all stakeholders are taken into account. The standards are reviewed annually to take into account changing circumstances in the industry and the wider operating environment, and to maintain ISO/IEC 17065 (formerly EN45011) accreditation, the recognised European standard for product conformity certification. A full list of QMS committees can be found on pages 22 and 23.

Scotch Potential Eligibility Cattle Checker

A significant project was initiated in late October 2014 to provide an animal-based checker and to upgrade the current system for checking the quality assurance status of cattle. Very positive feedback has been received from the farmers, auctioneers and processors involved in the test user phase.

The new cattle checker will be available as a web-based application and as a smart phone app, and is aimed at providing buyers and sellers of cattle with a tool to check the Scotch potential eligibility of cattle.

Independent certification

Assessment and certification bodies are appointed on a three-year basis following a competitive tendering process. This tendering process was carried out in 2013, and Acoura (formerly known as Scottish Food Quality Certification) was appointed to operate all six assurance schemes for the period 1 April 2014 to 31 March 2017. Acoura is accredited by the United Kingdom Accreditation Service (UKAS) and is regularly (at least once each year) audited by UKAS.

Scheme membership

(to 31st March 2015)	
Cattle and sheep	9778
Pigs	102
Haulage	106
Feed	106
Auction markets	34
Processors	27
Total	10,204

Economics services

QMS's Economics Services team focuses on ensuring businesses involved in the Scottish red meat production chain benefit from the latest industry statistics. Regular market updates are published online and in the media and, annually, a publication on benchmarking and an overview of industry statistics are produced.

In terms of benchmarking, *“Cattle and Sheep Enterprise Profitability in Scotland”* is released in the autumn and offers a detailed analysis of the financial state of Scottish farm businesses. It identifies the most cost-effective methods of production and shows the gap between producers at the top end of efficiency and the bottom end across a range of performance indicators.

“The Scottish Red Meat Industry Profile” is published in the summer, and provides stakeholders with a comprehensive update of the size and scale of both the primary livestock sector and the red meat processing industry that operate in Scotland.

The two-strong team also publish a twice yearly review of the macroeconomic business environment facing the red meat sector.

Livestock numbers

While the June 2014 Agricultural Census showed that the decline in beef cow and ewe numbers had continued, increased producer confidence in the pig sector led to an expansion in breeding stock numbers. The December census reported a similar situation for cattle in the second half of 2014, but the ewe flock had moved into expansion mode and the increase in sow numbers had accelerated.

With the dairy herd expanding while the suckler herd consolidated further, beef cows accounted for 72% of all breeding cows in Scotland in June 2014, down from 73% in 2013. This was the lowest level since the cattle tracing scheme (CTS) was first used to report stock numbers in 2006. However, better weather conditions during the peak spring calving period helped reduce mortality rates and underpinned the productivity of the suckler herd. This meant that despite fewer beef cows on Scottish farms, calf registrations increased; rising two percent to 453,500 head. The

increases continued in early 2015, rising by two percent in the first half of the year.

The poor weather in much of late 2012 and early 2013 continued to have an impact on the Scottish sheep sector in 2014 as the higher levels of culling and mortality in 2013 left fewer ewes to produce lambs in 2014. However, the better winter and spring of 2013/14 helped push the national lambing percentage above its long-term average. As a consequence, there was a five percent year-on-year increase in the June lamb crop. The increased confidence that followed on from the better lambing in 2014 encouraged producers to expand their flocks. By the time the December census was carried out, the breeding flock was reported to have reached a seven-year high of 3.039m head.

In the pig sector, the lower feed costs and higher producer prices of 2013 resulted in strong producer confidence at the beginning of 2014 and this led to an increase in sow numbers. Although producer prices fell sharply during the year, past investments in genetics and herd health led to further increases in sow productivity, and higher productivity helped to offset falling producer prices. As a result, the sow herd had expanded further by the time of the December census.

Livestock slaughterings and meat production

During 2014, 24 licensed red meat abattoirs operated in Scotland and submitted levy returns to QMS. Cattle were processed at 20 sites, sheep at 18 and pigs at 15. Direct employment at Scottish abattoirs is estimated to have stabilised at around 2,700 in 2014.

After industry restructuring pushed down total throughput at Scotland's red meat abattoirs by 12% in 2013, numbers



stabilised in 2014, edging higher to 2.137m head. However, greater availability of feed and forage at lower prices led to increased carcase weights for all three species and this saw overall red meat production rise by two percent to 221,850t. It is estimated that although 2014 saw a small rebalancing of sales back towards Scotland, more than three-quarters of the red meat produced by Scottish abattoirs was still sold outside Scotland. The rest of the UK remained the principal destination for Scotland's red meat, taking more than two-thirds of the total. Although exports to the EU grew by an estimated two percent in 2014, Scotland continued to deliver less of its red meat to the continent than the UK as a whole.

Consumption and retail prices

The total volume of red meat available for consumption in the UK in 2014 rose by three percent in 2014 to 2.7m tonnes. This was its highest level since 2011. On the beef side, volumes rose by four percent to 1.06m tonnes as increases in domestic production and imports outpaced the growth in exports. Although sheepmeat exports increased faster than imports, the increase was not large enough to fully offset the rise in domestic production, pushing up the volume of sheepmeat available for consumption by 0.7% to 302,000t; a four-year high. Meanwhile, pigmeat availability also picked up on the back of strong domestic production, while the rise in export volumes marginally exceeded the rise in imports.

However, despite an increased availability of red meat, retail sales volumes declined in Great Britain. Data from Kantar Worldpanel indicates that beef sales fell by 1.5%, lamb sales by 8.5% and the volume of pork purchased was down by one percent. In Scotland, the declines were estimated at two percent for beef and pork, and five percent for lamb. This suggests that unless the volumes used in food manufacturing and the foodservice sector increased significantly, then product will have built up in cold stores. It is likely that a build-up of product in cold stores contributed to the downwards pressure on producer prices in early 2015.

Although the UK economy continued to recover strongly and household

spending increased in 2014, the red meat sector does not appear to have seen much benefit. Households have reacted to the better financial conditions by upgrading their homes and buying new cars and clothing rather than buying more red meat. However, at the premium end of the red meat offering, steak cuts have been performing well.

After a difficult year for red meat processors in 2013, when supplies tightened and farmgate prices for beef and pork rose significantly faster than wholesale and retail prices, it is likely that margins came under less pressure in 2014. On the beef side, the average producer price fell by around eight percent, year-on-year, in 2014 while

retail prices averaged three percent higher. Meanwhile, for pigs, the producer was paid an average of around four percent less than in the previous year while retail prices for both pork and bacon fell more slowly. In the sheep sector, both retail and producer prices were, on average, little different from where they had been in 2013. In addition, increased abattoir throughput meant that the fixed cost base was spread over a higher level of production, resulting in lower unit costs. However, it should be noted that increased carcase weights did cause some problems for processors, as it is harder to find a market for roasting joints and steaks from animals that are heavier than the specifications of the multiple retailers and European buyers.

Mid-year estimates of Scottish livestock population ('000 head)					
	2010	2011	2012	2013	2014
Total cattle	1,884	1,859	1,840	1,797	1,793
Beef breeding herd	468	471	462	447	437
Dairy breeding herd	168	164	167	166	170
Total sheep	6,755	6,801	6,736	6,571	6,693
Breeding flock	2,645	2,642	2,624	2,616	2,604
Total pigs	411	390	363	308	316
Breeding herd	39	36	32	29	30

Scottish livestock production						
	2012		2013		2014	
	Slaughterings (head)	Meat produced (t)	Slaughterings (head)	Meat produced (t)	Slaughterings (head)	Meat produced (t)
Prime cattle	414,818	147,031	411,719	144,346	410,965	149,102
Cows and bulls	65,426	22,779	62,622	21,605	57,882	20,645
Lambs	1,338,745	27,201	1,329,790	26,415	1,341,719	26,998
Ewes and rams	24,834	810	29,052	853	28,687	889
Prime pigs	581,478	45,415	299,389	23,716	295,635	23,917
Sows and boars	2,091	294	2,918	391	2,093	298

Scottish livestock average carcase weights (kg)			
	2012	2013	2014
Prime steers	376.5	373.2	384.3
Prime heifers	327.1	323.9	336.0
Prime young bulls	342.9	346.7	362.8
Cows	343.6	339.6	356.7
Lambs	20.3	19.9	20.1
Ewes	32.6	29.4	31.0
Prime pigs	78.1	79.2	80.9
Sows	140.1	134.2	142.2

Summary

financial information for 2014/15

The full Annual Report and Accounts for the financial year ended 31 March 2015 is available on the QMS website at www.qmscotland.co.uk or by telephoning 0131 472 4040 to request a copy.



Financial results

QMS made an operating surplus, before bank interest, of £0.281m for the year to 31 March 2015 (2013/14 – £0.059m surplus).

The surplus for the year arose against a break-even budget due to above budget statutory red meat levy income of £291k and savings made on overhead expenditure, amounting to £76k.

A Board decision was taken during the year to use a proportion of the surplus in the 2014/15 year, with the remainder being allocated to additional marketing and communications activity in the 2015/16 financial year.

Income

During the year, QMS received £4.10m (2013/14 – £4.09m) in statutory red meat levy, £1.4m (2013/14 – £1.4m) in fees from consumer assurance schemes, £1.2m (2013/14 – £1.7m) in grants and £0.05m (2013/14 – £0.05m) in bank interest and other miscellaneous income.

QMS received 18 grants from the Scottish Government. Four of these grants were received under the Marketing Development Scheme; three of these were used to assist with the continued employment of Market Development Managers in France/ Benelux countries, Germany and Nordic countries, and the other for the continued development of lamb markets in Italy. Other grants assisted with Industry Development projects including: Monitor Farm projects; the continued facilitation of a Business Network to improve information sharing in

the pig meat supply chain; the operation of 22 Business Improvement Groups for the beef and lamb sectors to facilitate financial and performance benchmarking; a project to develop industry infrastructure for pig health data sharing; a project to improve business competitiveness; a project to assist farmers to manage and reduce on-farm infection of Johnes; a project to improve Farm Resilience; and a project to improve the efficiency of the lamb supply chain through collaboration and communication. The EU programme helped promote consumer awareness of quality schemes for Scotch Beef PGI and Scotch Lamb PGI.

Statutory red meat levy

There was no change to the rates of Statutory Red Meat Levy collected in Scotland for the year from 1 April 2014.

Levy Rates			
Species	Paid by Producer per Head	Paid by Slaughter per Head	Total Levy per Head
Cattle	4.20	1.30	5.50
Calves (up to 68kg)	0.07	0.07	0.14
Sheep	0.60	0.20	0.80
Pigs	1.02	0.24	1.26

OPERATING COST STATEMENT (for the year ended 31 March 2015)

	2014–15 £	2013–14 £
Income		
Statutory red meat levy	4,095,837	4,088,578
Consumer assurance scheme fees	1,419,053	1,414,292
Other income	1,267,905	1,733,299
	6,782,795	7,236,169
Expenditure		
Staff employment and Board costs	976,579	974,591
Depreciation	9,629	9,476
Other operating costs	5,515,474	6,192,748
	6,501,682	7,176,815
Operating surplus/(deficit)	281,113	59,354
Finance income	17,217	17,785
	298,330	77,139

STATEMENT OF FINANCIAL POSITION (as at 31 March 2015)

Non-current assets		
Property, plant and equipment	15,607	10,139
Current assets		
Inventories	2,660	3,179
Trade receivables and other current assets	1,281,909	1,231,515
Deposits and advances	750,000	700,000
Cash and cash equivalents	1,213,505	931,107
Total current assets	3,248,074	2,865,801
Total assets	3,263,681	2,875,940
Current liabilities		
Trade payables and other current liabilities	1,654,472	1,565,061
Total current liabilities	1,654,472	1,565,061
Assets less liabilities	1,609,209	1,310,879
Reserves		
General reserve	1,609,209	1,310,879

STATEMENT OF ACCOUNTS SHOWING SOURCES OF INCOME AND AREAS OF EXPENDITURE (for the year ended 31 March 2015)

	Levy £	2014–15 Non Levy £	Total £	Levy £	2013–14 Non Levy £	Total £
Income						
Statutory red meat levy	4,095,837	0	4,095,837	4,088,578	0	4,088,578
Consumer assurance scheme fees	0	1,419,053	1,419,053	0	1,414,292	1,414,292
Grant income	0	1,245,059	1,245,059	0	1,701,738	1,701,738
Miscellaneous income	0	22,846	22,846	0	31,561	31,561
Bank interest	0	17,217	17,217	0	17,785	17,785
	4,095,837	2,704,175	6,800,012	4,088,578	3,165,376	7,253,954
Direct expenditure						
Marketing and promotions	1,634,716	892,668	2,527,384	1,887,406	1,242,024	3,129,430
Industry development	692,985	373,812	1,066,797	807,938	449,330	1,257,267
Communications and economics services	865,961	645	866,606	709,659	40,950	750,609
Assurance scheme operating costs	0	1,459,056	1,459,056	0	1,454,438	1,454,438
Corporate services	564,622	17,217	581,839	567,286	17,785	585,070
	3,758,284	2,743,398	6,501,682	3,972,289	3,204,527	7,176,814
Surplus/(deficit) on ordinary activities	337,553	(39,223)	298,330	116,291	(39,151)	77,139

Committees

(Membership at summer 2015)

The figure in brackets after each Committee indicates the number of meetings held each year.

Audit and Risk Management Committee (3)	
Alan McNaughton (Chair)	QMS Board member
Ronnie Eunson	QMS Board member
Louise Welsh	QMS Board member
<i>’Uel Morton</i>	<i>QMS Chief Executive</i>

Remuneration Committee (2)	
Ronnie Eunson (Chair)	QMS Board member
Jim McLaren	QMS Chairman
George Milne	QMS Board member
<i>’Uel Morton</i>	<i>QMS Chief Executive</i>

Scotch Beef Marketing Strategy Group (2)	
Alan McNaughton (Chair)	QMS Board member
John Bell	Farmer
Malcohm Hetherington	Consultant
Lucy Husband	AK Stoddart
Alistair Martin	Farmer
Jim McLaren	QMS Chairman
Isla Roebuck	Dawn Meats
<i>Laurent Vernet</i>	<i>QMS Head of Marketing</i>

Scotch Lamb Marketing Strategy Group (2)	
Sarah Mackie (Chair)	QMS Board member
Frank Clark	McIntosh Donald
Sybil McPherson	NSA Scotland
George Milne	QMS Board member, NSA Scotland
Bryan Robb	FarmStock Scotland
John Sleigh	NFUS Livestock Committee
Jimmy Taylor	NFUS Livestock Committee
<i>Suzie Carlaw</i>	<i>QMS Marketing Controller</i>

Specially Selected Pork Marketing Strategy Group (2)	
Philip Sleigh (Chair)	QMS Board member
Wayne Godfrey	Brown Brothers
Barry Robertson	Robertson’s Fine Foods
Alan Stannett	Farmer
Willie Thomson	Harbro
David Whiteford	Farmer
<i>Graeme Sharp</i>	<i>QMS Marketing Executive</i>

Butchers Marketing Strategy Group (3)	
Jock Gibson (Chair)	QMS Board member, Butcher
Alex Christie	Butcher
John Davidson	Butcher
Duncan Fraser	Butcher
Katherine Green	Butcher
Isobellanne Johnston	Consumer
Nigel Ovens	Butcher
John Saunderson	Butcher
<i>Graeme Sharp</i>	<i>QMS Marketing Executive</i>

Scottish Cattle Industry Group (3)	
Andrew Elliot (Chair)	Farmer
Stephen Allardyce	Farmer
Andrew Baillie	Farmer
Donald Brown	Nutritionist
Robert Fleming	Farmer
John Kyle	Auctioneer
Mike Martin	Farmer
Bill MacKinnon	Processor
John McIntosh	Farmer
Jim McLaren	QMS Chairman
Frank Ross	Processor
Michael Shannon	Farmer
John Sproat	Vet
<i>Robert Gilchrist</i>	<i>QMS Knowledge Transfer Specialist</i>

Scottish Sheep Industry Group (3)	
John Scott (Chair)	QMS Board member, Farmer
Stuart Annand	Highland Glen Producers
Alexander Brewster	Farmer
Richard Henderson	Processor
Carole Ingram	Farmer
Graeme Lofthouse	Farmer
Neil MacLeod	Crofter
Roddy Macleod	Farmer
Willie McCulloch	Auctioneer
Maimie Paterson	Farmer
Charlie Russell	Farmer
Jamie Wylie	Farmer
<i>Michael Blanche</i>	<i>QMS Knowledge Transfer Specialist</i>

Pig Industry Group Scotland (3)	
Philip Sleigh (Chair)	QMS Board member, Farmer
Roderic Bruce	Farmer
Kevin Gilbert	Farmer
Neill Hamilton	Karro Food Limited, Farmer
Sandy Howie	Farmer
Andy McGowan	Scottish Pig Producers Limited
Robb Milne	Harbro
Alan Stannett	Farmer
Jill Thomson	Vet
Jen Waters	Tulip Ltd
Grace Webster	Vet
Jonathan Whitehead	Acoura
Mike Wijnberg	Tulip Ltd
<i>Allan Ward</i>	<i>QMS Pig Specialist</i>
<i>Johnny Mackey</i>	<i>QMS Head of Industry Development</i>

Standards Coordinating Body (1)	
Jim McLaren (Chair)	QMS Chairman
John Gregor	ANM Group
Alan McNaughton	QMS Board member, Processor
’Uel Morton	QMS Chief Executive
Keith Redpath	Farmer
Philip Sleigh	QMS Board member
Stuart Smellie	L S Smellie & Sons
Louise Welsh	QMS Board member
<i>Suzanne Woodman</i>	<i>QMS Brands Integrity Manager</i>

Cattle and Sheep Standards Setting Body (1)	
Louise Welsh (Chair)	QMS Board member
Charlie Adam	NFU Scotland Livestock Committee
Wendy Barrie	Consumer Issues Representative
John Bell	Chairman C&S TAC, Farmer
Philippa Cartwright	Acoura
Julie Fitzpatrick	QMS Board member
Tom Gatherer	Scottish SPCA
John Gregor	IAAS
Scott Henderson	QMS Board member, Farmer
Neil McLeod	Scottish Crofting Foundation
Hamish McBean	Farmer
Jim McLaren	QMS Chairman
Alan McNaughton	QMS Board member, SAMW Executive
Sybil McPherson	Chair NSA Scotland, Farmer
Kate Rowell	QMS Board member
Stuart Smellie	AIC Scotland, Chairman QMS Feeds SSB
Frank Stephen	Secretary, BVA Scotland
<i>’Uel Morton</i>	<i>QMS Chief Executive</i>
<i>Suzanne Woodman</i>	<i>QMS Brands Integrity Manager</i>

Auction Market Standards Setting Body (1)	
John Gregor (Chair)	IAAS
Robin Anderson	IAAS
John Bell	Chairman C&S TAC, Farmer
Ronald Davidson	Haulier
Tom Gatherer	Scottish SPCA
Willie McCulloch	IAAS
Billy Neilson	Acoura
Stephen Sanderson	Acoura
Hamish Waugh	Farmer/NSA
Steven Wilson	IAAS
Andrew Wright	IAAS
<i>Suzanne Woodman</i>	<i>QMS Brands Integrity Manager</i>

Processor Standards Setting Body (1)	
Alan McNaughton (Chair)	QMS Board member, McIntosh Donald
Colette Backwell	Scottish Food & Drink Federation
Jamie Chapman	SFMTA
Jock Gibson	QMS Board member, Butcher
Malcohm Hetherington	Consultant
John McMaster	Processor
Ana Nicula	Processor
Vicky Parsons	Processor
David Regan	Acoura
Alex Seguino	Vet
<i>Suzanne Woodman</i>	<i>QMS Brands Integrity Manager</i>

Feeds Standards Setting Body (1)	
Stuart Smellie (Chair)	LS Smellie
Martin Brown	BOCM Pauls
Billy Davidson	Davidson Bros
Mark Goodwill	Harbro
Ian Henderson	Immediate Past Chairman, AIC Scotland Feed Committee
Cliff Lister	AIC Legal & Scientific Affairs Committee
Charlie MacLaren	Feed Merchant/Feeds TAC Chairman

Feeds Standards Setting Body cont.	
Darragh Magee	Dietetic Complementary Feeds
Colin Morgan	SAC
Stephen Sanderson	Acoura
Ian Watson	Feed merchant representative
Louise Welsh	QMS Board member
<i>Suzanne Woodman</i>	<i>QMS Brands Integrity Manager</i>

Haulage Standards Setting Body (1)	
Keith Redpath (Chair)	Farmer
Derek Armstrong	Haulier
Dan Cathcart	Haulage consultant
Ronald Davidson	Haulier
Geordie Dun	Haulier
Murray Hardy	SAMW
Andrew Kerr	Acoura
Hamish MacKintosh	Scottish SPCA
Gordon McKen	Producer
George Milne	QMS Board member
Stephen Sanderson	Acoura
Sandy Taylor	Haulier
Neil Walker	Haulier
Richard White	Haulier
Andrew Wright	IAAS
<i>Suzanne Woodman</i>	<i>QMS Brands Integrity Manager</i>

Pigs Standards Setting Body (1)	
Philip Sleigh (Chair)	QMS Board member
Roderic Bruce	Scottish Pig Producers, Farmer
Hamish MacKintosh	Scottish SPCA
Mike McLaughlin	ARM
Colin Shaw	Scotlean, Farmer
Christo Shepherd	Scottish Pig Producers, Farmer
Jonathan Whitehead	Acoura
<i>Allan Ward</i>	<i>QMS Pig Specialist</i>

Pig Industry Group Scotland Health Subcommittee (3)	
Grace Webster (Chair)	Vet
Roderic Bruce	Farmer
Carla Gomes	Scotland’s Rural College (SRUC)
Colin Macal dowie	Scottish Government
Jamie Robertson	Livestock Management Systems
David Strachan	Boehringer Ingelheim
Jill Thomson	Scotland’s Rural College (SRUC)
Robin Traquair	Farmer
Philip Sleigh	QMS Board member
<i>Allan Ward</i>	<i>QMS Pig Specialist</i>

QMS greatly values industry input to the work of our committees – please contact us if you are interested in getting involved. Our committees are refreshed at regular intervals, and further information on how they operate is available by emailing info@qmsscotland.co.uk or calling 0131 472 4040.



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