



NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

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**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Trustees

Mr A Alderson (appointed 6 May 2022)
Mr P Delbridge
Dr Y P Le Du
Mr H Dunn
Mr J Farmer
Mr A Foulds
Mr J Geldard (resigned 6 May 2022)
Mr D Gregory
Mr B Griffiths
Ms K Hovers
Miss C Hughes (appointed 6 May 2022)
Ms A McFadzean (resigned 24 May 2023)
Mr P Myles
Ms P Nicol (appointed 3 May 2023)
Mr D Phipps
Mr C Sercombe
Mr E Thomas (resigned 6 May 2022)
Mr T Ward

**Company registered
number** 00037818

**Charity registered
numbers** 249255 and SC042853

Registered office The Sheep Centre
Malvern
Worcestershire
WR13 6PH

Honorary President Lord Inglewood

Chief executive officer Mr P Stocker

Independent auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Bankers Lloyds Bank plc
Malvern
Worcestershire
WR14 4QG

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Solicitors	Roythornes Enterprise Way Pinchbeck Spalding Lincolnshire PE11 3YR
Investment advisors	Rathbones George House 50 George Square Glasgow G2 1EH

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Trustees present their Annual report together with the audited financial statements of the Company for the year 1 January 2022 to 31 December 2022. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Summary of objectives and activities

The charitable object of NSA is 'to encourage and improve breeding, management and promotion of sheep as a species and as an activity in the UK and elsewhere in pursuit of advancing education, health, heritage, science, environmental protection and improvement and animal welfare for the public benefit'. There have been no material changes in the association's pursuance of its objects, in that NSA takes a broad interpretation of 'promotion of the activity' to encompass the setting up of private and public dialogue with organisations and individuals whose vested interests might affect beneficially or adversely the sheep industry.

Broadly speaking, these organisations and individuals fall into two groups. The priorities for the first group (NSA members, other sheep farmers, ancillary service providers and agricultural organisations) are growing membership, promoting best practice, highlighting industry changes/trends and encouraging younger farmers. For the second group (policymakers, opinion influencers and the general public) it is increasing the appreciation of sheep farming, highlighting its contributions to economics, health, environment and society, particularly within the post-Brexit world. Working as a UK organisation but with distinct activities within the devolved nations and six English regions continued to be key during the year, given the variation within the sheep sector – both politically and practically – in different areas.

The highlight of 2022 was running NSA Sheep 2022 and NSA Scot Sheep 2022 after enforced covid absences. The events were a huge success, providing an invaluable service for members and the wider industry. They also boosted confidence within NSA to continue with a mix of sheep events (nationally and regionally), ram sales, smaller face-to-face events (farm walks, meetings etc) and online activities (webinars, email campaigns etc).

There were new external threats to the industry posed in 2022, not least the rise of input costs due to the Russian invasion of Ukraine, and pressure on the availability of sheep vaccines and antibiotics because of Brexit and ongoing covid-19 issues. None of these were welcome, but NSA responded well, ensuring members were aware of the situations and the implications for their flocks, but also highlighting alternative management approaches, and pushing to overcome shortages, particularly for vaccines.

b. Main objectives for the year

The main objectives for the year were all linked to delivery of the NSA vision for the UK sheep sector. That vision is: 'NSA believes in an optimum and resilient UK sheep population that is inherently healthy and able to cope with disease and parasite challenges. Diverse in its structure, contributing to feeding and providing fibre for an increasing global population, while adapting to the effects of and responding to the challenges of climate change and sustainable land management. We see our reputation being enhanced by working in harmony with areas of public interest – playing our part in mitigating global warming, improving our environment and ecology, enhancing landscapes, wise and responsible resource use, and protecting and creating culture and rural employment. Our vision is one of the people involved in keeping sheep being enthusiastic, knowledgeable and aspiring to best practice – and those not keeping sheep increasingly aware of the core aspects of sheep farming and appreciative of the contribution sheep make to society.'

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Objectives and activities (CONTINUED)

- Maintain membership to increase engagement and assist with communicating messages.
- Promote the positive contribution of sheep farming and associated industries to the economy, health, environment and society, providing a considered view to policymakers, appropriate bodies and the public that incorporates scientific information where it is available, and the views of grassroots members.
- Disseminate information to sheep farmers to support them in maintaining and increasing their positive contribution to the economy, health, environment and society, raising awareness and giving practical guidance about breeding, nutrition and general management.
- Raise awareness and communicate on key industry topics – in order that policies are well-informed, practical and, when altered, reflect what the sheep sector already contributes – and in order that farmers can understand policies and have time to react to any change.
- Provide a programme of activity to encourage and support young people entering the industry or succeeding family members within the industry. This is delivered through the NSA Next Generation programme.
- Provide a network of events and activities to facilitate connections and knowledge exchange within the industry, and support members through additional activities and communication.

c. Main aims and significant activities for achieving objectives

Communication with the two groups of organisations/individuals outlined above is the main aim for NSA. Significant activities to communicate with the first group was very positively influenced in 2022 by the easing of covid restrictions for the UK sheep sector, as NSA is now confident in its mix of face-to-face and online activities. This has helped with membership recruitment to increase NSA's reach through sheep events and smaller on-farm events, written communications including the NSA Weekly Email Update, Sheep Farmer magazine and direct emails, and online webinars, website development and social media content. Significant activities to communicate with the second group is written consultation responses and verbal input to government select committees and other government-led meetings and forums, as well as press releases, public-facing information on the NSA website and public-facing social media posts. This was maintained and enhanced in 2022, with NSA invited to an increased range of government meetings and forums, a higher number of press releases issued, a website redesign delivered, and an increased social media reach.

d. Volunteers

The Trustees take this opportunity to thank all those who contributed in any way to NSA and the sheep industry in 2022. The enthusiasm and commitment of volunteers at NSA Sheep 2022 and NSA Scot Sheep 2022 further emphasised the importance of these events to the mix of activities organised by NSA. All of NSA's work, not just the sheep events, is only possible thanks to the many volunteers who work tirelessly on behalf of the organisation, sitting on various committees, giving up their time for ram sales and regional activities and generally supporting all that NSA does and stands for.

e. Main activities undertaken to further the Company's purposes for the public benefit

As outlined in the NSA vision for the sheep sector, sheep farming provides a plethora of public goods. In addition to clearly and consistently communicating this to policymakers, appropriate bodies and the general public, NSA ensures its sheep farming members have access to best practice information to maintain and increase their contribution to the economy, health, the environment and society. Key to this is an economic and regulatory landscape that allows sheep farmers to be profitable, so they can keep investing in their businesses with infrastructure, new technology and expertise.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Achievements and performance

a. Main achievements of the Company

Having outlined the main aims and the significant activities for achieving objectives, NSA reports a number of highlights for 2022.

- Attendance of NSA staff and/or officeholders regularly requested at high level government meetings, including delivery of new farming support schemes in England and development of future farming support schemes in the devolved nations.
- Applications opening for Defra Animal Health & Welfare Pathway with significant parts of the programme developed directly from NSA input and with a significant amount of sheep options in the small grants section.
- Sustained NSA participation in cross-industry groups including the Responsible Use of Medicines in Agriculture (RUMA) alliance, Sustainable Control of Parasites in Sheep (SCOPS) group, Sheep Antibiotics Group (SAG) and Ruminant Health and Welfare Group (RHWG), as well as other industry groups working in trade, supply chain and traceability.
- High level involvement in the Global Sheep Forum to promote international collaboration on positive environmental, welfare and nutritional credentials, and encourage young leaders within the sector. Online meetings were complemented by the NSA Chair attending a face-to-face meeting in Canada in November and a number of GSF members attending NSA Sheep 2022 in July.
- High profile messaging around sheep worrying by dogs, with NSA recognised for its position that worrying is an animal welfare issue that needs legislative change and increased use of new technology around DNA evidence.
- Continued delivery of the Register of Sheep Advisers (RoSA), with increased opportunities for registered advisers to attain CPD and plans to further develop the programme in 2023 and beyond.
- Successful delivery of the NSA-led element of the 'For Flock's Sake' RDPE-funded sheep scab project, plus industry-wide recognition that the consortium delivering the project has exceeded expectations and left a legacy. The final project report will be published in 2023.
- Successful participation in the Erasmus E-organic EU-funded project, including creation of an E-organic online learning resource and hosting of two UK study tours with participants from Spain, Italy and Turkey.
- Development of the NSA Breakfast Club webinar concept to attract industry leaders as speakers, including the Farming Minister, Shadow Farming Minister and Defra Future Farming and Countryside Programme Director. Industry-wide recognition and good attendance figures.
- Sustained momentum of NSA messaging around COP26 in Glasgow in 2021, with NSA invited to participate in the Countryside COP online event in 2022.
- High calibre of candidates for the NSA Next Generation Ambassador programme, attending four three-day personal and professional development sessions through the year. Delivery of the national final of the NSA Next Generation Shepherd competition, despite covid making regional qualifiers more difficult than usual. Ongoing support for young sheep farmers through other NSA Next Generation activities, such as work experience placements and the NSA Lambing List.
- NSA Sheep 2022 and NSA Scot Sheep 2022 back with a bang! Visitor numbers and engagement by commercial companies exceeded expectations at both events, facilitating a learning and networking opportunity for sheep farmers and creating a much-needed shop window for the industry, with policymakers, international visitors and school children attending as well.
- Delivery of a new NSA ram sale in NSA South East Region, increasing the offering to six ram sales in England and Wales for sheep farmers to trade in genetics and network at important industry events.
- Recovery from covid-19 with an increasing number of regional farm walks and face-to-face meetings, plus a new 'Field Day' concept piloted in NSA South East Region for farmers to spend the day on farm learning new ideas and exploring services provided by commercial companies.
- Delivery of an easier-to-navigate website with clear resources for sheep farmers (members and non-members) and the general public.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Achievements and performance (CONTINUED)

b. Key performance indicators

Work was initiated in 2021 to review the NSA Strategy, which resulted in an updated strategy and clearer KPIs being agreed for 2022 and beyond. These indicators of success are as follows.

- **External. Economics.** NSA considers the size of the national flock to be the most accurate indicator of the health and sustainability of the sector. The national flock is stable, despite reducing financial support from the government.
- **External. Health.** NSA consistently and accurately provided information and encouragement for sheep farmers to improve the health of the national flock in 2022. Specifically in England, NSA helped steer the content of the Defra Animal Health & Welfare Pathway and helped deliver the ground-breaking 'For Flock's Sake' sheep scab project. In the devolved nations, NSA participated in all initiatives relating to sheep health and welfare, playing a leading role in sheep scab and iceberg disease planning in Scotland. For members in all parts of the UK, NSA provided a number of very well attended online health-focussed webinars.
- **External. Environment.** In 2022, NSA continued to promote the environmental credentials of UK sheep farming, in response to inaccurate claims being made in the mainstream media. Progress has been made in acceptance by sheep farmers that they have a role to play in mitigating climate change, while producing food and contributing to biodiversity.
- **External. Society.** Ongoing issues with food supply chains and food inflation has increased public interest in UK food production, which has provided increased opportunities for NSA to promote the role of sheep farming as a whole.
- **Internal. Membership.** Recruitment of new members was impressive in 2022, thanks to successful merging of activity at face-to-face events and online campaigns. Overall there was a small fall in membership, due to members dying, retiring or leaving the industry. .
- **Internal. Association profile.** NSA was invited to more meetings, speaking engagements and events in 2022, highlighting its standing within the industry, which is the result of continued efforts in relationship building, policy, press and online work.
- **Internal. Finances.** Detailed updates elsewhere in this report.
- **Internal. Governance.** Officeholders continued to be engaged and effective in 2022, aided by the introduction of more formal Trustee/officeholder inductions. Work also started on an NSA Operations Manual, to bring all governance and associated papers into one place.
- **Internal. Staff.** Retention levels of employed staff and regional managers/organisers remains high. The appointment of an NSA Support & Activities Officer (detailed elsewhere in this report) will further improve connectivity between NSA Head Office and NSA regions going forward.

c. Review of activities

Structures are in place for regular reviews of activity, primarily through quarterly Board and other committee meetings, but also regular Senior Management Meetings and quarterly reporting structures. Regional managers and event/ram sale organisers also meet regularly.

Achievements and performance (CONTINUED)

d. Factors relevant to achieve objectives

In 2020 the covid-19 lockdowns resulted in NSA learning a lot about how to deliver its work online. In 2021 the easing of covid-19 restrictions allowed NSA to experiment with a mix of online and limited face-to-face activities. In 2022, NSA learnt there was still a huge desire for largescale sheep events mixed in with smaller face-to-face events and appropriate online activities. For example, committee meetings are still primarily online, reducing the time volunteers spend travelling, and saving costs. The NSA Breakfast Club and other webinars also remain popular, if the speakers and topic are good. The organisation is still learning, but the acceptance of online meetings and forums by the NSA network has fundamentally changed how NSA operates and will continue to do so. The external factors mentioned earlier in this report (the Russian invasion of Ukraine resulting in higher prices for fertiliser and other inputs, and Brexit and covid-19 causing issues with sheep vaccine and antibiotic availability) put significant pressure on the sheep sector and, therefore, were important for NSA to respond to. NSA continues to raise awareness of alternative sustainable farming practices, many of which will likely continue in some form beyond the relatively short-term disruption. Such practices include a growing recognition of soil health and nitrogen fixing clovers as an alternative to a vastly increased artificial nitrogen price, more attention to management solutions to post-natal lamb disease, and an enforced look at management to reduce the lack of vaccine availability. Of these NSA is pushing hard to overcome shortages in vaccine availability on the basis that disease immunity gained by vaccines results in reduced mortality and loss, and reduced reliance on antibiotics.

e. Fundraising activities and income generation

NSA continues to spread its risk by bringing in income from membership subscriptions, sponsorship, events, project funding and other sources, rather than relying solely on one source. All income streams and significant expenditure continue to be monitored regularly, but there are no significant changes to report in relation to 2022.

f. Investment policy and performance

The NSA Head Office investment with Rathbones is on a medium risk tolerance with the performance viewed in the medium/long term (three to five-year cycles). Rathbones has the discretion to manage the portfolio based on an investment policy agreed by Trustees, and it reports quarterly to the Board. Investments by NSA regions and ram sales are managed in a similar way. The Trustees now see quarterly net worth figures (with the stocks and shares included) and bank balance information broken down between Head Office (current account and deposit accounts) and the regions. This has led to important discussions around investments and resulted in positive action being taken, for example opening additional deposit accounts to reduce the risk of exceeding the £85k protection limit of the Financial Services Compensation Scheme. Overall, the performance of the investments in 2022 was subdued by world events, particularly the Russian invasion of Ukraine, but has recovered somewhat since the year end.

Financial review

a. Overview

The financial position of the NSA increased over the 2021 position, such that at year end the total reserves were £1,992,868 (2021 £1,794,567). The increase of £198,301 comprises a strong operating return from a full year of events of £155,014 (2021 £11,020 loss) alongside a periodic revaluation of our investment properties, offset by a reduction in the market value of the investment portfolio, such that overall funds have increased by 11%. This provides a secure basis for managing the varying cashflows that result from the two-year cycle of NSA events. NSA maintained a flexible balance between investments and working capital, as shown on page 19. NSA continues to have a number of strong income streams, all appropriate to its charitable objectives, rather than relying on a single source, as illustrated on page 18 and the supporting notes.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

b. Going concern

NSA has neither the intention or the need to cease its work or significantly reduce the scale of its work. The long-term viability of NSA is something the NSA Trustees and staff regularly consider, with risks and potential risks to the association discussed on a regular basis and expenditure and income across the entire association closely monitored. NSA works hard to ensure membership subscriptions remain as stable as possible, even in the face of continued consolidation of sheep farming businesses within the UK. NSA also ensures it is not reliant on membership subscriptions alone, also drawing funds from sponsorship, advertising, business-to-business trade events, online events, externally funded projects and other income streams. Should income fall below our projections, the association has reserves which can be drawn on if required.

c. Reserves policy

The level of free reserves held by NSA at the year-end of 2022 amounted to £1,178,057 (2021 £1,120,790). These free reserves are held in Head Office and are sufficient to cover more than one month's operating costs including salaries. This is felt to be sufficient, as the major costs incurred here are covered by subscription income, which is relatively secure. The Trustees believe that, ideally, the reserves in the NSA Rams Sales should be equivalent to 12 months of expenditure and the reserves in the NSA Regions should be equivalent to 24 months of expenditure, as these are the periods between the major fundraising events where income is generated. While this has been achieved in most regions, they are mindful of problems in the industry over previous years and, therefore, the ideal level will not be attained quickly for all regions.

The Trustees feel the current level of reserves is appropriate for the current work of NSA, including Head Office work, regional activities and ram sales. The Trustees feel the most appropriate investment for the liquid assets of NSA is to use a deposit account to ensure accessibility. Significant progress has been made from the point where NSA historically operated with significant reserves, as membership subscription income is mainly received in the first part of the year and reserves were kept for easy access if needed in the later part of the year.

d. Investments policy

As stated in the previous section of this report, the NSA Head Office investment is with Rathbones on a medium risk tolerance with the performance viewed in the medium/long term. Rathbones has the discretion to manage the portfolio based on an investment policy agreed by Trustees, and (alongside the reserves policy) NSA is in the advanced stages of updating a written investment policy to sit alongside the reserves policy.

e. Principal risks and uncertainties

NSA has a risk register, which is reviewed by the Trustees on a six-monthly basis. The risk register is split into two parts – external risks such as risks within the sheep sector that may impact the financial ability of sheep farmers to pay a membership subscription – and internal risks such as loss of key staff members. There is nothing of concern to report in relation to 2022, although steps are being taken in 2023 to increase ownership of the risk register within the staff and simplify the document using a traffic light system.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

f. Fundraising policy

NSA does not use professional fundraisers and does not fundraise through public appeals. It did not receive any complaints about fundraising activities in 2022. The association's principal funding is through membership subscriptions from people working in the sheep industry, and corporate sponsorship packages for commercial companies wanting to work with NSA. Apart from membership subscriptions, the major fundraising activities are the organisation of business-to-business NSA Sheep Events and the sale of advertising / sponsorship. NSA occasionally manages to access grant and statutory funding. In 2022 this included two EU-funded projects spanning 2021 and 2022. NSA is occasionally remembered in peoples' wills; in 2022 there was a legacy from an individual who was not a sheep farmer but expressed admiration for the work NSA did on the environment prior to his passing. NSA continued to make an annual Gift Aid claim from HMRC. All events and activities have budgets prepared in advance having regard to risks. The content and sponsors of events are chosen by committees to be appropriate to the aims of the association. There are financial controls in place to reduce the risk of fraud and financial loss. There is regular liaison and reporting between regions, ram sales and head office to monitor fundraising activities.

g. Principal funding

This continues to be membership subscriptions, with other income streams listed above contributing to an important extent.

Structure, governance and management

a. Constitution

During 2022 NSA was a Company Limited by Guarantee governed by its Memorandum and Articles of Association dated 21st December 1892 and most recently amended at the 2015 AGM to allow for current governance. NSA is registered as a Private Company Limited by Guarantee without share capital and is a Registered Charity. In the event of the association being wound up members may be required to contribute a sum not exceeding £1.

b. Methods of appointment or election of Trustees

There were 16 Trustees, who are also directors for the purpose of company law, who served during 2022. Two Trustees reached the end of their terms in 2022 and two new Trustees were elected.

- Mr John Geldard appointed 5 May 2016 and resigned 6 May 2022
- Mr Llew Thomas appointed 5 May 2016 and resigned 6 May 2022
- Mr Alan Alderson appointed 6 May 2022
- Miss Caryl Hughes appointed 6 May 2022

Mrs A McFadzean reached the end of her term as Trustee between the end of the financial year and the production of this report. She attended her final Board meeting in January 2023 and Companies House / the Charity Commission was notified after the May 2023 meeting. At the May 2023 meeting Ms P Nicol was appointed to the Board and the process was initiated to update Companies House / the Charity Commission.

Trustee nominations and appointments are as per the Articles of Association. When a Trustee is appointed by the Board the incoming individual is informed of their responsibilities and duties as a Trustee Director and given copies of Charity Commission guidance and NSA printed information. An induction session is also provided, to give the Trustee an in-depth understanding of the NSA structure and operations from the outset.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Structure, governance and management (CONTINUED)

c. Organisational structure and decision-making policies

The Trustee Directors administer the Charity and Company. There are four Board meetings each year, plus interim meetings where appropriate. The Trustees delegate responsibility to the NSA Finance Scrutiny Committee, to look at quarterly budgetary information and explore specific financial topics in detail. This sub-committee meets a minimum of three times per year. The Trustees also delegate responsibility to the NSA UK Policy & Technical Committee to discuss NSA positions and activity on regulation, policy, research and development work affecting the sheep sector. This sub-committee meets a minimum of four times a year. Each of the devolved nations has its own committee, as well as six regional committees in England feeding into the NSA English Committee. The Chief Executive manages the day-to-day operations, having regard to the decisions of the Board.

d. Management and staff in 2022

Phil Stocker continued as NSA Chief Executive in 2022 and, for the majority of the year, led a team of 13 employed staff including himself – five full-time, seven part-time and two on zero hours contracts that vary depending on volumes of work. As a result of the NSA Strategy Review initiated in 2020, which identified a relatively flat staffing structure, the Senior Management Team (the salaried Chief Executive and Operations Director plus the Trustees serving as Chairman and Honorary Treasurer) continued to meet fortnightly and increase delegation to the Management Team (Communication Manager, Project Manager and Policy Manager). This level of seniority beneath the Senior Management Team has worked well, spreading responsibility and decision-making within the staff structure and safeguarding NSA in the result of a senior staff member leaving. In the first quarter of 2022, the Digital Communications Officer left to pursue a different career and a replacement was successfully employed. In October 2022, a Support & Activities Officer was appointed, a new position identified as part of the Strategy Review to further develop NSA Next Generation activity and support NSA regions where they need. In anticipation of the Membership Secretary retiring and the Association Secretary semi-retiring in January 2023, two additional staff members were also employed in October 2022 and trained in their relevant roles. This saw the staff level increase to 15 employed staff from 1 January 2023 – five full-time, seven part-time and three on zero hours contracts.

e. Pay policy for key management personnel

The Trustees discuss and approve the annual budget, which includes a total salary figure for all staff. All staff receive an annual appraisal, which helps inform the Senior Management Team's proposal for individual salaries within that total figure. The Chairman and Honorary Treasurer provide an annual appraisal for the Chief Executive and decide the salary for this role. In addition to salaries, all staff can claim expenses in line with the set expenses policy. An inflationary pay rise was given to staff members in early 2022. At the end of 2022, with inflation tracking much higher than previous years, the Trustees discussed an across-the-board pay rise for early 2023 plus a one-off cost of living payment for all staff. This was implemented in early 2023.

f. Related party relationships

During 2022 sponsorship/advertising income was received from four companies with a link to an NSA Trustee or key officeholder. The combined income for these was £9,550 (£3,690 for 2021). Also during the year, payments were made to one company owned/part-owned by an NSA Trustee (for consultancy services separate to the Trustee's role on the NSA Board), to one company owned/part-owned by an NSA employee (for freelance photography services separate to the employee's NSA role, and to two companies owned/part-owned by an NSA regional manager (as these regional managers provide their services via these two companies). The combined expenditure across four companies was £15,966 (£16,721 for 2021). Income received from and expenditure with related parties was in pursuit of NSA's charitable objectives. An additional note for 2022 is that NSA employed a direct family member of a key officeholder (until the end of February 2022) and paid an honorarium to an NSA regional manager who was a direct family member of a regional officeholder (until the end of August 2022). There are no related parties that either control or significantly influence the decisions and operations of NSA.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Structure, governance and management (CONTINUED)

g. Financial risk management

As stated in the previous section of this report, NSA has a risk register that is reviewed by the Trustees on a six-monthly basis. Financial risks are a specific part of the risk register, including loss of subscription income and loss of sponsorship income. These are key priorities for relevant staff members, with regular internal meetings and workstreams dedicated to membership recruitment and retention, financial tasks (e.g. debt chasing), project management and commercial opportunities. Head Office staff and regional officeholders regularly communicate about sponsorship opportunities and the range of commercial companies we maintain healthy working relationships with. While the loss of income from the cancellation of sheep events in 2020 and 2021 continued to be felt by some regions in 2022, confidence within the organisation was generally boosted by the success of NSA Sheep 2022 and NSA Scot Sheep 2022 and the ongoing success of NSA running a mix of face-to-face and online activities that was inconceivable before covid forced some quick learning about virtual events

h. Trustees' indemnities

Each member of NSA, including the Trustees, undertakes to contribute to the assets of the company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1 for the debts and liability contracted before they cease to be a member.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Auditors

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:

Mr D Gregory
Treasurer
Date:

Mr D Phipps
Chair

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL SHEEP ASSOCIATION

OPINION

We have audited the financial statements of National Sheep Association (the 'charitable company') for the year ended 31 December 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL SHEEP ASSOCIATION
(CONTINUED)**

OTHER INFORMATION

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine 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 Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL SHEEP ASSOCIATION
(CONTINUED)**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities;

The procedures undertaken in order to identify and assess risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, are as follows:

- We have considered the nature of the industry and sector, control environment and business performance;
- We have considered the results of our enquiries of management and the Chair of the Board about their own identification and assessment of the risk of irregularities
- For any matters identified we have obtained and reviewed the Charity's documentation of their policies and procedures relating to;
 - Identifying, evaluating and complying with laws and regulations whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risk of fraud and whether they have knowledge of actual, suspected or alleged fraud; and
 - The internal controls established to mitigate the risks of fraud or non-compliance with laws and regulations.
- We have considered the matters discussed among the audit engagement team, including internal tax specialists regarding how and where fraud might occur in the financial statements and potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Revenue recognition; and
- Accounting estimates.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities SORP (FRS 102) - Accounting and Reporting by Charities and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

In addition, we have considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Charity's ability to operate or to avoid a material penalty. These include data protection regulations, health and safety regulations and employment legislation.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL SHEEP ASSOCIATION
(CONTINUED)**

Audit response to risks identified:

As a result of performing the above procedures, we have identified revenue recognition and accounting estimates as key audit matters related to the potential risk of fraud. Our procedures to respond to risks identified included the following:

- Documenting and validating the control environment for income and debtors and carrying out walkthrough testing;
- Undertaking substantive sample-based testing or proof in total calculations on all material revenue streams to ensure revenue has been recognised appropriately and accurately;
- Considering manual income journals as part of our work on fraud risks documented above;
- Reviewing the financial statement disclosures and testing to supporting documentation;
- Enquiring of management concerning actual and potential litigation claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL SHEEP ASSOCIATION
(CONTINUED)**

USE OF OUR REPORT

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date:

Bishop Fleming LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and legacies	4	80,340	-	80,340	53,628
Charitable activities	5	637,091	76,832	713,923	677,162
Other trading activities	6	501,131	-	501,131	38,597
Investments	7	45,305	-	45,305	48,210
Other income	8	17,251	-	17,251	10,533
Total income		1,281,118	76,832	1,357,950	828,130
Expenditure on:					
Charitable activities	9	1,160,012	42,924	1,202,936	839,150
Total expenditure		1,160,012	42,924	1,202,936	839,150
Net income/(expenditure) before net (losses)/gains on investments		121,106	33,908	155,014	(11,020)
Net (losses)/gains on investments		(96,713)	-	(96,713)	90,152
Net income		24,393	33,908	58,301	79,132
Transfers between funds	20	10,004	(10,004)	-	-
Net movement in funds before other recognised gains		34,397	23,904	58,301	79,132
Other recognised gains:					
Gains on revaluation of fixed assets		140,000	-	140,000	-
Net movement in funds		174,397	23,904	198,301	79,132
Reconciliation of funds:					
Total funds brought forward		1,763,379	31,188	1,794,567	1,715,435
Net movement in funds		174,397	23,904	198,301	79,132
Total funds carried forward		1,937,776	55,092	1,992,868	1,794,567

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 22 to 43 form part of these financial statements.

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00037818**

**BALANCE SHEET
AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	171,218	177,099
Investments	16	952,817	959,527
Investment property	15	490,000	350,000
		<u>1,614,035</u>	<u>1,486,626</u>
Current assets			
Stocks	17	2,949	3,048
Debtors	18	110,324	83,145
Cash at bank and in hand		588,327	534,785
		<u>701,600</u>	<u>620,978</u>
Creditors: amounts falling due within one year	19	(322,767)	(313,037)
Net current assets		<u>378,833</u>	<u>307,941</u>
Total assets less current liabilities		<u>1,992,868</u>	<u>1,794,567</u>
Total net assets		<u>1,992,868</u>	<u>1,794,567</u>
Charity funds			
Restricted funds	20	55,092	31,188
Unrestricted funds	20	1,937,776	1,763,379
Total funds		<u>1,992,868</u>	<u>1,794,567</u>

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00037818**

**BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022**

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

Mr D Gregory
Treasurer
Date:

Mr D Phipps
Chair

The notes on pages 22 to 43 form part of these financial statements.

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£	£
Cash flows from operating activities		
Net cash used in operating activities	94,853	115,854
Cash flows from investing activities		
Dividends, interests and rents from investments	(45,305)	(48,210)
Proceeds from the sale of tangible fixed assets	892	760
Purchase of tangible fixed assets	(3,608)	(6,149)
Proceeds from sale of investments	39,113	193,444
Purchase of investments	(108,757)	(183,441)
Revaluation of investments	76,354	(90,152)
Net cash used in investing activities	(41,311)	(133,748)
Cash flows from financing activities		
Repayments of borrowing	-	(50,000)
Net cash provided by/(used in) financing activities	-	(50,000)
Change in cash and cash equivalents in the year	53,542	(67,894)
Cash and cash equivalents at the beginning of the year	534,785	602,679
Cash and cash equivalents at the end of the year	588,327	534,785

The notes on pages 22 to 43 form part of these financial statements

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. GENERAL INFORMATION

National Sheep Association is a private charitable company limited by guarantee incorporated in England and Wales. The registered office is The Sheep Centre, Blackmore Park Road, Malvern, Worcestershire, WR13 6PH.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

National Sheep Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investments properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

2.2 GOING CONCERN

NSA has neither the intention or the need to cease its work or significantly reduce the scale of its work. The long-term viability of NSA is something the NSA Trustees and staff regularly consider, with risks and potential risks to the association discussed on a regular basis and expenditure and income across the entire association closely monitored. NSA works hard to ensure membership subscriptions remain as stable as possible, even in the face of continued consolidation of sheep farming businesses within the UK. NSA also ensures it is not reliant on membership subscriptions alone, also drawing funds from sponsorship, advertising, business-to-business trade events, online events, externally funded projects and other income streams. Should income fall below our projections, the association has reserves which can be drawn on if required.

2.3 INCOME

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2. ACCOUNTING POLICIES (continued)

2.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

2.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets costing £200 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, on a reducing balance basis and on a straight line basis.

Depreciation is provided on the following bases:

Land and Building	- 2% - 5% Reducing balance
Motor vehicles	- 25% Reducing balance
Fixtures and fittings	- 10-25% on Cost / 20-25% Reducing balance

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of financial activities.

2. ACCOUNTING POLICIES (continued)

2.6 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

Investment property, which is property held to earn rentals and/or capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in net income/(expenditure) for the year. No depreciation is charged on investment property.

Although this accounting policy is in accordance with FRS102 section 16, the lack of depreciation is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the trustees, compliance with the standard is necessary for the financial statements to give a true and fair view and in all other respects the Charity has complied with the Act. As a result, the value of investment property in the balance sheet is higher, and the depreciation charge in the statement of financial activities lower than they would be under the requirements of the Act.

2.7 STOCKS

Stocks are stated at the lower cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition. Items held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost.

2.8 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.9 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

2. ACCOUNTING POLICIES (continued)

2.11 FINANCIAL INSTRUMENTS

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

2.13 PENSIONS

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

2.14 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

Estimated useful lives of tangible fixed assets

In determining the estimated useful life the Charity considers the expected physical wear and tear of the asset that could lead to obsolescence of the asset. Each year the Charity reviews the above to establish if there is any change in the expected useful life of tangible assets.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgment:

Investment property valuation

The investment property is held at fair value and the original valuation was carried out on 25 June 2015 by Charles Knowles, a RICS registered firm. It was arrived at by reviewing the market for transaction prices for similar properties. Each year the Charity reviews this valuation, to determine whether they still considered this to be accurate at the year end.

Deferred subscription income

Annual membership renewals occur throughout the year, so when the charity receives member's subscription income in the current year, some of this may relate to the following year. This part is treated as deferred income in the current accounting period and will be recognised in the statement of Financial Activities in the following accounting period.

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	79,470	-	79,470	36,369
Grants	870	-	870	10,000
Government grants	-	-	-	7,259
	<u>80,340</u>	<u>-</u>	<u>80,340</u>	<u>53,628</u>
TOTAL 2021	<u>36,369</u>	<u>17,259</u>	<u>53,628</u>	

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Ram Sales	115,696	-	115,696	111,126
Sheep Farmer Advertising	121,175	-	121,175	123,352
Other Charitable Income	37,255	10,327	47,582	37,894
Sustainable Control of Parasites in Sheep	5,325	-	5,325	14,394
Membership Services	357,640	-	357,640	347,035
RoSA project	-	-	-	1,354
RDPE Moredun project	-	66,375	66,375	20,400
Erasmus project	-	130	130	21,607
	<u>637,091</u>	<u>76,832</u>	<u>713,923</u>	<u>677,162</u>
TOTAL 2021	<u>632,801</u>	<u>44,361</u>	<u>677,162</u>	

6. INCOME FROM OTHER TRADING ACTIVITIES

Income from non charitable trading activities

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Fundraising events	501,131	501,131	38,597
TOTAL 2021	<u>38,597</u>	<u>38,597</u>	

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. INVESTMENT INCOME

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Rental income	20,339	20,339	20,531
Investment income	23,595	23,595	27,593
Interest receivable	1,371	1,371	86
	<u>45,305</u>	<u>45,305</u>	<u>48,210</u>
	<u>48,210</u>	<u>48,210</u>	
TOTAL 2021	<u>48,210</u>	<u>48,210</u>	

8. OTHER INCOMING RESOURCES

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Other income	13,398	13,398	9,424
Promotional items	2,177	2,177	98
P & O Booking Service	1,676	1,676	1,011
	<u>17,251</u>	<u>17,251</u>	<u>10,533</u>
	<u>10,533</u>	<u>10,533</u>	
TOTAL 2021	<u>10,533</u>	<u>10,533</u>	

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Summary by fund type

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Total 2021 £
Breeding Improvement Other Costs	98,605	-	98,605	61,923
Membership Services and Enquiries	124,677	-	124,677	90,368
Education and Promotion Other Costs	574,283	42,924	617,207	527,233
Fundraising Costs	362,447	-	362,447	159,626
	<u>1,160,012</u>	<u>42,924</u>	<u>1,202,936</u>	<u>839,150</u>
TOTAL 2021	<u>785,682</u>	<u>53,468</u>	<u>839,150</u>	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Breeding Improvement Other Costs	98,605	-	98,605	61,923
Membership Services and Enquiries	14,965	109,712	124,677	90,368
Education and Promotion Other Costs	211,715	405,492	617,207	527,233
Fundraising Costs	239,831	122,616	362,447	159,626
	<u>565,116</u>	<u>637,820</u>	<u>1,202,936</u>	<u>839,150</u>
TOTAL 2021	<u>335,599</u>	<u>503,551</u>	<u>839,150</u>	

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF DIRECT COSTS

	Breeding Improve nt Other Costs 2022 £	Membership Services and Enquiries 2022 £	Education and Promotion Other Costs 2022 £	Fundraising Costs 2022 £	Total funds 2022 £	Total funds 2021 £
SCOPS	-	-	2,352	-	2,352	2,283
Sheep Farmer costs	-	-	57,777	-	57,777	67,171
Design and Printing	-	-	28,374	-	28,374	13,933
Next Generation Ambassadors	-	-	9,615	-	9,615	4,471
Branding and Merchandise	-	-	1,302	-	1,302	1,090
Moredun Initiative	-	-	7,500	-	7,500	7,501
Regional Secretaries & Officers fees	-	-	58,099	-	58,099	57,308
Membership Promotion	-	14,965	-	-	14,965	5,574
Ram sale expenses	86,192	-	-	-	86,192	52,928
Storage of Semen	10,945	-	-	-	10,945	8,481
P & O Expenditure	1,468	-	-	-	1,468	514
Subscriptions for other bodies	-	-	3,492	-	3,492	2,631
Awards and Donations	-	-	280	-	280	1,050
Costs of generating funds	-	-	-	239,831	239,831	64,855
RoSA project	-	-	323	-	323	3,818
RDPE Moredun project	-	-	32,602	-	32,602	40,470
Erasmus project	-	-	9,999	-	9,999	1,521
	<u>98,605</u>	<u>14,965</u>	<u>211,715</u>	<u>239,831</u>	<u>565,116</u>	<u>335,599</u>
TOTAL 2021	<u>61,923</u>	<u>5,574</u>	<u>203,247</u>	<u>64,855</u>	<u>335,599</u>	

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF SUPPORT COSTS

	Membership Services and Enquiries 2022 £	Education and Promotion Other Costs 2022 £	Fundraising Costs 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	75,871	228,050	84,796	388,717	329,129
Governance - Staff costs	-	53,556	-	53,556	44,881
Depreciation	1,638	6,164	1,830	9,632	9,751
Printing, Photocopying, Postage & Stationery	13,219	26,937	14,774	54,930	22,740
General office expenses	555	2,092	621	3,268	272
Telephone, Computer & Website	3,994	15,035	4,463	23,492	28,148
Travelling expenses & Subsistences	6,773	25,501	7,571	39,845	20,408
Rates, Utilities & Insurance	3,502	13,181	3,913	20,596	19,939
Property Repairs	1,737	6,536	1,940	10,213	2,723
Legal & Professional	530	1,994	592	3,116	1,682
Accountancy	108	1,466	121	1,695	3,994
Bank Charges	1,434	5,396	1,602	8,432	3,294
Bad Debts	351	1,322	393	2,066	3,061
Governance - Audit Fees	-	12,135	-	12,135	10,575
Board and AGM Meeting Costs	-	6,127	-	6,127	2,954
	<u>109,712</u>	<u>405,492</u>	<u>122,616</u>	<u>637,820</u>	<u>503,551</u>
TOTAL 2021	<u>84,794</u>	<u>323,986</u>	<u>94,771</u>	<u>503,551</u>	

11. AUDITORS' REMUNERATION

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	12,135	10,575

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	328,438	277,500
Social security costs	32,106	26,677
Contribution to defined contribution pension schemes	28,173	24,952
Wages and salaries included within governance	53,556	44,881
	442,273	374,010

The average number of persons employed by the Company during the year was as follows:

	2022	2021
	No.	No.
Employees	15	13

The charity paid regional secretaries on an honorarium and subcontractor basis:

	2022	2021
	No.	No.
Regional Secretaries and Officers	11	11
Ram Sales Secretaries and Officers	3	5
Regional Event Managers	2	2
	16	18

Note that some of the secretaries and officers act for several different regions and activities. Such officers have only been counted once in the number of officers detailed above and are allocated to the regional activity that they are most associated with. The following payments to these officers were made:

	2022	2021
	£	£
Regional Secretaries and Officers	30,399	28,858
Ram Sales Secretaries and Officers	27,700	28,450
Regional Events Managers	11,000	16,000

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
	No.	No.
In the band £80,001 - £90,000	1	1

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2021 - £10,200).

During the year ended 31 December 2022, expenses totalling £8437 were reimbursed or paid directly to 9 Trustees (2021 - £2,551 to 7 Trustees).

14. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
COST OR VALUATION				
At 1 January 2022	247,517	9,430	114,058	371,005
Additions	-	-	3,608	3,608
Disposals	-	-	(892)	(892)
At 31 December 2022	<u>247,517</u>	<u>9,430</u>	<u>116,774</u>	<u>373,721</u>
DEPRECIATION				
At 1 January 2022	92,567	9,273	92,066	193,906
Charge for the year	3,267	39	6,183	9,489
On disposals	-	-	(892)	(892)
At 31 December 2022	<u>95,834</u>	<u>9,312</u>	<u>97,357</u>	<u>202,503</u>
NET BOOK VALUE				
At 31 December 2022	<u>151,683</u>	<u>118</u>	<u>19,417</u>	<u>171,218</u>
At 31 December 2021	<u>154,950</u>	<u>157</u>	<u>21,992</u>	<u>177,099</u>

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. INVESTMENT PROPERTY

	Freehold investment property £
VALUATION	
At 1 January 2022	350,000
Surplus on revaluation	140,000
	<hr/>
At 31 December 2022	490,000
	<hr/> <hr/>

The fair value of the investment property brought forward had been arrived at on the basis of a valuation carried out on 1 September 2022 by Carver Knowles, a RICS registered firm, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties, and there was a £140k increase which was uplifted in the valuation.

16. FIXED ASSET INVESTMENTS

	Listed investments £	Unlisted investments £	Total £
COST OR VALUATION			
At 1 January 2022	666,315	293,212	959,527
Additions	109,823	-	109,823
Disposals	(28,079)	(6,228)	(34,307)
Revaluations	(48,261)	(33,965)	(82,226)
	<hr/>	<hr/>	<hr/>
AT 31 DECEMBER 2022	699,798	253,019	952,817
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
NET BOOK VALUE			
	<hr/>	<hr/>	<hr/>
AT 31 DECEMBER 2022	699,798	253,019	952,817
	<hr/>	<hr/>	<hr/>
AT 31 DECEMBER 2021	666,315	293,212	959,527
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

17. STOCKS

	2022 £	2021 £
Goods for resale	2,949	3,048
	<hr/> <hr/>	<hr/> <hr/>

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. DEBTORS

	2022	2021
	£	£
DUE WITHIN ONE YEAR		
Trade debtors	73,267	44,837
Other debtors	21,072	20,700
Prepayments and accrued income	15,985	17,608
	110,324	83,145

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	32,405	36,526
Other taxation and social security	21,032	8,910
Other creditors	27,270	17,577
Accruals and deferred income	242,060	250,024
	322,767	313,037

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2022 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Central Region	18,346	-	(2,413)	(1,400)	-	14,533
Cymru Region	224,411	6,062	(14,660)	(1,400)	(19,998)	194,415
Eastern Region	29,113	5,946	(3,843)	(1,400)	-	29,816
Marches Region	13,586	-	(2,386)	1,600	-	12,800
Northern Region	55,772	3,060	(10,107)	(1,400)	-	47,325
Northern Ireland Region	42,657	6,650	(15,490)	4,600	-	38,417
Scottish Region	6,982	182,278	(121,244)	(1,400)	-	66,616
South East Region	2,698	12,363	(6,631)	(1,400)	-	7,030
South West Region	16,322	1,600	(8,169)	(1,400)	-	8,353
South West Ram Sales	76,729	5,686	(3,820)	(500)	(6,890)	71,205
Wales & Border Ram Sales	155,973	126,204	(137,941)	-	(13,967)	130,269
	642,589	349,849	(326,704)	(4,100)	(40,855)	620,779
GENERAL FUNDS						
General Funds	1,120,790	931,269	(833,308)	14,104	(55,858)	1,176,997
Revaluation reserve	-	-	-	-	140,000	140,000
	1,120,790	931,269	(833,308)	14,104	84,142	1,316,997
TOTAL UNRESTRICTED FUNDS	1,763,379	1,281,118	(1,160,012)	10,004	43,287	1,937,776

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. STATEMENT OF FUNDS (CONTINUED)

**RESTRICTED
FUNDS**

British Heritage Sheep	1,102	-	-	-	-	1,102
Echinococcus Parasite in Farm Dogs	-	-	-	-	-	-
Lameness Study	-	-	-	-	-	-
DBEIS	-	-	-	-	-	-
iSage	-	10,327	-	(10,327)	-	-
RoSA	-	-	(323)	323	-	-
RDPE	-	66,375	(32,602)	-	-	33,773
Erasmus	20,086	130	(9,999)	-	-	10,217
Welsh Government Grant	10,000	-	-	-	-	10,000
Job Retention Scheme	-	-	-	-	-	-
	<u>31,188</u>	<u>76,832</u>	<u>(42,924)</u>	<u>(10,004)</u>	<u>-</u>	<u>55,092</u>
TOTAL OF FUNDS	<u>1,794,567</u>	<u>1,357,950</u>	<u>(1,202,936)</u>	<u>-</u>	<u>43,287</u>	<u>1,992,868</u>

British Heritage Sheep Project

This project was grant funded by "The Prince's Countryside Fund" and supports a feasibility study to address the key threats to our native sheep breeds, by helping develop a diversified sheepmeat market from the single "Standard Lamb", adding value for farmer-based outlets, and linking sheepmeat, landscape and culture.

iSAGE

The project began in March 2016 and ran for 4 years. The project aimed to "improve the overall sustainability and innovative capacity of the sheep and goat sector in Europe by:

- Enhancing the efficiency and profitability of the sector
- Meeting the needs of consumers
- Increasing the social acceptance and improving the delivery of ecosystem services"

The idea is to involve as many stakeholders in the supply chain as possible, from the farmers to the processors, retailers and consumers.

One of the intended outcomes of the project is is the public goods (PG) tool for assessing sustainability on farms. Using existing information covering environmental, economic and social factors, the results should should give immediate feedback to the farmer on areas where performance is currently good and areas where further development is needed.

This project has now come to an end, and confirmation was received from the funding provider that the could release any unspent funds for general use.

20. STATEMENT OF FUNDS (CONTINUED)

RoSA (Register of Sheep Advisers)

The aim of RoSA is to provide UK sheep farmers with a network of progressive advisers who can support them to develop sustainable farming systems which meet the highest standards of animal welfare and environmental protection. RoSA is seen as a voluntary way for the industry to demonstrate a high standard in the proficiency of all those providing advice to sheep farmers and to raise those standards in line with stakeholder expectations.

RoSA is being run in conjunction with BASIS. Both NSA and BASIS hold charitable status and are aligned in their objects in advancing education and standards in agricultural industries for the purposes of science and for public benefit. NSA is the industry leading expert within the sheep industry and BASIS is the foremost leading provider of training and professional development with proven capability to successfully administer continuing professional development (CPD) registers.

E-Organic Erasmus Project

NSA is the sole UK partner in an EU-funded Turkish-led research project called E-Organic Erasmus, running from early 2021 to the end of 2022. The project will collate information about organic livestock production systems (including but not limited to sheep) from across Europe into a free-to-access online resource. It will also allow nominated individuals from the participating countries (Italy, Spain, Turkey and the UK) to visit each other on study trips.

RDPE Countryside Productivity Scheme Project to Tackle Sheep Scab

In January 2021, funding was awarded by Defra through the European Agricultural Fund for Rural Development for a project designed to demonstrate the effectiveness of a community-led approach to improve the control of sheep scab. The project focuses on three hotspot areas in England, where scab is highly prevalent: The South West (coordinated by the National Sheep Association); The Midlands (coordinated by ADAS) and The North West (coordinated by the Cumbrian Farmers Network). Within each of the three hotspots, there are a number of 'clusters' of farms that either share common boundaries or use the same common grazing, with the aim within each cluster being to foster cooperation in the control of scab. Running over two years, the project offers a great opportunity for farmers to work together, with their local vets and the project coordinators, to stamp out this costly disease, which is of high welfare concern. A full complement of 300 participating farmers have signed up to a unique combination of on-farm advice, best practice training and free blood testing using the sheep scab ELISA test developed by Moredun and available through Biobest Laboratories Ltd. This includes the costs of visits by their local vet to allow two sets of blood samples for ELISA testing, plus a face-to-face advisory visit by the vet for each farm to discuss scab control and biosecurity.

Welsh Government grant

Cymru/Wales Region have been successful in securing a grant from the Wales Cultural Recovery Fund which was set up to help protect sustainable businesses and organisations and as many jobs in the culture sector as possible in order to ensure the sector survives the Covid-19 crisis and remains viable and sustainable in 2021 and beyond. The funding was intended to cover the loss of income from the cancelled Welsh Sheep Event.

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2021 £
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Central Region	19,523	2,359	(4,066)	530	-	18,346
Cymru Region	239,478	5,611	(12,003)	(30,110)	21,435	224,411
Eastern Region	35,050	-	(5,937)	-	-	29,113
Marches Region	10,425	1,539	(3,628)	5,250	-	13,586
Northern Region	74,095	1,575	(18,268)	(1,630)	-	55,772
Northern Ireland Region	41,369	-	(9,447)	10,735	-	42,657
Scottish Region	483	-	(18,131)	24,630	-	6,982
South East Region	-	5,000	(2,597)	295	-	2,698
South West Region	16,222	30	(1,830)	1,900	-	16,322
South West Ram Sales	74,347	5,343	(3,736)	(5,115)	5,890	76,729
Wales & Border Ram Sales	170,895	117,064	(129,323)	(18,230)	15,567	155,973
	<u>681,887</u>	<u>138,521</u>	<u>(208,966)</u>	<u>(11,745)</u>	<u>42,892</u>	<u>642,589</u>
GENERAL FUNDS						
General Funds	1,014,903	627,989	(576,716)	7,354	47,260	1,120,790
Revaluation reserve	-	-	-	-	-	-
	<u>1,014,903</u>	<u>627,989</u>	<u>(576,716)</u>	<u>7,354</u>	<u>47,260</u>	<u>1,120,790</u>
TOTAL UNRESTRICTED FUNDS	<u>1,696,790</u>	<u>766,510</u>	<u>(785,682)</u>	<u>(4,391)</u>	<u>90,152</u>	<u>1,763,379</u>

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. STATEMENT OF FUNDS (CONTINUED)

**RESTRICTED
FUNDS**

British Heritage Sheep	7,876	1,000	(400)	(7,374)	-	1,102
Echinococcus Parasite in Farm Dogs	899	-	-	(899)	-	-
Lameness Study	1,219	-	-	(1,219)	-	-
DBEIS	7,663	-	-	(7,663)	-	-
iSage	988	-	-	(988)	-	-
RoSA	-	1,354	(3,818)	2,464	-	-
RDPE	-	20,400	(40,470)	20,070	-	-
Erasmus	-	21,607	(1,521)	-	-	20,086
Welsh Government Grant	-	10,000	-	-	-	10,000
Job Retention Scheme	-	7,259	(7,259)	-	-	-
	<u>18,645</u>	<u>61,620</u>	<u>(53,468)</u>	<u>4,391</u>	<u>-</u>	<u>31,188</u>
TOTAL OF FUNDS	<u>1,715,435</u>	<u>828,130</u>	<u>(839,150)</u>	<u>-</u>	<u>90,152</u>	<u>1,794,567</u>

21. SUMMARY OF FUNDS

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 January 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2022 £
Designated funds	642,589	349,849	(326,704)	(4,100)	(40,855)	620,779
General funds	1,120,790	931,269	(833,308)	14,104	84,142	1,316,997
Restricted funds	31,188	76,832	(42,924)	(10,004)	-	55,092
	<u>1,794,567</u>	<u>1,357,950</u>	<u>(1,202,936)</u>	<u>-</u>	<u>43,287</u>	<u>1,992,868</u>

**NATIONAL SHEEP ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. SUMMARY OF FUNDS (CONTINUED)

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2021 £
Designated funds	681,887	138,521	(208,966)	(11,745)	42,892	642,589
General funds	1,014,903	627,989	(576,716)	7,354	47,260	1,120,790
Restricted funds	18,645	61,620	(53,468)	4,391	-	31,188
	<u>1,715,435</u>	<u>828,130</u>	<u>(839,150)</u>	<u>-</u>	<u>90,152</u>	<u>1,794,567</u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	171,218	-	171,218
Fixed asset investments	952,817	-	952,817
Investment property	490,000	-	490,000
Current assets	624,235	77,365	701,600
Creditors due within one year	(300,494)	(22,273)	(322,767)
TOTAL	<u>1,937,776</u>	<u>55,092</u>	<u>1,992,868</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	177,099	-	177,099
Fixed asset investments	959,527	-	959,527
Investment property	350,000	-	350,000
Current assets	575,678	45,300	620,978
Creditors due within one year	(298,925)	(14,112)	(313,037)
TOTAL	<u>1,763,379</u>	<u>31,188</u>	<u>1,794,567</u>

**NATIONAL SHEEP ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net income for the year (as per Statement of Financial Activities)	58,301	79,132
ADJUSTMENTS FOR:		
Depreciation charges	9,489	9,751
Depreciation on disposals	(892)	(608)
Dividends, interests and rents from investments	45,305	48,210
Decrease in stocks	99	99
Decrease/(increase) in debtors	(27,179)	3,875
(Decrease)/Increase in creditors	9,730	(24,605)
NET CASH PROVIDED BY OPERATING ACTIVITIES	94,853	115,854

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash in hand	588,327	534,785
TOTAL CASH AND CASH EQUIVALENTS	588,327	534,785

25. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	534,785	53,542	588,327

26. PENSION COMMITMENTS

The Charitable Company makes contributions, as part of an employee's contract of employment, which are payable to defined contribution schemes chosen by the employer. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £28,173 (2021: £24,952). Contributions totaling £1,067 (2021: £NIL) were payable to the fund at the Balance Sheet date and are included in creditors.

**NATIONAL SHEEP ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

27. OPERATING LEASE COMMITMENTS

At 31 December 2022 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	£	£
Not later than 1 year	2,684	4,023
Later than 1 year and not later than 5 years	4,921	837
	<u>7,605</u>	<u>4,860</u>

28. RELATED PARTY TRANSACTIONS

During the year £1,696 (2021: £18,527) was paid to companies with directors in common control. At the year end £NIL (2021: £9,669) was due to these companies.

During the year £NIL (2021: £3,703) was received by companies with directors in common control. At the year end £NIL (2021: £NIL) was due from these companies.

During the year salaries of £4,796 (2021: £20,373) were paid to direct family members of trustees employed by the charity.

The above transactions represent payments made under normal market conditions for goods, services and related expenses.