

REPORT on a MEETING between  
THE SCOTTISH POTATO TRADE ASSOCIATION  
and Messrs. ARTHUR YOUNG, C.A.,  
in 2/5 Blackfriars Street, PERTH at  
5.30 p.m. on Monday, 10th MARCH, 1986

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PRESENT: S.P.T.A. - K.A. McKenzie, Esq. with D. Blackmore in attendance.

ARTHUR YOUNG - Alex. McDougall, Esq., C.A.

SUTTON  
BRIDGE  
ACCOUNTS:

Mr. McDougall reported having completed his examination of the copy of the 1984/5 Management Accounts and the published 1984/5 PMB Accounts, submitted to him by Mr. Brass. From the latter he confirmed that the cost of the installation of the new grading line at Sutton Bridge had been properly ratified by the Board. He also confirmed the existence of interest-free loans from central Board resources to Sutton Bridge, totalling £1.2m.

In reply, he explained such a situation was not unusual in commercial accounts of large national and international groups and their subsidiary companies. He also explained that if the Board had charged interest on these loans, the effect on the Board's own published Accounts would have been neutral, but he agreed that the effect of charging interest would have had a very significant effect indeed on Sutton Bridge's own Management Accounts. In fact, he had calculated that charging interest at only 11½% (much below current commercial rates) would have totally eradicated the stated trading profit of £134,922.00.

Continuing his observations, Mr. McDougall had in mind that Management Accounts are prepared to assist in the decision making process. For this purpose the bases of various allocations, transfers and apportionments are usually noted in the Accounts, although they may be recorded in Reports or Minutes of management meetings, or elsewhere outwith the Accounts. Without having seen these he indicated he was unable to give his professional view on various apportionments of items between different parts of the Management Accounts. He agreed such allocations and transfer could be somewhat arbitrary, though perhaps this was unlikely.

Two other particular aspects had caught his attention. He pointed out that through-year changes and depreciations are aggregated in the Balance Sheet. In his view the statutory format of page 62 of the Board's published Accounts would have been more useful in making better informed management decisions. He had also been surprised that no explanations were provided for (even the largest) variances between estimated and actual sums shown. He felt it would be difficult to know how fully-informed judgements and decisions could be made without such information (unless it had been recorded elsewhere).

Mr. McKenzie thanked Mr. McDougall for his helpful appraisal and the meeting then concluded.